

## 1. Summary

- The Gross domestic product (GDP) grew by a total of 1.0%<sup>1</sup> in 2024. In particular, the consumption strengthened and, conversely, investment activity decreased. In Q4, the year-on-year GDP growth strengthened to 1.8% and the economy grew by 0.7%, quarter-on-quarter. Domestic consumption continued to recover and the change in inventories had a positive effect. However, both year-on-year and quarter-on-quarter growth was hampered by investment activity and foreign demand also had a significant negative effect, year-on-year. Gross domestic product grew by 1.0% in the EU in 2024. The GDP grew by 1.4%, year-on-year, and by 0.4%, quarter-on-quarter, in the EU in Q4. The German economy, which has been declining already six quarters in a row, year-on-year, continued to fall. On the contrary, Poland grew strongly within the Central Europe. After a longer time, the Czech economy is growing faster than the EU average.
- The gross domestic value (GVA) increased by 0.3% in 2024. The development for the whole year was characterised by a weak performance of manufacturing, where the GVA decreased by 1.6%. This was offset by the services branches boosted by revived consumer demand. The total GVA increased by 1.1%, year-on-year, in Q4. The highest growth was recorded in financial and insurance activities, other service activities, group of economic activities of trade, transport, accommodation and food service and information and communication. In contrast, the GVA in industry fell by 2.2%. In quarter-on-quarter terms, the GVA stagnated in Q4. Although manufacturing recorded a quarter-on-quarter recovery, the GVA fell in industry as a whole. Growth was recorded on the other hand in real estate activities, other activities or in group of economic activities of trade, transport, accommodation and food service.
- Exports of goods and services increased by 1.5%<sup>2</sup> last year and imports by 0.7%. The international trade balance of goods and services at current prices reached a total surplus of 525.6 bn CZK, which thus enlarged by 141.2 bn CZK, year-on-year, mainly due to an increase of the surplus of trade with goods. Sale of motor vehicles, electrical equipment and oil and natural gas contributed the most to this improvement. On the contrary, the balance of trade with coke and refined petroleum products and basic metals deteriorated.
- Total price level (gauged by the GDP deflator) increased by 3.9% in 2024. In Q4, it increased by 3.7%, year-on-year, and by 0.3%, quarter-on-quarter. Consumer prices were higher by 2.4% last year. Their year-on-year growth accelerated to 2.9% in Q4 and increased by 0.1%, quarter-on-quarter. Food prices started to rise, year-on-year, and housing and energy price growth strengthened. Transport prices rose less. The growth of both catalogue and realised prices of dwellings strengthened. Industrial producer prices rose by 0.8% in 2024. Agricultural producer prices fell by 5.9% last year, but in Q4, they rose by 5.0%, year-on-year, for the first time since Q1 2023.
- The monetary policy-relevant interest rates have fallen significantly over the year. Interest rates on most types of client deposits also decreased along with them. The growth of the volume of credit provided strengthened at the end of the year. In new mortgage contracts, most of the negotiations comprised of new terms of existing contracts.
- Total employment<sup>3</sup> grew by 0.3% last year. In Q4, it was 0.2% higher, year-on-year, and decreased by 0.1%, quarter-on-quarter. The total unemployment rate fluctuated below 3% for most of year 2024. The average gross monthly nominal wage reached 46,165 CZK in 2024 and increased by 7.1% in nominal terms and by 4.6% in real terms. In Q4, the average wage increased by 7.2%, year-on-year and reached 49,229 CZK. In real terms, the average wage strengthened by 4.2%. The quarter-on-quarter nominal increase of the average wage amounted to 1.7%.

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

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

<sup>3</sup> Employment data are in the national accounts conception and adjusted for seasonal effects.



- The state budget ended with a deficit of 271.4 bn CZK last year. The deficit decreased by 17.1 bn CZK compared to 2023. Especially the growth of expenditure moderated. The need for extraordinary expenditure for households as well as firms hit by the effects of high inflation gradually receded and the previously approved consolidation package and changes to the budgetary allocation of taxes became apparent. On the other hand, the persisting weak economic growth dampened the revenue side of the budget.

## Selected Key Indicators of the Economic Development\*

Indicator	Unit	2023	2024				Whole year	
		4q	1q	2q	3q	4q	2023	2024
Economic Performance								
Gross Domestic Product in the CR <sup>1</sup>	y/y, in %	0,1	0,3	0,5	1,4	1,8	0,1	1,0
	q/q, in %	0,3	0,3	0,3	0,6	0,7	x	x
Gross Domestic Product in the EU <sup>1</sup>	y/y, in %	0,4	0,6	0,8	1,1	1,4	0,4	1,0
Final consumption expenditure <sup>1</sup>	y/y, in %	0,9	2,2	2,0	3,0	3,2	-0,9	2,6
Gross fixed capital formation <sup>1</sup>	y/y, in %	2,3	-0,5	-1,5	-0,8	-2,4	2,7	-1,3
Exports of goods and services <sup>1,3</sup>	y/y, in %	0,9	0,3	0,5	4,0	1,3	3,1	1,5
Imports of goods and services <sup>1,3</sup>	y/y, in %	-4,6	-2,6	-1,3	3,7	3,1	-0,6	0,7
Balance of foreign trade <sup>2,3</sup>	in CZK bn	124,0	137,5	140,8	118,1	129,2	384,4	525,6
Balance of economic sentiment indicator <sup>l</sup>	in p.p.	0,8	1,2	5,3	4,2	4,8	0,8	4,8
Performance in Main Branches								
Industrial production <sup>4</sup>	y/y, in %	-0,7	-0,4	-1,6	0,8	-2,2	-0,8	-0,9
Construction production <sup>4</sup>	y/y, in %	-2,9	-3,6	-4,6	-1,6	3,2	-2,4	-1,4
Sales in services <sup>4</sup>	y/y, in %	-2,2	1,2	2,9	2,8	2,1	-1,6	2,3
Sales in retail trade <sup>4</sup>	y/y, in %	-0,1	3,7	3,9	4,7	5,2	-4,2	4,4
Prices								
Consumer price index	y/y, in %	7,6	2,1	2,5	2,3	2,9	10,7	2,4
HICP in the CR	y/y, in %	8,4	2,4	2,7	2,6	3,1	12,0	2,7
HICP in the EU	y/y, in %	3,4	2,8	2,6	2,4	2,5	6,4	2,6
Agricultural producer prices	y/y, in %	-14,6	-17,2	-10,4	-1,4	5,0	-6,0	-5,9
Industrial producer prices	y/y, in %	0,8	-0,9	1,1	1,2	1,8	5,0	0,8
Service producer prices in the bus. sph.	y/y, in %	4,9	4,5	3,4	3,4	3,7	5,6	3,8
Terms of trade in trade with goods	in %	104,2	102,5	100,6	101,0	101,9	105,3	101,5
Labour Market								
Total employed in the CR <sup>3</sup>	y/y, in %	0,8	0,3	0,2	0,4	0,2	1,0	0,3
General unemployment rate in the CR <sup>5</sup>	in %	2,6	2,7	2,6	2,6	2,6	2,6	2,6
General unemployment rate in the EU <sup>5</sup>	in %	6,1	6,1	6,0	5,9	5,8	6,1	5,9
Average employee wage (nominal)	y/y, in %	7,1	7,3	6,6	7,1	7,2	8,0	7,1
Average employee wage (real)	y/y, in %	-0,5	5,1	4,0	4,7	4,2	-2,4	4,6
Monetary Conditions								
Two week repo rate <sup>6</sup>	in %	6,75	5,75	4,75	4,25	4,00	6,75	4,00
Exchange rate CZK/EUR		24,5	25,1	25,0	25,2	25,2	24,0	25,1
Exchange rate CZK/USD		22,8	23,1	23,2	22,9	23,6	22,2	23,2
State Budget <sup>7</sup>								
State budget balance in the CR	in CZK bn	-108	-105	-74	-3	-90	-289	-271
State debt <sup>6</sup>	in CZK bn	3111	3221	3207	3334	3365	3111	3365

Data source: CZSO, CNB, MF, Eurostat

\* Unless stated otherwise, data relate to the CR.

<sup>4</sup> adjusted for seasonal effects<sup>1</sup> data adjusted for seasonal and calendar effects in constant prices<sup>5</sup> seasonally adjusted, age group 15 – 74 years<sup>2</sup> data adjusted for seasonal and calendar effects in current prices<sup>6</sup> balance at the end of period<sup>3</sup> in the national account conception, in natural persons<sup>7</sup> based on treasury fulfilment