

Performance of main branches

- ***Despite the drop of growth rate the industry recorded respectable results***

Economic performance of industry measured by the industrial production index increased in 2007 by 8.2%, y-o-y. Compared with the growth rate in 2006 the dynamics dropped in 2007 by 3.0 p.p. The average yearly growth rate of industrial production since 2000 is 7.1%.

In Q4 2007 the y-o-y industrial production index reached 106.2 % and compared to Q3 2007 it recorded a little drop. Seasonally adjusted the q-o-q change of industrial production trend in Q4 2007 was by 1.7% up, i.e. by 0.5 p.p. more than in the previous quarter. In the period 2005 and 2006 the index, however, reached values above 2.0%.

Manufacture of transport equipment still dominates the industry

The most important contribution to the industrial growth in 2007 came again from manufacturing industry (growth by 8.9%), mining and quarrying slightly dropped (by 0.7%) and over the year, electricity, gas and water supply compensated the loss recorded at the beginning of the year (growth by 1.6%).

Dominant position still belongs to manufacture of transport equipment whose production in 2007 increased by 13.9%, y-o-y, contributing by 2.8 p.p. to the total growth of industrial production. Further, the y-o-y growth of industry was most contributed to by manufacture of electrical and optical equipment (growth by 16.1 %, contribution 2.3 p. p.) and manufacture of machinery and equipment (growth by 17.7%, contribution 1.2 p. p.). In contrast, industrial production dropped most in manufacture of coke, refined petroleum products (-4.3%, contribution -0,2 p. p.), mining and quarrying of energy producing materials (-3.0 %, contribution -0.1 p. p.) and manufacture of basic metals and fabricated metal products (- 0.6 %, contribution -0,1 p. p.).

- ***Strong growth of sales in industry***

Sales from industrial activities at constant prices increased in 2007 by 10.0% and by 12.1 % at current prices. The biggest contribution (2.9 p. p.) came again from manufacture of transport equipment whose sales increased by 13.9% and whose share in sales from industrial activity for the industry as a whole made 18.5%. Further important growth of sales was recorded by manufacture of electrical and optical equipment (contribution 2.2 p.p., growth by 13.8%) and manufacture of machinery and equipment (contribution 1.4 p. p., growth by 17.5 %). Sales from industrial activity dropped most in other mining and quarrying (by 4.3 %).

- ***Employment in industry grew***

Employment in industry (in enterprises with 20+ employees) in 2007 increased markedly by 1.9 %, y-o-y, i.e. by 21.6 thousand persons per average registered number of 1,167 thousand persons. The average monthly nominal wage in industry increased in 2007 by 7.4%, y-o-y, and reached CZK 21,051. Inflation adjusted average wage in industry increased by 4.5%, in real terms.

In Q4 the average number of employees in industry was 1,173 thousand persons with the average monthly nominal wage accounting for CZK 22,668.

- ***Growth of construction output showed no changes compared with 2006***

Construction output in 2007 increased at constant prices by 6.7%, y-o-y. New construction was valued at CZK 511.0 billion and at current prices the construction output increased by 10.3%.

Construction output of enterprises with 20+ employees (approximately three quarters of total volume) increased by 5.8% in real terms. Domestic new construction increased, reconstruction and modernisation by 5.7%, renewals and enhancements dropped by 2.8% and other work markedly decreased by 37.2%. Contracted construction work carried out abroad increased by more than a half. Building construction whose share in total volume of construction work exceeded 50%, increased by 9.7%, civil engineering dropped by 2.6%.

- **Number of employees in construction dropped**

The average registered number of employees in construction enterprises with 20+ employees dropped in 2007 by 1.5% to 159.6 thousand persons. Average nominal monthly wages increased by 7.9 % to CZK 21,914, in real terms it increased by 5.0%. Average hourly wage of employees increased, y-o-y, by 8.0 % to CZK 149. Labour productivity per employee increased by 7.5 %, productivity of labour per hour worked by 7.6%.
- **Higher value of constructions**

In 2007 117.4 thousand building permits were granted which was by 13.3 % less than in the previous year. Approximate value of permitted constructions, however, decreased only by 0.9% to CZK 357.7 billion.
- **Number of completed dwellings reached record highs**

In 2007 construction of 43,796 dwellings was started which number was comparable with that in 2006. Completed were 41,650 dwellings which was the highest figure recorded since 1991 and compared with 2006 it was by 38.0 % more. In Q4 2007 a record number of 17,824 dwellings were completed, i.e. by almost 50% more than a year ago. As of 31 December 2007, 170 971 dwellings were under construction.
- **Dynamics of growth in services increased**

In 2007, sales at constant prices increased in automotive segment by 9.6%, in retail sale except of automotive segment by 6.8% and mainly in stores with non-food goods. Sales in hotels and restaurants increased by 1.4% and 1.5%, respectively. Market services increased by 5.8% mainly in job mediation (by 22.8%) and in architectural and engineering activities (by 11.7%). Sales in transport increased, y-o-y, by 7.9% which was most in the last 7 years (mainly in supporting and auxiliary transport activities of travel agencies and tour operators) and in communications by 5.2% (in telecommunications predominating by 4.9 %, in post and courier activities by 8.5 %).