

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

		March 2011			April 2011
		min.	max.	consensus	forecast MoF
Gross domestic product (2011)	growth in %, const.pr.	1.5	2.8	2.0	1.9
Gross domestic product (2012)	growth in %, const.pr.	2.0	3.2	2.8	2.3
Average inflation rate (2011)	%	1.5	2.3	2.0	2.1
Average inflation rate (2012)	%	1.7	2.8	2.3	3.2
Average monthly wage (2011)	growth in %	1.9	2.8	2.5	2.6
Average monthly wage (2012)	growth in %	3.5	4.5	4.1	4.1
Current account / GDP (2011)	%	-3.3	-0.6	-2.0	-4.0
Current account / GDP (2012)	%	-4.1	-0.7	-2.1	-3.4

Estimates of **GDP** growth for 2011 have been hovering near the 2% mark for quite some time. Institutions whose prognoses are followed expect an average increase in the Czech economy's output by 2.0% in 2011. For 2012, they expect GDP growth to accelerate to 2.8%. In comparison with the average forecasts of other institutions, the Ministry of Finance's forecast for 2011 differs only slightly, but is more conservative for 2012.

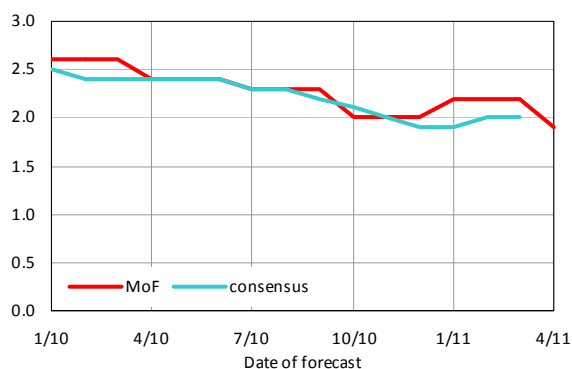
Current forecasts are for the **average rate of inflation** in this year to be 2.0%, which is in compliance with the MoF forecast. The substantial divergence in the MoF forecast for 2012 from the average of the other institutions' forecasts can be explained by the inclusion of the impact of the proposed changes in VAT in the MoF

forecast or, as the case may be, the decision on the part of the other monitored institutions to not include this information in their forecasts.

According to the monitored institutions' forecasts, **average wage** should increase by 2.5% in 2011, and acceleration to 4.1% is expected for 2012. The MoF's opinion on the development of average wage is almost identical to these numbers.

The **current account deficit of the balance of payments** should remain at a sustainable level. Comparing the MoF forecast with the monitored institutions' forecasts would not be of great value, however, due to the recent revision of data on the development of the balance of payments in 2009 and 2010.

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



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

