29 November 2019

Czech economy 0.4% up, quarter-on-quarter

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

According to the refined estimate, the gross domestic product was by 0.4% higher in the Q3 compared to the previous quarter; in the year-on-year comparison it increased by 2.5%. The Czech economy growth was supported by both the domestic and external demand.

The refined estimate confirmed that the Czech economy continued to grow in the Q3. The **gross domestic product** (GDP) adjusted for price effects and seasonally adjusted[[1]](#footnote-1) **was by 0.4% higher, quarter-on-quarter** (q-o-q)**. In the year-on-year** (y-o-y) **comparison, the GDP increased by 2.5%.**

The **gross value added** (GVA) **increased by 0.3%, q-o-q.** The GVA was increasing the most in information and communication (+1.9%), professional and administrative activities (+0.9%), and real estate activities (+0.9%). A slight decrease occurred in industry. In the **year-on-year** comparison, **the GVA increased by 2.4%**. The following contributed the most to its growth: a group of economic activities of trade, transportation, and accommodation and food service activities (+0.6 p. p.) and information and communication (+0.4 p. p.). Manufacturing contributed 0.3 p. p. to the y-o-y growth of the GVA. The growth in manufacturing was 1.0%. Especially the following were successful: manufacture of transport equipment and manufacture of electrical equipment. On the contrary, in manufacture of machinery and manufacture of electronic and optical products decline continued. A y-o-y decrease of the GVA continued also in mining and quarrying. In construction, the GVA increased by 4.1%. Most of economic activities of services were successful, especially information and communication, which grew by 8.1%, y-o-y.

**On the demand side**, the y-o-y growth of GDP in the Q3 was supported by both the domestic and external demand. The y-o-y growth of the GDP (2.5%) was contributed to by household consumption (1.0 p. p.[[2]](#footnote-2)). Contribution of the general government expenditure was 0.7 p. p. Gross capital formation had a negative influence (−0.1 p. p.); investment expenditure recorded a negative contribution for the first time since the Q2 2017 (−0.3 p. p.). External demand contributed 1.0 p. p. to the y-o-y growth of the GDP.

**Final consumption expenditure** increased by 0.3%, q-o-q, and by 2.6%, y-o-y. Of that, expenditure of **households** remained unchanged in real terms compared to the Q2 2019 and compared to the Q3 2018 they increased by 2.3%. **Final consumption expenditure of the general government** was 1.0% up, q-o-q, and 3.3% up, y-o-y.

**Gross fixed capital formation** (GFCF) decreased by 0.3%, both q-o-q and y-o-y. As for the type of assets, especially investments in dwellings and investments in other buildings and structures increased y-o-y. On the contrary, the y-o-y decrease in investments in machinery and equipment deepened even more.

The **external trade balance** at current prices increased by CZK 17.8 bn, y-o-y, in the Q3. Exports of goods and services decreased in real terms by 0.4%, q-o-q; in the y-o-y comparison it increased by 1.8%. The year-on-year growth was contributed to mainly by export of transport equipment. Imports of goods and services increased by 0.4%, q-o-q; in the y-o-y comparison it increased by 1.0%. The following contributed significantly to the y-o-y growth of imports: trade in machinery and sub-deliveries for the automotive industry.

As for the price development in the Q3, the GDP deflator reached 3.6%, y-o-y.

The volume of labour costs[[3]](#footnote-3) increased by 6.8%, y-o-y, in the Q3 2019.

In the Czech Republic, in the Q3 2019, 5 455 thousand persons were employed[[4]](#footnote-4) in average. **The total employment** **decreased by 0.2%,** **q-o-q; in the y-o-y comparison it increased by 0.6%.**

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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 February 2020 (GDP preliminary estimate for the fourth 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)