30 August 2019

Czech economy 0.7% up, quarter-on-quarter

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

According to the refined estimate, the gross domestic product was by 0.7% higher in the Q2 compared to the previous quarter; in the year-on-year comparison it increased by 2.7%. The Czech economy growth was supported mainly by the domestic demand.

The refined estimate confirmed that the Czech economy continued to grow in the Q2. 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, the GDP increased by 2.7%.**

The **gross value added** (GVA) **increased by 0.7%, q-o-q.** The GVA was increasing mainly in construction (+1.9%) and in information and communication (+2.7%). In the **y-o-y** comparison, **the GVA increased by 2.8%**. The following contributed the most to its growth: a group of economic activities of trade, transportation, and accommodation and food service activities (0.7 p. p.). Manufacturing, despite its q-o-q decline, contributed 0.3 p. p. to the y-o-y growth of the GVA. The growth in manufacturing was 1.2%. Especially the following were successful: manufacture of transport equipment and manufacture of electrical equipment. On the contrary, manufacture of machinery, manufacture of metals, and manufacture of fabricated metal products declined. A y-o-y decrease of the GVA continued in mining and quarrying. In construction, the GVA increased by 3.6%. Most of economic activities of services were successful, especially accommodation and food service activities and information and communication.

**On the demand side**, the y-o-y growth of GDP in the Q2 was supported mainly by the domestic demand. The y-o-y growth of the GDP (2.7%) was contributed to by household consumption (1.1 p. p. [[2]](#footnote-2)); contribution of the general government expenditure was 0.7 p. p. On the contrary, gross capital formation had a negative influence (−0.2 p. p.). External demand contributed 1.1 p. p. to the y-o-y growth of the GDP.

**Final consumption expenditure** increased by 0.8%, q-o-q, and by 2.9%, y-o-y. Of that, expenditure of **households** increased by 0.7% in real terms compared to the Q1 2019 and by 2.7% in comparison to the corresponding quarter of the previous year. **Final consumption expenditure of the general government** was 1.2% up, q-o-q, and 3.4% up, y-o-y.

**Gross fixed capital formation** (GFCF) dropped by 0.6%, q-o-q. In the y-o-y comparison, it increased by 0.9%. The GFCF was supported mainly by investment activity of the general government sector. As for the type of assets, investments in dwellings increased, y-o-y, followed by investments in other buildings and structures, and in intellectual property products. Lower investments were made in transport equipment and machinery.

The **external trade balance** at current prices increased by CZK 13.9 bn, y-o-y, in the Q2. Exports of goods and services increased by 1.7%, q-o-q; in the y-o-y comparison it increased by 2.2%. The y-o-y growth of exports was driven mainly by trade in electronic and optical products and by export of transport equipment. Imports of goods and services dropped by 0.4%, q-o-q;   
in the y-o-y comparison it increased by 1.4%. The following contributed significantly to the y-o-y growth of imports: trade in basic metals and sub-deliveries for the automotive industry.

As for the price development in the Q2, the total GDP deflator reached 3.5%, y-o-y.

The volume of labour costs[[3]](#footnote-3) increased by 7.6%, y-o-y, in the Q2 2019.

In the Czech Republic, in the Q2 2019, 5 468 thousand persons were employed[[4]](#footnote-4) in average. **The total employment** **remained unchanged,** **q-o-q; in the y-o-y comparison it increased by 0.8%.**

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Used data sources updated as at: 22 August 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 November 2019 (GDP preliminary estimate for the third 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)