

## **Economy grew in the 2nd quarter**

**According to the second estimates of Statistics Estonia, the gross domestic product (GDP) of Estonia increased 0.8% in the 2nd quarter of 2016 compared to the 2nd quarter of the previous year.**

In the 2nd quarter, the GDP at current prices was 5.3 billion euros. The seasonally and working-day adjusted GDP increased by 0.5% compared to the 1st quarter of 2016 and by 0.6% compared to the 2nd quarter of 2015.

According to the second estimates, GDP growth was inhibited the most by a decrease in value added in the energy sector, mining and quarrying and real estate activities. In the energy sector, production of all types of energy fell. The decrease in the value added of mining and quarrying was caused by a fall in the extraction of oil-shale. Although the value added of real estate activities increased at current prices, the increase in prices in this economic activity resulted in a decrease in the value added at constant prices.

In the 2nd quarter of 2016, GDP growth was influenced the most by information and communication, the value added of which rose mainly due to the rapid growth in the value added of computer programming and information service activities. In addition, the biggest contributors to GDP growth were agriculture, forestry and fishing, and trade. Among trade activities, retail trade contributed the most to GDP growth and the value added of wholesale increased as well.

Also, the value added of manufacturing (the biggest economic activity in Estonian economy) contributed to the increase of GDP. In the 2nd quarter, value added increased in more than half of manufacturing activities. The main contributors to the growth of manufacturing were the manufacture of electrical equipment, textiles and wearing apparel. At the same time, the manufacture of fabricated metal products, electronic products and mineral products decreased.

The export of goods and services rose by 4.1% at real prices, mainly due to an increase in the import of electronic products, electrical equipment and wood and articles of wood. Total import increased by 8.8% at real prices compared to the 2nd quarter of the previous year. This is the biggest growth of the last 14 quarters. Import of goods and services was increased the most by a growth in the import of electronic products, motor vehicles and base metals.

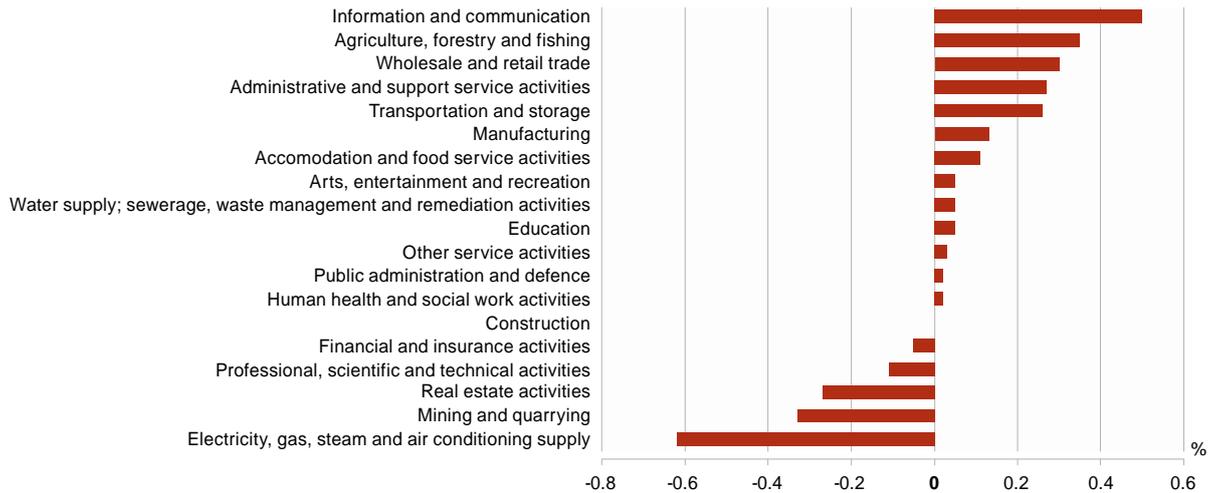
In the 2nd quarter of 2016, net export amounted 3.8% of the GDP.

Real GDP grew slower than the number of persons employed and hours worked (respectively 2.0% and 2.9%), meaning that there was a fall in the productivity of the total economy per person employed as well as per hour. Compensation per employee grew faster than productivity and unit labour costs increased 6.4% compared to the same quarter of the previous year.

Domestic demand rose. At real prices, all components of domestic demand increased, except for the final consumption expenditures of government sector. Households' final consumption expenditure increased by 3.0%. The expenditures on transport, food and recreation increased the most.

In the 2nd quarter of 2016, after having declined in the last 8 quarters, gross fixed capital formation increased by 5.4% at real prices. Households' investments in dwellings as well as the gross fixed capital formation of non-financial enterprises in buildings and structures and machinery and equipment increased the most. At the same time, gross fixed capital formation of the government sector decreased.

### Contribution of economic activity to GDP growth, 2nd quarter 2016



As part of a regular revision, Statistics Estonia revised the national accounts data for 2012–2015 based on the supply and use tables and annual reports of enterprises. In conjunction with the publication of the estimates for the 2nd quarter of 2016, the estimates for the 1st quarter of 2016 were also revised. Additionally, data for 2010 were revised.

More detailed information about the revisions made in 2016 and their effect is available [here](#).

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More detailed data have been published in the [Statistical Database](#).