1 December 2023

GDP decreased by 0.5%, quarter-on-quarter

## GDP resources and uses – the third quarter of 2023

According to the refined estimate, the gross domestic product decreased by 0.5%, quarter-on-quarter, in the Q3 2023. In the year-on-year comparison, it decreased by 0.7%.
The y-o-y GDP decrease was influenced by lower final consumption expenditure of households and a decrease in inventories, whereas final consumption expenditure of general government, gross fixed capital formation, as well as external demand had a positive influence.

The refined estimate confirmed a decrease of the Czech economy. The **gross domestic product** (GDP) adjusted for price effects and seasonally adjusted[[1]](#footnote-1) **decreased by 0.5%, quarter-on-quarter** (q-o-q). **In the year-on-year** (y-o-y) **comparison, it decreased by 0.7%**.

The **gross value added** (GVA) **decreased by 0.4%, q-o-q,** and **by 0.1%, y-o-y**, in the Q3 2023. The q-o-q comparison of the GVA was negatively influenced mainly by manufacturing (-0.7%), a group of economic activities of trade, transportation, and accommodation and food service activities (-0.6%), and a group of economic activities of public administration, education, and human health and social work activities (-0.8%).

The y-o-y GVA decrease (-0.1%) was the most contributed to by industry -0.5 percentage point (p. p.; a decrease by 1.6%) and by a group of economic activities of trade, transportation, and accommodation and food service activities -0.2 p. p. (-1.1%). Information and communication +0.3 p. p. (+4.4%), financial and insurance activities +0.1 p. p. (+2.5%), and professional, scientific, technical, and administrative activities +0.2 p. p. (+2.2%) had a positive influence.

*“On the demand side, a change in inventories and external demand were the main factors of the quarter-on-quarter GDP decrease in the Q3 2023. A positive contribution came especially from final consumption expenditure of general government,”* Vladimír Kermiet, Director of the National Accounts Department of the Czech Statistical Office, comments on the data.

Final consumption expenditure of households -0.7 p. p.[[2]](#footnote-2) and change in inventories -2.3 p. p. had a negative influence on the y-o-y development of the GDP. Final consumption expenditure of general government +0.8 p. p., gross fixed capital formation +1.2 p. p., and external demand +0.3 p. p. had a positive influence.

**Final consumption expenditure** increased by 0.2%, q-o-q. In the y-o-y comparison it decreased by 0.4%, of which final consumption expenditure of **households** decreased by 0.3%, q-o-q, and by 2.3%, y-o-y. A decrease mainly occurred in expenditure on purchase of both semi-durables and non-durables. Final consumption expenditure of **general government** increased by 1.2%,
q-o-q; in the y-o-y comparison it was by 3.9%.

**Gross fixed capital formation** decreased by 0.3%, q-o-q. In the y-o-y comparison, it increased by 3.3%. Increasing, y-o-y, were investments in transport equipment, ICT, and in other machinery and equipment. On the other hand, investments in dwellings, in other buildings and structures, and in intellectual property products were decreasing. **Change in inventories**[[3]](#footnote-3) was CZK +79.3 billion, which was by CZK 50.9 billion less compared to the corresponding quarter of the previous year.

The **international trade balance of goods and services** at current prices reached the value of CZK 91.5 billion; thus, it was by CZK 60.1 billion higher than in the corresponding period of the previous year. Exports decreased in real terms by 1.2%, q-o-q. In the y‑o-y comparison, it decreased by 0.5%. The y-o-y decrease was mainly influenced by a decrease in exports of rubber and plastic products and of electronic and optical products. Conversely, exports of electrical equipment and motor vehicles increased. Imports decreased by 1.1%, q-o-q, and by 1.8%, y-o-y.

As for the price development in the Q3 2023, the total GDP deflator increased by 7.4%, y-o-y.

The volume of labour costs3 increased by 7.1%, y-o-y, in the Q3 2023.

The **total employment**[[4]](#footnote-4) decreased by 0.7%, q-o-q; in the y-o-y comparison, it increased by 0.4%. The number of hours worked decreased by 0.7%, q-o-q; in the y-o-y comparison, it dropped by 0.1%.

Notes:

Responsible head at the CZSO: Vladimír Kermiet, Director of the National Accounts Department, phone number (+420) 274 054 247, e‑mail: vladimir.kermiet@czso.cz

Contact person: Jan Benedikt, Quarterly Estimates Unit, phone number (+420) 274 052 750, e-mail: jan.benedikt@czso.cz

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Time series: <https://www.czso.cz/csu/czso/hdp_ts>

The news release web page: <https://www.czso.cz/csu/czso/quarterly-national-accounts-gdp-resources-and-uses-and-gdp-preliminary-estimate>

*Next news release will be published on: 30 January 2024*

*(GDP preliminary estimate for the fourth quarter of 2023)*

1. *Unless otherwise stated, all data presented in this news release are adjusted for price, seasonal, and calendar effects.*  [↑](#footnote-ref-1)
2. *contributions to the GDP growth (imports for final use excluded, unless otherwise stated)* [↑](#footnote-ref-2)
3. *at current prices, not adjusted for seasonal effects* [↑](#footnote-ref-3)
4. *in terms of national accounts* [↑](#footnote-ref-4)