

Czech Republic Business Forecast Report Q3 2014

<https://marketpublishers.com/r/C30296E28EFEN.html>

Date: June 2014

Pages: 43

Price: US\$ 1,195.00 (Single User License)

ID: C30296E28EFEN

Abstracts

Includes 3 FREE quarterly updates

Core Views

Consumer price inflation in the Czech Republic accelerated to 0.4% y-o-y in May, from 0.1% in April, in line with our expectation that the economic rebound underway in Q114 should feed through to stronger inflationary pressures. Signs that the remaining slack in the labour market is declining and that demand-side inflationary pressures are now picking up are already evident in the May headline inflation outturn, as well as in wage growth, which accelerated markedly in Q114. We expect the ruling coalition in the Czech Republic comprising the centre-left CSSD and the populist ANO 11 party to remain stable for the duration of their term in power until 2018. However, declining support for the ruling CSSD party reflects a broad-based public disaffection with the political establishment as well as general suspicion towards the party's pro-EU stance. We reiterate our view that the country will continue to post modest current account deficits for the foreseeable future. The country's status as a regional safe haven will ensure that stable financial inflows continue to cover the country's external financing needs.

Major Forecast Changes

Following the Czech Statistical Office's recent upward revision of the Q114 real GDP growth for the Czech Republic – to 2.5% from 2.1%, we have revised slightly upward our real GDP growth forecast – to 1.8% for 2014 from 1.6% previously. Nevertheless, we reiterate our view that growth will slow in H214, as we expect a slowdown in German export growth in H214 to chip away at the momentum behind the export-led recovery in the Czech Republic.

Contents

CHAPTER 1: POLITICAL OUTLOOK

SWOT Analysis

BMI Political Risk Ratings

Domestic Politics

Stability In Place Despite Waning Support For Ruling Party

We expect the ruling coalition in the Czech Republic comprising the centre-left CSSD and the populist ANO 11 party to remain stable

for the duration of their term in power until 2018. However, declining support for the ruling CSSD party reflects a broad-based public

disaffection with the political establishment as well as general suspicion towards the partys pro-EU stance.

Table: Political Overview

Long-Term Political Outlook

Further Western Integration Ahead

The Czech Republic will remain the most 'Western' of the CEE states over the next ten years, with per capita income set to reach the level

of poorer pre-2004 EU member states by the early 2020s. The country will face some key challenges, namely fiscal pressures from an

ageing population, relations between Czechs and immigrant minority groups, and potential ructions with Brussels. That said, the Czech

Republic will remain among the most politically, socially and economically stable countries in Europe through the next decade.

CHAPTER 2: ECONOMIC OUTLOOK

SWOT Analysis

BMI Economic Risk Ratings

Economic Activity

Momentum Behind Export-Led Recovery To Wane

We have slightly revised upward our forecast for real GDP growth in the Czech Republic for 2014 - to 1.8% from 1.6% previously

due to a slightly more robust export-led recovery than we previously expected.

Nevertheless, our forecast remains below Bloomberg

consensus for 2014, as we expect the momentum behind the rebound to lose some steam in H214.

Table: Economic Activity

Monetary Policy

No Further Easing In 2014

We maintain that inflation in the Czech Republic is already bottoming out and poised for gradual acceleration in H214. With inflation likely to return back within the Czech National Bank (CNB)'s target and the economic recovery on track, we see no major incentives for the CNB to ease further this year.

Table: Monetary Policy

Table: Current Account

Balance Of Payments

Modest Current Account Deficits Ahead

The Czech Republic will post modest current account deficits for the foreseeable future, as the country's trade surpluses will be offset by its structural income deficits. We expect these shortfalls to be covered by ample financial account inflows as the country's safe haven status will ensure high demand for Czech real and financial assets.

Fiscal Policy

Fiscal Sustainability In Place

In light of the new Czech government's plans to ramp up social spending, we expect the budget deficit to moderately expand in 2014-

2015 - TO 1.5% OF GDP AND 1.7%, RESPECTIVELY, FROM 1.3% IN 2013. WE EXPECT THE GOVERNMENT'S BUDGET DEFICITS TO REMAIN BELOW THE EU

Fiscal Pact-mandated limit of 3.0% of GDP for the foreseeable future.

Table: Fiscal Policy

CHAPTER 3: 10-YEAR FORECAST

The Czech Economy To 2023

Effective Convergence

The Czech Republic is forecast to remain a positive convergence story through the coming 10 years, despite the severe adverse impact of the 2008-2009 global recession, with the eurozone accession policy anchor contributing to steady progress in a long-term government reform agenda, despite a target for accession yet to be decided.

Table: Long-Term Macroeconomic Forecasts

CHAPTER 4: BUSINESS ENVIRONMENT

SWOT Analysis

BMI Business Environment Risk Ratings

Business Environment Outlook

Institutions

Table: BMI BUSINESS AND OPERATION RISK RATINGS

Table: BMI LEGAL FRAMEWORK RATING

Table: LABOUR FORCE QUALITY

Infrastructure

Table: EMERGING EUROPE - ANNUAL FDI INFLOWS

Table: TRADE AND INVESTMENT RATINGS

Market Orientation

Operational Risk

CHAPTER 5: KEY SECTORS

Freight Transport

Table: Rai I Freight

Table: Road Freight

Table: Air Freight

Table: Inland Waterway Freight

Water

Table: Water Consumption, 2012-2018

Table: Wastewater Treatment, 2012-2018

Table: Water Sanitation, 2012-2018

Other Key Sectors

Table: Oil and Gas Sector Key Indicators

Table: Food and Drink Sector Key Indicators

Table: Defence and Security Sector Key Indicators

Table: Telecoms Sector Key Indicators

Table: Infrastructure Sector Key Indicators

Table: Autos Sector Key Indicators

Table: Pharma Sector Key Indicators

CHAPTER 6: BMI GLOBAL ASSUMPTIONS

Global Outlook

Emerging Market Deceleration

Table: Global Assumptions

Table: Developed States , Real GDP Growth , %

Table: BMI VERSUS BLOOMBERG CONSENSUS REAL GDP GROWTH
FORECASTS, %

Table: Emerging Markets , Real GDP Growth , %

I would like to order

Product name: Czech Republic Business Forecast Report Q3 2014

Product link: <https://marketpublishers.com/r/C30296E28EFEN.html>

Price: US\$ 1,195.00 (Single User License / Electronic Delivery)

If you want to order Corporate License or Hard Copy, please, contact our Customer Service:

info@marketpublishers.com

Payment

To pay by Credit Card (Visa, MasterCard, American Express, PayPal), please, click button on product page <https://marketpublishers.com/r/C30296E28EFEN.html>