

# Survey of macroeconomic forecasts

**November 2021**

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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 52nd Colloquium, which took place in November 2021, are based on forecasts of 14 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; Generali Investments CEE; 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 2021), the International Monetary Fund (World Economic Outlook, October 2021) and the Organization for Economic Co-operation and Development (Economic Outlook, December 2021) were added to the survey.

Key trends for the years 2021 and 2022 that are envisaged in the latest forecast of the MoF (November 2021) are consistent with the forecasts of other institutions. However, the comparison of forecasts for the years 2023 and 2024, 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 2021–2024 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 2021 and 2022 can be summarised as follows:

- Economic activity is gradually recovering following the relaxation of anti-epidemic restrictions in Q2 2021 and thanks to economic growth abroad, but further development of the epidemic remains a significant downside risk. Household consumption and fixed capital investment are expected to increase by around 3.5% this year, with institutions on average expecting stronger growth momentum only next year. In contrast, government consumption growth should be higher in 2021 than next year, probably due to the expected evolution of epidemic-related spending. The economy is severely constrained by problems in global supply chains, which are affecting export-oriented manufacturing, especially motor vehicles production and supplier industries. In contrast, the recovery in investment activity, strong inventory accumulation and a rebound in household consumption are supporting imports. According to the survey respondents, the foreign trade balance could thus slow down the economy by 3.3 pp this year and GDP would increase by only 2.5%. Next year, growth could accelerate to 3.9%.
- On average, the participating institutions expect the inflation rate to reach 3.8% this year and to accelerate significantly further to 5.5% in 2022. An important inflationary factor will be the rise in electricity and gas prices, which will be gradually reflected in the prices of other goods and services. Inflation is further boosted by problems in global supply chains, which are leading to sharp price increases for many production inputs. The expected appreciation of the koruna should have a mildly anti-inflationary effect. According to the average of the forecasts, monetary policy will respond to the expected inflation developments by further raising interest rates.
- The impact of the deep economic downturn on the labour market has been significantly mitigated by government measures to support employment. According to respondents, the unemployment rate is expected to rise to 3.0% on average in 2021, but to fall slightly to 2.8% in 2022 due to the economic recovery. Employment could fall by 0.5% this year, but should rise by 0.7% in 2022, according to the average of the forecasts.
- On average, the institutions expect wages and salaries to increase by 5.9% this year, with growth slowing down to 5.6% in 2022. For this very important budget indicator, the MoF's forecast is about 0.5 pp below the average of respondents' forecasts.
- According to the survey respondents, the current account of the balance of payments should be balanced this year and could show a slight deficit of 0.4% of GDP in 2022.

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

|  |                         | 2021 |      |             |      |      |             | 2022 |      |             |      |      |             |
|--|-------------------------|------|------|-------------|------|------|-------------|------|------|-------------|------|------|-------------|
|  |                         | min. | P25  | average     | P75  | max. | MoF         | min. | P25  | average     | P75  | max. | MoF         |
| <i>Assumptions</i>                       |                         |      |      |             |      |      |             |      |      |             |      |      |             |
| <b>GDP of EA19</b>                       | <i>real growth in %</i> | 3.8  | 5.0  | <b>5.0</b>  | 5.1  | 5.4  | <b>5.0</b>  | 3.9  | 4.0  | <b>4.2</b>  | 4.3  | 4.6  | <b>3.9</b>  |
| <b>Crude oil Brent</b>                   | <i>USD/barrel</i>       | 70   | 71   | <b>72</b>   | 72   | 77   | <b>70</b>   | 68   | 72   | <b>76</b>   | 78   | 86   | <b>72</b>   |
| <b>3M PRIBOR</b>                         | <i>average in %</i>     | 1.0  | 1.1  | <b>1.2</b>  | 1.2  | 2.0  | <b>1.0</b>  | 2.7  | 3.3  | <b>3.4</b>  | 3.7  | 3.9  | <b>2.8</b>  |
| <b>YTM of 10Y gov. bonds</b>             | <i>average in %</i>     | 1.9  | 2.0  | <b>2.2</b>  | 2.1  | 3.1  | <b>1.9</b>  | 2.5  | 2.8  | <b>3.1</b>  | 3.2  | 4.1  | <b>2.7</b>  |
| <b>CZK/EUR exchange rate</b>             |                         | 25.2 | 25.6 | <b>25.6</b> | 25.7 | 25.7 | <b>25.6</b> | 24.2 | 24.8 | <b>24.9</b> | 25.1 | 25.5 | <b>25.0</b> |
| <b>USD/EUR exchange rate</b>             |                         | 1.17 | 1.18 | <b>1.19</b> | 1.19 | 1.19 | <b>1.19</b> | 1.12 | 1.16 | <b>1.17</b> | 1.18 | 1.21 | <b>1.17</b> |
| <i>Main indicators</i>                   |                         |      |      |             |      |      |             |      |      |             |      |      |             |
| <b>Gross domestic product</b>            | <i>real growth in %</i> | 1.9  | 2.2  | <b>2.5</b>  | 2.6  | 3.8  | <b>2.5</b>  | 3.0  | 3.6  | <b>3.9</b>  | 4.2  | 4.5  | <b>4.1</b>  |
| <b>Contr. of change in inventories</b>   | <i>perc. points</i>     | 1.1  | 1.8  | <b>2.5</b>  | 3.0  | 5.4  | <b>1.6</b>  | -2.2 | -1.8 | <b>-0.8</b> | 0.0  | 0.6  | <b>0.0</b>  |
| <b>Contr. of foreign balance</b>         | <i>perc. points</i>     | -5.6 | -4.0 | <b>-3.3</b> | -2.5 | -1.6 | <b>-2.5</b> | -2.4 | -0.4 | <b>0.1</b>  | 0.6  | 2.6  | <b>0.4</b>  |
| <b>Consumption of households</b>         | <i>real growth in %</i> | 2.3  | 3.1  | <b>3.7</b>  | 4.2  | 5.1  | <b>3.7</b>  | 3.6  | 4.5  | <b>5.4</b>  | 6.5  | 7.8  | <b>4.7</b>  |
| <b>Consumption of government</b>         | <i>real growth in %</i> | 1.5  | 2.3  | <b>2.6</b>  | 2.9  | 3.5  | <b>2.3</b>  | -2.7 | 0.6  | <b>1.0</b>  | 1.7  | 2.9  | <b>0.4</b>  |
| <b>Gross fixed capital formation</b>     | <i>real growth in %</i> | 0.1  | 2.5  | <b>3.4</b>  | 4.5  | 6.4  | <b>4.6</b>  | 4.2  | 5.7  | <b>7.0</b>  | 7.6  | 10.8 | <b>5.4</b>  |
| <b>GDP deflator</b>                      | <i>growth in %</i>      | 0.7  | 3.5  | <b>3.9</b>  | 4.8  | 5.1  | <b>3.4</b>  | 2.4  | 3.6  | <b>4.3</b>  | 5.4  | 5.9  | <b>3.4</b>  |
| <b>Inflation rate (aop)</b>              | <i>in %</i>             | 2.7  | 3.7  | <b>3.8</b>  | 3.8  | 4.7  | <b>3.5</b>  | 2.3  | 5.3  | <b>5.5</b>  | 6.1  | 6.5  | <b>6.1</b>  |
| <b>Employment (LFS)</b>                  | <i>growth in %</i>      | -1.0 | -0.6 | <b>-0.5</b> | -0.5 | -0.3 | <b>-0.5</b> | -0.1 | 0.7  | <b>0.7</b>  | 0.9  | 1.0  | <b>0.8</b>  |
| <b>Unemployment rate (LFS)</b>           | <i>in %</i>             | 2.7  | 2.9  | <b>3.0</b>  | 3.1  | 3.4  | <b>3.0</b>  | 2.6  | 2.7  | <b>2.8</b>  | 2.9  | 3.2  | <b>2.7</b>  |
| <b>Wages and salaries (dom. concept)</b> | <i>nom. growth in %</i> | 4.9  | 5.1  | <b>5.9</b>  | 5.7  | 9.7  | <b>5.3</b>  | 4.3  | 5.0  | <b>5.6</b>  | 6.2  | 7.4  | <b>5.1</b>  |
| <b>BoP – current account balance</b>     | <i>in % of GDP</i>      | -1.1 | -0.5 | <b>0.0</b>  | 0.3  | 1.6  | <b>-0.1</b> | -3.5 | -0.6 | <b>-0.4</b> | 0.4  | 1.0  | <b>-0.3</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         | min. | average     | max. | MoF         |
| <i>Assumptions</i>                       |                         |      |             |      |             |      |             |      |             |
| <b>GDP of EA19</b>                       | <i>real growth in %</i> | 1.9  | <b>2.4</b>  | 3.1  | <b>2.1</b>  | 1.3  | <b>1.6</b>  | 2.2  | <b>1.5</b>  |
| <b>Crude oil Brent</b>                   | <i>USD/barrel</i>       | 56   | <b>71</b>   | 88   | <b>67</b>   | 52   | <b>69</b>   | 89   | <b>64</b>   |
| <b>3M PRIBOR</b>                         | <i>average in %</i>     | 2.5  | <b>2.9</b>  | 3.5  | <b>2.9</b>  | 2.3  | <b>2.7</b>  | 3.2  | <b>2.6</b>  |
| <b>YTM of 10Y gov. bonds</b>             | <i>average in %</i>     | 2.2  | <b>2.9</b>  | 3.6  | <b>2.7</b>  | 2.2  | <b>2.8</b>  | 3.6  | <b>2.6</b>  |
| <b>CZK/EUR exchange rate</b>             |                         | 23.9 | <b>24.5</b> | 25.4 | <b>24.7</b> | 22.7 | <b>23.9</b> | 24.5 | <b>24.4</b> |
| <b>USD/EUR exchange rate</b>             |                         | 1.15 | <b>1.17</b> | 1.20 | <b>1.17</b> | 1.17 | <b>1.20</b> | 1.21 | <b>1.17</b> |
| <i>Main indicators</i>                   |                         |      |             |      |             |      |             |      |             |
| <b>Gross domestic product</b>            | <i>real growth in %</i> | 2.2  | <b>3.7</b>  | 4.6  | <b>2.2</b>  | 2.0  | <b>3.0</b>  | 4.3  | <b>2.0</b>  |
| <b>Contr. of change in inventories</b>   | <i>perc. points</i>     | -1.2 | <b>-0.4</b> | 0.0  | <b>0.0</b>  | 0.0  | <b>0.0</b>  | 0.1  | <b>0.0</b>  |
| <b>Contr. of foreign balance</b>         | <i>perc. points</i>     | -0.4 | <b>1.0</b>  | 3.4  | <b>-0.2</b> | -0.6 | <b>0.1</b>  | 0.4  | <b>0.4</b>  |
| <b>Consumption of households</b>         | <i>real growth in %</i> | 2.0  | <b>3.2</b>  | 6.2  | <b>2.0</b>  | 2.1  | <b>3.3</b>  | 6.4  | <b>2.2</b>  |
| <b>Consumption of government</b>         | <i>real growth in %</i> | 0.8  | <b>1.7</b>  | 3.1  | <b>1.0</b>  | 1.0  | <b>2.0</b>  | 3.5  | <b>1.4</b>  |
| <b>Gross fixed capital formation</b>     | <i>real growth in %</i> | 1.8  | <b>4.4</b>  | 7.2  | <b>4.7</b>  | 0.8  | <b>3.6</b>  | 6.5  | <b>0.8</b>  |
| <b>GDP deflator</b>                      | <i>growth in %</i>      | 1.7  | <b>2.2</b>  | 2.6  | <b>2.3</b>  | 0.2  | <b>1.8</b>  | 2.4  | <b>2.1</b>  |
| <b>Inflation rate (aop)</b>              | <i>in %</i>             | 1.6  | <b>2.3</b>  | 2.8  | <b>2.5</b>  | 1.7  | <b>2.1</b>  | 2.5  | <b>2.2</b>  |
| <b>Employment (LFS)</b>                  | <i>growth in %</i>      | 0.1  | <b>0.5</b>  | 0.8  | <b>0.1</b>  | 0.1  | <b>0.3</b>  | 0.6  | <b>0.1</b>  |
| <b>Unemployment rate (LFS)</b>           | <i>in %</i>             | 2.3  | <b>2.7</b>  | 3.0  | <b>2.6</b>  | 2.0  | <b>2.6</b>  | 3.0  | <b>2.5</b>  |
| <b>Wages and salaries (dom. concept)</b> | <i>nom. growth in %</i> | 3.9  | <b>5.1</b>  | 5.9  | <b>4.3</b>  | 4.0  | <b>5.0</b>  | 6.1  | <b>4.3</b>  |
| <b>BoP – current account balance</b>     | <i>in % of GDP</i>      | -1.9 | <b>0.3</b>  | 1.5  | <b>-0.6</b> | -1.8 | <b>0.2</b>  | 2.0  | <b>-0.3</b> |

Source: Survey respondents. Calculations of the MoF.

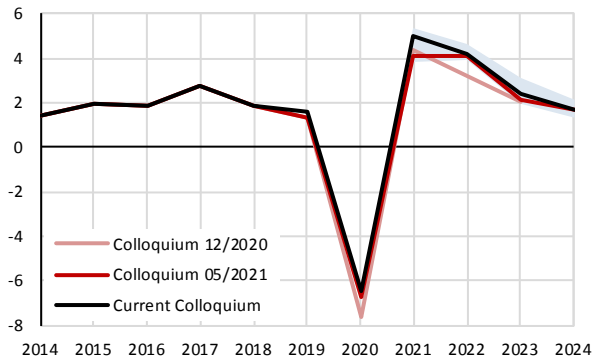
# Overview of indicators

Graphs 1–18 show past and expected development of individual indicators. For comparison, consensus forecasts of two previous Colloquia 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 %

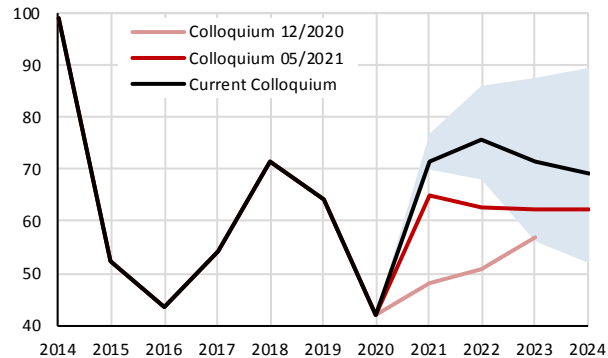
Growth above 4% also next year, then slowing down



**Graph 2: Crude oil Brent**

in USD/barrel

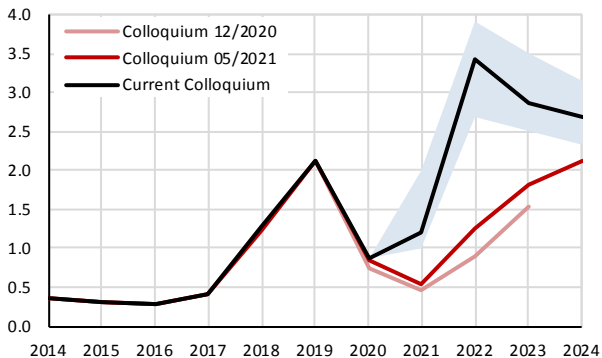
Future path of the price of oil highly uncertain



**Graph 3: 3M PRIBOR**

in %, average of period

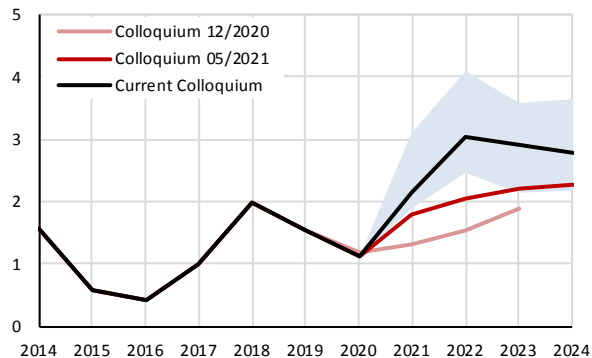
Marked shift in forecasts towards higher rates over the whole horizon



**Graph 4: YTM of 10Y government bonds**

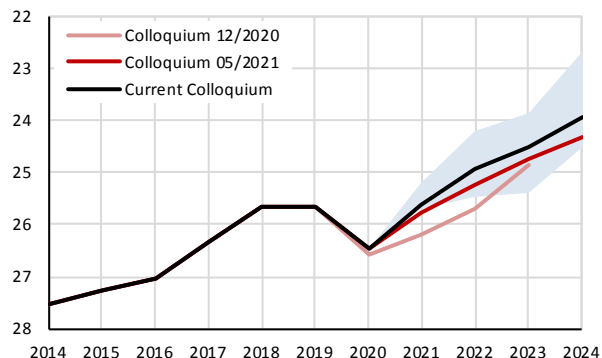
in %, average of period

Long-term rates rising above 3% in 2022 and declining slightly thereafter



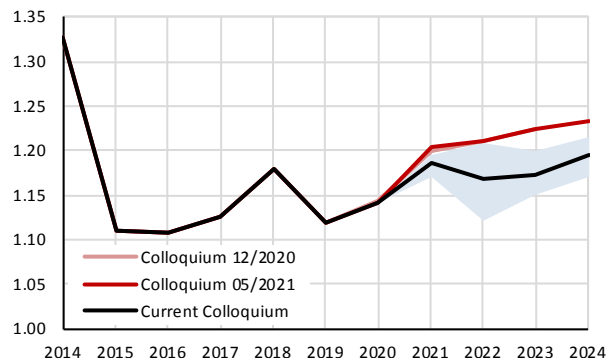
**Graph 5: CZK/EUR exchange rate**

Resumption of the koruna's appreciation trend after weakening in 2020



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

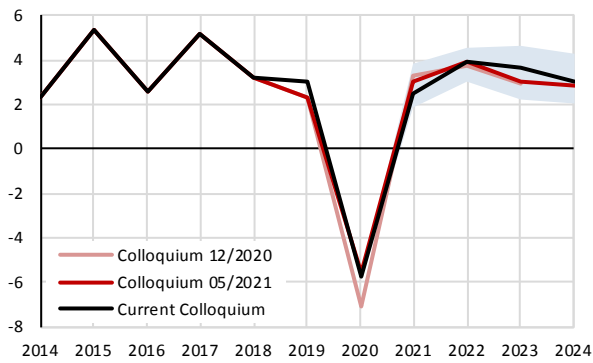
USD/EUR exchange rate close to USD 1.20/EUR



**Graph 7: Gross domestic product**

real growth in %

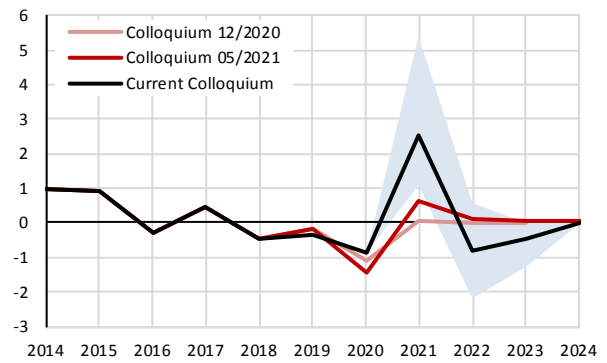
More dynamic economic growth of around 4% in 2022 and 2023



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

in percentage points

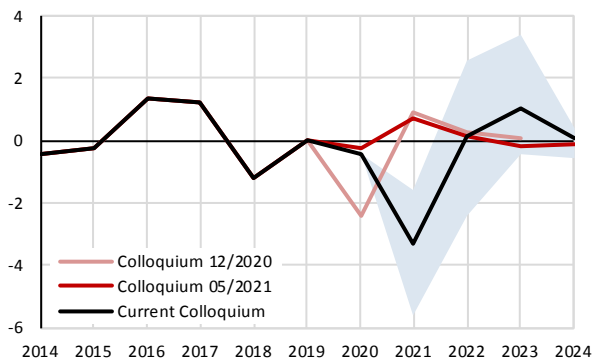
Extremely strong accumulation of inventories in 2021



**Graph 9: Contribution of net exports**

in percentage points

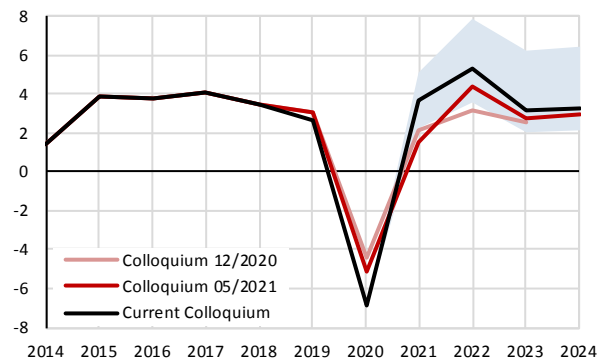
Significantly negative contribution of net exports this year



**Graph 10: Consumption of households**

real growth in %

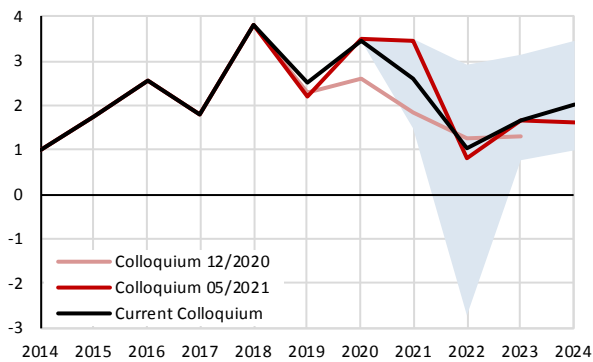
Household consumption growth to resume after a deep slump in 2020



**Graph 11: Consumption of government**

real growth in %

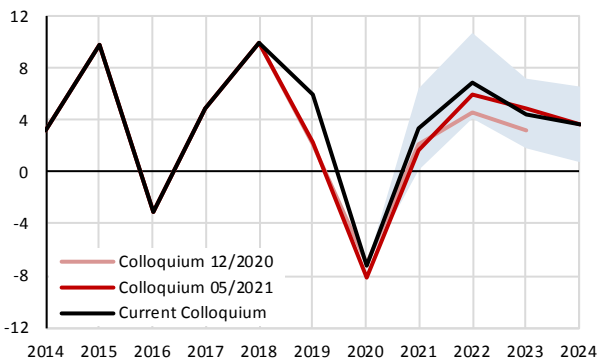
Lower post-pandemic growth momentum of government consumption



**Graph 12: Gross fixed capital formation**

real growth in %

Gradual return of investment activity to pre-crisis levels

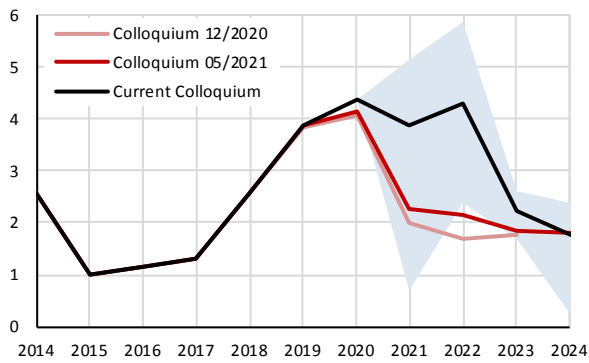




### Graph 13: GDP deflator

growth in %

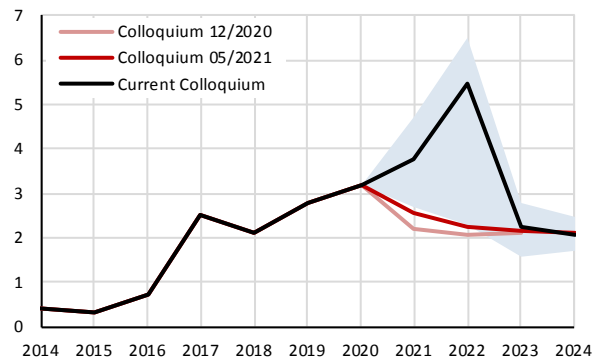
GDP deflator growth of around 4% also this year and next



### Graph 14: Average inflation rate

in %

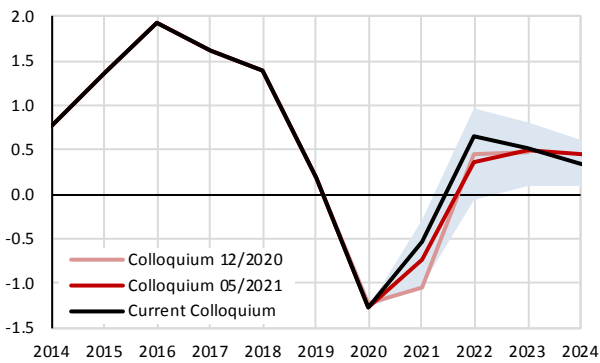
Inflation well above the CNB's 2% target in 2021 and 2022



### Graph 15: Employment (LFS)

growth in %

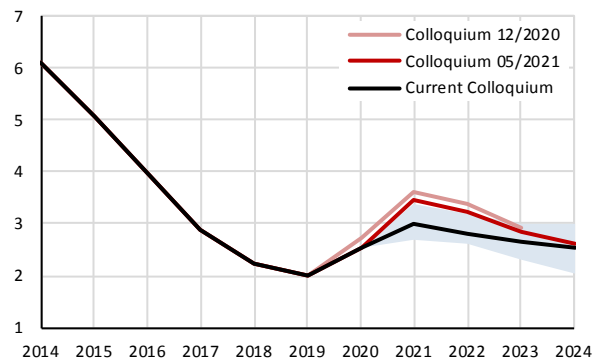
Employment to fall also this year, then growth of around 0.5% p.a.



### Graph 16: Unemployment rate (LFS)

in %

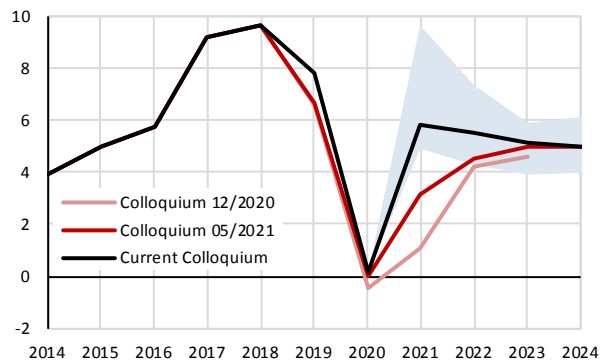
Unemployment rate should not exceed 3%



### Graph 17: Wages and salaries (domestic concept)

nominal growth in %

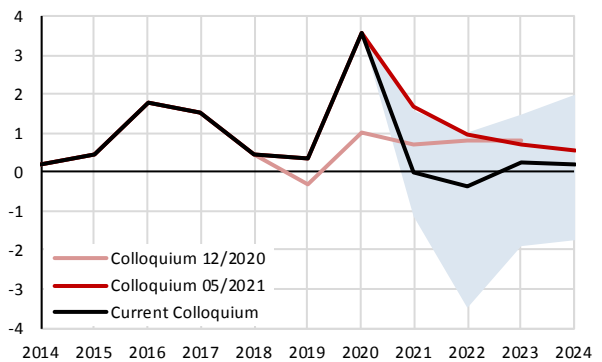
Annual wage and salary growth in the range of 5–6%



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

in % of GDP

Current account almost balanced, wide range of estimates



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