

1. Summary

- The Gross domestic product (GDP) fell by 0.4%¹ year-on-year in Q2 2023. It constituted the second year-on-year decrease in a row. Mainly the creation of the inventory stock and household consumption contributed to the year-on-year decrease. In contrast, the foreign demand still exerted a positive impact and both investment activity and government consumption grew. The quarter-on-quarter GDP increased by 0.1%, thus the dynamics has lain in the range of stagnation for more than one year. The inventor stock creation contributed to the fall similarly to the year-on-year comparison. However, other GDP components grew – the foreign demand, investment, government consumption and the household consumption also increased quarter-on-quarter for the first time in six quarters. The Czech economy was among the minority of countries within the EU, where the GDP dropped year-on-year. The Gross domestic product went up by 0.5% year-on-year and stagnated quarter-on-quarter in the EU in Q2.
- The Gross value added (GVA) went up by 0.6% year-on-year. Mainly manufacturing, where the GVA increased by 3.8% added to the growth. In addition, the GVA significantly grew year-on-year in information and communication and it was also higher in professional, scientific, technical and administrative activities tied to the business demand. Mostly the group trade, transportation, accommodation and food service, which recorded 1.3% year-on-year decrease, had an adverse effect. The GVA lowered by 0.2% quarter-on-quarter. The quarter-on-quarter GVA growth was markedly supported by the development in manufacturing (growth of 1.0%). The group trade, transportation, accommodation and food service (–1.0%) however worked in the direction of decrease.
- Export of goods and services expanded by 4.5%² in real terms year-on-year in Q2 and fell by 0.5% quarter-on-quarter. The import dynamics was milder – import was by 0.8% higher in real terms year-on-year and it shrank by 1.2% quarter-on-quarter. The balance of foreign trade with goods and services amounted in current prices to the surplus of 100.9 CZK bn in Q2 and thus improved by 101.0 bn year-on-year. Milder deficit of trade with oil and natural gas and enhanced surplus of the foreign trade with motor vehicles the most contributed to the year-on-year improvement of the balance of trade with goods. On the contrary, the lower prices led to the year-on-year deterioration of the balance of trade with electricity, gas, steam and air-conditioning.
- The total price level (gauged by the GDP deflator) hiked up by 10.2% year-on-year and it was by 1.1% higher quarter-on-quarter in Q2. The year-on-year growth of the consumer prices slowed to 11.1% in Q2 and the prices were by 0.3% higher quarter-on-quarter. Prices of housing and energies and food and non-alcoholic beverages still contributed the most to the year-on-year growth of consumer prices. Simultaneously, these were the items affecting the most the slowdown of the total growth. The prices however still grew year-on-year for the majority of consumer basket divisions and the transportation prices presented the only exception. Both catalogue as well as realised prices of flats were falling. The year-on-year growth of the prices of industrial producers went down (3.9%) and prices of agricultural producers were falling (–8.1%). In contrast, the prices of market services experienced strengthening of the year-on-year growth (6.3%).
- In Q2, the monetary policy-relevant interest rates remained at the same level they had since the beginning of the second half of year 2022. This led to the ongoing stability of the market rates. Interest rates on consumer credit were invariable, while they kept growing further in case of mortgages.
- The total employment³ rose by 0.8% year-on-year in Q2 and by 1.0% quarter-on-quarter. The general unemployment rate displayed only a moderate tendency to growth and it was 2.8% in July. The average monthly nominal wage increased by 7.7% year-on-year in Q2 and it totalled 43 193 CZK. The real slump mitigated to 3.1%. The average wage was falling in real terms in the majority of industries. Quarter-on-quarter nominal growth of the average wage was 1.5%.

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 and adjusted for seasonal effects.



- The deficit of the state budget increased to 215.4 CZK bn in H1. The total revenues grew swiftly as a result of the high price rise in the economy year-on-year (16.5%), however they did not completely fulfil the budget anticipations. The dynamics of the total expenditures, which increased by 16.8% year-on-year in H1, on the other hand surpassed them. Weaker growth of the tax income was influenced by the continuing decrease of the real household consumption. The strong growth of expenditures was affected by the assistance in connection to high prices of energies as well as the reaction to the prevailing inflation (pension adjustment, larger volume of paid out social benefits, growing repayments of the state debt).

Selected Key Indicators of the Economic Development*

Indicator	Unit	2022			2023		Whole year	
		2q	3q	4q	1q	2q	2021	2022
Economic Performance								
Gross Domestic Product in the CR ¹	y/y, in %	3,4	1,4	0,1	-0,4	-0,4	3,6	2,4
	q/q, in %	0,2	-0,2	-0,4	0,0	0,1	x	x
Gross Domestic Product in the EU ¹	y/y, in %	4,3	2,5	1,6	1,1	0,5	5,4	3,5
Final consumption expenditure ¹	y/y, in %	0,5	-3,6	-3,4	-2,7	-2,0	3,2	-0,3
Gross fixed capital formation ¹	y/y, in %	3,7	2,2	0,8	-0,8	2,5	0,8	3,0
Exports of goods and services ^{1,3}	y/y, in %	3,3	12,7	10,9	6,4	4,5	6,9	7,2
Imports of goods and services ^{1,3}	y/y, in %	3,0	8,1	8,3	3,0	0,8	13,3	6,3
Balance of foreign trade ^{2,3}	in CZK bn	6,9	5,6	2,5	100,1	110,7	180,9	65,8
Balance of economic sentiment indicator ⁶	in p.p.	6,3	-2,6	-3,3	1,2	-2,6	3,3	-3,3
Performance in Main Branches								
Industrial production ⁴	y/y, in %	0,7	6,1	3,2	1,2	1,1	6,6	2,5
Construction production ⁴	y/y, in %	4,0	-0,8	-0,1	-1,2	-3,0	2,3	2,6
Sales in services ⁴	y/y, in %	12,3	7,2	1,6	-0,3	-3,3	7,5	8,5
Sales in retail trade ⁴	y/y, in %	-3,0	-7,5	-9,2	-7,8	-6,2	4,4	-3,8
Prices								
Consumer price index	y/y, in %	15,8	17,6	15,7	16,4	11,1	3,8	15,1
HICP in the CR	y/y, in %	15,0	17,4	16,5	18,0	12,6	3,3	14,8
HICP in the EU	y/y, in %	8,8	10,3	11,0	9,4	7,2	2,9	9,2
Agricultural producer prices	y/y, in %	39,0	37,0	28,0	19,4	-8,1	6,3	31,8
Industrial producer prices	y/y, in %	27,7	25,9	21,8	15,0	3,9	7,2	24,3
Service producer prices in the bus. sph.	y/y, in %	5,8	6,5	6,7	5,8	6,3	1,3	5,8
Terms of trade in trade with goods	in %	95,9	94,3	98,2	103,0	106,3	99,7	96,2
Labour Market								
Total employed in the CR ³	y/y, in %	2,2	1,4	1,2	1,3	0,8	0,4	1,5
General unemployment rate in the CR ⁵	in %	2,2	2,2	2,3	2,5	2,6	2,8	2,2
General unemployment rate in the EU ⁵	in %	6,1	6,2	6,1	6,0	5,9	7,1	6,2
Average employee wage (nominal)	y/y, in %	3,4	5,2	6,6	8,7	7,7	5,8	5,3
Average employee wage (real)	y/y, in %	-10,7	-10,5	-7,9	-6,6	-3,1	1,9	-8,5
Monetary Conditions								
Two week repo rate ⁶	in %	7,00	7,00	7,00	7,00	7,00	3,75	7,00
Exchange rate CZK/EUR		24,6	24,6	24,4	23,8	23,6	25,6	24,6
Exchange rate CZK/USD		23,2	24,4	23,9	22,2	21,7	21,7	23,4
State Budget⁷								
State budget balance in the CR	in CZK bn	-124	-88	-90	-166	-49	-420	-360
State debt ⁶	in CZK bn	2708	2890	2895	2997	3044	2466	2895

Data source: CZSO, CNB, MF, Eurostat

* Unless stated otherwise, data relate to the CR.

¹ data adjusted for seasonal and calendar effects in constant prices² data adjusted for seasonal and calendar effects in current prices³ in the national account conception, in natural persons⁴ adjusted for seasonal effects⁵ seasonally adjusted, age group 15 – 74 years⁶ balance at the end of period⁷ based on treasury fulfilment