1. Summary

- The Gross domestic product (GDP) increased by 0.3%, quarter-on-quarter, in Q2 2024¹. The quarter-on-quarter recovery of the domestic consumption continued, investment activity grew, and external demand had a slightly positive effect on the GDP growth. On the contrary, quarter-on-quarter GDP growth was hampered by a change in the inventories. The GDP was by 0.6% higher in the year-on-year comparison. Both the household and government consumption were higher, and the external demand and investment activity exerted a mild positive effect. The GDP growth was significantly negatively affected by changes in inventories. Gross domestic product grew by 0.8%, year-on-year, and by 0.2%, quarter-on-quarter, in the EU in Q2. The German economy stagnated and the GDP of Austria and Hungary slumped within the Central European region. Slovakia grew slightly. Poland represents the exception in the stagnating Central Europe, growing the most in the EU in Q2.
- The Gross value added (GVA) increased by 0.5%, quarter-on-quarter, in Q2 and stagnated, year-on-year, (0.1%). The positive effect of services, which drew on the recovery of domestic consumption, was evident in both year-on-year and quarter-on-quarter comparison. In contrast, the GVA dropped by 0.6% in the industry, quarter-on-quarter, and by 2.5%, year-on-year. The decline was even deeper compared to total industry in manufacturing itself (-1.7%, quarter-on-quarter, and -3.0%, year-on-year). Even the Q2 did not bring a turnaround in the long-term stagnating construction industry, where the GVA fell by 0.3%, quarter-on-quarter, and year-on-year declines have been ongoing continuously for six years. Among the services, the financial and insurance activities and the group trade, transport, accommodation and food service were particularly successful.
- Exports of goods and services increased by 0.4%², year-on-year, in real terms in Q2 2024, and imports decreased by 0.8%, year-on-year. Total balance of international trade with goods and services reached a surplus of 143.0 bn CZK in current prices in Q2, which thus increased by 45.4 bn CZK, year-on-year, mainly due to an increase in the surplus of trade with goods. Sale of motor vehicles, electrical equipment and oil and natural gas contributed most to this improvement. In Q2, the balance of trade in coke and refined petroleum products, computers, electronic and optical appliances and equipment, and basic metals deteriorated the most, year-on-year.
- The total price level (according to the GDP deflator) increased by 4.2%, year on year, in Q2 and by 1.4%, quarter on quarter. Consumer prices were by 2.5% higher, year-on-year, in Q2 and increased by 0.8%, quarter-on-quarter. The acceleration of year-on-year consumer price growth was due to stronger growth of transport prices and further a moderation of the decline of prices of food and non-alcoholic beverages. The year-on-year growth of consumer prices was mostly due to the increase of housing and energy prices. Only prices of food and non-alcoholic beverages and home furnishings and household equipment decreased, year-on-year. Industrial producer prices rose by 1.1%, year-on-year, in Q2. The deep decline of agricultural producer prices moderated.
- Key monetary policy-relevant interest rates continued to fall, and interest rates on most types of client deposits fell along with them. A recovery of demand for mortgage loans was evident as well as a greater volume of negotiations regarding the new terms and conditions of existing contracts.
- Total employment³ was 0.2% higher, year-on-year, in Q2 and 0.5%, quarter-on-quarter. The total unemployment rate still fluctuates below 3%. The average gross monthly nominal wage increased by 6.5%, year-on-year, in Q2 and reached 45,854 CZK. In real terms, the average wage increased by 3.9%. The quarter-on-quarter nominal increase of the average wage was 1.4%.

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

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

³ Employment data are in the national accounts conception and adjusted for seasonal effects.

• The state budget deficit reached 178.6 bn CZK at the end of the first half of the year. The deficit decreased by 37 bn CZK, year-on-year. This is mainly related to fading of the need for extraordinary expenditure for households and companies impacted by high inflation. The revenue side was still favourably affected by the collection of extraordinary taxes temporarily imposed on selected sectors of the economy. A revival of household consumption and the first effects of the approved consolidation package also began to manifest. There is also a noticeable change in the budgetary allocation of taxes, which increases the share of the revenue of some taxes of significant weight in favour of the state budget.

Selected Key Indicators of the Economic Development*

		2023			2024			Whole year	
Indicator	Unit	2q	3q	4q	1q	2q	2022	2023	
Economic Performance									
Gross Domestic Product in the CR ¹	y/y, in %	0,2	-0,4	0,0	0,4	0,6	2,9	0,0	
	q/q, in %	0,1	-0,4	0,3	0,4	0,3	х	х	
Gross Domestic Product in the EU ¹	y/y, in %	0,5	0,1	0,4	0,7	0,8	3,4	0,4	
Final consumption expenditure ¹	y/y, in %	-1,4	-0,9	0,8	2,2	2,0	0,5	-0,9	
Gross fixed capital formation ¹	y/y, in %	3,6	2,4	2,2	-0,1	0,7	6,3	2,7	
Exports of goods and services ^{1,3}	y/y, in %	5,0	-1,5	0,5	-0,8	-0,8	5,2	3,0	
Imports of goods and services ^{1,3}	y/y, in %	1,0	-2,2	-4,6	-2,9	-1,5	6,0	-0,6	
Balance of foreign trade ^{2,3}	in CZK bn	97,6	91,9	123,5	136,8	143,0	56,0	384,1	
Balance of economic sentiment indicato	r ⁱ in p.p.	-2,6	-3,8	0,8	1,2	5,3	-3,3	0,8	
Performance in Main Branches									
Industrial production ⁴	y/y, in %	0,3	-3,4	-0,7	-0,9	-2,2	2,1	-0,8	
Construction production ⁴	y/y, in %	-4,1	-0,6	-2,9	-4,3	-6,0	3,3	-2,4	
Sales in services ⁴	y/y, in %	-1,6	-3,8	-2,2	1,0	2,5	8,7	-1,6	
Sales in retail trade ⁴	y/y, in %	-6,3	-3,1	-0,1	3,9	4,1	-3,9	-4,2	
Prices									
Consumer price index	y/y, in %	11,1	8,0	7,6	2,1	2,5	15,1	10,7	
HICP in the CR	y/y, in %	12,6	9,5	8,4	2,4	2,7	14,8	12,0	
HICP in the EU	y/y, in %	7,2	5,7	3,4	2,8	2,6	9,2	6,4	
Agricultural producer prices	y/y, in %	-8,1	-14,7	-14,6	-17,2	-10,4	31,8	-6,0	
Industrial producer prices	y/y, in %	3,9	1,3	0,8	-0,9	1,1	24,3	5,0	
Service producer prices in the bus. sph.	y/y, in %	6,3	5,3	4,9	4,5	3,4	5,8	5,6	
Terms of trade in trade with goods	in %	106,3	107,7	104,2	102,5	100,6	96,2	105,3	
Labour Market									
Total employed in the CR ³	y/y, in %	1,1	0,7	0,8	0,3	0,2	1,0	1,0	
General unemployment rate in the CR^5	in %	2,6	2,6	2,6	2,7	2,7	2,2	2,6	
General unemployment rate in the EU^5	in %	6,0	6,1	6,1	6,1	6,0	6,2	6,1	
Average employee wage (nominal)	y/y, in %	8,4	7,8	7,1	7,2	6,5	4,3	8,0	
Average employee wage (real)	y/y, in %	-2,4	-0,2	-0,5	5,0	3,9	-9,4	-2,4	
Monetary Conditions									
Two week repo rate ⁶	in %	7,00	7,00	6,75	5,75	4,75	7,00	6,75	
Exchange rate CZK/EUR		23,6	24,1	24,5	25,1	25,0	24,6	24,0	
Exchange rate CZK/USD		21,7	22,2	22,8	23,1	23,2	23,4	22,2	
State Budget ⁷									
State budget balance in the CR	in CZK bn	-49	35	-108	-105	-74	-360	-289	
State debt ⁶	in CZK bn	3044	3115	3111	3221	3207	2895	3111	

Data source: CZSO, CNB, MF, Eurostat

* Unless stated otherwise, data relate to the CR.

⁴ adjusted for seasonal effects

¹ data adjusted for seasonal and calendar effects in constant prices

 5 seasonally adjusted, age group 15 – 74 years ² data adjusted for seasonal and calendar effects in current prices

³ in the national account conception, in natural persons

⁶ balance at the end of period

7 based on treasury fulfilment

