

Survey of macroeconomic forecasts

The macroeconomic scenario of the Convergence Programme, macroeconomic frameworks of the State Budget and the Budgetary Outlook and MoF forecasts are regularly compared with the results of macroeconomic indicators survey among important relevant institutions (the so-called Colloquium). The results of the 33rd Colloquium, which took place in April 2012, are based on the forecasts of 15 institutions (MoF, MPO, MPSV, CNB, Ceska sporitelna, CSOB, Komerční banka, Liberalní institut, Economics Institute of the Academy of Sciences of the Czech Republic, Patria Finance, Generali PPF Asset Management, Raiffeisenbank, The Union of Czech Production Co-operatives, Confederation of Industry of the Czech Republic, UniCredit Bank). To make the survey more representative, the forecasts of the EC (February 2012 Interim Forecast) and the IMF (April 2012 World Economic Outlook) have been added.

The aim of the Colloquium was to get an idea of the views regarding the expected development of our economy and to assess the key tendencies within the horizon of years 2012–2015, with the years 2014 and 2015 seen as an indicative outlook. Key indicators and the last MoF forecast are summed up in Tables 1 and 2.

The basic trends of development in 2012 and 2013, envisaged in the current MoF Macroeconomic Forecast, are fully consistent with the forecasts of other institutions. The comparison for the years 2014 and 2015 is complicated by the fact that this period is not covered by the forecasts of all institutions (the whole period 2012–2015 is covered, at least for some indicators, by forecasts of 8 institutions). For these years, therefore, the average of forecasts is significantly biased by just two forecasts that, maybe out of fears from unresolved crisis in the eurozone, foresee a stagnation of the Czech economy as the most likely scenario.

Table 1: Results of the survey for the years 2012 and 2013

		2012				2013			
		min.	average	max.	MoFCR	min.	average	max.	MoFCR
<i>Assumptions</i>									
GDP of EA12	<i>real growth in %</i>	-0.5	-0.2	0.5	-0.3	0.5	1.0	1.6	0.7
Crude oil Brent	<i>USD/barrel</i>	110	116	123	115	107	117	130	113
3M PRIBOR	<i>average in %</i>	1.0	1.2	1.6	1.2	0.9	1.4	2.3	1.2
YTM of 10Y gov. bonds	<i>average in %</i>	3.2	3.4	3.6	3.4	3.2	3.6	3.9	3.5
CZK/EUR exchange rate		24.4	24.8	25.0	25.0	22.9	24.1	25.2	24.9
USD/EUR exchange rate		1.28	1.31	1.35	1.30	1.25	1.30	1.39	1.30
<i>Main indicators</i>									
Gross domestic product	<i>real growth in %</i>	-0.5	0.1	0.5	0.2	0.0	1.6	2.5	1.3
Contr. of change in inventories	<i>percentage points</i>	-1.6	-0.2	0.4	0.3	-0.5	0.1	0.6	0.0
Contr. of foreign balance	<i>percentage points</i>	-0.5	0.9	2.2	1.0	0.4	1.1	3.0	0.8
Consumption of households	<i>real growth in %</i>	-1.3	-0.6	0.3	-0.4	-0.9	0.6	1.5	0.2
Consumption of government	<i>real growth in %</i>	-3.7	-1.7	0.3	-3.7	-1.5	-0.4	1.0	-0.5
Fixed capital formation	<i>real growth in %</i>	-1.8	-0.3	2.1	-0.5	-1.9	1.3	3.6	2.1
GDP deflator	<i>growth in %</i>	0.5	1.6	2.3	2.0	0.8	1.6	2.7	1.4
Inflation rate (aop)	<i>in %</i>	2.4	3.3	3.6	3.3	1.5	2.2	3.0	2.3
Employment	<i>growth in %</i>	-0.6	-0.3	0.0	-0.5	-0.7	0.0	0.7	0.1
Unemployment rate (LFS)	<i>in %</i>	6.5	7.1	8.9	7.0	6.2	7.1	9.1	7.2
Wage bill (domestic concept)	<i>nom. growth in %</i>	0.1	1.8	4.0	1.5	0.1	2.7	4.7	2.6
BoP – current account	<i>in % of GDP</i>	-4.2	-2.5	-1.2	-2.4	-4.0	-2.3	-1.2	-2.3

Source: Survey respondents, MoF calculations

Table 2: Results of the survey for the years 2014 and 2015

		2014				2015			
		min.	average	max.	MoF CR	min.	average	max.	MoF CR
<i>Assumptions</i>									
GDP of EA12	<i>real growth in %</i>	0.3	1.2	1.8	1.4	0.3	1.3	1.9	1.8
Crude oil Brent	<i>USD/barrel</i>	100	118	136	115	100	118	148	115
3M PRIBOR	<i>average in %</i>	1.3	1.8	2.4	1.3	1.5	2.4	3.1	1.5
YTM of 10Y gov. bonds	<i>average in %</i>	3.5	3.9	4.2	4.0	3.6	4.1	4.4	4.4
CZK/EUR exchange rate		22.0	23.6	25.0	24.7	21.3	23.4	25.0	24.6
USD/EUR exchange rate		1.23	1.30	1.35	1.30	1.19	1.27	1.30	1.30
<i>Main indicators</i>									
Gross domestic product	<i>real growth in %</i>	0.0	1.9	3.0	2.2	0.0	2.0	3.5	2.8
Contr. of change in inventories	<i>percentage points</i>	-1.2	-0.2	0.3	0.2	-0.5	0.0	0.2	0.2
Contr. of foreign balance	<i>percentage points</i>	-0.1	0.7	2.4	0.8	0.0	0.7	2.4	0.5
Consumption of households	<i>real growth in %</i>	-1.0	1.3	2.6	2.0	-1.0	1.2	2.8	2.8
Consumption of government	<i>real growth in %</i>	-1.8	0.0	1.7	-1.8	-0.2	0.3	1.0	-0.2
Fixed capital formation	<i>real growth in %</i>	-1.9	1.6	3.3	2.8	-1.9	1.8	3.9	3.2
GDP deflator	<i>growth in %</i>	0.7	1.5	2.3	1.4	0.6	1.6	2.2	1.5
Inflation rate (aop)	<i>in %</i>	1.3	2.1	3.3	1.8	1.6	2.2	3.4	2.0
Employment	<i>growth in %</i>	-0.2	0.0	0.3	0.2	-0.5	0.0	0.4	0.4
Unemployment rate (LFS)	<i>in %</i>	6.1	7.2	8.9	7.1	6.8	7.3	8.0	6.9
Wage bill (domestic concept)	<i>nom. growth in %</i>	0.2	3.0	4.7	4.7	0.2	3.2	4.6	4.4
BoP – current account	<i>in % of GDP</i>	-4.4	-2.5	-1.2	-2.2	-5.3	-3.1	-1.2	-3.8

Source: Survey respondents, MoF calculations

The main trends of macroeconomic development in 2012 and 2013 can be summed up as follows:

- On average, the institutions expect the Czech economy to stagnate this year, with GDP growing by mere 0.1 %. In 2013, economic output should increase by 1.6 %. The MoF forecast is in line with the prognoses of other institutions.
- Consumer prices will be influenced by changes in indirect taxes, mainly VAT. According to the participating institutions, inflation rate (aop) should reach 3.3 % in 2012 and 2.2 % in 2013. The MoF forecast is of almost the same view.
- A modest dip in employment, which is on average envisaged by the institutions for this year, should be followed by stagnation in 2013. This development is consistent with the MoF forecast.
- In participating institutions' view, the unemployment rate should stay slightly above, but close to, 7 % in both 2012 and 2013. The MoF forecast differs from the average of participating institutions' forecasts only marginally.
- According to the current forecasts, growth of the total wage bill should accelerate from 1.8 % in 2012 to 2.7 % in 2013. The MoF forecast is in line with this tendency, though the wage bill growth is expected to be lower in both years.

The next Colloquium will take place in November 2012.

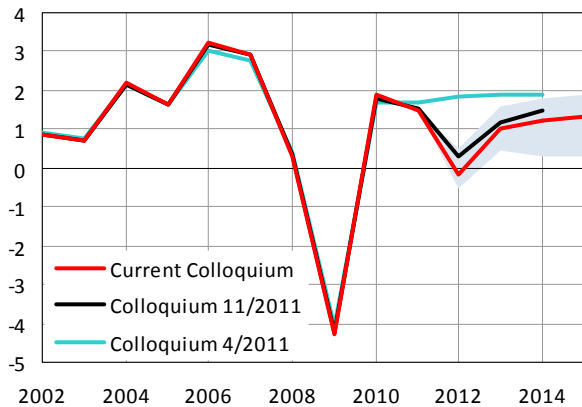
Overview of indicators

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 EA12

real growth in %

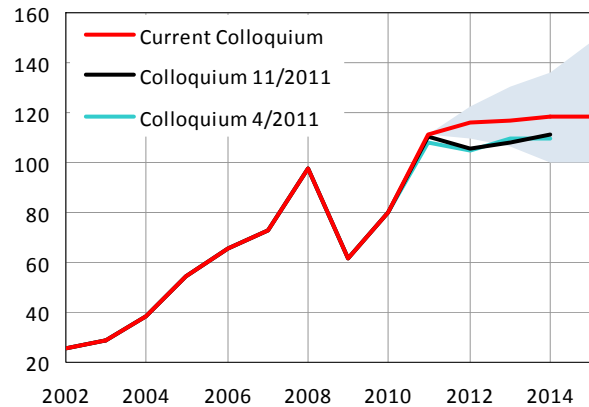
Slightly worse growth prospects, compared with the last Colloquium. Shallow recession expected in 2012



Graph 2: Crude oil Brent

USD/barrel

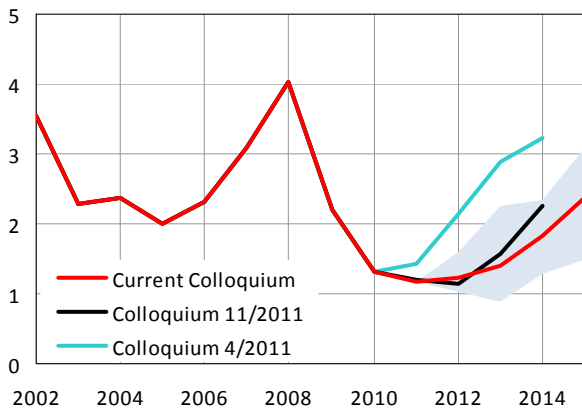
Price of oil just below 120 USD/barrel



Graph 3: 3M PRIBOR

average in %

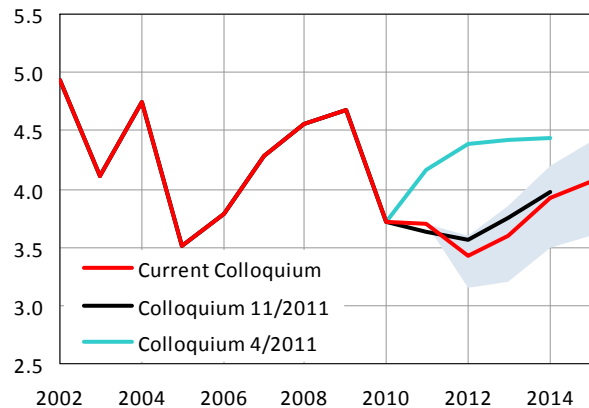
An increase in money market rates starting in 2013 is expected (should reflect monetary policy rates)



Graph 4: YTM of 10Y government bonds

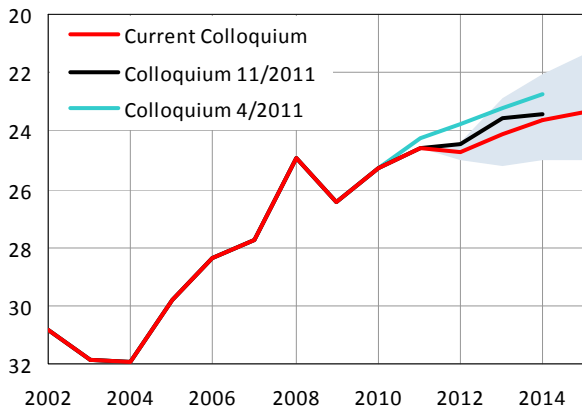
average in %

Long-term interest rates below 3.5 % in 2012, in the following years only moderate growth of LT rates towards 4 %



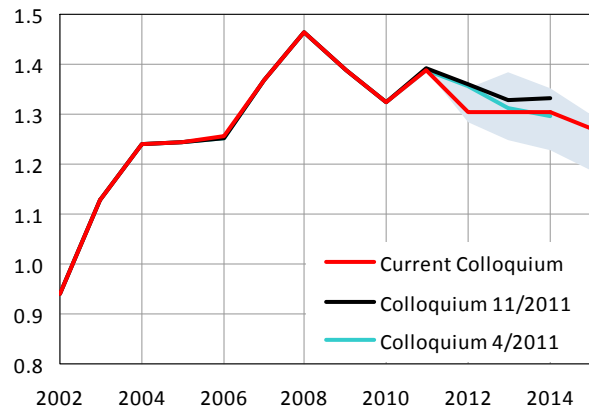
Graph 5: CZK/EUR exchange rate

Weaker koruna in 2012 (compared with 2011), gradual appreciation of koruna vis-à-vis the euro in the following years



Graph 6: USD/EUR exchange rate

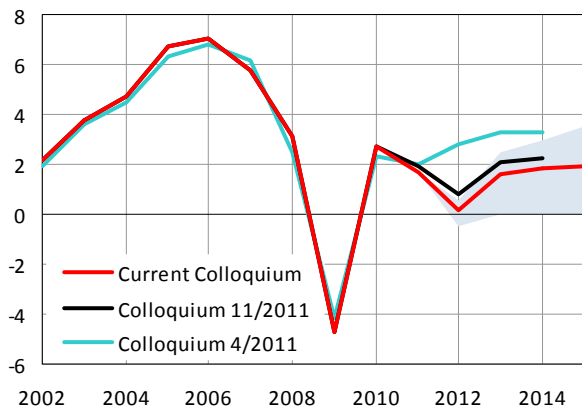
USD/EUR exchange rate stable at 1.3 during 2012–2014, in 2015 the US dollar should appreciate vis-à-vis the euro



Graph 7: Gross domestic product

real growth in %

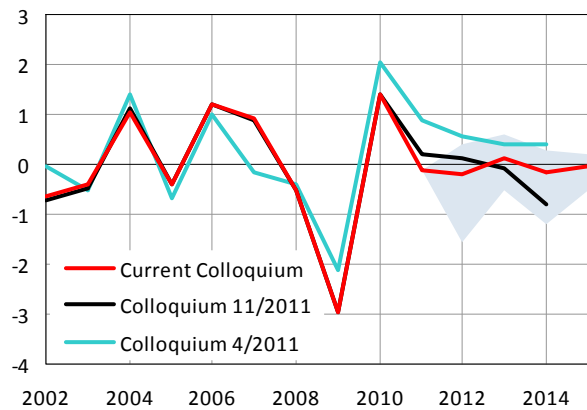
Temporary stagnation in 2012, an acceleration of GDP growth towards 2% in the remaining years of the outlook



Graph 8: Contribution of change in inventories

percentage points

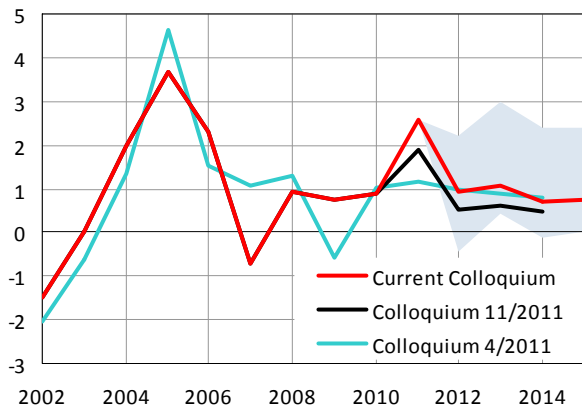
Negligible contribution of change in inventories to GDP growth



Graph 9: Contribution of foreign balance

percentage points

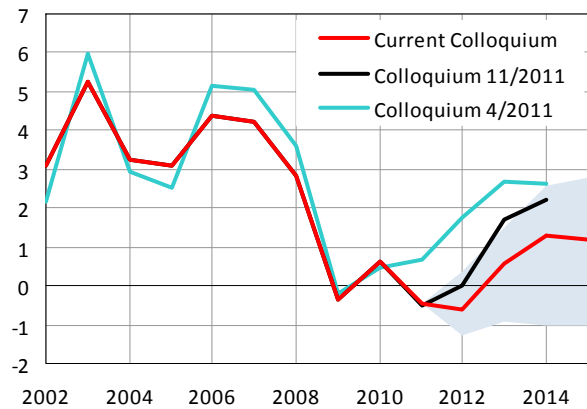
Strongly positive contribution of foreign trade in the whole forecasting horizon



Graph 10: Consumption of households

real growth in %

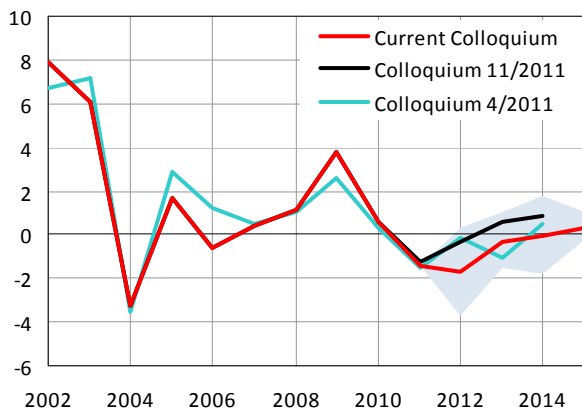
Consumption of households expected to fall this year, but envisaged to gradually pick up in the following years



Graph 11: Consumption of government

real growth in %

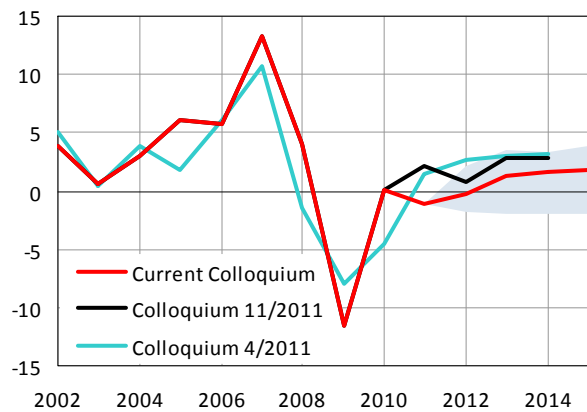
Economizing behaviour of the government sector expected. Gov. consumption should grow modestly only in 2015



Graph 12: Gross fixed capital formation

real growth in %

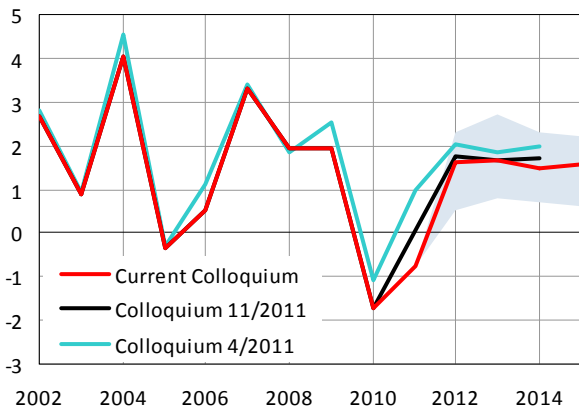
A drop in investment activity in 2012, during 2013–2015 only moderate growth of gross fixed capital formation



Graph 13: GDP deflator

growth in %

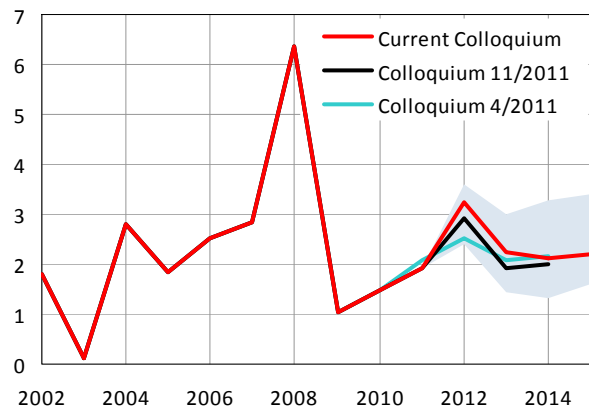
GDP deflator growth around 1.6 % in the years 2012–2015



Graph 14: Inflation rate (aop)

in %

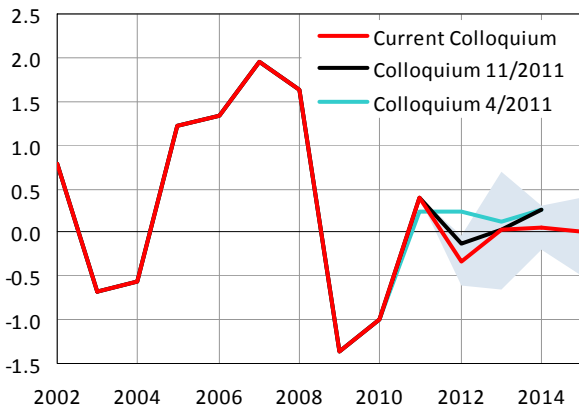
Inflation expectations firmly anchored at the CNB's inflation target. In 2012, impact of the changes in indirect taxes (mainly VAT) apparent



Graph 15: Employment (LFS)

growth v %

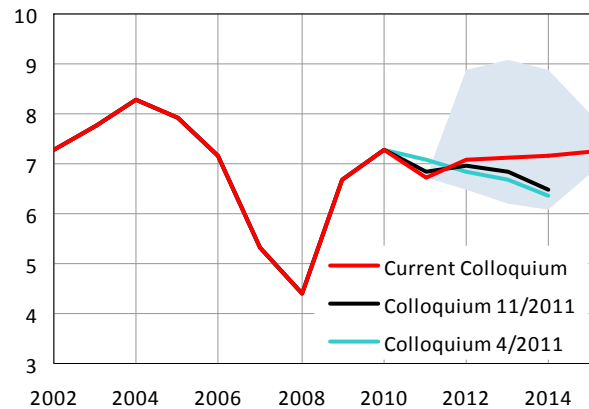
A drop in employment by 0.3 % in 2012 followed by stagnation



Graph 16: Unemployment rate (LFS)

in %

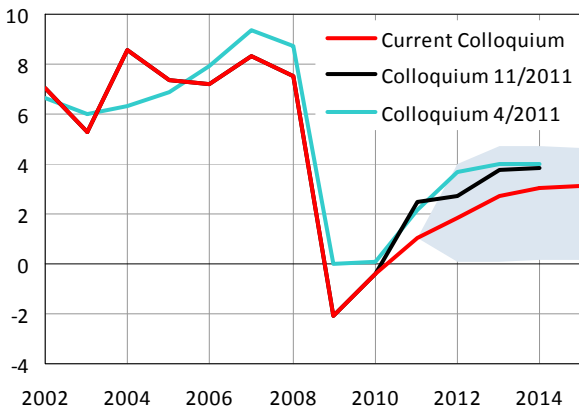
Unemployment rate above, but close to, 7 % in the whole forecasting horizon



Graph 17: Total wage bill (domestic concept)

nominal growth in %

Growth of the total wage bill accelerating from 1.8 % in 2012 to more than 3 % in 2015. Slower growth compared with the last Colloquium



Graph 18: Balance of payments – current account

in % of GDP

Current account deficit remaining on sustainable levels

