2 April 2019

Income of households increased in real terms by 4.7 % in 2018

Quarterly sector accounts – the fourth quarter of 2018

In 2018, The total of real monetary and non-monetary income of households increased in real terms by 4.7%. The real consumption per capita increased by 3.4%, year-on-year (y-o-y). The profit from foreign investment reached 7.8% of the gross domestic product (GDP) in 2018.

Non-financial corporations: investment rate increased in Q4 2018, y-o-y

The *profit rate* in the Q4 2018 was 46.6%, which is by 0.3 percentage point (p. p.) less, quarter-on quarter (q-o-q), and by 2.1 p. p.1 less, year-on-year (y-o-y). The total labour costs of non-financial corporations increased by 8.6%, y-o-y1. The *investment rate* increased by 0.5 p. p., q-o-q, and reached 30.2%. It increased by 2.0 p. p., year-on-year1.

Households: real income increased by 1.6% in Q4 2018

The *household real income per capita* increased by 1.6%, q-o-q, in the Q4 2018. In the y-o-y comparison it was by 4.6% up1. The *household real consumption per capita* grew slower, i.e. by 0.9%, q-o-q, and by 3.0%, y-o-y.

The ***average monthly income from employment*** reached CZK 34 8431 in the Q4 and it increased in real terms by 0.3%, q-o-q; in the y-o-y comparison it was 3.5% up**1**.

Resulting from the faster growth of household income compared to their expenditure was a higher ***saving rate*** compared to the previous quarter, i.e. 11.7%. The ***investment rate*** in the household sector increased by 0.1 p. p., quarter-on-quarter, and reached 9.3%.

Non-financial corporations in 2018: wage costs increased by 9.0%

The ***profit rate*** in 2018 declined to 47.0%, which was by 2.3 p. p. less, y-o-y**1**. Nevertheless, the profit rate in the Czech Republic still remained high above the EU average, which is approximately 40%. Yet profit has been still growing if measured in absolute value. The reason behind the profit rate decline was a faster growth in wage costs, which increased by 9.0%, y-o-y**1**. The ***investment rate*** increased by 1.5 p. p.**1** compared to that of 2017 and reached 29.6%.

The ***profit rate*** and the ***investment rate*** of non-financial corporations (%)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Q1 | Q2 | Q3 | **Q4** | **Year 2018** |
| Profit rate | 48.0 | 47.0 | 46.9 | **46.6** | **47.0** |
| Investment rate | 28.8 | 29.5 | 29.7 | **30.2** | **29.6** |

Households in 2018: real income increased by 4.7%

The *household real income per capita* increased by 4.7% compared to that of 2017. The *household real consumption per capita* grew at a 1.3 p. p. slower pace, i.e. by 3.4%.

***Household real income and expenditure***, y-o-y change (%)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Q1 | Q2 | Q3 | **Q4** | **Year 2018** |
| Real income | 5.4 | 4.1 | 4.9 | **4.6** | **4.7** |
| Real consumption (expenditure) | 4.3 | 3.3 | 3.2 | **3.0** | **3.4** |

The ***average monthly income from employment*** reached CZK 32 147**1** in 2018 and increased by 5.0%, in real terms, compared to 2017.

The ***saving rate*** reached 10.8% in 2018 and was by 1.4 p. p.1 higher than in 2017. The ***investment rate*** in the household sector reached 9.4% in 2018 and thus it slightly increased by 0.2 p. p.**1**

**Relationship to the rest of the world in 2018: profit from foreign investment exceeded CZK 414 billion**

***The profit from foreign investment*** reached 7.8% of GDP. Foreign owners distributed almost CZK 294 billion in the form of dividends; over CZK 120 billion were reinvested. This trend reflects high profitability of foreign direct investment in the Czech Republic.

On the contrary, outflow of income from profit was partially compensated by inflow of income from abroad, especially by interest and income from employment. A negative balance of primary income from abroad reached CZK 270.8 billion and thus it was by CZK 40 billion higher, y-o-y.

The **gross national income** in real terms increased by 3.9% in 2018.

The **gross disposable income** for the entire economy in real terms grew by 3.9% in 2018.

**GDP estimate refinement**

New data for the general government sector were also incorporated when compiling sector accounts for the Q4 2018. It led to a more precise estimate of the GDP growth rates. The GDP increased by 2.6%, y-o-y, in the Q4 2018 and in the q-o-q comparison it was 0.8% up. In 2018, the GDP increased by 2.9%. For the time series of GDP resources and uses see: <https://www.czso.cz/csu/czso/hdp_ts>.

1 Seasonally non-adjusted piece of data.

All terms are in terms of national accounts; for explanations of terms written in **bold italics** see: <https://apl.czso.cz/nufile/Definitions.pdf>.

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Related CZSO website: <https://www.czso.cz/csu/czso/quarterly-national-accounts-gdp-resources-and-uses-and-gdp-preliminary-estimate>

Next Release will be published on: 28 June 2019 (Quarterly Sector Accounts for the first quarter of 2019)

*Data of quarterly sector accounts are seasonally adjusted unless otherwise stated.*

*The news releases of Eurostat on quarterly sector accounts are published later. The latest published information for the second quarter of 2018 is available at:*

https://ec.europa.eu/eurostat/web/products-press-releases/-/2-11012019-AP*,*

https://ec.europa.eu/eurostat/web/products-press-releases/-/2-11012019-BP,

https://ec.europa.eu/eurostat/web/products-press-releases/-/2-29012019-AP.

*Quarterly sector accounts data are published on the CZSO website in the tables of Transactions in Products and Distributive Transactions by Sector:* <http://apl.czso.cz/pll/rocenka/rocenkavyber.kvart_qsa?mylang=CZ>

*and Quarterly Non-Financial Sector Accounts (Current and Capital Accounts):*

<http://apl.czso.cz/pll/rocenka/rocenkavyber.kvart_qsa_mat?mylang=CZ>