


**JUNE 2010 ECONOMIC OUTLOOK FOR THE CZECH REPUBLIC: ANSWERS FROM SPCR**

<b>MAIN FORECAST</b>						
<i>Annual % change</i>		<b>2010</b>	<b>2011</b>			
Real GDP growth		1,3	2,6			
Consumer price inflation		1,5	1,8			
Unemployment rate		8,8	8,6			
Employment growth		-1,8	0,0			
government net lending (% of GDP)		-5,3	-5,2			
gross public debt (% of GDP)		38,6	39,1			
current account balance (% of GDP)		0,5	-0,2			
<b>Components of aggregate demand - in real terms</b>						
<i>Annual % change</i>		<b>2010</b>	<b>2011</b>			
Private consumption		-1,1	2,0			
Public consumption		-2,5	1,0			
Private non-residential investment (*)		-3,7	2,5			
Exports		4,4	5,0			
Imports		2,8	5,0			
(*) Data refers to Total Gross Fixed Capital Formation						
<b>ECONOMIC SENTIMENT</b>						
	<b>Positive</b>	<b>Negative</b>	<b>Unchanged</b>			
<b>Trend in business climate over the next 6 months</b>	Industry					
	Services					
	<b>Positive</b>	<b>Negative</b>	<b>Unchanged</b>			
<b>Trend in profitability over the next 6 months</b>		Industry				
		Services				
	<b>Global demand</b>	<b>Domestic demand</b>	<b>Cost of finance</b>	<b>Availability of finance</b>	<b>Company Profitability</b>	<b>Capacity Utilisation</b>
<b>Influence on companies' investment decisions</b>	positive	negative	neutral	neutral	neutral	negative
	<b>Replacement</b>	<b>Extension</b>	<b>Rationalisation</b>	<b>Innovation</b>		
<b>Driving force behind investment decisions in the next 6 months</b>	neutral	neutral	positive	positive		
	<b>Industry: past 6 months</b>	<b>Industry: next 6 months</b>	<b>Services: past 6 months</b>	<b>Services: next 6 months</b>		
<b>Overall trend in employment</b>	Down	Same	Down	Same		



POLICY MIX					
	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate</i>	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>					
	<i>adequate</i>	<i>inadequate</i>			
<i>Consistency between fiscal and monetary policies</i>	yes				
	<i>excellent commitment</i>	<i>satisfactory commitment</i>	<i>neither satisfactory nor unsatisfactory commitment</i>	<i>unsatisfactory commitment</i>	<i>no clear commitment creating an extremely worrying situation</i>
<i>Regarding the sustainability of public finances, government shows ...</i>			yes		
<i>Exit Strategies</i>	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Tight fiscal rules and more effective institutions</i>		yes			
<i>Greater efficiency of public administrations</i>			yes		
<i>Credible cost-cutting measures</i>			yes		
<i>Increased scope of public-private partnerships</i>				yes	
<i>Reform of pension systems</i>			yes		
<i>Improved efficiency of healthcare sector</i>				yes	
<i>Entry Strategies</i>	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>More and better-targeted education and training</i>				yes	
<i>More and better targeted R&amp;D and innovation efforts</i>		yes			
<i>Prioritisation of infrastructure investments</i>		yes			
<i>Growth enhancing tax reforms</i>			yes		
	<i>respect the 3% limit</i>	<i>be in balance</i>			
<i>In 2015, the government deficit will...</i>	yes	no			

<b>ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH</b>				
<b>Compared to 6 months ago, cost/access to finance has been...</b>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>
<i>for SMEs</i>			Cost	
			Access	
<i>for larger companies (&gt;250 employees)</i>			Cost	
			Access	
<b>Over the next 6 months, cost /access to finance will be...</b>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>
<i>for SMEs</i>		Cost	Access	
<i>for larger companies (&gt;250 employees)</i>		Cost	Access	