

1. Summary

- Easing of epidemic measures had a favourable effect on the economic development in Q2 2021. The Gross domestic product (GDP) thus grew by 1.0% quarter-on-quarter¹ and it was by 8.2% higher year-on-year. Strong growth of the domestic consumption and also the investment activity mainly influenced the positive shift in relation to Q1. In contrast, the foreign demand had an adverse effect. Strong year-on-year GDP increase is for a large part impacted by the low comparative basis of the last year's Q2. Foreign demand recorded the largest contribution to the year-on-year growth, domestic consumption and investment however also grew. Within the European comparison, the CR belonged to countries with below average year-on-year GDP increase. The total GDP went up by 1.9% quarter-on-quarter in the EU and by 13.2% year-on-year. Despite current strong dynamics the GDP level nevertheless lagged in the majority of Union countries in real terms behind the pre-crisis Q2 2019 for now.
- The Gross value added (GVA) increased by 0.7% quarter-on-quarter in Q2 and by 8.4% year-on-year. Compared to Q1, the performance of majority of branches improved. Thanks to loosening of the counter pandemic restrictions, the group of activities trade, transportation, accommodation and food service (3.5%) recorded significant quarter-on-quarter revival. Increases were milder for other branches of services. Manufacturing, which faces difficulties connected to the disruption of the supply chains currently, increased by 1.1% quarter-on-quarter in the end. GVA in construction also featured a moderate growth (0.5%). Strong year-on-year GVA growth was influenced by low comparative basis, which was also reason for 23.2% GVA increase in manufacturing. The GVA of group of activities trade, transportation, accommodation and food service (9.4%) was also notably higher compared to last year.
- Export of goods and services expanded by 0.6% in real terms quarter-on-quarter in Q2 and it was by 30.6%² higher year-on-year. Import dynamics was however stronger – import grew by 4.9% quarter-on-quarter and by 31.3% year-on-year. Resulting balance of foreign trade attained a surplus of 56.3 CZK bn, which was by 15.0 bn more year-on-year, but with the exception of the last year it represented the weakest result for Q2 since year 2015. Mainly the trade with motor vehicles contributed to the year-on-year balance improvement.
- The year-on-year increase of the price level accelerated to 4.3% according to the GDP deflator in Q2. The price level rose by 1.5% compare to Q1. Growth of prices of both consumer and capital goods was strong. Consumer prices grew by 2.9% year-on-year. Their dynamics was influenced the most by prices of transportation. These reflected the sharp growth of prices of fuels as well as the ongoing growth of prices of motor vehicles. The growth of prices of alcohol and tobacco was still substantial and the dynamics of prices of housing and energies was also strengthening. Strong year-on-year increase of prices of oil impacted the prices of industrial producers both in the CR and abroad. Year-on-year growth of prices of industrial producers in the CR thus accelerated to 5.3%.
- The monetary policy-relevant rates were raised towards the end of Q2. However, interest rates on client deposits have not changed so far and remained at the very low level. Interest rates of credit for households were rising, in case of both consumer credit and mortgages. The volume of provided mortgages kept sharply growing.
- Total employment grew by 0.3%³ year-on-year in Q2. Compared to Q1, the employment increased even by 0.7%. Employees, whose quantities expanded by 52 thousand year-on-year, the most since the end of year 2018, exclusively partook on this favourable development. On the contrary, the number of entrepreneurs fell by almost 36 thousand and their number decreased also in comparison to Q1 2021. Economic revival was positively also mirrored in the number of workers in the vast majority of main branches. The general unemployment rate started to decrease following the March four-year maximum and it arrived at 2.9% in June. Subduing of government stabilisation programmes also did not have an adverse effect. The unemployment of

¹ Data regarding the GDP, gross value added and their components are expressed in constant prices and adjusted for seasonal and calendar effects.

² According to the methodology of quarterly national accounts (export and import in FOB/FOB prices).

³ Employment data are in the national accounts conception adjusted for seasonal effects.



females grew more compared to the level immediately before the pandemics. It was (3.5%), for males only (2.4%). The average wage expanded by 1.2% quarter-on-quarter and reached 38 275 CZK.

- State budget ended in deficit of 265.1 CZK bn in H1, which is by nearly 70 bn worse result compared to the last year's deficit. Total revenues increased by 1.9% in H1. The SB was fundamentally affected by lower economic activity, concessions to entrepreneur subjects, lowering of tax burden on labour as well as property and change of budget appropriations of taxes to the benefit of regional budgets. It all hampered the growth of tax revenues. Costs strengthened by 10.2%. Outlay transfers for the support of affected branches and workers, as well as the compensation of heightened needs in the area of the health care were strengthening .