Ministry of Finance
Economic Policy Department

Survey of
macroeconomic forecasts

November 2022

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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 54th Colloquium, which took place in November 2022, are based on the forecasts of 16 institutions (Ministry of Finance; Ministry of Industry and Trade; Ministry of Labour and Social Affairs; Czech National Bank; AKCENTA CZ; Citibank; Banka CREDITAS; 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, November 2022), the International Monetary Fund (World Economic Outlook, October 2022) and the Organization for Economic Co-operation and Development (Economic Outlook, November 2022) were added.

Key trends for the years 2022 and 2023 that are envisaged in the latest forecast of the MoF (November 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 decelerate to 2.4% this year, according to survey respondents. The sharp rise in the cost of living will slow real household consumption, which could increase by only 0.5%. Government consumption growth is forecast to slow to 1.0%, possibly due to the unwinding of the covid-19 epidemic-related spending. Fixed capital investment is expected to grow by 5.2%. The exceptionally strong accumulation of inventories, which occurred last year, should continue this year (0.8pp contribution of the change in inventories to GDP growth). The external trade balance should dampen economic growth to the extent of −0.2pp. Exports are negatively affected by persistent problems in supply chains, while the recovery in investment demand is boosting imports.

■ For 2023, respondents on average forecast a de facto stagnation of the economy (GDP growth of only 0.1%). Households will continue to face the effects of high inflation next year; as a result, their real consumption could fall by 0.8%. Government consumption growth should remain almost at the same level as in 2022, but investment growth should slow down significantly. The change in inventories should subtract 1.1pp from economic growth. Amid weak domestic demand, the external trade balance should be the main driver of economic growth.

■ On average, the participating institutions expect the inflation rate to reach 15.4% this year and fall to 9.7% 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. Because of the conflict, moreover, prices of many commodities have increased. Government measures in the area of energy prices will have an anti-inflationary effect at the end of this year and in 2023.

■ According to the respondents, the unemployment rate, which is expected to average 2.5% this year, could rise to 2.9% next year due to weak economic dynamics. Employment is expected to stagnate this year, but the forecasts are affected by a break in the time series between 2021 and 2022 (starting this year, new demographic weights linked to the 2021 Population and Housing Census were used in the Labour Force Survey; without the impact of this factor, employment growth could be close to 2%). For 2023, respondents expect employment to increase by only 0.1% on average. 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 8.5% per annum in 2022–23. Given the forecast consumer price inflation, the average real wage should therefore fall both this year and next.

■ According to the survey respondents, the current account of the balance of payments should be in deficit, among other factors due to high prices of imported commodities. The deficit could reach 4.4% of GDP this year and narrow to 2.7% 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*
Assumptions													
GDP of EA19	*real growth in %*	2.9	3.0	**3.1**	3.2	3.3	**3.3**	-0.3	0.1	**0.3**	0.4	1.2	**0.3**
Crude oil Brent	*USD/barrel*	99	101	**102**	102	107	**102**	82	85	**90**	94	100	**83**
3M PRIBOR	*average in %*	6.2	6.3	**6.4**	6.4	6.8	**6.3**	6.5	6.8	**7.0**	7.0	7.9	**6.9**
YTM of 10Y gov. bonds	*average in %*	4.0	4.4	**4.5**	4.5	5.1	**4.5**	4.6	4.8	**5.1**	5.3	5.8	**5.2**
CZK/EUR exchange rate		24.5	24.6	**24.6**	24.6	24.7	**24.6**	23.5	24.5	**24.7**	25.0	25.3	**24.5**
USD/EUR exchange rate		1.02	1.04	**1.04**	1.05	1.06	**1.04**	0.98	1.00	**1.02**	1.03	1.10	**1.00**
Main indicators													
Gross domestic product	*real growth in %*	1.9	2.4	**2.4**	2.5	2.7	**2.4**	-0.8	-0.3	**0.1**	0.4	1.5	**-0.2**
Contr. of change in inventories	*perc. points*	-1.1	0.5	**0.8**	1.4	1.8	**0.7**	-3.3	-1.8	**-1.1**	-0.4	1.6	**-1.4**
Contr. of foreign balance	*perc. points*	-1.2	-0.6	**-0.2**	0.0	1.2	**0.0**	0.0	0.6	**1.1**	1.7	2.4	**0.8**
Consumption of households	*real growth in %*	0.0	0.2	**0.5**	0.7	1.6	**0.2**	-2.9	-1.2	**-0.8**	-0.2	0.4	**-0.8**
Consumption of government	*real growth in %*	0.1	0.3	**1.0**	1.5	3.1	**1.2**	0.0	0.8	**1.1**	1.6	2.1	**1.7**
Gross fixed capital formation	*real growth in %*	3.9	4.9	**5.2**	5.3	7.3	**5.1**	-1.3	1.1	**1.2**	2.0	2.7	**1.5**
GDP deflator	*growth in %*	6.5	6.8	**8.1**	8.9	10.7	**6.7**	6.0	6.9	**7.9**	8.9	10.1	**6.5**
Inflation rate (aop)	*in %*	14.9	15.1	**15.4**	15.7	16.3	**15.0**	7.5	9.0	**9.7**	10.0	12.0	**9.5**
Employment (LFS)	*growth in %*	-0.9	-0.6	**0.0**	0.3	1.8	**-0.9**	-0.7	-0.3	**0.1**	0.2	1.5	**-0.1**
Unemployment rate (LFS)	*in %*	2.3	2.4	**2.5**	2.5	2.8	**2.5**	2.1	2.7	**2.9**	3.2	3.9	**3.1**
Wages and salaries (dom. concept)	*nom. growth in %*	6.9	7.5	**8.5**	9.5	10.0	**10.0**	6.3	7.0	**8.4**	9.4	12.2	**7.4**
BoP – current account balance	*in % of GDP*	-5.4	-4.8	**-4.4**	-4.1	-3.7	**-5.4**	-5.3	-3.1	**-2.7**	-2.4	1.2	**-5.3**

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*
Assumptions									
GDP of EA19	*real growth in %*	1.0	**1.7**	2.1	**1.5**	1.3	**1.7**	1.9	**1.8**
Crude oil Brent	*USD/barrel*	75	**84**	98	**76**	70	**81**	100	**72**
3M PRIBOR	*average in %*	3.9	**4.8**	6.3	**4.3**	2.7	**3.2**	3.6	**2.7**
YTM of 10Y gov. bonds	*average in %*	3.1	**4.2**	5.9	**3.6**	2.8	**3.7**	6.3	**2.8**
CZK/EUR exchange rate		22.9	**24.4**	25.4	**24.3**	22.9	**24.1**	25.1	**24.1**
USD/EUR exchange rate		0.98	**1.07**	1.17	**1.01**	1.03	**1.13**	1.24	**1.03**
Main indicators									
Gross domestic product	*real growth in %*	1.8	**2.9**	3.9	**3.0**	1.2	**2.8**	3.4	**2.7**
Contr. of change in inventories	*perc. points*	-2.1	**-0.2**	1.5	**-0.3**	-0.8	**-0.4**	0.0	**-0.4**
Contr. of foreign balance	*perc. points*	0.1	**0.6**	1.5	**1.0**	0.0	**0.7**	1.6	**0.7**
Consumption of households	*real growth in %*	-0.9	**2.4**	3.9	**3.8**	-0.8	**2.1**	3.4	**3.2**
Consumption of government	*real growth in %*	0.2	**1.3**	1.9	**1.4**	0.9	**1.6**	2.8	**1.7**
Gross fixed capital formation	*real growth in %*	0.1	**3.3**	6.2	**0.1**	1.8	**3.3**	5.2	**1.8**
GDP deflator	*growth in %*	0.4	**3.4**	5.0	**3.8**	0.1	**2.3**	3.5	**2.6**
Inflation rate (aop)	*in %*	2.2	**3.1**	4.8	**3.5**	0.5	**2.0**	3.0	**2.4**
Employment (LFS)	*growth in %*	-0.2	**0.3**	1.1	**0.4**	0.2	**0.4**	0.7	**0.2**
Unemployment rate (LFS)	*in %*	2.1	**2.9**	3.8	**3.0**	1.9	**2.6**	3.5	**2.8**
Wages and salaries (dom. concept)	*nom. growth in %*	4.2	**5.8**	8.6	**5.7**	4.0	**4.7**	6.7	**4.2**
BoP – current account balance	*in % of GDP*	-4.0	**-1.8**	2.7	**-3.5**	-3.3	**-0.7**	3.8	**-2.6**

*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
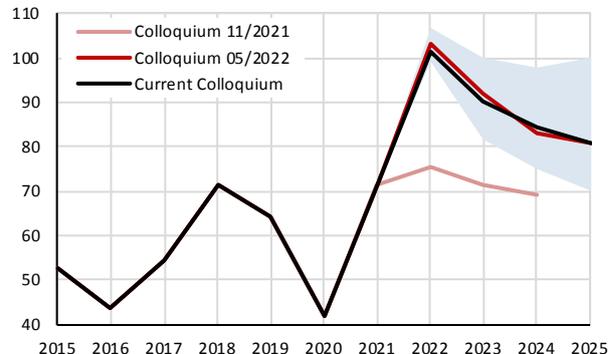*real growth in %*

Downward revision of forecasts for next year due to the energy crisis
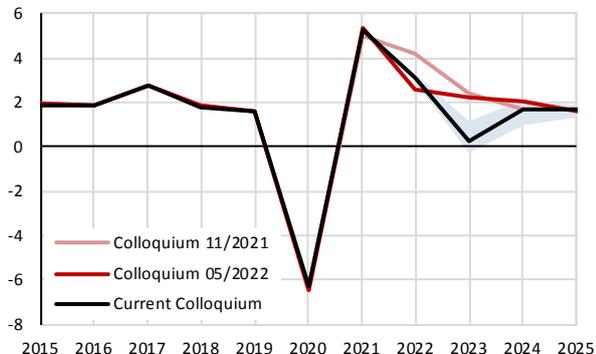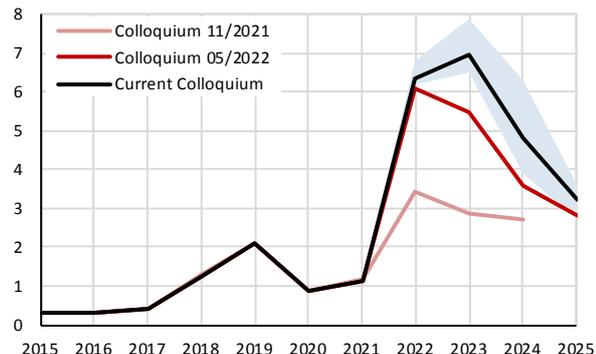

Graph 2: Crude oil Brent
in USD/barrel

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 5% in 2023, then a moderate decrease
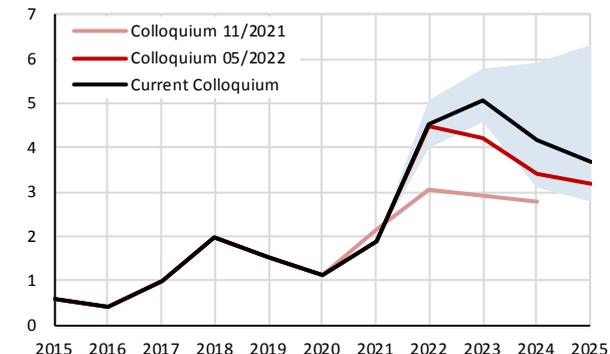
Graph 5: CZK/EUR exchange rate

Trend of koruna's appreciation against the euro temporarily halted
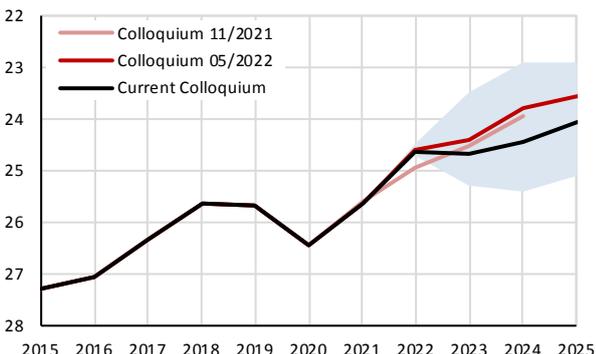
Graph 6: USD/EUR exchange rate

Further shift of forecasts towards a stronger dollar
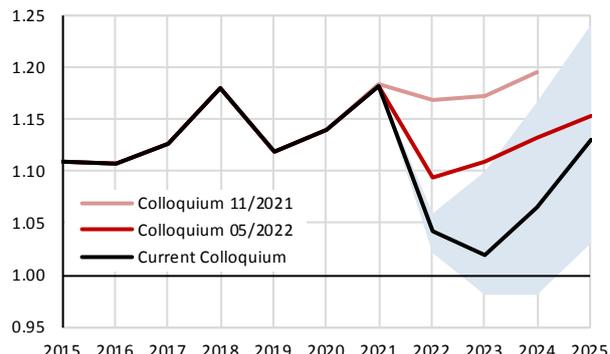
Graph 7: Gross domestic product
real growth in %

Economic stagnation in 2023, followed by growth of just below 3%
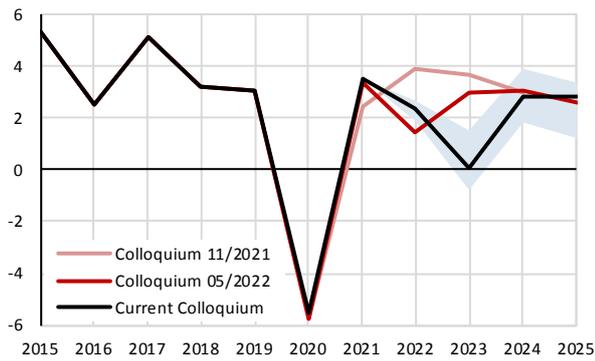
Graph 8: Contribution of change in inventories
in percentage points

Gradual return of inventory accumulation to normal levels
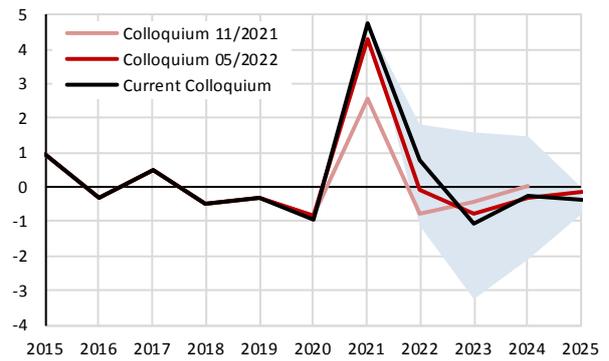
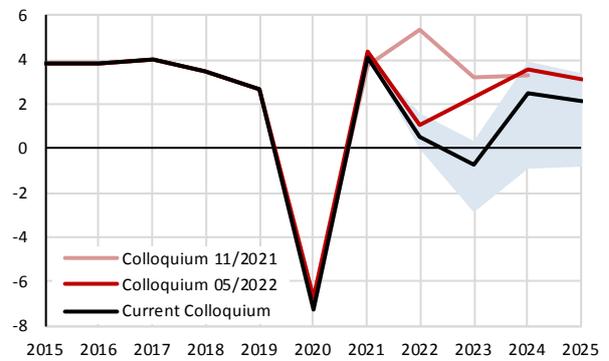**Graph 9: Contribution of net exports**
in percentage points

Positive contribution of net exports from next year onwards
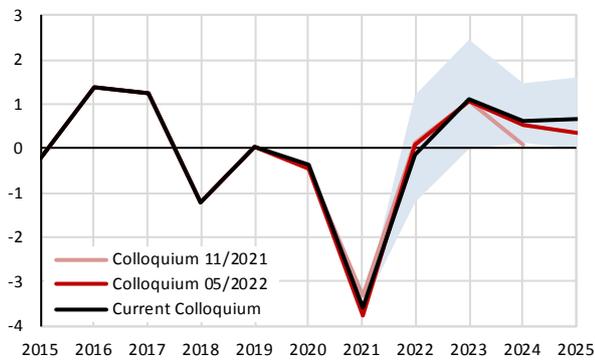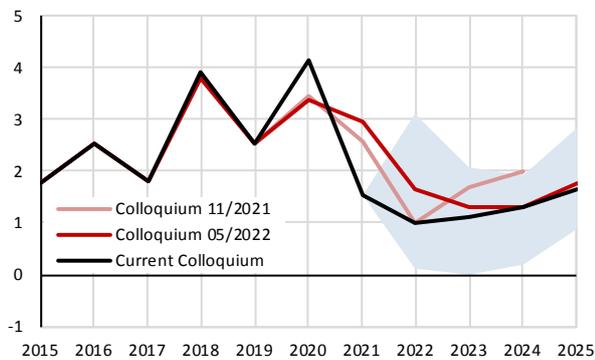

Graph 10: Consumption of households
real growth in %

Weaker consumption because of the exceptionally high inflation

Graph 11: Consumption of government
real growth in %

Moderate growth of public cons. over the entire forecast horizon

Graph 12: Gross fixed capital formation
real growth in %

Investment growth slightly above 3% per year, on average
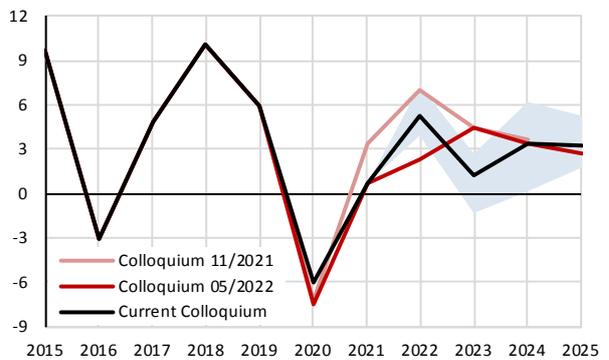
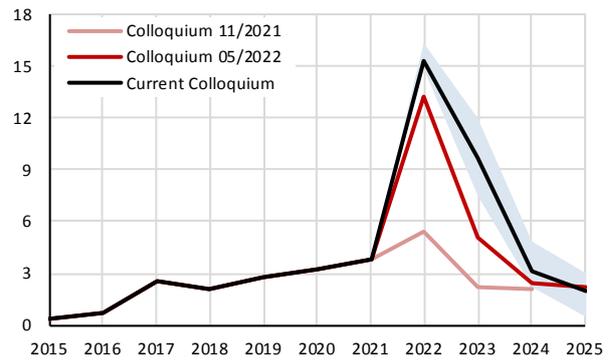## Graph 13: GDP deflator
growth in %

GDP deflator growth around 8% both this year and next
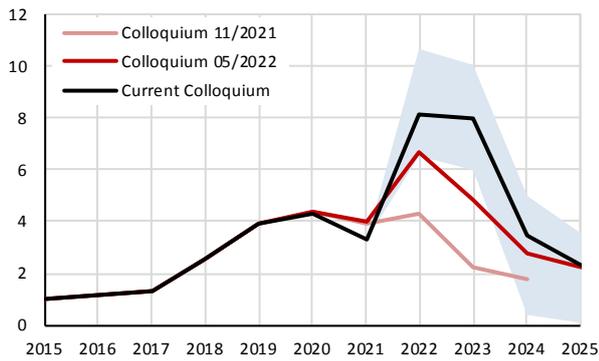
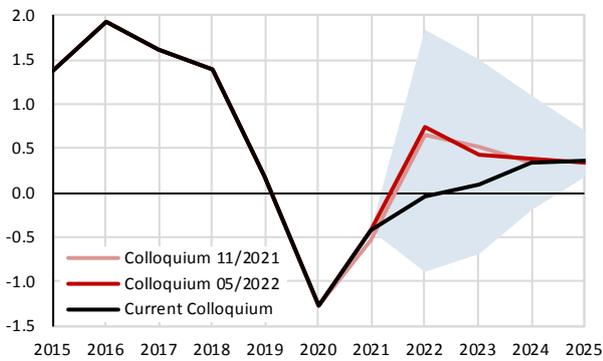
Graph 14: Average inflation rate
in %

Inflation returning to close to the CNB's target in 2024, at the earliest

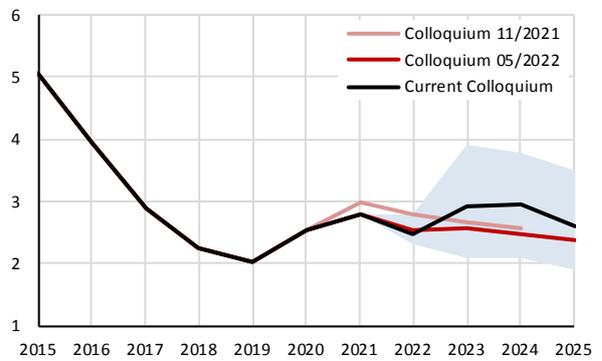

Graph 15: Employment (LFS)
growth in %

The forecast for 2022 affected by a break in the time series
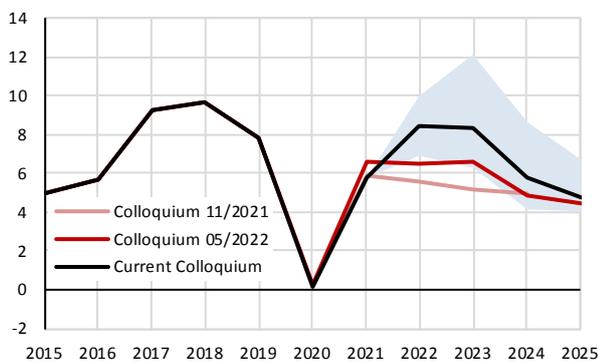

Graph 16: Unemployment rate (LFS)
in %

Unemployment rate below 3%

Graph 17: Wages and salaries (domestic concept)
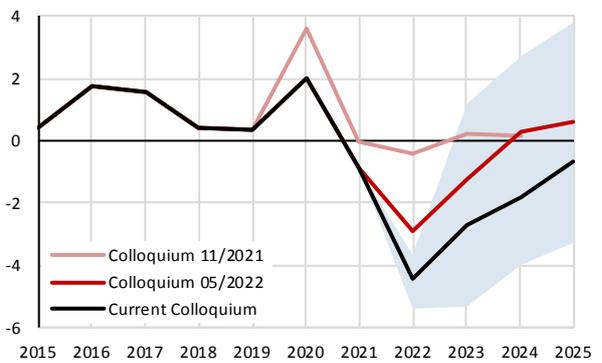*nominal growth in %*

Growth of wages and salaries to lag behind inflation in 2022–23

Graph 18: Balance of payments – current account
in % of GDP

Current account deficit narrowing gradually