

Statement of the Committee for Budgetary Forecasts

on the forecasts and outlook issued by the Ministry of Finance of the Czech Republic for the year 2018

At its meeting on 29 August 2019, the Committee for Budgetary Forecasts considered whether the **forecasts and outlook** for 2018 issued by the Ministry of Finance had been fulfilled, in accordance with Act No. 23/2017 Coll., on the rules of budgetary responsibility.

Eight members of the ten-member Committee attended.

In its evaluation, the Committee stated that the Ministry's forecasts and outlook for 2018 reflected actual macroeconomic development in the Czech Republic with sufficient precision over a three-year period. Eight members of the Committee voted in favour of this statement.

Reasoning:

The outlook for real GDP growth was slightly undervalued in T-3 and progressively adjusted upwards to T-1 until it reached an accurate value. The outlook for growth in nominal GDP remained imperceptibly undervalued in year T-1. In terms of the individual components involved in GDP growth, the outlook and forecasts were progressively adjusted towards the real situation.

A more significant divergence from the forecast remained at T-1 in consumption by governmental institutions and the creation of gross fixed capital and employment, including the wage and salary volume dynamic, in that actual development was more positive in 2018. The inflation outlook was only slightly undervalued to year T-1. However, a similar theme was noted in most of the available forecasts. Certain unavoidable administrative influences also played a role. For this reason, the stated inaccuracy of the forecast cannot be seen as an error by the Ministry.

The forecast was considerably more accurate for most parameters in year T. A standard deviation of greater than 1 only remained for the creation of gross fixed capital, which can be explained by the extraordinarily high dynamic of this component of GDP in 2018.

Prague, 29 August 2019

RNDr. Pavel Sobišek

Chair of the Committee for Budgetary Forecasts