Economy: Annual growth rate slowed to 3.3%

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Annual growth rate of the Slovak economy in the second quarter of this year slowed to 3.3%. Slovak Statistical Office announced confirming its quick estimate of gross domestic product in August this year. This means that annual growth rate of the Slovak economy has slowed down compared to the first quarter by 0.2%. “In terms of use, economic growth was influenced by economic development growth in external demand and decline in domestic demand,” the Statistical Office said in its report. Exports of goods and services in the second quarter increased by 12.4% while growth of imports of goods and services were 9%. Domestic demand was down by 0.8%. Within it, final government consumption decreased by 4.3%. Private consumption of households remained at the same-year level. Gross capital formation went up by 0.1% within growth in gross fixed capital formation by 6.2% and consumption of non-profit institutions serving households by 1.6%.

“Economy was supported primarily by exports which maintained a two-figure growth whereas domestic consumption is still lagging. Only investment activity has grown, however, slowing down of global growth is probably a sign that such investment growth will not last,“ Eduard Hagara, analyst at ING Bank, commented on the published data. As he added, the government is also saving, and situation in the job market hasn´t improved enough for the Slovaks to open up their wallets.

The growth of Slovak economy should thus be slower than analysts, government and other relevant institutions originally expected. The finance department is already forecasting development worse than originally expected, which exceptionally updated its predictions already in August due to changes in economic development. It lowered its prognosis of economic growth then by one percentage point to 3.4%. Bank analysts also worsened their prognosis of this year´s growth from the original 3.6% to 3.1%.

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