

The Czech Economy Development in Q1 2007

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Main Tendencies

The gross domestic product recorded high growth rates in Q1 2007 again, accompanied by a changed domestic demand structure. The household consumption growth rate accelerated and exceeded the GDP growth rate. On the other hand, the gross fixed capital formation increase slowed down upon simultaneous increase in stocks.

From the sectoral point of view the high growth traditionally derived from manufacturing, construction (due to favourable weather conditions) and services. The growth was also supported by positive economic environment in the EU countries and by low domestic interest rates.

External relations were dominated by a significant increase in the trade balance surplus upon simultaneous deterioration of other current account elements, which resulted in a year-on-year decrease of its positive balance. The financial account deficit increased notwithstanding the growth of direct foreign investments.

The total employment continued to grow and as a result the total unemployment, as well as the long-term unemployment and unemployment in the most affected regions considerably decreased again.

Main features of prices development included only a mild growth of consumer prices, acceleration of producer prices, higher in agriculture and lower in industry, and favourable development of exchange relations.

The rapid increase in money stock was generated by high loans dynamics, higher for loans to households and lower for corporate loans.