31 August 2018

Economy performance increased by 0.7%, q-o-q

## GDP resources and uses – the second quarter of 2018

According to the refined estimate, the gross domestic product was by 0.7% higher in the Q2 2018 compared to the previous quarter; in the year-on-year comparison it increased by 2.4%. Investment expenditure and household consumption were the main growth factors of the Czech economy.

The refined estimate confirmed that the Czech economy continued to grow in the Q2 2018. The **gross domestic product** (GDP) adjusted for price effects and seasonally adjusted[[1]](#footnote-1) **was by 0.7% higher, quarter-on-quarter (q-o-q); in the year-on-year (y-o-y) comparison it increased by 2.4%.**

The **gross value added** (GVA) **increased by 0.5%, q-o-q, and by 2.4%, y-o-y**. The y-o-y GVA growth was the most contributed to by manufacturing (0.8 p.p.). The GVA growth in manufacturing was 0.2%, q-o-q, and 2.8%, y-o-y. Especially the following were growing in manufacturing: manufacture of computer, electronic and optical products, electrical equipment, basic metals, and fabricated metal products. The following were also successful: trade, transportation, storage and accommodation and food service activities. The GVA growth in those economic activities was 0.5%, q-o-q, and 3.4%, y-o-y; their contribution to the y-o-y GVA growth was 0.7 p.p. High growth of the GVA was recorded also by construction (0.8%, q-o-q, and 5.0%, y-o-y).

**On the demand side**, the y-o-y GDP growth in the Q2 2018 was supported mainly by the domestic demand. It was contributed to mainly by growing investment expenditure and household expenditure. The y-o-y growth of GDP (2.4%) was contributed to by investment expenditure (1.4 p.p.[[2]](#footnote-2)), household expenditure (1.3 p.p.). Contribution of the general government expenditure and of external trade was the same (0.5 p.p.).

**Final consumption expenditure of households** increased by 0.7%, q-o-q, and by 3.5%, y-o-y. In the year-on-year comparison, expenditure grew in all consumption categories, however, with lower dynamics compared to the previous quarter. **Final consumption expenditure of** **general government** increased by 0.2%, q-o-q, and by 2.6%, y-o-y.

In the Q2 2018, high growth of investment activity continued. It was supported especially by investments in buildings and structures including dwellings, in machinery and equipment, and transport equipment. The **fixed capital formation** was by 1.7% higher, q-o-q; in the y-o-y comparison it was 7.8% up.

The **external trade balance** at current prices decreased by CZK 3.7 bn, y-o-y, in the Q2 2018. **Exports**, which increased in real terms by 3.5%, y-o-y, were driven mainly by trade in electronic and optical products and in machinery and equipment. On the contrary, less transport equipment was exported. **Imports** grew by 4.4%, which was significantly contributed to by trade with refined petroleum products and with other transport equipment.

As for the price development in the Q2 2018, the total GDP deflator reached 2.3%, y-o-y.

The volume of labour costs[[3]](#footnote-3) increased by 9.8%, y-o-y, in the Q2 2018.

The Czech economy growth continued to be accompanied by growth in employment. In the Czech Republic, in the Q2 2018, 5 436 thousand persons were employed[[4]](#footnote-4) in average. The **total employment** **increased** **by 0.6%,** **q-o-q; in the y-o-y comparison it increased by 1.9%.**

*Responsible head at the CZSO: Vladimír Kermiet, Director of the National Accounts Department, phone number (+420) 274 054 247, e‑mail:*[*vladimir.kermiet@czso.cz*](mailto:vladimir.kermiet@czso.cz)

Contact person: Jan Benedikt, Quarterly Estimates Unit, phone number (+420) 274 052 750, e-mail: [jan.benedikt@czso.cz](mailto:jan.benedikt@czso.cz)

Used data sources updated as at: 27 August 2018

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 2018 (GDP preliminary estimate for the third quarter of 2018)

1. *Unless otherwise stated, all data presented in this news release are adjusted for price, seasonal, and calendar effects.*  [↑](#footnote-ref-1)
2. *Contributions to the GDP growth (imports for final use excluded).* [↑](#footnote-ref-2)
3. *At current prices, not seasonally adjusted.* [↑](#footnote-ref-3)
4. *In terms of national accounts.*  [↑](#footnote-ref-4)