30 November 2018

Economy performance increased by 0.6%, q-o-q

## GDP resources and uses – the third quarter of 2018

According to the refined estimate, the gross domestic product was by 0.6% higher in the Q3 2018 compared to the previous quarter; in the year-on-year comparison it increased by 2.4%. Gross fixed capital formation and final consumption expenditure of households and of the general government were the main growth factors of the Czech economy.

The refined estimate confirmed that the Czech economy continued to grow in the Q3 2018. The **gross domestic product** (GDP) adjusted for price effects and seasonally adjusted[[1]](#footnote-1) **was by 0.6% higher, quarter-on-quarter (q-o-q); in the year-on-year (y-o-y) comparison the GDP increased by 2.4%.**

The **gross value added** (GVA) **increased by 0.6%, q-o-q, and by 2.4%, y-o-y**. The y-o-y GVA growth was the most contributed to by a group of economic activities of trade, transportation and storage, accommodation and food service activities (0.6 p.p.), in which the GVA remained unchanged, q-o-q, and in the y-o-y comparison it increased by 3.3%. Economic activities of industry contributed 0.5 p.p. to the GVA growth; manufacturing alone contributed 0.3 p.p. The GVA growth in this economic activity was 0.3%, q-o-q, and 1.0% y-o-y; especially production of the following was increasing: manufacture of computer, electronic and optical products, electrical equipment, basic metals, and fabricated metal products. The GVA decreased in manufacture of transport equipment. Economic activity of electricity and gas supply was also successful. High growth of the GVA was recorded also by construction (0.8%, q-o-q, and 6.3%, y-o-y).

**On the demand side**, the y-o-y GDP growth in the Q3 2018 was supported mainly by the domestic demand. It was contributed to mainly by growing investment expenditure. The y‑o-y growth of GDP was primarily contributed to by investment expenditure (1.7 p.p.[[2]](#footnote-2)), household consumption (1.0 p.p.), and final consumption expenditure of general government (1.0 p.p.).

**Final consumption expenditure of households** increased by 0.8%, q-o-q, and by 3.1%, y-o-y. The highest growth dynamics was in the category of consumption of durables. **Final consumption expenditure of** **general government** increased by 2.3%, q-o-q, and by 5.3%, y‑o‑y.

In the Q3 2018, high growth of investment activity continued. It was mainly owing to increased investments of the general government as well as investments of enterprises that continued to grow. The growth was supported mainly by investments in buildings and structures, in machinery and equipment including transport equipment, and in intellectual property products. The **gross** **fixed capital formation** was by 1.8% higher, q-o-q; in the y-o-y comparison it was 9.3% up.

The **external trade balance** at current prices decreased by CZK 22.5 bn, y-o-y, in the Q3 2018. **Exports** increased in real terms by 4.5%, y-o-y, and imports by 6.2%. The following contributed the most to exports growth: electronic and optical products, electrical equipment, and basic metals. On the contrary, a smaller amount of transport equipment and non-metallic mineral products was exported. Growth of **imports** was driven mainly by electronic and optical products and by machinery.

As for the price development in the Q3 2018, the total GDP deflator reached 2.2%, y-o-y.

The volume of labour costs[[3]](#footnote-3) increased by 9.4%, y-o-y, in the Q3 2018.

In the Czech Republic, in the Q3 2018, 5 432 thousand persons were employed[[4]](#footnote-4) in average. In the Q3 2018, the **employment** **remained unchanged,** **q-o-q; in the y-o-y comparison it increased by 1.2%.**

*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, Head of the Quarterly Estimates Unit, phone number (+420) 274 052 750, e-mail: jan.benedikt@czso.cz

Used data sources updated as at: 23 November 2018

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: 15 February 2019 (GDP preliminary estimate for the fourth quarter of 2018)

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).* [↑](#footnote-ref-2)
3. *At current prices, not seasonally adjusted.* [↑](#footnote-ref-3)
4. *In terms of national accounts.*  [↑](#footnote-ref-4)