Czech Statistical Office

The Czech Economy Development in Q1-Q3 2006

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Main tendencies

The Czech economy, due to the continuing increase of the GDP in the three quarters, further strengthened and improved its economic position in the community of the EU states. Material processes, showing in the changed structure of the GDP growth, came to discrepancies with pension flows and financial transactions, particularly in relation to non-residents, which led to deepening of outer and inner imbalance of the Czech economy.

The decreasing surplus of the balance of payments financial account did not cope with financing of the increased current account deficit; it was necessary to use foreign exchange reservs. The rate of financing the expenses on gross capital formation from external sources increased. The net acqusition of fiancial liabilities increased considerably. The worsenning of terms of trade led to a loss of national work on foreign markets and substantialy lower growth of gross domestic income (in real terms) than GDP.

There is no reduction of fiscal deficits and the state budget deficit grew. The prevailing domestic effective supply over domestic realised demand decreased markedly. The rate of savings slightly decreased, the rate of investments significantly increased.

Negative phenomenons threatening the economic stability were softened by increasing productivity of basic economic industries, markedly proinvestment climate and the connected growth of employment and drop of unemployment rate. The production of GDP sources and their use increased due to the accelerating growth rate. The increasing GDP was mostly contributed to by expenses on the formation of gross capital; the influence of net export was fractional. The influence of household consumption growth was a consequence of the increased gross disposable income.

The biggest influence on the growth acceleration of the GDP implicit deflator had the increase of the price level of gross national final expenditures. The inflation rate increased.