

State budget

- ***The biggest surplus in the history since 1993***

The stage budget results of the CR show a few positive trends. In the best results ever for three quarter period income of budget exceeded expenditure by CZK 36.3 billion. Highly positive balance came mainly from the income growth which increased y-o-y by 11.1% while expenditures by 6%. In a two-digit positive zone the cumulative budget balance appeared in all months of Q3. Compared with the same period of 2006 (CZK +1.5 billion) the balance was markedly better and made 1.4% of GDP.
- ***Tax collection from legal entities increased by a fifth, y-o-y***

Robust economic growth is transferred on the level of company profit into budget tax income from legal entities (excl. social insurance payment) which increased compared with the same period of 2006 by 21 % and represented thus the most dynamic component of total tax income (+11.2 %). Income from insurance payment increased by 10%, non-tax and capital income then by 14% (exceeding the already planned amount for the whole 2007 mainly due to dissolution of reserve funds into income of separate budget chapters). GDP constituting almost a third of tax budget income increased by 10.4% up to almost CZK 120 billion, the lowest dynamics of important tax items was recorded for excise tax (+4.5 %).
- ***Growth rate of total budget expenditure slowed down***

Better discipline resulted in lower y-o-y growth of expenditure (+6% compared with +10.5% in the same period of 2006). However, social benefits making 43% of current expenditure grew faster (+8.4 %) than current expenditure itself (+5.5 %) mainly due to dynamics of state social support benefits (+41.3 %) while the volume of pensions increased by 5.6 %.

Date source: CZSO, MF of the CR, CNB, Ministry of Labour and Social Affaires, CZSO calculations.

Latest information from the CZSO and CNB sources offered in this report refers to 10 December 2007. The report is based on monthly statistical data of statistics on industries and the GDP quarterly estimates.

Table 1 Monthly Indicators

	Months 2006						Months 2007							
	X.	XI.	XII.	I.	II.	III.	IV.	V.	VI.	VII.	VIII.	IX.	X.	
Consumer prices ¹⁾ , in %	1,3	1,5	1,7	1,3	1,5	1,9	2,5	2,4	2,5	2,3	2,4	2,8	4,0	
Producer prices ¹⁾ , in %	1,9	2,0	2,6	2,8	3,2	3,6	3,7	4,1	4,6	4,1	3,7	4,0	4,4	
Exports of goods ¹⁾ , in %	23,1	15,9	12,7	15,0	21,3	17,2	21,8	12,9	15	22,4	14,7	12,3	13,6	
Imports of goods ¹⁾ , in %	22,8	14,7	12,1	17,6	16,8	12,8	17,9	11,5	15,1	20,8	14,9	9,2	11,5	
Trade balance, in CZK billion	3,9	5,0	-3,7	8,9	13,2	16,7	3,9	5,3	8,2	-1,5	-1,6	13,9	8,6	
Registered unemployment rate ²⁾	7,4	7,3	7,7	7,9	7,7	7,3	6,8	6,4	6,3	6,4	6,4	6,2	5,8	
Industrial production ¹⁾ , in %	14,8	10,2	6,1	10,8	13,1	11,0	14,5	6,8	6,6	11,6	6,0	1,3	8,4	
Construction works ¹⁾ , real % change	7,1	7,7	15,4	29,1	32,1	26,5	17,4	1,0	-4,5	-1,8	2,9	-1,9	3,5	

¹⁾ change on previous year²⁾ proportion of attainable unplaced job applicants registered with the labour offices to the total labour force in %

Table 2 Selected Quarterly Macroeconomic Indicators

		2005	2006				2007		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Gross domestic product	in CZK billion, in c.p.	777 759	745 496	817 867	821 754	846 459	820 689	900 606	900 022
Gross domestic product	real % change	7,0	6,6	6,4	6,3	6,2	6,4	6,3	6,0
Final consumption	real % change	2,7	4,2	3,3	2,8	4,7	5,0	4,2	3,7
of which: household consumption	real % change	2,9	4,9	5,3	5,0	6,2	6,6	6,0	5,6
Gross capital formation	real % change	0,9	7,0	13,1	13,5	9,8	8,3	10,2	9,4
of which: fixed	real % change	3,6	5,9	5,7	5,2	5,2	4,7	6,0	5,7
Exports of goods and services	real % change	12,9	19,3	11,4	11,3	16,0	15,4	13,5	14,8
Imports of goods and services	real % change	6,5	17,8	11,1	10,7	16,1	15,3	13,4	14,2