# Summary

* The gross domestic product (GDP) expanded by 4.5% in 2017[[1]](#footnote-1). Significant acceleration was achieved by cooperation of all GDP components. The growth was supported by the domestic consumption and foreign demand in the first half of the year, the investment activity joined these factors in the second half of the year. The year-on-year rate of GDP growth was rising during the year 2017. Domestic consumption was fuelled by a considerable rise of earnings of households. Expenditures on domestic consumption contributed 1.7 p.p. to the GDP growth last year.[[2]](#footnote-2) The view on the type classification of gross fixed capital formation indirectly implies, that households and businesses were the more active investors. Resulting contribution of the gross capital formation to growth arrived at 1.0 p.p. Contribution of the foreign demand has been the highest since year 2012 and reached 1.8 p.p.
* The gross value added increased by 4.5% in 2017, which presents a nearly double pace compared to the previous year. Both manufacturing and services sector assisted the last year´s growth by a similar portion, with the weight of the services sector strengthening in the course of the year. Manufacturing was pulled by the manufacturing of motor vehicles incl. the subcontractor fields, machinery also prospered and the renewal of the production capacities in the chemical industry and energetics also had a positive effect. The financial and insurance activities remained the most dynamic branch of services similarly to year 2016. Positive confidence indicator of consumers supported by the development of the disposable incomes of households led to the growth of the retail sales for the non-food goods – it reached a ten-year maximum (8.8%) and simultaneously the fifth rank among the EU states.
* Positive balance of the trade with goods and services ensured the positive surplus of current account of balance of payments. It amounted to 54.2 CZK bn. The Czech export attained 3 489.1 CZK bn and increased year-on-year by 5.8%. The exporters of the most significant articles of the Czech export prospered – exporters of motor vehicles, machinery and equipment and electrical appliances. Value of goods imported into the CR increased by 6.6%. Faster dynamics of imports was among other things the result of the growth of prices of oil, natural gas and basic metals.
* The consumer prices rose by 2.5% in 2017, the most since year 2012. Food and non-alcoholic beverages was the fastest growing segment of the consumer basket, contributing 0.9 p.p. to the total growth of prices. Higher prices of housing and energies and transport also markedly contributed. The industrial producer index also rose by 1.8% after years of declines, however its year-on-year dynamics weakened over the year. On the contrary, the prices of agricultural producers achieved a high growth of 8.0%. Prices of exports and imports were to a considerable extent impacted by the appreciating koruna foreign exchange.
* Year 2017 saw several significant changes in the setting of the monetary policy. Initially, the CNB ended the forex interventions in April. Subsequently, two increases of the monetary policy-relevant rates occurred (for the first time since 2008) in the second half of the year. It impacted the interbank interest rates, which also started to rise, but the interests on the accounts of households and businesses did not change to any noticeable extent. Interest rates on mortgages experienced the highest shifts; they mildly grow since the end of 2016.
* Favourable tendencies prevailed on the labour market, especially the persons in the employee positions enjoyed their benefits. The number of workers[[3]](#footnote-3) increased by 1.6% for the whole year, the most since 2008. The highest number of persons held a job in the history of the independent CR. Higher number of entrepreneurs also contributed to the employment growth, from the point of view of branches then especially trade, transportation, accommodation and food service activities, but also other areas of services. General unemployment rate reached 2.0% for males and 2.9% for females in December. The number of long-term unemployed persons totalled only 40 thousand persons in Q4. The supply of job vacancies registered in the labour offices accelerated, three quarters of the year-on-year addition of positions however consisted of positions requiring a minimal qualification. Intensifying tension on the labour market was also reflected in the dynamic growth of wages. The average gross monthly wage crossed the 30 thousand boundary in Q4 2017 for the first time in history and strengthened by 8.0% year-on-year. The highest relative growth was concentrated in the branches with a low level of earnings, which became evident from the moderate lowering of the wage differentiation. Despite the growing inflation, the purchasing power of wages in 2017 strengthened. The real wage was raised by 4.4%, the most following the year 2003.
* State budget (SB) ended (based on the cash fulfilment approach) in 2017 in mild deficit (6.2 CZK bn). It presented the second most favourable result after year 1996. Both revenues and expenditures of the SB were, similarly to year 2016, notably affected by the irregularities in the drawing on funds form the EU budget. The share of investment on the total SB expenditures reached 6.4%, which was the least since year 1998. Strengthening economic growth was mirrored in the savings of some types of social benefits, in the 7.3% growth of the state-wide tax revenues, but also in the higher collection of insurance. The pension account thus for the first time in nine years extricated itself from the deficits. The state debt noticeably fluctuated due to the effect of extraordinary factors in the course of 2017. It amounted to 1 625 CZK bn at the end of December and stagnated year-on-year. The rate of indebtedness of the whole sector of government institutions attained 35.1% of GDP in Q3 2017, it lowered by nearly one tenth year-on-year.

1. Data regarding the GDP, gross value added and their components are expressed in constant prices and adjusted for seasonal and calendar effects. There were two working days less in 2017 in comparison to the preceding year. [↑](#footnote-ref-1)
2. After exclusion of imports for final use. [↑](#footnote-ref-2)
3. Seasonally adjusted data in the national accounts conception. [↑](#footnote-ref-3)