

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 32nd Colloquium, which took place in November 2011, are based on the forecasts of 17 institutions (MoF, MPO, MPSV, CNB, CERGE-EI, Cyrrus, Ceska sporitelna, CSOB, IES FSV UK, ING, Komerční banka, Liberalni institut, Patria, Generali PPF Asset Management, Raiffeisenbank, Confederation of Industry of the Czech Republic, UniCredit Bank). To make the survey more representative, the forecasts of the EC, IMF and OECD have been added.

The aim of the Colloquium was to get an idea of opinions regarding the expected development of our economy and to assess the key tendencies within the horizon of the years 2011–2014, with the years 2013 and 2014 seen as an indicative outlook. Key indicators and the last MoF forecast are summed up in Tables 1 and 2.

In general, one can conclude that the basic trends of future developments, envisaged in the current MoF Macroeconomic Forecast, are verified by the forecasts of other institutions.

Table 1: Results of the survey for the years 2011 and 2012

		2011				2012			
		min.	average	max.	MoFCR	min.	average	max.	MoFCR
<i>Assumptions</i>									
GDP of EA12	<i>real growth in %</i>	1.1	1.5	1.8	1.7	-1.0	0.3	1.0	1.0
Crude oil Brent	<i>USD/barrel</i>	100	110	115	110	95	105	120	107
3M PRIBOR	<i>average in %</i>	1.0	1.2	1.5	1.2	0.9	1.1	1.5	1.1
YTM of 10Y gov. bonds	<i>average in %</i>	3.1	3.6	3.8	3.7	3.0	3.6	3.9	3.7
CZK/EUR exchange rate		24.3	24.6	24.9	24.3	23.1	24.4	25.4	23.9
USD/EUR exchange rate		1.38	1.39	1.42	1.39	1.32	1.36	1.45	1.35
<i>Main indicators</i>									
Gross domestic product	<i>real growth in %</i>	1.4	1.9	2.1	2.1	-1.2	0.8	2.1	1.0
Contr. of change in inventories	<i>percentage points</i>	-0.4	0.2	0.5	0.5	-0.4	0.1	1.5	0.0
Contr. of foreign balance	<i>percentage points</i>	1.2	1.9	2.5	1.7	-1.0	0.5	1.5	1.0
Consumption of households	<i>real growth in %</i>	-0.9	-0.5	-0.1	-0.6	-0.9	0.0	1.6	-0.5
Consumption of government	<i>real growth in %</i>	-1.8	-1.2	-0.5	-1.2	-2.5	-0.3	1.1	-0.5
Fixed capital formation	<i>real growth in %</i>	1.3	2.2	3.6	2.1	-2.3	0.8	3.6	1.4
GDP deflator	<i>growth in %</i>	-0.4	0.1	0.8	0.0	0.8	1.7	3.0	1.7
Inflation rate (aop)	<i>in %</i>	1.7	1.9	2.4	1.9	2.0	2.9	3.4	3.2
Employment	<i>growth in %</i>	0.2	0.4	0.5	0.4	-0.5	-0.1	0.3	-0.2
Unemployment rate (LFS)	<i>in %</i>	6.7	6.8	7.1	6.9	6.5	7.0	7.6	6.9
Wage bill (domestic concept)	<i>nom. growth in %</i>	2.0	2.5	2.9	2.3	1.8	2.7	3.8	2.7
BoP – current account	<i>in % of GDP</i>	-3.6	-3.0	-2.4	-3.1	-3.8	-3.2	-2.3	-3.3

Source: Survey respondents, MoF calculations

Table 2: Results of the survey for the years 2013 and 2014

		2013				2014			
		min.	average	max.	MoF CR	min.	average	max.	MoF CR
<i>Assumptions</i>									
GDP of EA12	<i>real growth in %</i>	0.1	1.2	1.6	1.6	0.5	1.5	2.2	2.0
Crude oil Brent	<i>USD/barrel</i>	99	108	115	111	100	111	120	115
3M PRIBOR	<i>average in %</i>	1.1	1.6	2.0	1.7	1.3	2.2	3.0	2.6
YTM of 10Y gov. bonds	<i>average in %</i>	3.2	3.8	4.2	3.9	3.3	4.0	4.5	4.2
CZK/EUR exchange rate		22.5	23.6	24.3	23.4	22.0	23.4	24.0	22.9
USD/EUR exchange rate		1.25	1.33	1.37	1.35	1.30	1.33	1.35	1.35
<i>Main indicators</i>									
Gross domestic product	<i>real growth in %</i>	1.1	2.1	3.6	2.0	0.8	2.3	3.5	3.3
Contr. of change in inventories	<i>percentage points</i>	-0.8	-0.1	0.2	0.0	-4.5	-0.8	0.2	0.0
Contr. of foreign balance	<i>percentage points</i>	0.2	0.6	1.0	0.8	-0.7	0.5	1.4	1.2
Consumption of households	<i>real growth in %</i>	0.5	1.7	2.6	1.2	1.0	2.2	3.0	2.5
Consumption of government	<i>real growth in %</i>	-1.0	0.6	2.0	-0.2	0.0	0.8	2.5	0.8
Fixed capital formation	<i>real growth in %</i>	0.0	2.7	4.8	2.8	1.5	2.9	5.0	3.2
GDP deflator	<i>growth in %</i>	0.9	1.6	2.6	0.9	1.3	1.7	2.3	1.3
Inflation rate (aop)	<i>in %</i>	1.3	1.9	2.6	1.6	1.3	2.0	2.4	2.1
Employment	<i>growth in %</i>	-0.7	0.0	0.6	0.1	-0.2	0.3	0.8	0.5
Unemployment rate (LFS)	<i>in %</i>	6.3	6.8	7.7	6.9	5.5	6.5	7.2	6.7
Wage bill (domestic concept)	<i>nom. growth in %</i>	2.9	3.7	4.5	2.9	3.1	3.9	4.7	4.7
BoP – current account	<i>in % of GDP</i>	-4.2	-3.3	-2.4	-3.8	-3.8	-3.0	-2.2	-3.8

Source: Survey respondents, MoF calculations

The main trends in macroeconomic development can be summed up as follows:

- On average, the institutions expect GDP to grow by 1.9 % this year. A slowdown is expected for 2012, but growth should remain positive and GDP could increase by 0.8 %. In 2013 and 2014, economic growth should marginally exceed 2 %. The MoF forecast is in line with prognoses of other institutions, though it is more optimistic for 2014.
- With the exception of 2012, inflation rate should stay close to the CNB's inflation target in the whole forecasting horizon. The one-off increase in inflation in 2012 is explained mostly by the expected impact of VAT changes. The MoF forecast differs from other institutions' forecasts only marginally.
- A modest growth of employment, which is on average envisaged by the institutions for this year, should be followed by stagnation in 2012 and 2013. Employment should grow again only in 2014. The MoF forecast is in line with prognoses of other institutions.
- On average, forecasts of the participating institutions see a minor increase in unemployment rate in 2012 and a moderate decline in the following years. The MoF expects unemployment rate to stagnate closely below 7 % during 2011–2013 and decrease only in 2014. However, the deviation from the average of other forecasts is negligible.
- According to the current forecasts, growth of the total wage bill should accelerate from 2.5 % in 2011 to 3.9 % in 2014. The MoF forecast is in line with this tendency, though the wage bill growth is expected to be lower in 2013 and higher in 2014.

The next Colloquium will take place in April 2012.

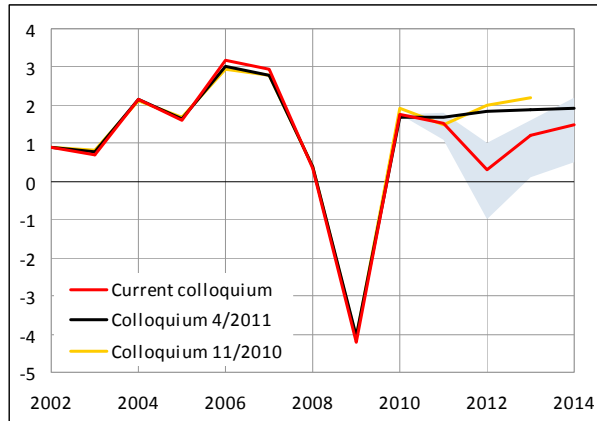
Overview of indicators

The depiction of past and expected developments of individual indicators is shown in graphs 1–18. For the sake of comparison, consensus forecasts of two previous Colloquiums are also included. Extreme forecasts of indicators (min. and max. columns in the tables) form the boundaries of the highlighted area. **The revised yearly national accounts data has been used.**

Graph 1: Gross domestic product of EA12

real growth in %

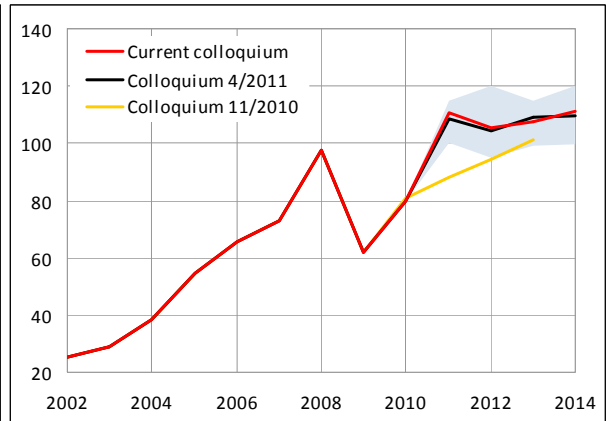
Worse growth prospects, compared with the last colloquium. The expected slowdown to 0.3 % in 2012 only temporary



Graph 2: Crude oil Brent

USD/barrel

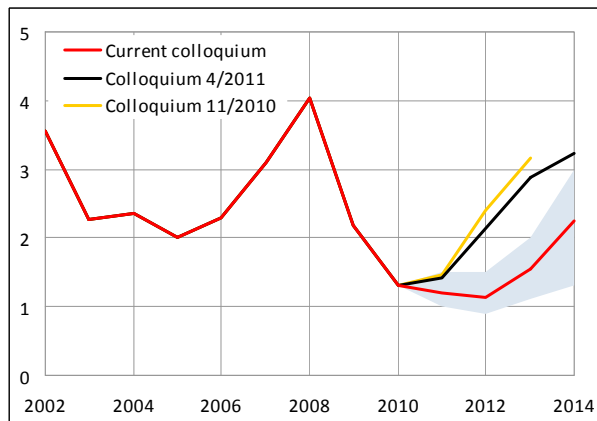
Price of oil around 110 USD/barrel



Graph 3: 3M PRIBOR

average in %

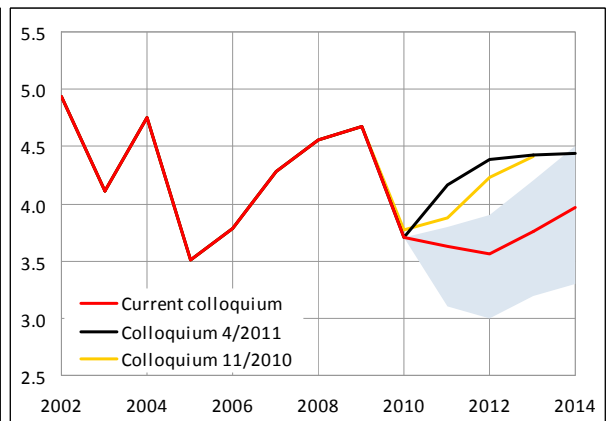
Compared with the last colloquium, monetary tightening is expected to occur later and be less substantial



Graph 4: YTM of 10Y government bonds

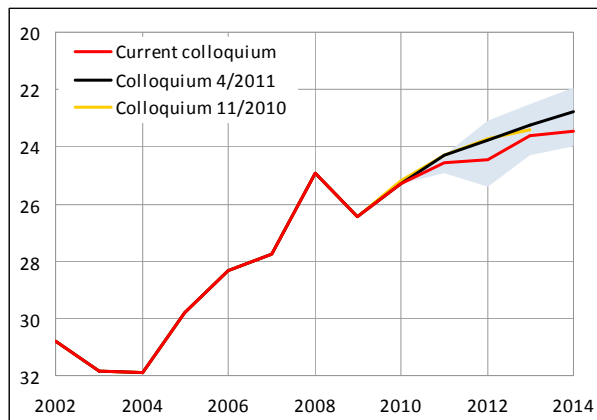
average in %

Long-term interest rates should stay below 4 %. The estimates took a turn for the better



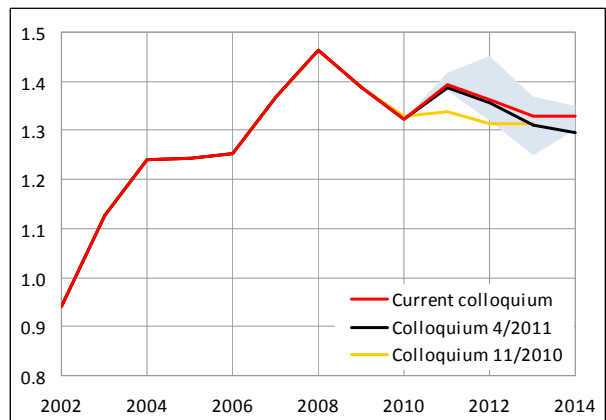
Graph 5: CZK/EUR exchange rate

Compared with the last colloquium, more gradual appreciation of koruna vis-à-vis the euro is expected



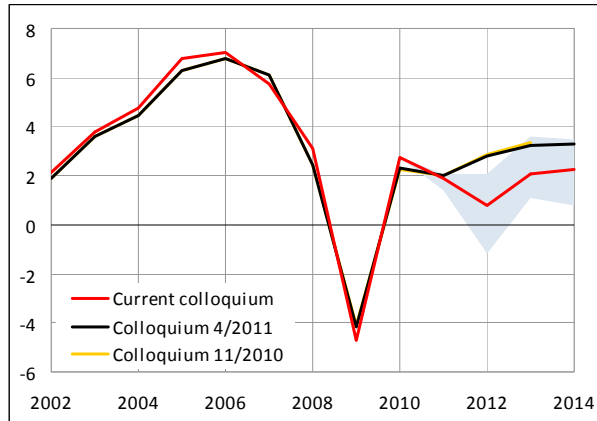
Graph 6: USD/EUR exchange rate

Dollar should appreciate towards 1.33 USD/EUR in 2013



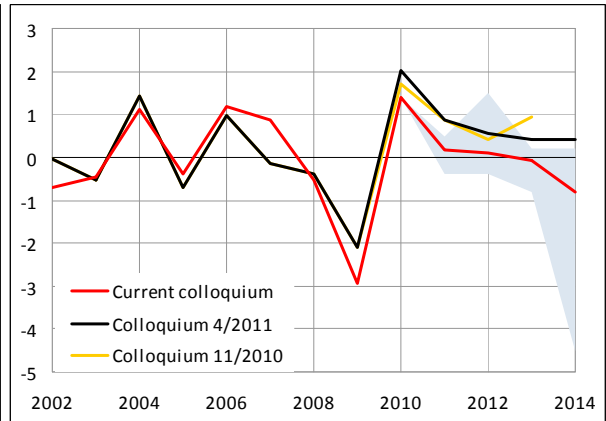
Graph 7: Gross domestic product
real growth in %

Temporary slowdown in 2012, but growth should stay positive. GDP growth around 2 % in the remaining years of the outlook



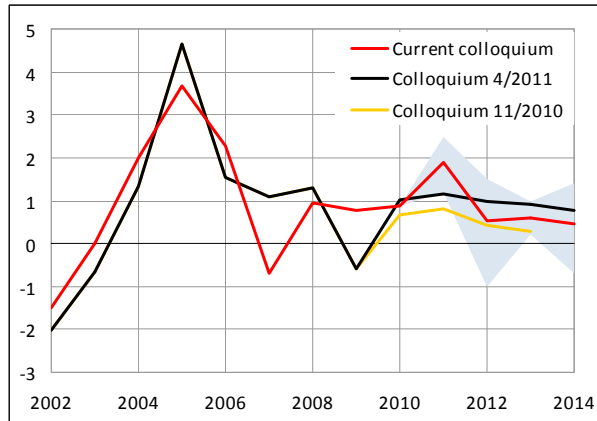
Graph 8: Contribution of change in inventories
percentage points

With the exception of 2014, almost zero contribution of change in inventories to GDP growth



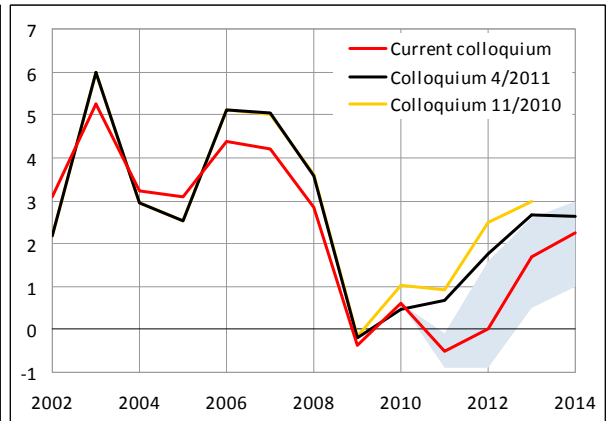
Graph 9: Contribution of foreign balance
percentage points

Positive contribution of foreign trade in the whole forecasting horizon



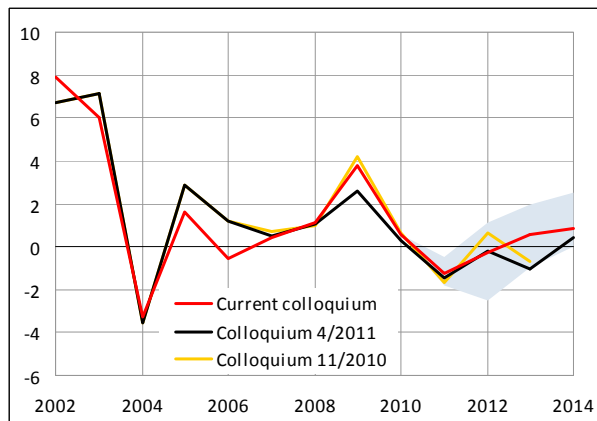
Graph 10: Consumption of households
real growth in %

Consumption of households expected to fall in 2011, stagnate in 2012 and grow by approximately 2 % in 2013 and 2014



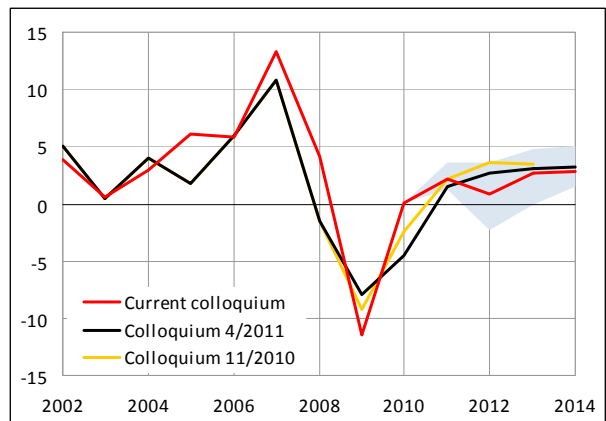
Graph 11: Consumption of government
real growth in %

Economizing behaviour of the government sector expected. Gov. consumption should grow only modestly in 2013 and 2014



Graph 12: Gross fixed capital formation
real growth in %

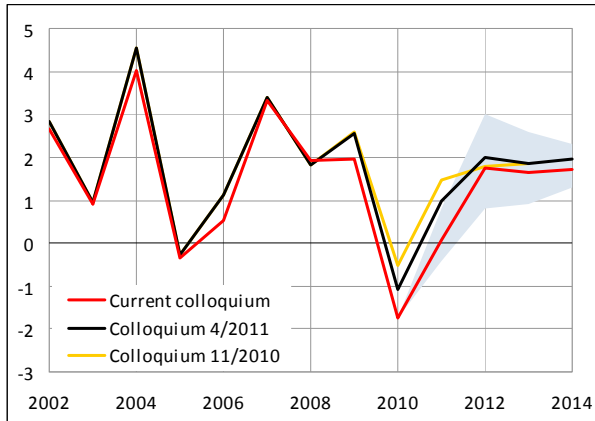
Despite remaining weak, investment activity should be increasing throughout the forecasting horizon, even in 2012



Graph 13: GDP deflator

growth in %

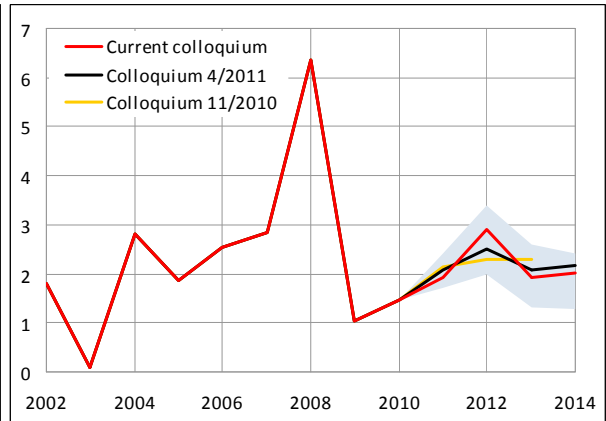
GDP deflator growth around 1.7 % in the years 2012–2014



Graph 14: Inflation rate (aop)

in %

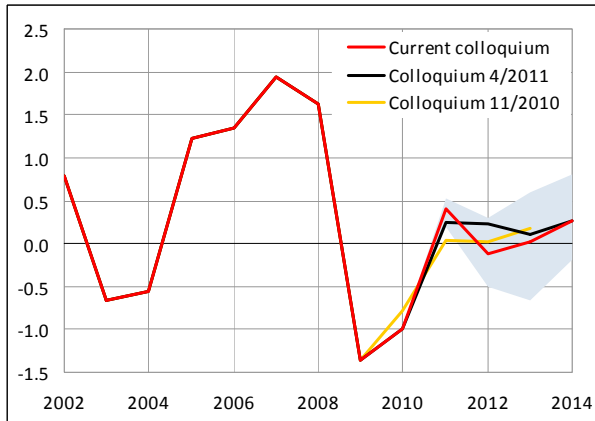
Inflation rate within the tolerance band of the CNB's inflation target. Apparent impact of the changes in indirect taxes in 2012



Graph 15: Employment (LFS)

growth v %

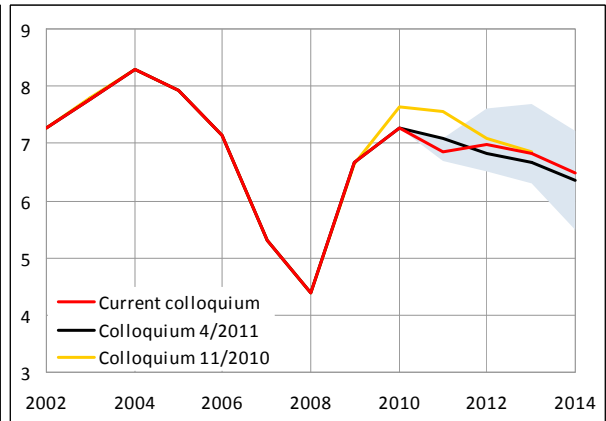
Modest growth of employment in 2011 followed by stagnation in 2012 and 2013



Graph 16: Unemployment rate (LFS)

in %

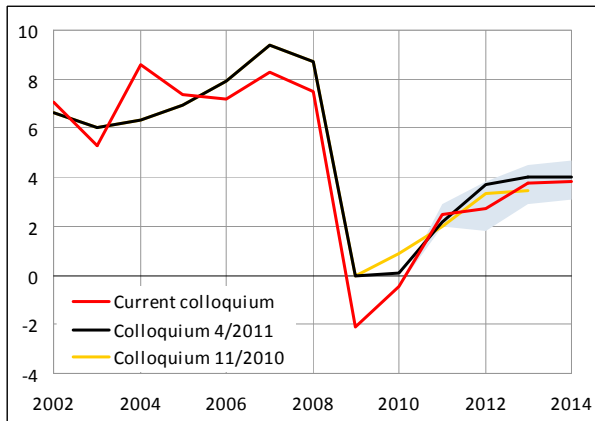
A minor increase in the unemployment rate in 2012, moderate decline in the following years



Graph 17: Total wage bill (domestic concept)

nominal growth in %

Growth of the total wage bill should accelerate from 2.5 % in 2011 towards 4 % in 2014



Graph 18: Balance of payments – current account

in % of GDP

Current account deficit remaining on sustainable levels

