

D Monitoring of Other Institutions' Forecasts

The Ministry of Finance of the Czech Republic monitors macroeconomic forecasts of other institutions engaged in forecasting future development of the Czech economy. Forecasts of 13 institutions are continuously monitored from publicly available data sources. Of these, eight institutions are domestic (CNB, Ministry of Labour and Social Affairs, domestic banks and investment companies) and others are foreign (European Commission, OECD, IMF etc.). The forecasts are summarised in the following table.

Sources of tables and graphs: Ministry of Finance's own calculations.

Table D.1: Consensus Forecast

		June 2011			July 2011
		min.	max.	consensus	MoF forecast
Gross domestic product (2011)	growth in %, const.pr.	1.5	2.5	2.0	2.5
Gross domestic product (2012)	growth in %, const.pr.	2.0	3.5	2.8	2.5
Average inflation rate (2011)	%	1.8	2.2	2.0	2.3
Average inflation rate (2012)	%	2.0	3.1	2.6	3.5
Average monthly wage (2011)	growth in %	1.7	2.8	2.3	2.3
Average monthly wage (2012)	growth in %	3.3	4.6	4.1	4.0
Current account / GDP (2011)	%	-4.0	-1.8	-3.2	-3.9
Current account / GDP (2012)	%	-4.3	-1.2	-3.1	-3.6

Estimates of **GDP** growth for 2011 have long fluctuated around 2%. Institutions whose forecasts are followed expect an average increase in the Czech economy's output by 2.0% in 2011 and by 2.8% the following year. The Ministry of Finance forecast counts upon GDP growth of 2.5% in 2011 and 2012. The apparent optimism of the Ministry of Finance for 2011 is seen in that the Ministry of Finance forecast, unlike those of other institutions, already takes into account (unexpectedly positive) data on GDP development in the first quarter.

Current forecasts anticipate the **average rate of inflation** in this year to be 2.0%, which is approximately in accordance with the Ministry of Finance forecast. The marked difference of the Ministry of Finance forecast for 2012 from the average

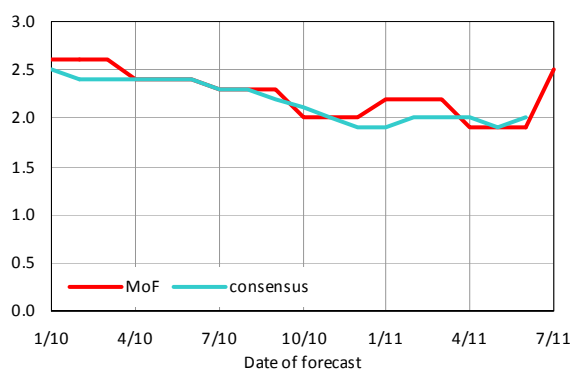
of those of other institutions can be explained by the inclusion in the Ministry's forecast of the impact of the proposed VAT changes, and by the absence of this factor in the forecasts of some of the monitored institutions.

According to the monitored institutions' predictions, the **average wage** should increase by 2.3% in 2011 and this growth is expected to accelerate to 4.1% for 2012. The Ministry's view on the development of the average wage is practically identical with these figures.

The **current account deficit of the balance of payments** should remain at a sustainable level. Considering the recent revision of data on the development of the balance of payments in 2009 and 2010, however, comparing the Ministry's forecast with those of other institutions is not very informative.

Graph D.1: Forecast of Real GDP Growth for 2011

in %



Graph D.2: Forecast of Average Inflation Rate for 2011

in %

