28 March 2024

Income of households decreased by 2.5% in 2023

Quarterly sector accounts – the fourth quarter of 2023

The total of monetary and non-monetary income of households decreased in real terms by 2.5% in 2023. The real consumption per capita decreased by 5.0%, year-on-year (y-o-y). The saving rate increased by 2.2 percentage points (p. p.) to 18.6% compared to 2022. Profit belonging to foreign owners of corporations (profit from foreign investment) reached 5.6% of GDP in 2023.

Non-financial corporations: the profit and investment rates increased

The *profit rate* in the Q4 2023 was 48.9% and thus it reached the value by 0.2 p. p. higher compared to the previous quarter and by 0.5 p. p.1 more, year-on-year. The total labour costs of non-financial corporations increased by 6.3%1, y-o-y. The *investment rate* increased by 0.1 p. p., q-o-q, and reached 29.3%. It increased by 1.0 p. p.1, year-on-year.

Households: both income and consumption increased, quarter-on-quarter

*The total of real monetary and non-monetary income of households per capita* increased in the Q4 2023 by 1.1%, q-o-q, and by 1.6%1 in the year-on-year comparison. *Real consumption of households per capita* increased by 1.6%, quarter-on-quarter, and in the year-on-year comparison it decreased by 0.2%1.

The ***average monthly income from employment*** reached CZK 46 9771 in the Q4 2023. It decreased in real terms by 0.1%, q-o-q; in the y-o-y comparison, it increased by 0.4%1.

The ***household saving rate*** reached 19.4% in the Q3 2023, which is by 0.8 p. p. more compared to the previous quarter and by 1.2 p. p.1 more, year-on-year.

The ***investment rate*** in the household sector decreased by 0.1 p. p., quarter-on-quarter, and reached 7.4%. In the y-o-y comparison, the investment rate of households decreased by 0.4 p. p.1

**Year 2023**

Non-financial corporations: profit rate growth

The ***profit rate*** in 2023 reached 48.6%, which was by 1.5 p. p.1 more, y-o-y. The profit rate in the Czech Republic remained above the European Union’s average, which is approximately 40%. Also in nominal terms, profits increased, y-o-y, despite an increase of labour costs, which increased by 7.9%1, year-on-year. The ***investment rate*** decreased by 0.3 p. p.1 compared to that of 2022 and reached 28.9%.

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Q1 | Q2 | Q3 | **Q4** | **Year 2023** |
| Profit rate | 48.6 | 48.9 | 48.7 | **48.9** | **48.6** |
| Investment rate | 28.0 | 28.7 | 29.2 | **29.3** | **28.9** |

Households: both real income and consumption decreased

The household real income per capita decreased by 2.5% compared to that of 2022 and the household real consumption per capita decreased by 5.0%2,3.

**Household real income and expenditure**, y-o-y change (%)1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Q1 | Q2 | Q3 | **Q4** | **Year 2023** |
| Real income | -5.0 | -2.6 | -3.8 | **+1.6** | **-2.5** |
| Real consumption (expenditure) | -7.5 | -7.0 | -5.4 | **-0.2** | **-5.0** |

The ***average monthly income from employment*** reached CZK 44 254**1** in 2023 and decreased by 1.7%, in real terms, compared to 2022.

The ***saving rate*** reached 18.6% in 2023 and was by 2.2 p. p.1 higher than in 2022. The ***investment rate*** in the household sector reached 7.5% in 2023 and thus it decreased by 0.9 p. p.1

**Relationship to the rest of the world in 2023: profit from foreign investment reached CZK 409 billion**

*“The profit from foreign investment (profit belonging to foreign owners of corporations) reached 5.6% of GDP. Foreign owners distributed almost CZK 290 billion in the form of dividends; almost CZK 120 billion were reinvested. This development reflects high profitability of foreign direct investment in the Czech Republic,”* Vladimír Kermiet, Director of the National Accounts Department of the Czech Statistical Office (CZSO), said.

On the other hand, the outflow of income from profit was partially compensated by an inflow of income from abroad, especially by income from employment and by subsidies. The balance of primary income from abroad improved by CZK 106 billion, y-o-y, and reached CZK -203 billion.

The **gross national income** increased in real terms by 3.6% in 2023.

The **gross disposable income** for the whole economy increased in real terms by 3.8% in 2023.

**GDP estimate refinement**

New data for the general government sector were also included in the sector accounts for the fourth quarter of 2023, which resulted in the refinement of the gross domestic product (GDP) growth rate estimate. In the fourth quarter of 2023, the GDP increased by 0.4%, quarter-on-quarter, and by 0.2%, in the year-on-year comparison. In the year 2023, the GDP decreased by 0.2%. For the time series on GDP resources and uses see: <https://www.czso.cz/csu/czso/hdp_ts>.

1 seasonally non-adjusted piece of data

2 Household income per capita would decrease by 1.2%, year-on-year, if persons granted temporary protection in connection with the armed conflict in Ukraine were not included.

3 Household consumption per capita would decrease by 3.8%, year-on-year, if persons granted temporary protection in connection with the armed conflict in Ukraine were not included.

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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Used data sources updated as at: 22 March 2024

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

Next news release will be published on: 28 June 2024 (Quarterly Sector Accounts for the first quarter of 2024)

*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 third quarter of 2023 is available at:*

https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-26012024-ap,

https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-11012024-ap.

*Quarterly sector accounts data are published on the CZSO’s website in the tables of Transactions in products and distributive transactions by sector:* <http://apl.czso.cz/pll/rocenka/rocenkavyber.kvart_qsa?mylang=EN&oblast=@RU>

*and quarterly non-financial sector accounts (current and capital accounts):*

<http://apl.czso.cz/pll/rocenka/rocenkavyber.kvart_qsa_mat?mylang=EN&oblast=@RU>