

Main trends

- In the 1st half of 2008 the growth rate of the Czech economy slowed down, but it is nevertheless approximating the EC level as the GDP growth rate was about twice as high in the Czech Rep. than in the EC 27.
- The real GDP growth was slower in the 1st half of 2008 than a year ago with a considerable shift of the influence of factors supporting its growth from domestic to external factors. Three quarters of the GDP increase resulted from the increase of the active balance of foreign trade while the increase of end consumption costs only had a slightly less share than one quarter.
- Due to unfavourable exchange rate relations of the foreign trade the annual growth of gross domestic revenues was considerably lower than the growth of GDP. The cause of the significant slowing down of the growth of the gross national revenues was an abrupt increase of the outflow of net primary revenues abroad.
- The growth rate of the industrial production decreased; the construction production manifested stagnation with the exception of the growth of engineering constructions. A slower growth of retail sales was influenced by the development of consumer prices.
- According to conjunctural research the confidence in the economy dropped both on the part of entrepreneurs and consumers.
- With regard to the current account of the balance of payments the external balance got worse due to the negative influence of the balance of proceeds. Foreign trade of goods and services kept improving the external balance. .
- The consumer inflation was higher as compared to the average of the EC countries by more than 3 p.p. On the other hand, prices of industrial manufacturers grew more slowly than prices of foreign manufacturers. Similarly to the previous period the price growth resulted from the prices of energy raw materials and food in world markets.
- In the Czech Rep. the employment level continued growing with a simultaneous decline of the unemployment rate. The Czech employment level roughly corresponds to the EC 27 average (67%), the unemployment rate is lower than the EC 27 average. At the same time the offer of free positions in the Czech Rep. showed a record growth.
- The growth rate of the money supply measured by M2 decreased considerably. In the 1st half of 2008 the state budget manifested a deficit again after three years.