

Statement of the Committee for Budgetary Forecasts

on the macroeconomic forecast issued by the Ministry of Finance of the Czech Republic in July 2019, updated in August 2019

At its meeting on 29 August 2019, the Committee for Budgetary Forecasts considered the likelihood of the **macroeconomic forecast** for the years 2019 and 2020 issued by the Ministry of Finance in July 2019 and updated in August 2019 being fulfilled, in accordance with Act No. 23/2017 Coll., on the rules of budgetary responsibility.

Eight members of the ten-member Committee attended.

The Committee assessed the macroeconomic forecast as **realistic**. Four members of the Committee voted in favour of this assessment, including the chair. Reasoning:

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Despite some fairly significant differences of opinion on the development of certain macroeconomic parameters and the likelihood of the risks associated with them, most of the Committee members in attendance agreed that the macroeconomic forecast issued by the Ministry appeared to be internally consistent and matched their expectations in key parameters. Some members who assessed the Ministry's forecast as realistic justified their view on the non-occurrence of key external risks mentioned in the forecast as deviating towards lower GDP growth. The risks discussed were dominated by a no-deal Brexit and international trade conflicts. The opinion among Committee members who advocated a cautious evaluation of the Ministry's forecast was that domestic demand components could develop better than predicted as a result of the long-term higher potential for growth in the Czech economy, greater resilience of domestic demand to external influences, or as a consequence of improvements in developments abroad next year. One member argued, however, that a significant deterioration in external conditions would in fact constitute a fulfilment of the risks in the Ministry's forecast, thus making the forecast itself optimistic.

Prague, 29 August 2019

RNDr. Pavel Sobišek

Chair of the Committee for Budgetary Forecasts