

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 56th Colloquium, which took place in November 2023, 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; Česká spořitelna; 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). To make the survey more representative, forecasts of the European Commission (European Economic Forecast, November 2023), the International Monetary Fund (World Economic Outlook, October 2023) and the Organisation for Economic Co-operation and Development (Economic Outlook, November 2023) have been included.

Key trends for the years 2023 and 2024 that are envisaged in the latest forecast of the MoF (November 2023) are consistent with the forecasts of other institutions, with a few exceptions. However, the comparison of forecasts for the years 2025 and 2026, 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 2023–2026 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 2023 and 2024 can be summarised as follows:

- On average, survey respondents expect the Czech economy to shrink by 0.3% this year. The sharp rise in the cost of living is having a negative impact on real household consumption, which is expected to fall by 3.3%. Growth in government consumption is estimated to accelerate to 2.5%, while the growth rate of gross fixed capital formation is expected to slow down to 1.9%. The change in inventories and valuables should subtract 2.0 pp from economic growth, though inventory accumulation will remain exceptionally high. The external balance should support the economy by 2.2 pp. Although exports are being hampered by weak growth in the euro area, the completion of unfinished production (a fall in inventories) and subsequent exports is having a positive impact. Imports are being held back by generally weak domestic demand.
- In 2024, respondents on average expect GDP to increase by 1.7%. Households' real disposable income will be supported by lower inflation, so that their real consumption could increase by 2.7%. Government consumption growth is projected to decline to 0.9%, but investment growth should accelerate to 2.6% (the MoF expects a slowdown to 1.7% due to the transition to the new EU multiannual financial perspective). The change in inventories is expected to slow economic growth by 1.1 pp. However, the contribution of net exports could fall to 0.7 pp due to stronger domestic demand.
- On average, the participating institutions expect inflation to fall to 10.8% this year. Inflation should fall further to 2.9% in 2024 as a result of the unwinding of the cost shock, the normalisation of supply chains and the impact of monetary policy. However, depreciation of the koruna vis-à-vis both euro and the US dollar should be pro-inflationary. The easing of inflationary pressures will allow the Czech National Bank to start cutting interest rates.
- Respondents expect the unemployment rate to average 2.7% this year and rise marginally to 2.8% in 2024. Employment is forecast to rise by 1.1% this year; for 2024, respondents on average expect an increase of 0.6%. The weak economic momentum should not have a significant negative impact on the labour market.
- On average, the institutions expect wages and salaries to increase by 8.4% this year, with growth slowing to 6.4% in 2024. For this very important budgetary indicator, the difference from the forecast of the MoF is negligible.
- According to the survey respondents, the deficit on the current account of the balance of payments is expected to shrink considerably as the adverse factors stemming from supply chain problems and high energy commodity prices unwind. From 6.1% of GDP in 2022, it should narrow to 1.0% of GDP this year, while in 2024 the current account could already be almost balanced.

Table 1: Results of the survey for the years 2023 and 2024

		2023						2024					
		min.	P25	average	P75	max.	MoF	min.	P25	average	P75	max.	MoF
<i>Assumptions</i>													
GDP of EA19	<i>real growth in %</i>	0.2	0.4	0.5	0.7	0.7	0.5	-0.2	0.8	0.9	1.2	1.2	1.0
Crude oil Brent	<i>USD/barrel</i>	80	83	83	84	84	83	74	83	84	85	98	84
3M PRIBOR	<i>average in %</i>	7.0	7.1	7.1	7.1	7.2	7.1	4.0	4.6	5.2	5.7	5.8	5.8
YTM of 10Y gov. bonds	<i>average in %</i>	4.3	4.4	4.5	4.5	4.7	4.4	2.8	3.7	3.8	4.2	4.3	3.6
CZK/EUR exchange rate		23.9	24.0	24.0	24.0	24.5	24.0	23.7	24.4	24.5	24.6	25.0	24.4
USD/EUR exchange rate		1.07	1.08	1.08	1.08	1.09	1.08	1.04	1.06	1.08	1.10	1.13	1.07
<i>Main indicators</i>													
Gross domestic product	<i>real growth in %</i>	-0.6	-0.4	-0.3	-0.3	0.2	-0.5	0.8	1.5	1.7	1.9	2.6	1.9
Contr. of change in inventories	<i>perc. points</i>	-2.6	-2.3	-2.0	-1.8	-0.8	-1.8	-2.3	-1.9	-1.1	-0.3	0.2	-1.9
Contr. of foreign balance	<i>perc. points</i>	1.5	2.1	2.2	2.5	2.8	1.5	-1.6	0.2	0.7	1.1	3.2	1.3
Consumption of households	<i>real growth in %</i>	-4.0	-3.4	-3.3	-3.2	-2.7	-2.7	1.7	2.3	2.7	3.0	3.9	3.9
Consumption of government	<i>real growth in %</i>	2.2	2.4	2.5	2.6	3.2	2.4	-0.7	0.6	0.9	1.5	1.8	1.6
Gross fixed capital formation	<i>real growth in %</i>	0.3	1.4	1.9	2.3	2.9	2.2	-0.6	1.7	2.6	4.0	6.1	1.7
GDP deflator	<i>growth in %</i>	8.0	8.4	9.0	9.2	11.1	9.0	0.7	2.7	3.0	3.5	5.2	3.0
Inflation rate (aop)	<i>in %</i>	10.6	10.8	10.8	10.8	11.0	10.8	1.9	2.5	2.9	3.2	4.6	3.3
Employment (national accounts)	<i>growth in %</i>	0.4	0.7	1.1	1.6	2.1	0.9	-0.3	0.2	0.6	0.7	2.3	0.5
Unemployment rate (LFS)	<i>in %</i>	2.4	2.6	2.7	2.7	2.9	2.7	2.5	2.7	2.8	2.9	3.4	2.8
Wages and salaries (dom. concept)	<i>nom. growth in %</i>	8.1	8.2	8.4	8.8	8.9	8.4	5.3	6.1	6.4	6.7	7.5	6.5
BoP – current account balance	<i>in % of GDP</i>	-2.4	-1.4	-1.0	-0.8	0.5	-2.4	-1.7	-1.0	-0.3	0.1	1.7	-1.2

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 2025 and 2026

		2025				2026			
		min.	average	max.	MoF	min.	average	max.	MoF
<i>Assumptions</i>									
GDP of EA19	<i>real growth in %</i>	1.1	1.5	1.8	1.1	1.0	1.6	1.9	1.0
Crude oil Brent	<i>USD/barrel</i>	70	82	106	79	60	79	93	75
3M PRIBOR	<i>average in %</i>	3.0	3.6	4.2	3.8	2.5	3.1	3.5	3.1
YTM of 10Y gov. bonds	<i>average in %</i>	2.5	3.4	4.3	3.4	2.0	3.3	4.1	3.3
CZK/EUR exchange rate		23.4	24.2	25.0	24.1	23.2	23.9	25.0	23.8
USD/EUR exchange rate		1.05	1.11	1.20	1.09	1.05	1.15	1.24	1.11
<i>Main indicators</i>									
Gross domestic product	<i>real growth in %</i>	2.0	2.7	3.3	2.4	1.2	2.5	3.0	2.3
Contr. of change in inventories	<i>perc. points</i>	-1.1	-0.3	0.1	-1.0	-0.8	-0.2	0.0	-0.1
Contr. of foreign balance	<i>perc. points</i>	-0.4	0.4	1.8	0.8	-0.7	0.5	1.6	0.2
Consumption of households	<i>real growth in %</i>	2.4	3.2	4.3	3.7	1.9	2.9	3.5	2.7
Consumption of government	<i>real growth in %</i>	0.0	1.4	2.4	2.0	0.5	1.6	2.8	2.0
Gross fixed capital formation	<i>real growth in %</i>	0.2	2.8	5.0	2.1	0.4	2.6	3.5	2.3
GDP deflator	<i>growth in %</i>	0.0	2.1	2.7	2.3	0.7	1.9	2.7	2.0
Inflation rate (aop)	<i>in %</i>	1.4	2.1	2.6	2.6	1.9	2.0	2.2	2.0
Employment (national accounts)	<i>growth in %</i>	0.0	0.3	0.6	0.2	0.1	0.2	0.4	0.1
Unemployment rate (LFS)	<i>in %</i>	2.3	2.8	3.9	2.7	2.2	2.7	4.0	2.6
Wages and salaries (dom. concept)	<i>nom. growth in %</i>	4.6	5.3	6.6	4.6	4.4	5.1	5.9	4.4
BoP – current account balance	<i>in % of GDP</i>	-1.0	0.3	1.8	-0.7	-0.7	0.8	1.9	-0.7

Source: Survey respondents. Calculations of the MoF.

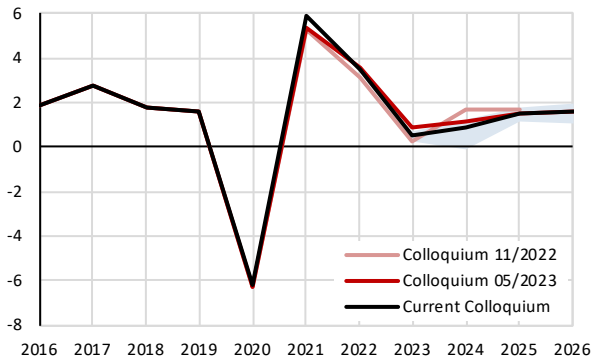
Overview of indicators

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 %

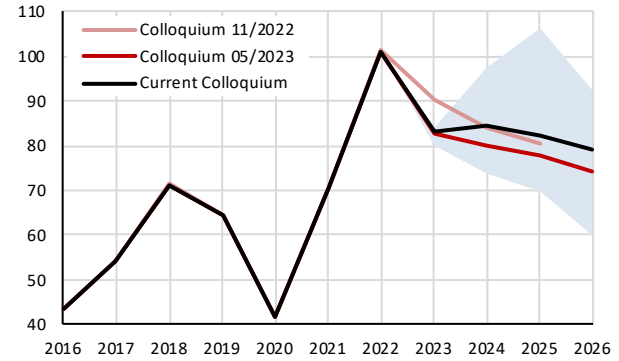
Significant slowdown in GDP growth this year



Graph 2: Crude oil Brent

in USD/barrel

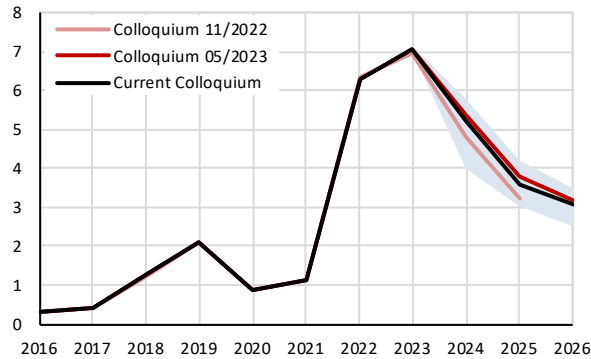
The price of oil close to USD 80 per barrel



Graph 3: 3M PRIBOR

in %, average of period

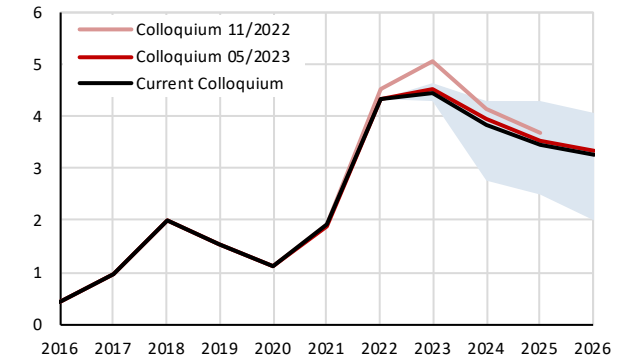
Gradual easing of the monetary policy stance



Graph 4: YTM of 10Y government bonds

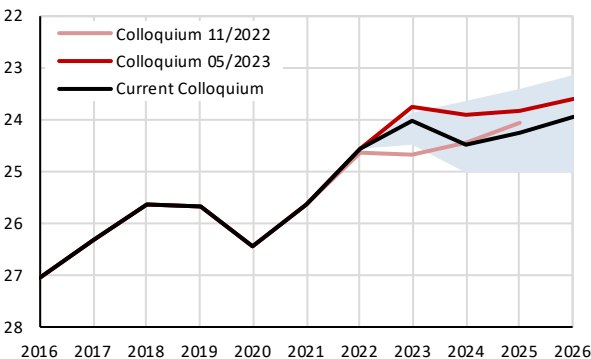
in %, average of period

Long-term rates at 4.5% in 2023, a gradual decline thereafter



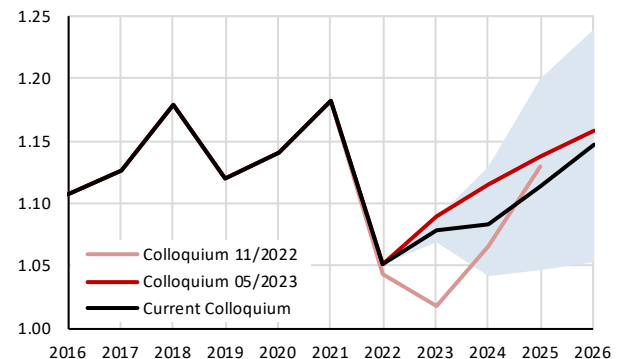
Graph 5: CZK/EUR exchange rate

Temporary depreciation of the koruna-euro exchange rate



Graph 6: USD/EUR exchange rate

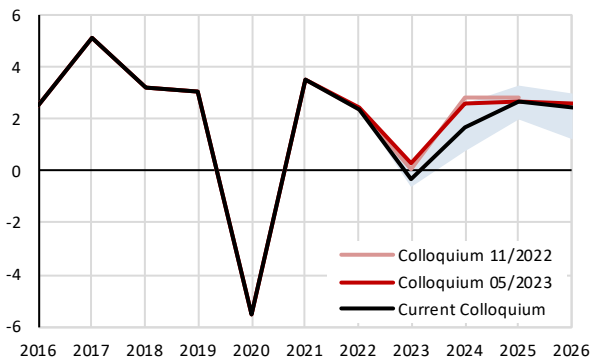
Weakening of the dollar towards USD 1.15/EUR in 2026



Graph 7: Gross domestic product

real growth in %

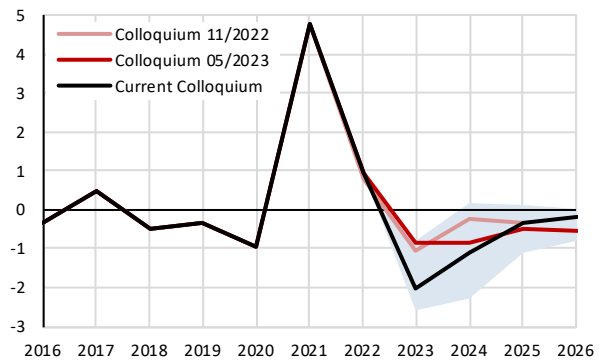
Modest economic decline in 2023



Graph 8: Contribution of change in inventories

in percentage points

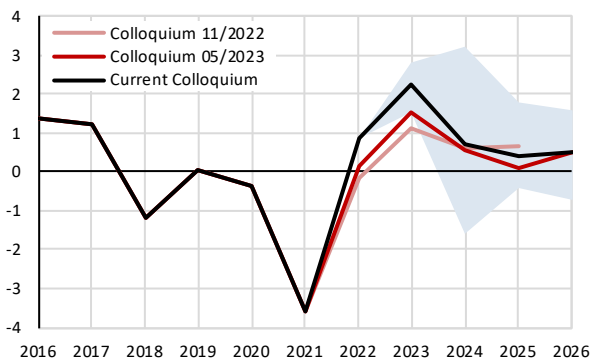
Gradual return of inventory accumulation to normal levels



Graph 9: Contribution of net exports

in percentage points

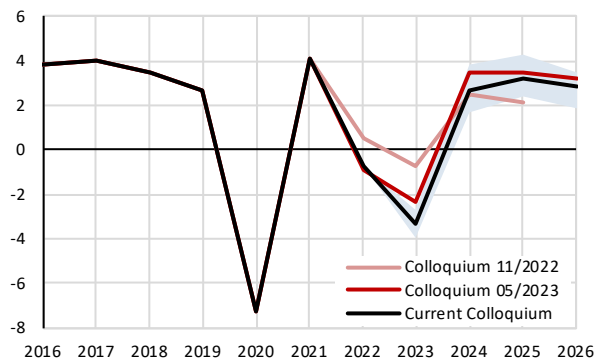
Positive contribution of net exports



Graph 10: Consumption of households

real growth in %

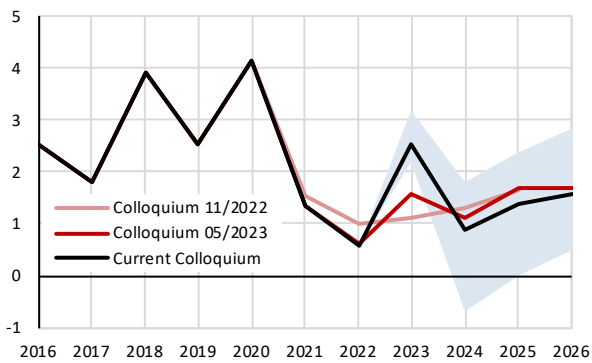
Deeper decline in consumption this year due to high inflation



Graph 11: Consumption of government

real growth in %

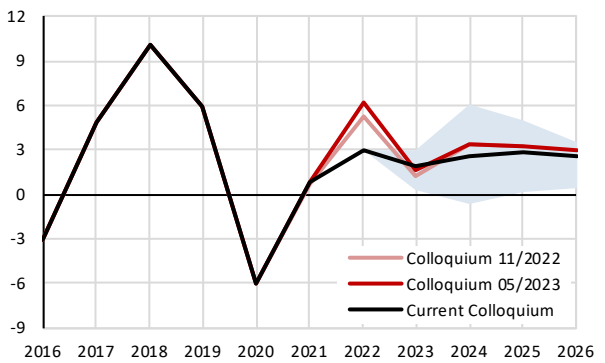
Moderate growth of public consumption, starting in 2024



Graph 12: Gross fixed capital formation

real growth in %

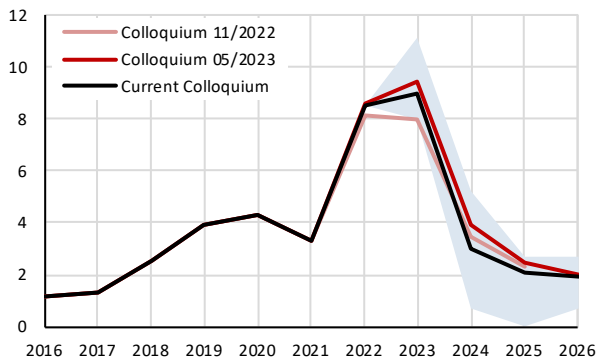
Investment growth slightly above 2.5% from 2024 onwards



Graph 13: GDP deflator

growth in %

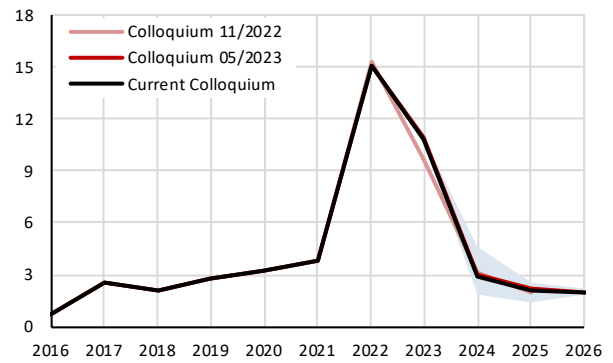
Next year, a sharp slowdown in growth of the price level



Graph 14: Average inflation rate

in %

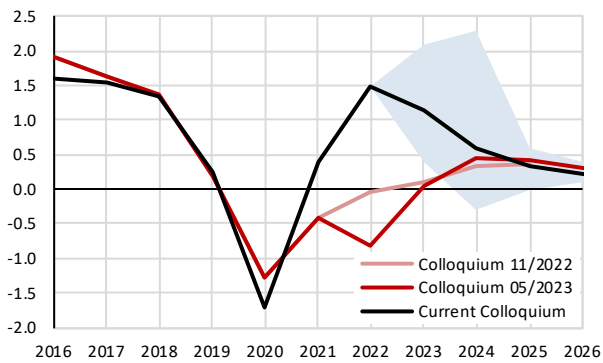
Return of inflation to the 2% target only in 2025



Graph 15: Employment (national accounts)

growth in %; LFS based employment until the last Colloquium

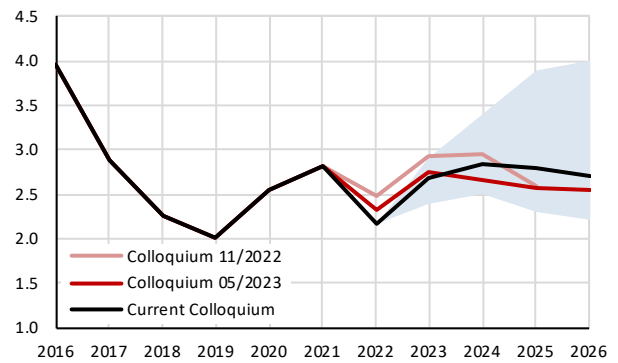
Growth in employment over the entire horizon of forecasts



Graph 16: Unemployment rate (LFS)

in %

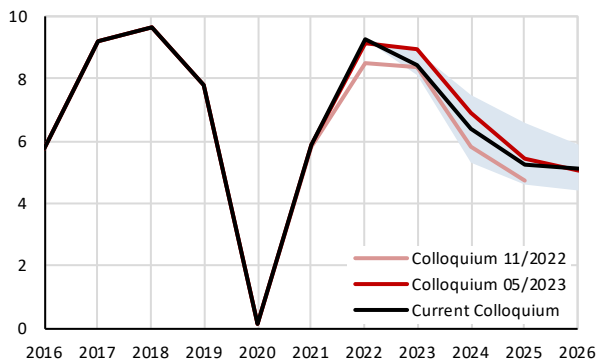
Despite some increase in 2023–24, unemployment rate still below 3%



Graph 17: Wages and salaries (domestic concept)

nominal growth in %

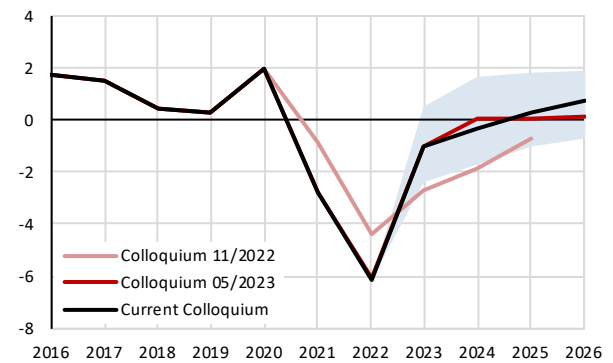
Growth of wages and salaries to lag behind inflation this year



Graph 18: Balance of payments – current account

in % of GDP

Current account in moderate surplus from 2025





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