
Macroeconomic indicators - Czech GDP growth seen at 1.4pct in 2010

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Czech News Agency reported that Czech National Bank expects the national economy to fall by 4.4% in 2009 but to grow by 1.4% in 2010. In its previous forecast released in August, CNB expected GDP to fall by 3.8% in 2009 and to grow by 0.7% in 2010. For 2011, CNB has kept its GDP growth forecast unchanged at 2.2%.

Mr Zdenek Tuma governor of CNB said that CNB thus increased its estimate for 2010 but lowered the estimate for 2009. He added that "We believe that the Czech economy has already hit the bottom. Next year we expect a moderate growth, though the journey will be somewhat bumpy. After a certain surge the economy will be still damped down under the influence of the budgetary policy and the growing unemployment."

Mr David Marek chief economist at Patria Finance said that "CNB's decision to keep interest rates unchanged is in harmony with our expectation. The latest forecasts are not a surprise for us either." He added that CNB's estimate for this year does not differ very much from forecasts on the financial market and the estimates of other institutions.

The finance ministry's latest macroeconomic forecast from end October expects GDP to grow by 0.3%. This year the ministry expects the economy to fall by as much as 5%. According to the European Commission, the Czech economy should grow by 0.8% in 2010 after falling by 4.8% in 2009.

(Sourced from Czech News Agency)

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