

# CZECH REPUBLIC

## Overall score



## Breakdown of seven indicator scores



## Key finding

The narrowing of the high-skill industry wage premium can be traced to strong earnings growth in the real estate sector. Low inflation, falling unemployment and rising real wages facilitate strong consumption growth.

### Downward pressure from:

- Wage pressure in high-skill industries
- Structural unemployment
- Long-term unemployment

### Upward pressure from:

- Job vacancies
- Labour market participation, ages 15-24
- Overall wage pressure

## Country profile

The Czech economy is experiencing a sharp deceleration in growth this year, with domestic demand likely to be the key driver.

However, the underlying outlook for the economy remains positive.

As investment cools, private consumption is forecast to take over as the main driver of growth, underpinned by very low inflationary pressures and a strong labour market.

## Background economic data

	2015	2016 <sup>†</sup>
<b>Population</b>	10.5m	10.5m
<b>GDP</b>		
<b>GDP (Billion CZK*)</b>	4,604	4,699
<b>GDP growth</b>	4.6%	2.1%
<b>GDP/head (CZK*)</b>	437,000	445,500

## Unemployment

<b>Unemployment rate</b>	5.1%	4.2%
<b>Long-term unemployment rate</b>	2.3%	1.5%

\*2016 prices    †Average forecast figures for 2016

## View from the ground

The Czech Republic continues to enjoy positive economic trends from previous years. Proven success brings more investors to the country where we begin to see a shift from low to higher added value products. A stable political climate creates healthy entrepreneurship conditions. Export continues to be the main economy driver, with a key focus towards technologies. Industrial manufacturing stands for more than 47 per cent share of the overall GDP, making Czech Republic the most industrialised country in the EU. Further growth is expected in the business service segment, where more tasks and services are being deployed. Talent mismatch is prevalent now in more fields, which revitalise wage pressure after years of stagnation.

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