1 July 2014

GDP growth in the Q1 was refined to 2.9%

## Quarterly national accounts – the first quarter of 2014

**The gross domestic product increased in the Q1 2014 by 2.9%, y-o-y, i.e. by
0.4 percentage point more than it was expected in the previous estimate published on
4 June.**

According to the refined estimate, the **gross domestic product (GDP) for the Q1 2014** adjusted for price effects and seasonally adjusted**[[1]](#footnote-1)\*/** increased **by 2.9%, year-on-year**, and **in the quarter-on-quarter comparison by 0.8%**. The GDP development was positively influenced by increasing domestic and foreign demand as well as very low comparison basis of the last year.

The correction of the previous estimate of the y-o-y GDP increment from 2.5% to 2.9% was mainly due to corrections of statistical reports that were filled in incorrectly and of model calculations for non-surveyed enterprises using updated administrative data on value added tax.

Historically the highest comparable GDP level (after adjustment for impacts of price changes and calendar and seasonal effects) was reached by the economy of the Czech Republic in the Q3 2008 right before impacts of the global financial crisis related to the fall of Lehman Brothers investment bank. Performance of the economy measured by q-o-q GDP changes underwent major fluctuations during the last five and half years. A sharp drop by 5.6% in total (that lasted for three quarters) was followed by gradual recovery by 4.8% in total (during 2 years). The second wave of recession that started in the Q3 2011 was longer (it lasted for 7 quarters), however, it was not so deep – the total decrease did not exceed 2.7%. Starting with the
Q2 2013, the economy is again growing, q-o-q; for the last four quarters it was by 2.9% in total and thus it is only 1.0% under the level of the maximum from the Q3 2008. The development during the last two quarters indicates that the GDP growth has been gradually accelerating.

The fluctuation of y-o-y and q-o-q development of **GDP supply** is influenced mainly by changes in performance of individual branches of the national economy expressed in total by the development of the gross value added (GVA). It grew in the Q1 2014 by 2.8%, y-o-y, and by 1.1% q-o-q. More than a half of the y-o-y GVA growth was owing to manufacturing and within that it was mainly thanks to transport equipment. Other branches (CZ-NACE activities) were also successful, especially trade and selected market services. From branches, which contribute less to the GVA formation, more marked growth was recorded by agriculture and forestry, recreation activities, and human health and social work activities. Development of taxes on products was markedly influenced by uneven collection of excise tax on tobacco products due to stocking-up in the end of 2013. It was the cause (together with the low 2013 comparison basis) why total taxes on products were by 2.1% lower, q-o-q, although they increased by 4.2% in the y-o-y comparison. Therefore, the GDP in the Q1 2014 increased slower q-o-q than the gross value added formed.

Growth of **total demand** for goods and services was recorded by all key expenditure components. The final consumption expenditure of households was in the past quarter by 1.5% higher, y-o-y, the fixed capital formation by 5.8%, exports by 10.1%, and imports by 9.5%.

The total **price level** measured by implicit GDP deflator increased by 2.2%, y-o-y, and by 1.0%, q-o-q.

Total **employment** in terms of national accounts increased in the Q1 both in the y-o-y and q-o-q comparisons by the same 0.5% to 5 145 thousand persons.

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Used data sources updated as at: 25 June 2014

Related CZSO web page: www.czso.cz/csu/csu.nsf/engkalendar/aktual-hdp

*Next News Release will be published on: 14 August 2014 (Preliminary GDP estimate for the second quarter of 2014)*

1. \*/ *Unless otherwise stated, all data presented in the News Release are adjusted for price, seasonal, and calendar effects.* [↑](#footnote-ref-1)