

Survey of macroeconomic forecasts

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The aim of the survey of macroeconomic forecasts (the so-called Colloquium), which is carried out by the Ministry of Finance of the Czech Republic (MoF), is to ascertain the opinion of relevant institutions on the future development of the Czech economy and to assess key trends the participating institutions envisage in their forecasts. The results of the 53rd Colloquium, which took place in May 2022, are based on forecasts of 17 institutions (Ministry of Finance; Ministry of Industry and Trade; Ministry of Labour and Social Affairs; Czech National Bank; AKCENTA CZ; Citibank; Banka CREDITAS; CYRRUS; Czech Banking Association; Deloitte; Generali Investments CEE; Czech Chamber of Commerce; Institute of Economic Studies, Faculty of Social Sciences, Charles University; Komerční banka; Raiffeisenbank; Confederation of Industry of the Czech Republic; UniCredit Bank). To make the survey more representative, forecasts of the European Commission (European Economic Forecast, May 2022) and the International Monetary Fund (World Economic Outlook, April 2022) were added to the survey.

Key trends for the years 2022 and 2023 that are envisaged in the latest forecast of the MoF (April 2022) are consistent with the forecasts of other institutions. However, the comparison of forecasts for the years 2024 and 2025, which are understood as an indicative outlook, is complicated by the fact that the forecasts of the participating institutions do not cover this period in many cases (the whole period 2022–2025 cover, at least for some indicators, forecasts of 10 institutions). The results of the survey and the latest forecast of the MoF are summarised in Tables 1 and 2.

Main macroeconomic trends expected in 2022 and 2023 can be summarised as follows:

- Economic growth is expected to slow to 1.5% this year, according to survey respondents. The sharp rise in the cost of living will weigh on real household consumption, which is expected to increase by only 1.1%. Government consumption growth is expected to decelerate to 1.6%, probably due to the unwinding of COVID-19 related spending. Fixed capital investment should rise by 2.3%, but will still lag significantly behind 2019 levels. Continued high uncertainty may be one reason for the weak investment activity, as well as problems in supply chains. These, together with weaker economic growth abroad, are negatively impacting exports. The external trade balance should thus be almost neutral for economic growth. The exceptionally strong inventory accumulation that occurred last year should continue this year (contribution of inventory change to GDP growth of only –0.1 pp).
- On average, respondents forecast GDP growth of 3.0% for 2023. Inflation should gradually return to the Czech National Bank's 2% target, accompanied by moderately recovering real household consumption. Growth in government consumption should slow further, but investment activity should pick up noticeably. Problems in supply chains should subside, which will have a positive impact on the external trade balance. The change in inventories should slow economic growth by 0.8 pp.
- On average, the participating institutions expect the inflation rate to reach 13.3% this year and fall to 5.1% in 2023. An important pro-inflationary factor is the rise in electricity and gas prices, which are gradually feeding through to the prices of other goods and services. Inflation is also being boosted by difficulties in global supply chains, which are leading to sharp increases in the prices of many production inputs. These problems have been exacerbated by the war in Ukraine. The conflict has also led to price increases of many commodities. The expected appreciation of the koruna should have a slightly anti-inflationary effect. According to the average of forecasts, monetary policy will respond to the expected inflation developments by further interest rate increases.
- According to the respondents, the unemployment rate should be close to 2.5% this year and next. Employment could increase by 0.7% this year and by 0.4% in 2023. The weakening of economic growth should thus have virtually no impact on the labour market. However, the question remains to what extent the LFS will capture the inflow of refugees from Ukraine and their participation in economic activity in the Czech Republic.
- On average, the institutions expect wages and salaries to grow at a rate of around 6.5% per year over 2022–23. Given the exceptionally high consumer price inflation, average real wages are therefore expected to fall significantly this year.
- According to the survey respondents, the current account of the balance of payments should be in deficit. The deficit could reach 2.9% of GDP this year and narrow to 1.2% of GDP in 2023.

Table 1: Results of the survey for the years 2022 and 2023

		2022						2023					
		min.	P25	average	P75	max.	MoF	min.	P25	average	P75	max.	MoF
<i>Assumptions</i>													
GDP of EA19	<i>real growth in %</i>	2.0	2.4	2.6	2.8	3.1	2.6	1.0	2.0	2.2	2.5	3.1	2.9
Crude oil Brent	<i>USD/barrel</i>	89	103	103	105	107	105	59	92	92	96	101	91
3M PRIBOR	<i>average in %</i>	5.3	5.9	6.1	6.5	7.0	5.3	4.8	5.2	5.5	5.7	6.5	4.9
YTM of 10Y gov. bonds	<i>average in %</i>	3.9	4.2	4.5	4.6	5.3	3.9	3.5	3.9	4.2	4.6	5.0	3.6
CZK/EUR exchange rate		24.1	24.5	24.6	24.8	25.0	24.4	22.7	24.3	24.4	24.7	25.2	24.2
USD/EUR exchange rate		1.03	1.08	1.09	1.11	1.14	1.11	1.05	1.10	1.11	1.12	1.18	1.10
<i>Main indicators</i>													
Gross domestic product	<i>real growth in %</i>	0.5	1.1	1.5	2.0	2.5	1.2	0.9	2.7	3.0	3.5	4.2	3.6
Contr. of change in inventories	<i>perc. points</i>	-1.3	-0.2	-0.1	0.3	0.8	0.0	-2.7	-1.1	-0.8	-0.3	0.0	-0.4
Contr. of foreign balance	<i>perc. points</i>	-1.1	-0.5	0.1	0.5	1.7	0.1	0.0	0.3	1.1	1.4	4.1	0.2
Consumption of households	<i>real growth in %</i>	-1.4	0.3	1.1	2.0	2.2	0.5	0.3	1.6	2.3	2.6	5.1	4.5
Consumption of government	<i>real growth in %</i>	0.0	1.1	1.6	2.1	3.0	1.0	0.7	1.0	1.3	1.5	1.9	1.0
Gross fixed capital formation	<i>real growth in %</i>	-0.3	1.6	2.3	3.0	4.7	2.2	-0.2	4.0	4.5	5.5	6.3	5.9
GDP deflator	<i>growth in %</i>	4.3	5.6	6.7	7.4	10.2	6.9	2.3	4.0	4.9	5.2	11.2	4.1
Inflation rate (aop)	<i>in %</i>	9.0	13.0	13.3	14.0	15.0	12.3	2.3	4.2	5.1	6.0	6.6	4.4
Employment (LFS)	<i>growth in %</i>	-1.2	0.1	0.7	1.2	2.7	1.2	-0.1	0.2	0.4	0.7	1.2	0.2
Unemployment rate (LFS)	<i>in %</i>	2.1	2.5	2.5	2.6	2.8	2.5	2.2	2.4	2.6	2.7	3.2	2.6
Wages and salaries (dom. concept)	<i>nom. growth in %</i>	3.1	6.2	6.5	7.7	8.3	6.0	4.2	5.8	6.6	7.4	10.3	6.2
BoP – current account balance	<i>in % of GDP</i>	-5.0	-3.8	-2.9	-2.0	-0.7	-2.2	-3.0	-1.9	-1.2	-0.8	2.7	-1.9

Note: The data in column P25 (P75) correspond to the 1st (3rd) quartile of the forecast sample.

Source: Survey respondents. Calculations of the MoF.

Table 2: Results of the survey for the years 2024 and 2025

		2024				2025			
		min.	average	max.	MoF	min.	average	max.	MoF
<i>Assumptions</i>									
GDP of EA19	<i>real growth in %</i>	1.3	2.0	3.3	2.2	1.3	1.6	1.9	1.5
Crude oil Brent	<i>USD/barrel</i>	52	83	103	84	51	81	105	79
3M PRIBOR	<i>average in %</i>	3.0	3.6	4.2	3.3	2.0	2.8	3.4	2.6
YTM of 10Y gov. bonds	<i>average in %</i>	2.5	3.4	4.1	2.9	2.0	3.2	3.8	2.7
CZK/EUR exchange rate		21.6	23.8	24.5	24.1	21.3	23.6	24.4	24.0
USD/EUR exchange rate		1.10	1.13	1.18	1.10	1.10	1.15	1.21	1.10
<i>Main indicators</i>									
Gross domestic product	<i>real growth in %</i>	1.0	3.1	3.8	3.2	1.1	2.6	3.5	2.4
Contr. of change in inventories	<i>perc. points</i>	-0.9	-0.3	0.0	-0.3	-0.4	-0.2	0.2	-0.4
Contr. of foreign balance	<i>perc. points</i>	-2.0	0.5	1.7	1.3	-1.4	0.3	1.4	0.9
Consumption of households	<i>real growth in %</i>	2.1	3.6	6.6	4.0	1.9	3.1	4.5	3.5
Consumption of government	<i>real growth in %</i>	0.7	1.3	2.1	1.1	1.0	1.8	2.8	1.6
Gross fixed capital formation	<i>real growth in %</i>	-0.1	3.4	6.7	0.1	0.2	2.7	5.1	0.2
GDP deflator	<i>growth in %</i>	1.8	2.8	5.2	2.5	1.6	2.3	2.9	2.2
Inflation rate (aop)	<i>in %</i>	1.8	2.5	3.4	2.1	2.0	2.1	2.6	2.0
Employment (LFS)	<i>growth in %</i>	0.1	0.4	1.2	0.1	0.2	0.3	0.7	0.2
Unemployment rate (LFS)	<i>in %</i>	2.3	2.5	3.0	2.4	2.2	2.4	2.7	2.3
Wages and salaries (dom. concept)	<i>nom. growth in %</i>	3.9	4.9	6.0	3.9	4.0	4.4	5.4	4.0
BoP – current account balance	<i>in % of GDP</i>	-0.9	0.3	2.0	-0.4	-0.6	0.6	1.7	0.4

Source: Survey respondents. Calculations of the MoF.

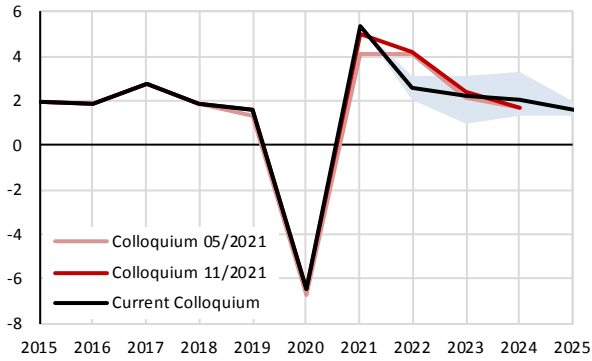
Overview of indicators

Graphs 1–18 show past and expected development of individual indicators. For comparison, consensus forecasts of two previous Colloquiums are also included. Extreme forecasts of indicators (min. and max. columns in the tables above) form the boundaries of the highlighted area.

Graph 1: Gross domestic product of the EA19

real growth in %

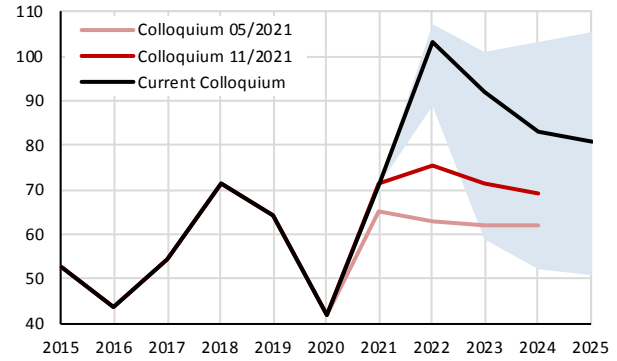
Downward revision of forecasts for this year due to the war in Ukraine



Graph 2: Crude oil Brent

in USD/barrel

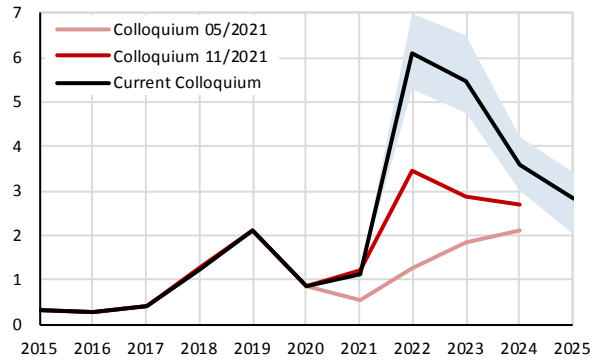
Average price of oil to exceed \$100 per barrel in 2022



Graph 3: 3M PRIBOR

in %, average of period

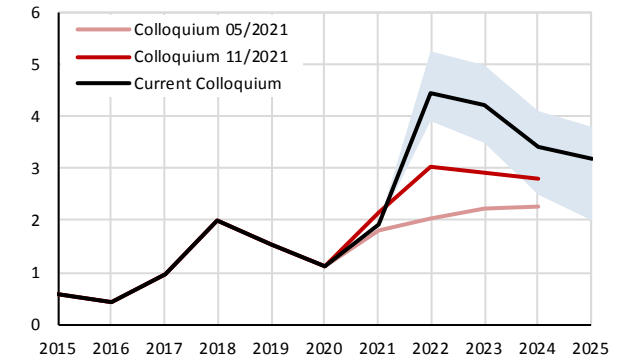
Tighter monetary policy stance over the entire forecast horizon



Graph 4: YTM of 10Y government bonds

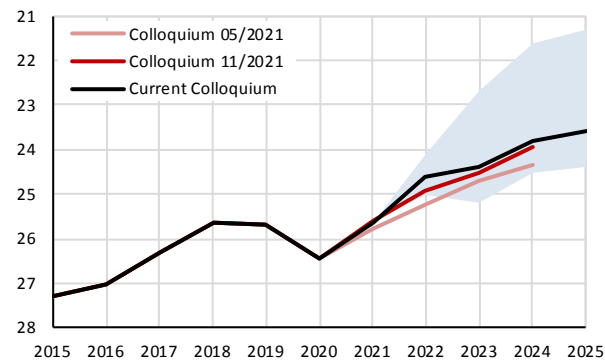
in %, average of period

Long-term rates above 4% in 2022–23, then falling towards 3%



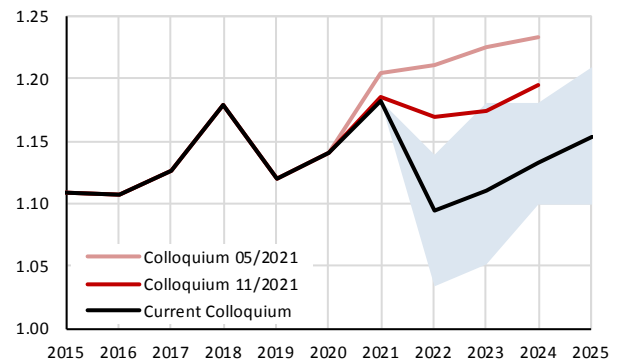
Graph 5: CZK/EUR exchange rate

Gradual appreciation of the koruna to CZK 23.6/EUR in 2025



Graph 6: USD/EUR exchange rate

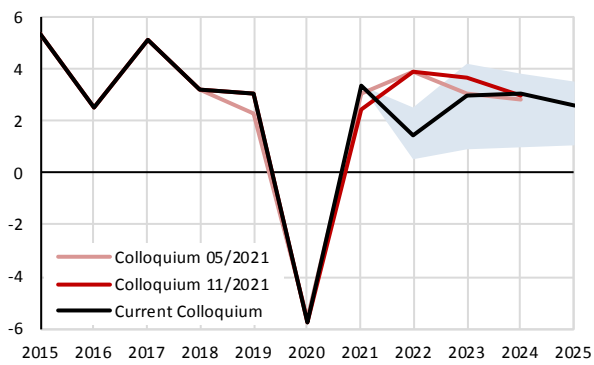
Shift of forecasts towards a stronger dollar



Graph 7: Gross domestic product

real growth in %

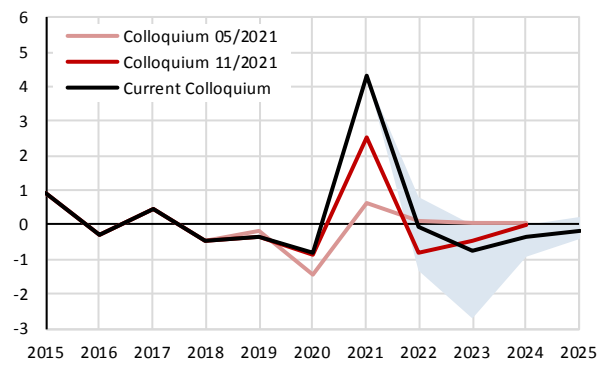
Temporary reduction in economic growth due to the war in Ukraine



Graph 8: Contribution of change in inventories

in percentage points

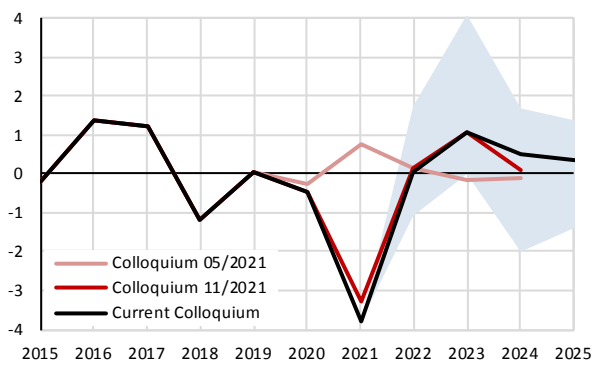
Gradual return of inventory accumulation to normal levels



Graph 9: Contribution of net exports

in percentage points

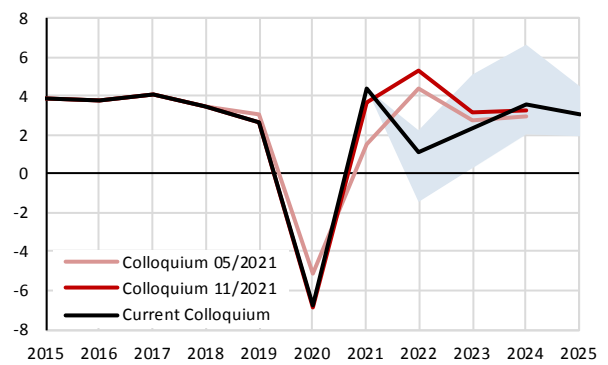
Positive contribution of net exports over the entire forecast horizon



Graph 10: Consumption of households

real growth in %

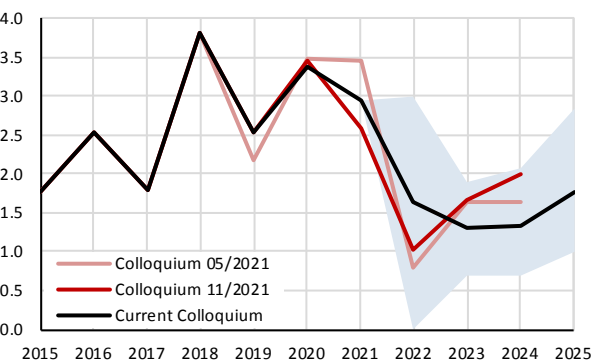
Weaker consumption due to exceptionally high inflation this year



Graph 11: Consumption of government

real growth in %

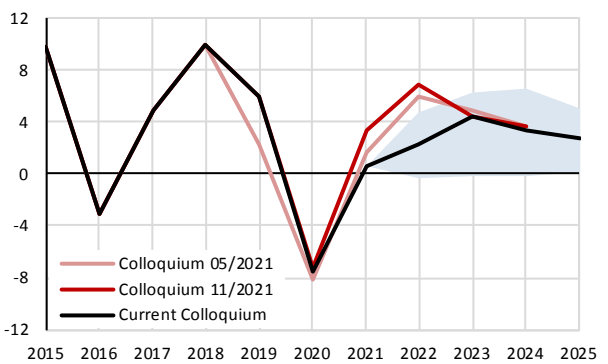
Government consumption growth of around 1.5% per year



Graph 12: Gross fixed capital formation

real growth in %

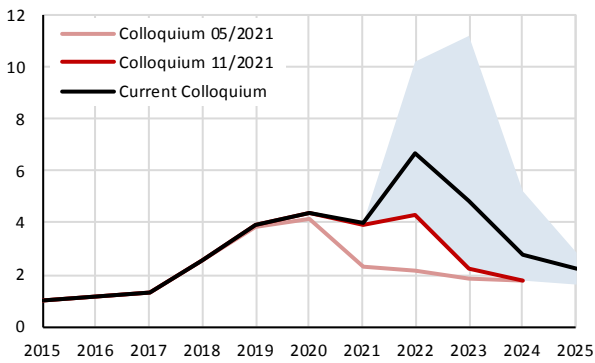
Gradual return of investment activity to pre-crisis levels



Graph 13: GDP deflator

growth in %

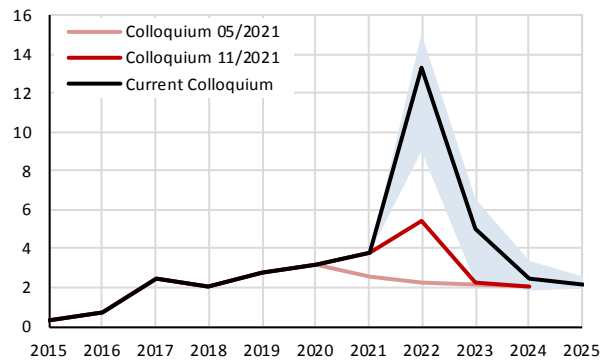
Nearly 7% growth in the GDP deflator this year



Graph 14: Average inflation rate

in %

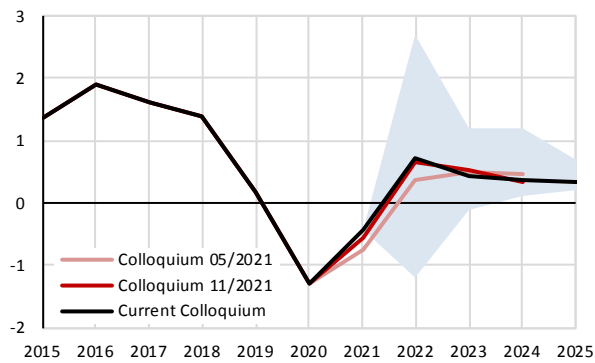
Exceptionally high inflation rate, stronger price growth also in 2023



Graph 15: Employment (LFS)

growth in %

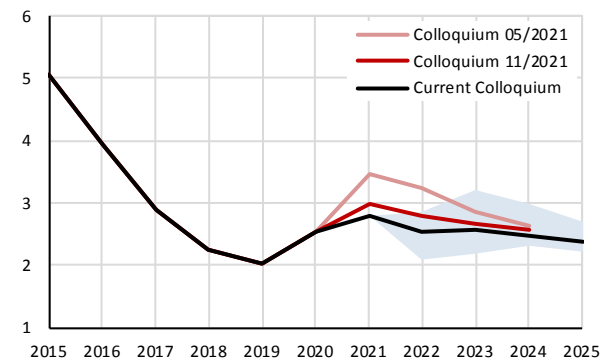
Slight employment growth of around 0.5% per year



Graph 16: Unemployment rate (LFS)

in %

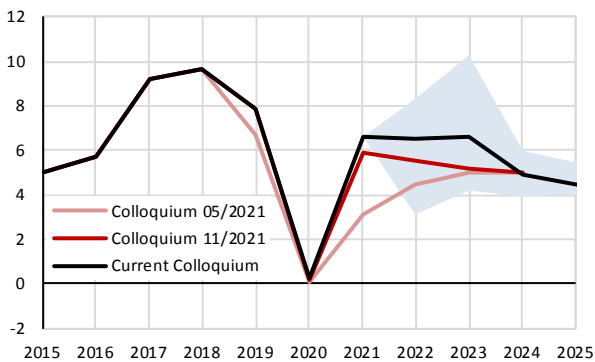
Very low unemployment rate close to 2.5% over the entire horizon



Graph 17: Wages and salaries (domestic concept)

nominal growth in %

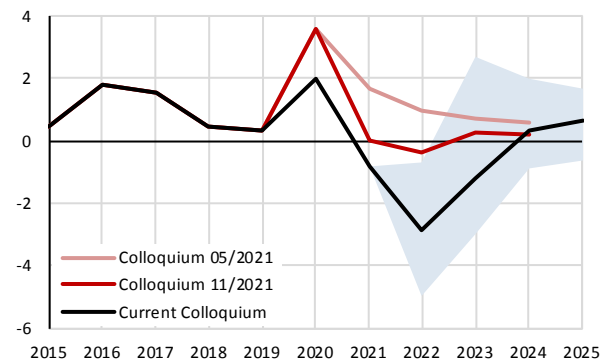
Wage and salary growth to lag significantly behind inflation in 2022



Graph 18: Balance of payments – current account

in % of GDP

Current account in deficit this year and next





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