1 September 2017

Czech economy successful in the Q2

## GDP resources and uses – the second quarter of 2017

According to the refined estimate, the gross domestic product (GDP) was by 2.5% higher in the Q2 2017 compared to the previous quarter; in the year-on-year (y-o-y) comparison it increased by 4.7%. The favourable development of the Czech economy was contributed to by both the domestic and external demand.

The refined estimate confirmed that the Czech economy growth in the Q2 significantly accelerated. The **gross domestic product** adjusted for price effects and seasonally adjusted[[1]](#footnote-1) **was by 2.5% higher than in the previous quarter**; the fast growth thus continued as in the Q1 2017. **In the year-on-year comparison, the GDP increased in real terms by 4.7%.**

The **gross value added** (GVA) **increased by 2.3%,** **q-o-q, and by 4.7%, y-o-y**.Most industries of the Czech economy were successful. The following contributed the most significantly to the y‑o-y GVA growth: manufacturing (2.1 p.p.), which was driven not only by automotive industry and related industries, but also, for example, by growth of production of electrical equipment. Besides that, the chemical industry production was fully renewed. The GVA of manufacturing increased by 3.5%, q-o-q, and by 7.9%, y-o-y. Most of economic activities of services were growing, too. Construction revived: the GVA there was by 2.6% higher, q-o-q, and by 3.1%, y-o-y.

**On the demand side**, the GDP growth in the Q2 was supported both by the domestic and external demand. Along with household consumption, which has been growing for a long time, there is newly investment activity[[2]](#footnote-2) among the domestic demand growth factors. The y-o-y GDP growth (+4.7%) was contributed to by investment expenditure (+1.7 p.p.)[[3]](#footnote-3), household consumption (+1.5 p.p.), and external trade (+2.1 p.p.).

**Final consumption expenditure of households** was 1.8% up, q-o-q, and 4.4% up, y-o-y. Expenditure increased in all categories of consumption. **Final consumption expenditure of general government** increased by 0.4%, q-o-q, and by 1.9%, y-o-y.

Both year-on-year and quarter-on-quarter **growth of investment activity** was supported in the Q2 by investments in all categories of assets. Investments grew not only in transport equipment and dwellings, but very strong investments were made also in machinery and equipment; growing investment expenditure went again also in other buildings and structures. In the q-o-q comparison, the fixed capital formation was by 6.3% higher; compared to the corresponding quarter of the previous year, it increased by 7.7%.

The Czech economy growth was contributed to also by stable results of the external trade. The **balance of external trade in goods and services** in the Q2 2017 at current prices reached the value of CZK 92.9 bn. **Exports**, which increased in real terms by 7.3%, y-o-y, was driven as usually by trade in transport equipment, but also, for example, by trade in machinery and electrical equipment. The growth of **imports** by 6.2% was significantly contributed to by sub-deliveries for the automotive industry, manufacture of electrical equipment, and trade in basic metals.

From the point of view of price development in the Q2 2017, the y-o-y deflator of final consumption expenditure of households reached 2.4% and the deflator of capital formation 1.6%. The total GDP deflator, which was 1.0%, was decreased by higher growth of import prices than of export prices.

The Czech economy growth continued to be accompanied by the growth of employment. **Total employment**[[4]](#footnote-4) was by **0.4% up**, **q-o-q**; **in the year-on-year comparison it increased by 1.3%**. Development on the labour market thus continued to copy the Czech economy performance growth.

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Time series: <https://www.czso.cz/csu/czso/hdp_ts>

The news release web page: <https://www.czso.cz/csu/czso/quarterly-national-accounts-gdp-resources-and-uses-and-gdp-preliminary-estimate>

Next Release will be published on: 14 November 2017

 *(GDP preliminary estimate for the third quarter of 2017)*

1. *Unless otherwise stated, all data presented in this news release are adjusted for price, seasonal, and calendar effects. There were 4 working days less in the Q2 2017 both in the y-o-y and q-o-q comparisons.*  [↑](#footnote-ref-1)
2. *Measured by the gross fixed capital formation.*  [↑](#footnote-ref-2)
3. *Contributions to the GDP growth (imports for final use excluded).* [↑](#footnote-ref-3)
4. *In terms of national accounts.*  [↑](#footnote-ref-4)