

## Performance of Main Branches

- **High industrial dynamics**

In Q1 2007 the year-on-year industrial production index reached 111.6%. The highest contribution to this growth (2.6 p.p.) derived from manufacture of electrical and optical equipment, which increased by 22.0%. A negative contribution to the general industrial growth amounting to -0.4 p.p. was shown by electricity, gas and water production and distribution (decrease by 4.7%), the performance of which had been affected by the mild winter. The highest growth was recorded by manufacture of metal structures and metalworking products (37.4%).
- **Above-average growth of direct export sales revenues and sales revenues of corporations under foreign control**

Sales revenues from industrial operations at constant prices (year 2000) in Q1 2007 recorded a year-on-year increase by 12.7% (at current prices by 14.6%), particularly to the most rapidly developing sectors (manufacture of electrical and optical equipment: individual growth by 19.1%, contribution to aggregate industrial sales revenues 2.9 p.p. and share in aggregate industrial sales revenues 14.0%). The highest share in the aggregate industrial sales revenues belonged again to manufacture of transport equipment (19.2%).

Sales revenues from direct industrial exports in real terms increased by 18.2%, at current prices by 19.5%. Their share in aggregate sales revenues grew to 50.9%. Domestic sales revenues at current prices increased by 8.8%. Sales revenues from industrial operations of corporations under foreign control increased by 16.4% in real terms (at current prices by 18.6%). Their share in aggregate sales revenues at current prices grew to 60.9%.
- **Average wages in industry grew more slowly than labour productivity**

The average headcount in industry in Q1 2007 increased by 26.5 thousand persons in real terms (i.e. by 2.3%) to 1 158.4 thousand persons. The number of employees increased particularly in corporations under foreign control, which employed 45.0% of the total number of employees in industry. The highest increase in the number of employees was recorded by manufacture of rubber and plastic products (10.6%).

The gross monthly nominal wage in industry increased in Q1 by 8.8% in year-on-year terms and reached CZK 19 721. The highest wage level was recorded by coke production and oil refinery branch (CZK 27 321). The highest increase was recorded by mining of other minerals (11.2%), the lowest wage growth belonged to production of chemicals, pharmaceuticals and man-made fibres (5.9%). The average wage in corporations under foreign control increased by 7.0% and reached CZK 21 730.

The labour productivity in industry in Q1 2007 increased by 9.4%, unit labour costs dropped by 1.3%.
- **Construction industry not restrained by mild winter**

The mild winter enabled almost unrestricted performance of construction works. Compared to the same period in the preceding year the construction works volume increased in every construction branch. Construction companies based in the Czech Republic (including an estimate for units with less than 20 employees) in Q1 2007 performed construction works with real year-on-year increment of 28.8%. Construction performance of construction companies with 20 and more employees increased in year-on-year terms at constant prices by 28.0%. The highest volume (87.7%) related to new construction works, refurbishment and modernizations.

The average headcount<sup>1</sup> in Q1 2007 did not change compared to the same period of the preceding year (153.8 thousand). The average monthly wage increased by 13.1% to CZK 20 161. Labour productivity measured for construction works according to contractors' contracts increased by 28.7% (year-on-year).

In Q1 2007 building authorities in the Czech Republic issued in total 26 thousand building permits and approvals, i.e. by 0.7 thousand more than in the same period of the preceding year. Approximate value of these constructions increased by CZK 16.3 billion to CZK 81.1 billion at current prices. Construction companies concluded 17.2

<sup>1</sup> Data on employment are monitored for companies with at least 20 employees. The average headcount does not include employees working for construction companies through employment agencies.

thousand new contracts (increase by 7.6%) at the total value of CZK 49.5 billion (decrease by 13.0%). The year-on-year decrease in the value of new contracts resulted from the high comparative base of Q1 2006, which included contracts for substantial road and motorways infrastructure. The aggregate value of construction contracts as at the end of March 2007 represented labour commitments for 8 months. Construction of 9 165 new dwellings started, i.e. by 0.5% more than in the same period of the preceding year, 8 337 dwellings were completed (by 20.3% more) and as at 31.3 2007 total number of dwellings in construction was by 892 higher than in the end of 2006 (169 653 dwellings in total).

- **Rapid growth of sales revenues in services sector**

In Q1 sales revenues in the motor vehicles sector increased by 10.7% in real year-on-year terms, including the increase in the branch of motor vehicles, spare parts and motorcycles by 13.1% and in the branch of fuels by 8.1%. Retail sales revenues excluding the motor vehicles sector increased by 8.8% in real terms, mostly due to the share of retail chains. Food sales revenues increased by 4.7%, non-food sales revenues (thanks to cheap and easily accessible loans) by 11.8%. Accommodation and catering sales revenues increased by 3.0% in real year-on-year terms. Sales revenues of transport and communications increased by 9.8% in real year-on-year terms, the highest increase had been recorded by auxiliary works and operations in transport, by 21.1% (share in the total increment 56.0%). In market services sales revenues in real year-on-year terms increased by 2.6%, the highest share belonged to other business operations (3.2%). The highest increase was recorded by computer related activities (by 9.2%).