1 March 2022

Gross domestic product increased by 3.3% in 2021

## GDP resources and uses – the fourth quarter of 2021

According to the refined estimate, the gross domestic product increased in the Q4 2021 compared to the previous quarter by 0.9% and by 3.6% in the year-on-year comparison. The GDP increase for the whole year 2021 was 3.3%.

The Czech economy was successful in the last quarter of 2021. The **gross domestic product** (GDP)adjusted for price effects and seasonally adjusted[[1]](#footnote-1) **in the Q4** **was by 0.9% higher compared to the previous quarter. Compared to the corresponding quarter of 2020, the GDP increased by 3.6%.**

**GDP development (%)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Q1 | Q2 | Q3 | **Q4** | **Year 2021** |
| Compared to the previous quarter  | -0.3 | +1.4 | +1.6 | **+0.9** | **+3.3** |
| Compared to the corresponding quarter of 2020 | -2.3 | +8.7 | +3.5 | **+3.6** |

**GVA development (%)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Q1 | Q2 | Q3 | **Q4** | **Year 2021** |
| Compared to the previous quarter  | -0.4 | +1.0 | +1.5 | **+0.7** | **+3.0** |
| Compared to the corresponding quarter of 2020 | -2.4 | +8.9 | +3.1 | **+2.9** |

The **gross value added** (GVA) **increased** in the Q4 2021 **by 0.7%,** **quarter-on-quarter** **(q-o-q), and by 2.9%, year-on-year (y-o-y)**. In the q-o-q comparison, the following economic activities contributed the most to the GVA increase: real estate activities (2.7% growth) and public administration, education, human health and social work activities (+1.9%). Growth was also reported by industry (+0.1%) and by a group of economic activities of trade, transportation, accommodation and food service activities (+0.5%). A decrease was reported by construction (−0.3%).

The following economic activities were contributing the most to the y-o-y increase of the GVA (+2.9%): a group of economic activities of trade, transportation, accommodation and food service activities (+1.8 percentage points (p. p.), y-o-y increase by 10.7%), financial and insurance activities (+0.3 p. p.; +8.6%), professional, scientific, technical and administrative activities (+0.3 p. p., +4.6%), and public administration, education, human health and social work activities (+0.4 p. p.; +2.6%). Manufacturing had a negative influence (−0.8 p. p.; −3.3%).

**On the demand side**, increasing external demand and expenditure on the fixed capital formation

were key factors of the q-o-q GDP increase in the Q4 2021. The y-o-y increase of GDP (+3.6%) was influenced by final consumption expenditure of households (+3.8 p. p.[[2]](#footnote-2)), investment expenditure (+0.6 p. p.), and change in inventories (+5.7 p. p.). On the contrary, external demand had a negative influence (−6.5 p. p.).

**Final consumption expenditure of households** decreased by 1.8%, q-o-q. Especially expenditure on purchases of non-durable and semi-durable goods and services were decreasing. Final consumption expenditure of households increased by 9.3%, y-o-y.

**Fixed capital formation** increased by 0.5%, q-o-q, and by 3.5%, y-o-y. In the q-o-q comparison, investments in most of fixed assets were increasing; less investments went to purchases of machinery and equipment. In the y-o-y comparison, mainly the following were increasing: investments in dwellings, other buildings and structures, and transport equipment.

The **balance of goods and services** at current prices reached the value of CZK 22.5 bn; thus it was by CZK 122.6 bn lower than in the corresponding period of the previous year. Exports increased in real terms by 2.2%, q-o-q, while in the y-o-y comparison it decreased by 5.7%. The development was influenced the most by a decrease in exports of electronic and optical products and motor vehicles. Imports decreased by 0.4%, q-o-q; however, in the y-o-y comparison, it increased by 4.0%, mainly thanks to growth of imports of pharmaceuticals, basic metals, electrical equipment, and machinery and equipment.

As for the price development in the Q4 2021, the total GDP deflator increased by 3.3%, y-o-y.

The volume of labour costs[[3]](#footnote-3) increased by 5.5%, y-o-y, in the Q4 2021.

**Total employment**[[4]](#footnote-4) increased by 0.1% compared to the previous quarter and in the y-o-y comparison it increased by 1.3%.

GDP resources and uses in 2021

The **GDP for 2021** was **by 3.3% higher** compared to the year 2020. The following were the main factors of a year-round growth: final consumption expenditure of households and change in inventories. The final consumption of households contributed +1.1 p. p., general government expenditure +0.3 p. p., capital formation +3.9 p. p. External demand had a negative influence (contribution −2.0 p. p.).

**Final consumption expenditure of households** increased by 4.3%. **General government expenditure on final consumption** increased by 1.6%, especially thanks to fast increasing collective consumption expenditure. **Gross fixed capital formation** for the whole year 2021 was by 0.9% higher compared to the year 2020. Mainly investments in dwellings and transport equipment were increasing. The **international trade balance** decreased at current prices by CZK 204.1 bn, y‑o‑y, to CZK 185.2 bn.

The **GVA in 2021** **increased** **by 3.0%** compared to the previous year. The economic growth occurred across all economic activities of the Czech economy. The GVA increase was the most significantly contributed to by development in industry (+1.1 p. p.), a group of economic activities of trade, transportation, accommodation and food service activities (+0.4 p. p.), and a group of economic activities of public administration, education, and human health and social work activities (+0.5 p. p.).

**Total employment** increased by 0.1%, y-o-y, to 5 347 thousand persons. In total, there were by 2.9% more hours worked than in the year 2020.

Notes:

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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 Release will be published on: 29 April 2022 (GDP preliminary estimate for the first quarter of 2022)*

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 seasonally adjusted* [↑](#footnote-ref-3)
4. *in terms of national accounts*  [↑](#footnote-ref-4)