30 May 2023

Czech economy stagnated

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

According to the refined estimate, the gross domestic product remained unchanged, quarter-on-quarter, in the Q1 2023. In the year-on-year comparison, it decreased by 0.4%. The year-on-year GDP decrease was mainly influenced by lower final consumption expenditure of households and by a decrease in inventories, whereas external demand had a positive influence.

According to the refined estimate, the Czech economy in the Q1 2023 stagnated, quarter-on-quarter (q-o-q); in the year-on-year (y-o-y) comparison, it decreased for the first time since the Q1 2021. The **gross domestic product** (GDP) adjusted for price effects and seasonally adjusted[[1]](#footnote-1) **remained unchanged, q-o-q. In the y-o-y comparison, the GDP decreased by 0.4%.**

The **gross value added** (GVA) **increased by 0.8%, q-o-q,** and **by 1.1%, y-o-y,** in the Q1 2023. In the q-o-q comparison, the biggest contributors to the GVA growth were manufacturing (2.0% growth), a group of economic activities of trade, transportation, and accommodation and food service activities (+1.5%), and information and communication (3.7%). A decrease occurred in financial and insurance activities (-7.0%).

The y-o-y GVA growth (+1.1%) was the most contributed to by industry +0.4 percentage points (p. p.; growth by 1.6%), real estate activities +0.4 p. p. (+4.5%), and a group of economic activities of public administration, education, and human health and social work activities +0.4 p. p. (+2.6%). The following had a negative influence: construction -0.2 p. p. (-3.8%) and a group of economic activities of trade, transportation, and accommodation and food service activities
-0.5 p. p. (-2.8%).

*“On the demand side, increasing external demand and consumption expenditure of the general government were the main factors of the quarter-on-quarter GDP development in the Q1 2023. Final consumption expenditure of households and the gross capital formation had a negative influence,”* Vladimír Kermiet, Director of the National Accounts Department of the Czech Statistical Office (CZSO) comments on the data.

A y-o-y GDP decrease (-0.4%) was mainly influenced by final consumption expenditure of households by -3.0 p. p.[[2]](#footnote-2)  and change in inventories by -2.8 p. p. The following had a positive influence: final consumption expenditure of general government +0.8 p. p. and external demand +4.6 p. p.

**Final consumption expenditure** decreased by 0.3%, q-o-q, and by 3.2%, y-o-y. Of that, final consumption expenditure of **households** decreased by 1.2%, q-o-q. The decrease occurred at expenditure on purchase of non-durable goods and services. In the y-o-y comparison, final consumption expenditure of households decreased by 6.4%. Final consumption expenditure of**general government** was 1.9% up, q-o-q, and 3.9% up, y-o-y.

**Gross fixed capital formation** decreased by 1.8%, q-o-q. In the y-o-y comparison it increased by 0.3%. Increasing were investments in transport equipment, ICT, and other machinery and equipment. On the other hand, investments in dwellings and other buildings and structures were decreasing. **Change in inventories**[[3]](#footnote-3) was CZK +43.2 billion, which was, however, by CZK 30.9 bn less compared to the corresponding quarter of the previous year.

The **international trade balance of goods and services** at current prices amounted to CZK 93.7 billion; thus it was by CZK 92.7 billion higher than in the corresponding period of the previous year. Exports increased in real terms by 2.5%, q-o-q. In the y‑o-y comparison, it increased by 9.5%; the development was influenced the most by an increase in exports of electrical equipment and motor vehicles. Imports decreased by 1.3%, q-o-q; in the y-o-y comparison it increased by 3.3%.

As for the price development in the Q1 2023, the total GDP deflator increased by 12.2%, y-o-y.

The **total employment**[[4]](#footnote-4) increased by 0.4%, q-o-q; in the y-o-y comparison, it increased by 1.4%. In total, by 1.0% more hours were worked in the q-o-q comparison; in the y-o-y comparison, it was by 1.6% more.

Notes:

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Time series: [https://apl.czso.cz/pll/rocenka/](https://apl.czso.cz/pll/rocenka/rocenka.indexnu_kvart?mylang=EN&co=Q_HDP_ZAM)

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: 31 July 2023*

*(GDP preliminary estimate for the second 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 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)