31 May 2019

Czech economy 0.6% up, quarter-on-quarter

## GDP resources and uses – the first quarter of 2019

According to the refined estimate, the gross domestic product was by 0.6% higher in the Q1 compared to the previous quarter; in the year-on-year comparison it increased by 2.6%. The Czech economy growth was supported mainly by the domestic demand.

The refined estimate confirmed that the Czech economy continued to grow in the Q1. The **gross domestic product** (GDP) adjusted for price effects and seasonally adjusted[[1]](#footnote-1) **was by 0.6% higher, quarter-on-quarter (q-o-q). In the year-on-year (y-o-y) comparison, the GDP increased by 2.6%.**

The **gross value added** (GVA) **increased by 0.6%, q-o-q.** The GVA in manufacturing increased by 1.0%; in a group of economic activities of trade, transportation and storage, and accommodation and food service activities it increased by 0.7%. A decrease of the GVA occurred in construction, namely by 0.4%. In the **year-on-year** comparison, **the GVA increased by 2.6%**. Manufacturing contributed the most to the y-o-y growth of the GVA (0.7 p. p.). The growth in manufacturing was 2.5%. It was mainly owing to manufacture of machinery and manufacture of rubber and plastic products. Lower dynamics of growth was reported by manufacture of transport equipment and by manufacture of electrical equipment. A y‑o-y drop occurred in mining and quarrying. In construction, the GVA increased by 3.1%. Most of economic activities of services were successful, especially transportation and storage, information and communication, and business services.

**On the demand side**, the y-o-y growth of GDP in the Q1 was supported mainly by the domestic demand. The y-o-y growth of GDP (2.6%) was contributed to the most by household consumption (1.1 p. p. [[2]](#footnote-2)). Contribution of the investment expenditure as well as of the general government expenditure was 0.6 p. p. each. Also external demand contributed to the y-o-y growth of the GDP; it was also 0.6 p. p.

**Final consumption expenditure** increased by 1.6%, q-o-q, and by 2.9%, y-o-y. Of that, consumption expenditure of **households** increased by 1.6% in reals terms compared to Q4 2018 and by 2.7% in comparison to the corresponding quarter of the previous year. **Final consumption expenditure of general government** was 1.6% up, q-o-q, and 3.4% up, y-o-y.

**Gross fixed capital formation** (GFCF) dropped by 2.0%, q-o-q. However, in the y-o-y comparison it continued to grow, namely by 3.4%. The GFCF was supported mainly by investment activity of the general government sector. As for the type of assets, investments in dwellings strengthened a lot, followed by investments in other buildings and structures.

The **external trade balance** at current prices increased by CZK 2.4 bn, y-o-y, in the Q1. Exports of goods and services decreased by 1.0%, q-o-q; in the y-o-y comparison it increased by 2.0%. The year-on-year growth of exports was driven mainly by trade in chemical products and preparations and also by food products. On the contrary, the decrease in the dynamics of export growth was shown in trade with electronic and optical products and with transport equipment. Imports of goods and services dropped by 0.6%, q-o-q; in the y-o-y comparison it increased by 2.1%. The following contributed significantly to the y-o-y growth of imports: sub‑deliveries for electronic and optical products and machinery and equipment.

As for the price development in the Q1, the total GDP deflator reached 3.1%, y-o-y. Last time when it reached a higher value it was 10 years ago.

The volume of labour costs[[3]](#footnote-3) increased by 8.1%, y-o-y, in the Q1.

The Czech economy growth continued to be accompanied by growth in employment. In the Czech Republic, in the Q1, 5 480 thousand persons were employed[[4]](#footnote-4) in average. The **total employment** **increased** **by 0.5%,** **q-o-q; in the y-o-y comparison it increased by 1.4%.** In total, by 0.1% hours more were worked, q-o-q; in the y-o-y comparison it was 2.4% up.

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Used data sources updated as at: 23 May 2019

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 August 2019 (GDP preliminary estimate for the second quarter of 2019)*

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)