Czech Statistical Office

The Czech Economy Development in the Q1 2006

June 21, 2006

Main Tendencies

In Q1 2006 the Czech economy levelled off at a higher level not only by the GDP sources expansion but also by its usage. The economic position of the CR among EU-25 states strengthened, too. In terms of real comparison the y-o-y GDP volume was up by 7.4%; it has not been reached yet such a high growth pace of GDP gain. Changes in the GDP expenditures structure led to different combination effects of its elements on its growth. In Q1 2006 gross domestic final expenditures predominantly affected its increase and outstripped an affect of net foreign demand. The proportion of its growth was almost equal in Q1 2006 after a sizeable GDP increase than expenditures on the gross fixed capital formation in 2005. Exchange relations worsened by 2.4% brought about a loss on the foreign market, due to gross domestic product increased by 5.5% only. Economic performance in main branches had a dissimilar development; industrial production growth accelerated swiftly, growth of income in selected services speeded up moderately; construction output was at a standstill. The development of external economic relations gave evidence of excess of exports over imports under a worsening influence of balance sheet of services on current account balance of payments, whose asset was absolutely minimal. Consumer prices level grew faster by 2.8% on a year before but it did not lead to the increase in regulating rates of interests in the Czech National Bank. An employment arose; the unemployment rate dropped from 8.4% to 8.0%. Gross nominal monthly average wages amounted to CZK 18 903 was higher by 6.9% on a year before, real wages increased by 4.0%. The y-o-y money reserves expanded quicker than GDP, but in terms of quarterly comparison its enlargement was minute. The y-o-y income velocity of the turnover M_2 decelerated. Excess of income volume over state budget expenditures in proportion to GDP amounted to 2.1% was by 0.9 p. p higher y-o-y.