

# Survey of macroeconomic forecasts

**May 2021**

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The survey of macroeconomic forecasts (so-called Colloquium), which is conducted by the Ministry of Finance (MoF), aims to find out how relevant institutions see prospects for the Czech economy and to assess major trends the forecasts of participating institutions envisage. The results of the 51st Colloquium, which took place in May 2021, are based on forecasts of 16 institutions (Ministry of Finance; Ministry of Industry and Trade; Ministry of Labour and Social Affairs; Czech National Bank; AKCENTA CZ; Citibank; Česká spořitelna; Československá obchodní banka; Deloitte ČR; 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 (Spring 2021 European Economic Forecast) and the International Monetary Fund (April 2021 World Economic Outlook) have been included.

On the qualitative level, key trends for the years 2021 and 2022 that are envisaged in the latest forecast of the MoF (April 2021) are consistent with forecasts of other institutions. In the case of expected growth of private consumption or gross fixed capital formation in 2021, there are relatively bigger differences between the forecast of the MoF and the average forecast, but these are largely offset in the forecast for 2022. As for the labour market indicators, the forecast of the MoF is very conservative in comparison with the average forecast over the entire 2021–2024 horizon. However, comparison of forecasts for the years 2023 and 2024, which are understood as an indicative outlook, complicates the fact that this period is not covered by forecasts of all institutions (the whole period 2021–2024 cover, at least for some indicators, forecasts of 10 institutions). Tables 1 and 2 summarize key indicators and the latest forecast of the MoF.

Main macroeconomic trends expected in 2021 and 2022 can be summed up as follows:

- Even in H1 2021, the economy is hit by the coronavirus pandemic and measures taken to contain the spread of contagion. In the course of the year, however, economic activity should start recovering on the back of improved epidemic situation (also in relation to the ongoing vaccination) and easing of restrictions. On average, respondents of the survey expect GDP to increase by 3.0% in 2021; growth could accelerate to 3.9% next year. Consumption of households and gross fixed capital formation should remain muted this year (most likely as a result of the first half of the year); on average, institutions expect stronger growth momentum only next year. On the contrary, the growth of general government consumption should be considerably higher in 2021 than next year, which is likely due to the expected trajectory of epidemic-related expenditures. According to the average of forecasts, the economy should also be supported this year by restocking, as well as by foreign demand.
- According to the average of participating institutions' forecasts, the inflation rate should fall to 2.6% this year and slow down further to 2.2% in 2022. Weak domestic demand against the backdrop of a negative output gap is having an anti-inflationary effect, and a gradual appreciation of the koruna should impact consumer prices in the same direction. This year's increase in the price of oil and the recovery of private consumption next year should be pro-inflationary. According to the average forecast, monetary policy will react to the expected inflation developments by raising interest rates.
- The coronavirus pandemic is impacting the labour market, too. However, employment protection measures of the government, as well as the record-high number of job vacancies before the outbreak of the pandemic or high number of employed foreigners (who might be laid off first), should prevent the deep economic slump from having a more significant effect. On average, institutions expect the unemployment rate to increase to 3.5% in 2021. Thanks to the economic recovery, the unemployment rate should gradually decline in subsequent years. Employment could fall by 0.7% this year and increase by 0.4% in 2022, according to the average of forecasts.
- Institutions on average expect wages and salaries to grow by 3.2% this year. In 2022, earnings could go up by 4.5% nominally. In comparison with forecasts of other institutions, the forecast of the MoF for this very important indicator – from the budgetary perspective – is very conservative. In both years, the MoF expects the lowest growth rate of wages and salaries (the same holds true also for 2023 and 2024).
- On average, respondents expect the last year's record-high surplus on the current account of the balance of payments to decrease to 1.7% of GDP in 2021 and further to 1.0% of GDP in 2022.

**Table 1: Results of the survey for the years 2021 and 2022**

		2021						2022					
		min.	P25	average	P75	max.	MoF CR	min.	P25	average	P75	max.	MoF CR
<i>Assumptions</i>													
<b>GDP of EA19</b>	<i>real growth in %</i>	3.2	3.8	<b>4.1</b>	4.4	4.6	<b>3.8</b>	3.6	3.8	<b>4.1</b>	4.4	5.0	<b>3.6</b>
<b>Crude oil Brent</b>	<i>USD/barrel</i>	62	64	<b>65</b>	66	69	<b>64</b>	59	60	<b>63</b>	65	71	<b>60</b>
<b>3M PRIBOR</b>	<i>average in %</i>	0.4	0.5	<b>0.5</b>	0.6	0.9	<b>0.4</b>	0.8	1.1	<b>1.3</b>	1.3	1.9	<b>1.1</b>
<b>YTM of 10Y gov. bonds</b>	<i>average in %</i>	1.5	1.6	<b>1.8</b>	1.9	2.2	<b>1.5</b>	1.8	1.9	<b>2.1</b>	2.2	2.5	<b>1.8</b>
<b>CZK/EUR exchange rate</b>		25.4	25.6	<b>25.8</b>	25.8	26.3	<b>25.9</b>	24.9	25.0	<b>25.3</b>	25.4	26.1	<b>25.5</b>
<b>USD/EUR exchange rate</b>		1.18	1.20	<b>1.20</b>	1.22	1.24	<b>1.21</b>	1.12	1.20	<b>1.21</b>	1.24	1.27	<b>1.21</b>
<i>Main indicators</i>													
<b>Gross domestic product</b>	<i>real growth in %</i>	1.2	2.9	<b>3.0</b>	3.4	4.2	<b>3.1</b>	1.4	3.7	<b>3.9</b>	4.4	4.8	<b>3.7</b>
<b>Contr. of change in inventories</b>	<i>perc. points</i>	-0.1	0.2	<b>0.6</b>	1.0	1.4	<b>0.9</b>	-0.1	0.0	<b>0.1</b>	0.2	0.4	<b>0.0</b>
<b>Contr. of foreign balance</b>	<i>perc. points</i>	-0.3	0.4	<b>0.7</b>	0.9	2.0	<b>0.4</b>	-0.6	-0.1	<b>0.1</b>	0.4	0.7	<b>-0.2</b>
<b>Consumption of households</b>	<i>real growth in %</i>	0.1	1.0	<b>1.5</b>	2.1	2.5	<b>0.1</b>	2.8	4.0	<b>4.4</b>	5.1	6.3	<b>5.7</b>
<b>Consumption of government</b>	<i>real growth in %</i>	1.6	2.6	<b>3.5</b>	4.0	6.9	<b>3.4</b>	-1.7	0.7	<b>0.8</b>	1.4	2.0	<b>0.9</b>
<b>Gross fixed capital formation</b>	<i>real growth in %</i>	-1.6	-0.1	<b>1.7</b>	3.6	4.1	<b>3.8</b>	0.9	4.5	<b>5.9</b>	7.9	8.5	<b>4.5</b>
<b>GDP deflator</b>	<i>growth in %</i>	1.4	1.9	<b>2.3</b>	2.5	4.1	<b>1.8</b>	1.6	1.8	<b>2.2</b>	2.5	2.6	<b>1.7</b>
<b>Inflation rate (aop)</b>	<i>in %</i>	2.3	2.5	<b>2.6</b>	2.7	2.9	<b>2.5</b>	1.9	2.1	<b>2.2</b>	2.3	2.6	<b>2.3</b>
<b>Employment (LFS)</b>	<i>growth in %</i>	-1.4	-0.9	<b>-0.7</b>	-0.6	-0.2	<b>-1.4</b>	-0.8	0.2	<b>0.4</b>	0.6	1.0	<b>0.0</b>
<b>Unemployment rate (LFS)</b>	<i>in %</i>	3.3	3.4	<b>3.5</b>	3.5	3.8	<b>3.6</b>	2.8	3.0	<b>3.2</b>	3.5	3.7	<b>3.7</b>
<b>Wage bill (domestic concept)</b>	<i>nom. growth in %</i>	0.7	2.5	<b>3.2</b>	4.5	4.9	<b>0.7</b>	2.3	4.0	<b>4.5</b>	5.5	6.0	<b>2.3</b>
<b>BoP – current account balance</b>	<i>in % of GDP</i>	0.1	0.7	<b>1.7</b>	2.5	3.9	<b>1.3</b>	0.1	0.4	<b>1.0</b>	1.3	2.5	<b>0.5</b>

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 2023 and 2024**

		2023				2024			
		min.	average	max.	MoF CR	min.	average	max.	MoF CR
<i>Assumptions</i>									
<b>GDP of EA19</b>	<i>real growth in %</i>	1.7	<b>2.1</b>	2.5	<b>1.7</b>	1.3	<b>1.6</b>	1.9	<b>1.5</b>
<b>Crude oil Brent</b>	<i>USD/barrel</i>	55	<b>62</b>	72	<b>57</b>	52	<b>62</b>	74	<b>56</b>
<b>3M PRIBOR</b>	<i>average in %</i>	1.4	<b>1.8</b>	2.1	<b>2.0</b>	1.9	<b>2.1</b>	2.3	<b>2.1</b>
<b>YTM of 10Y gov. bonds</b>	<i>average in %</i>	1.8	<b>2.2</b>	2.8	<b>2.2</b>	1.8	<b>2.3</b>	2.7	<b>2.2</b>
<b>CZK/EUR exchange rate</b>		24.2	<b>24.7</b>	25.2	<b>25.1</b>	23.7	<b>24.3</b>	24.9	<b>24.7</b>
<b>USD/EUR exchange rate</b>		1.08	<b>1.22</b>	1.31	<b>1.21</b>	1.05	<b>1.23</b>	1.33	<b>1.21</b>
<i>Main indicators</i>									
<b>Gross domestic product</b>	<i>real growth in %</i>	1.8	<b>3.0</b>	4.6	<b>1.9</b>	1.8	<b>2.8</b>	3.8	<b>2.1</b>
<b>Contr. of change in inventories</b>	<i>perc. points</i>	-0.2	<b>0.1</b>	0.5	<b>0.0</b>	-0.1	<b>0.0</b>	0.3	<b>0.0</b>
<b>Contr. of foreign balance</b>	<i>perc. points</i>	-1.6	<b>-0.2</b>	1.1	<b>-0.3</b>	-1.5	<b>-0.1</b>	0.8	<b>0.4</b>
<b>Consumption of households</b>	<i>real growth in %</i>	1.8	<b>2.8</b>	3.3	<b>1.8</b>	2.2	<b>2.9</b>	3.7	<b>2.2</b>
<b>Consumption of government</b>	<i>real growth in %</i>	1.1	<b>1.6</b>	2.0	<b>1.1</b>	1.0	<b>1.6</b>	2.0	<b>1.5</b>
<b>Gross fixed capital formation</b>	<i>real growth in %</i>	1.9	<b>4.9</b>	7.1	<b>4.6</b>	1.2	<b>3.7</b>	7.0	<b>1.2</b>
<b>GDP deflator</b>	<i>growth in %</i>	1.1	<b>1.8</b>	2.3	<b>2.0</b>	0.8	<b>1.8</b>	2.3	<b>1.9</b>
<b>Inflation rate (aop)</b>	<i>in %</i>	1.8	<b>2.1</b>	2.5	<b>2.1</b>	2.0	<b>2.1</b>	2.3	<b>2.0</b>
<b>Employment (LFS)</b>	<i>growth in %</i>	0.1	<b>0.5</b>	1.0	<b>0.2</b>	0.1	<b>0.5</b>	1.0	<b>0.1</b>
<b>Unemployment rate (LFS)</b>	<i>in %</i>	2.1	<b>2.9</b>	3.5	<b>3.5</b>	1.2	<b>2.6</b>	3.5	<b>3.5</b>
<b>Wage bill (domestic concept)</b>	<i>nom. growth in %</i>	2.9	<b>5.0</b>	7.2	<b>2.9</b>	3.1	<b>5.0</b>	7.1	<b>3.1</b>
<b>BoP – current account balance</b>	<i>in % of GDP</i>	0.1	<b>0.7</b>	1.2	<b>0.1</b>	0.1	<b>0.6</b>	1.1	<b>0.3</b>

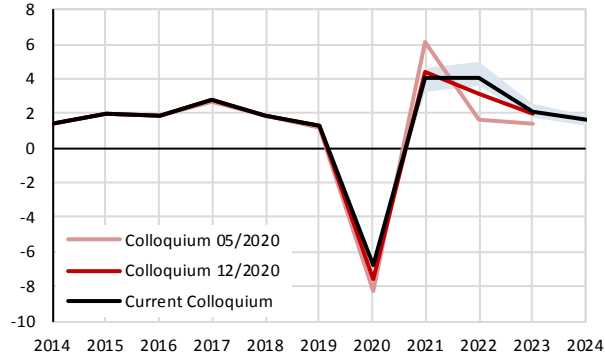
Source: Survey respondents. Calculations of the MoF.

# 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.

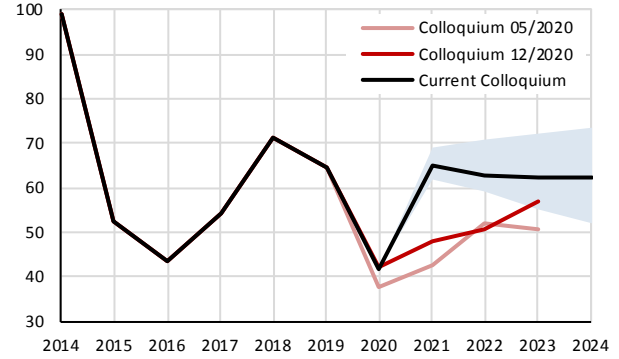
**Graph 1: Gross domestic product of the EA19**  
real growth in %

Gradual recovery of economic activity in the euro area



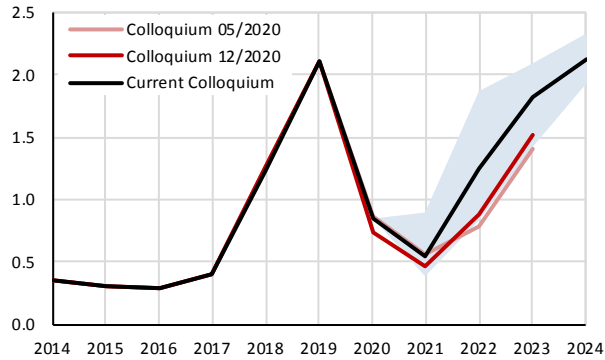
**Graph 2: Crude oil Brent**  
in USD/barrel

Price of oil almost stable slightly above USD 60/barrel



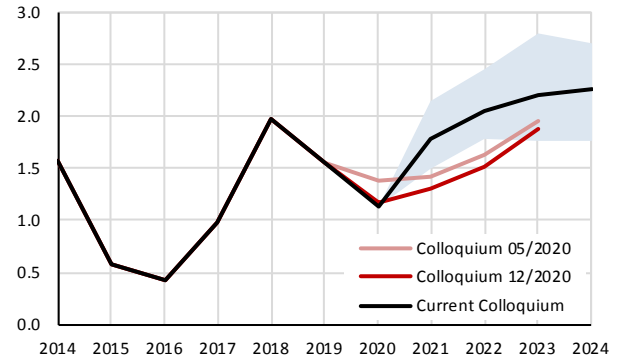
**Graph 3: 3M PRIBOR**  
in %, average of period

Small shift of forecasts in the direction of higher rates, starting in 2022



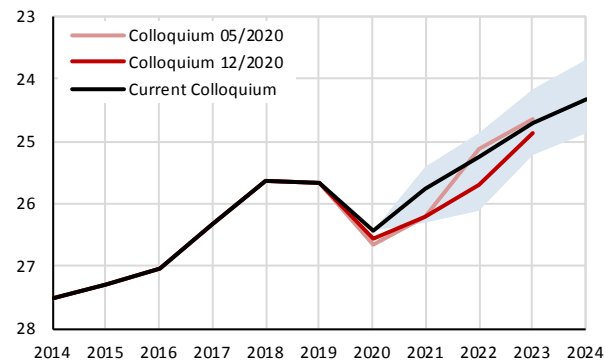
**Graph 4: YTM of 10Y government bonds**  
in %, average of period

Gradual increase in long-term rates to 2.3% in 2024



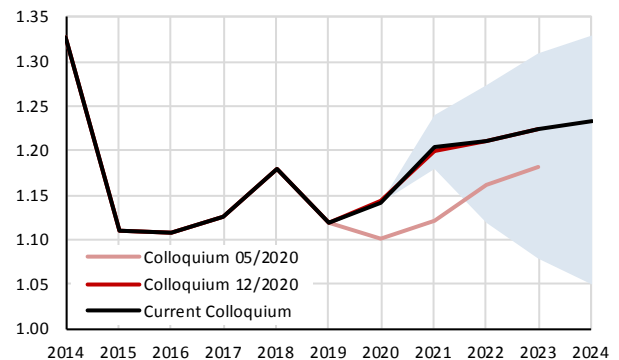
**Graph 5: CZK/EUR exchange rate**

Renewal of appreciation trend of the koruna after weakening in 2020



**Graph 6: USD/EUR exchange rate**

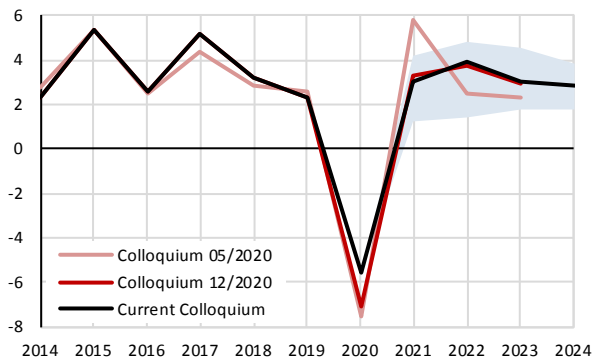
Future path of the USD/EUR exchange rate exceptionally uncertain



**Graph 7: Gross domestic product**

*real growth in %*

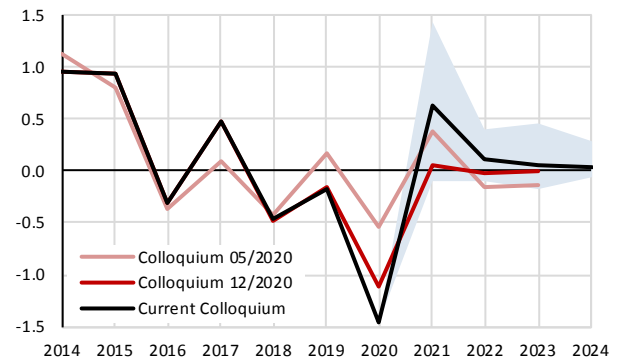
GDP growth expectations almost unchanged



**Graph 8: Contribution of change in inventories**

*in percentage points*

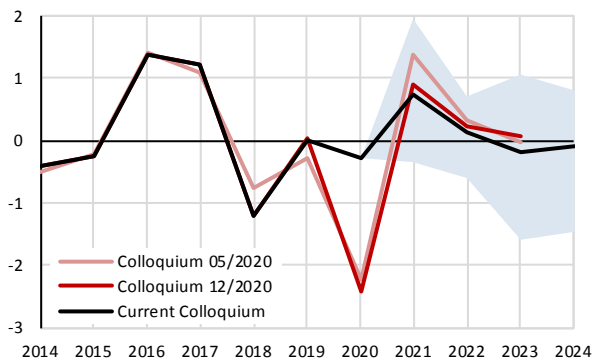
Restocking in 2021, almost zero contribution in subsequent years



**Graph 9: Contribution of net exports**

*in percentage points*

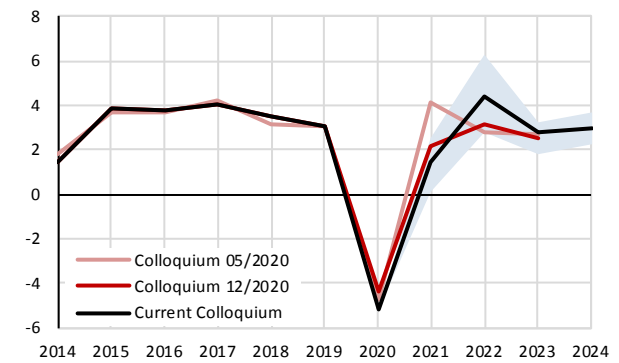
Positive contr. of net exports this year due to weaker domestic demand



**Graph 10: Consumption of households**

*real growth in %*

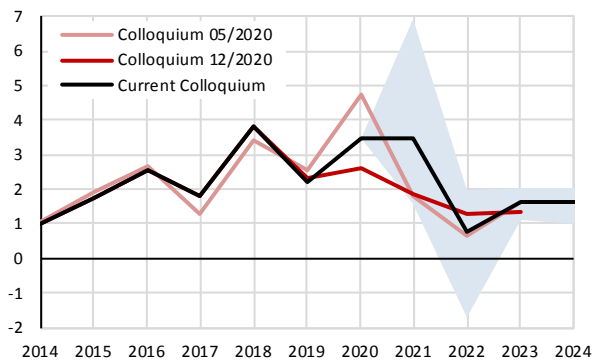
Renewed growth of private consumption after a deep slump



**Graph 11: Consumption of government**

*real growth in %*

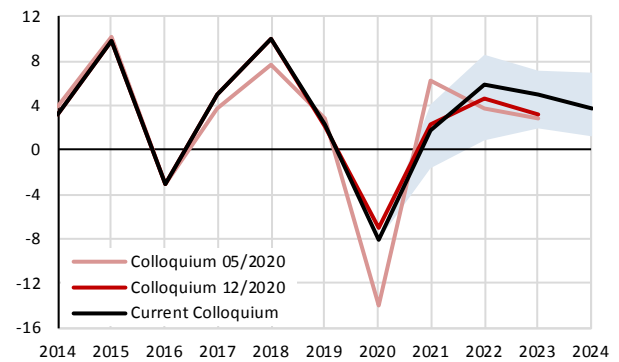
Lower post-pandemic growth momentum of government consumption



**Graph 12: Gross fixed capital formation**

*real growth in %*

Gradual return of investment activity to pre-crisis levels

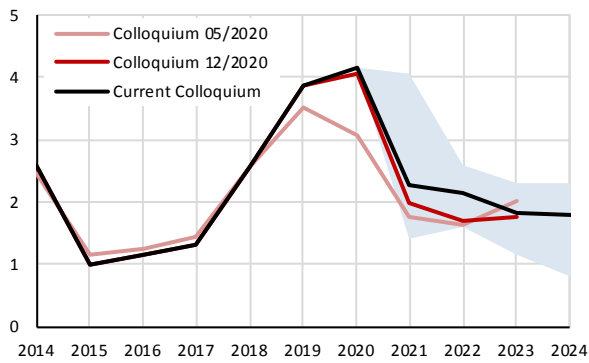




**Graph 13: GDP deflator**

growth in %

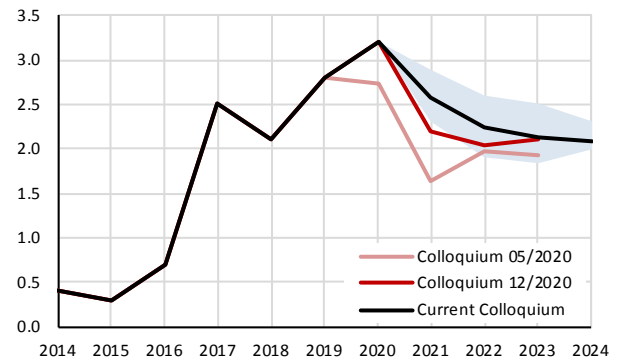
Sharp slowdown in GDP deflator growth towards around 2%



**Graph 14: Average inflation rate**

in %

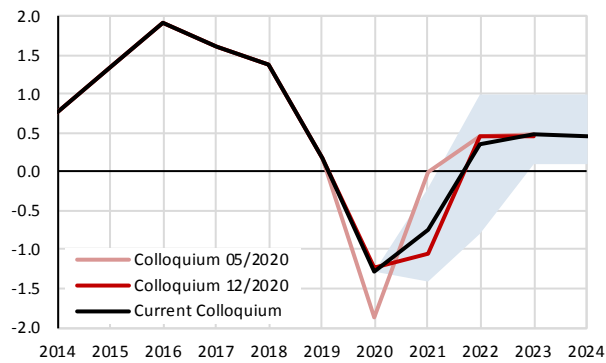
Medium-term inflation expectations anchored close to the CNB's target



**Graph 15: Employment (LFS)**

growth in %

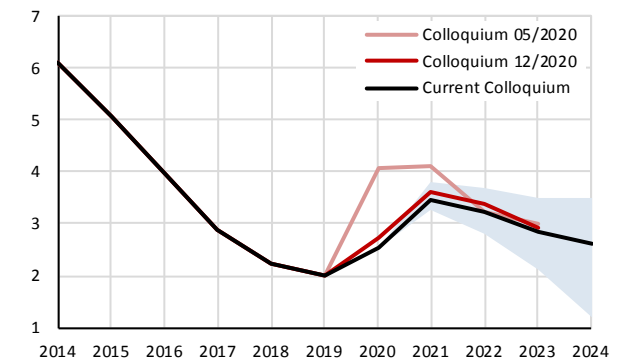
Fall in employment also in 2021, then slow growth around 0.5% p.a.



**Graph 16: Unemployment rate (LFS)**

in %

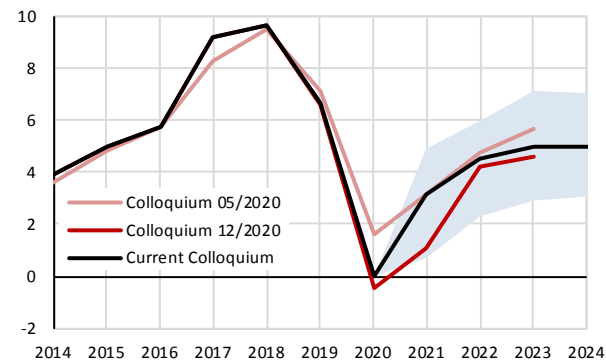
Unemployment rate below 4%, despite further increase this year



**Graph 17: Total wage bill (domestic concept)**

nominal growth in %

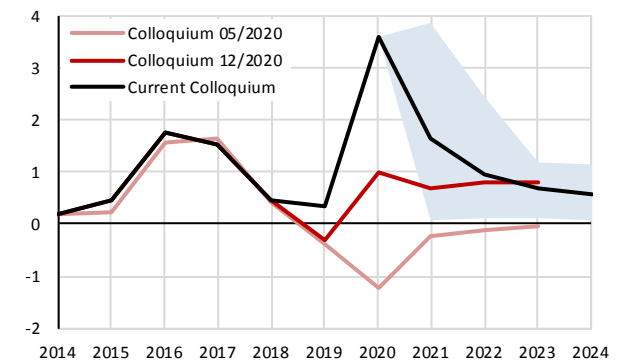
Increase in growth momentum of earnings towards 5% in 2023–24



**Graph 18: Balance of payments – current account**

in % of GDP

Gradual decrease in the surplus on the current account of the BoP





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