5 January 2024

General government sector balance ended up with a deficit in the Q3 2023

Government deficit and debt – the third quarter of 2023

**In the third quarter of 2023, the general government sector balance ended up with a deficit corresponding to 2.1% of the GDP. The government debt ratio decreased by 0.7 percentage point (p. p.), year-on-year (y-o-y), to 44.5% of the GDP.**

In the Q3 2023, the general government sector deficit was CZK 38.8 billion, which means that in the year-on-year comparison it improved by CZK 17.3 bn. The central government balance continued to be in a deficit of CZK 51.9 bn, which reduced, year-on-year, by CZK 16.1 bn. The local government sector balance ended up with a surplus in the amount of CZK 11.0 bn, which is an improvement by CZK 3.8 bn, year-on-year. Social security funds (of health insurance companies) performance ended up with a surplus of CZK 2.1 bn.

*“In the third quarter of 2023, the general government sector balance ended up with a deficit of CZK 38.8 bn. Year-on-year, received taxes on income were increasing the most on the income side and social benefits paid on the expenditure side. The government debt ratio reached the amount of 44.5% of the GDP and decreased by 0.7 p. p., year-on-year,”* Helena Houžvičková, Director of the Government and Financial Accounts Department of the Czech Statistical Office (CZSO), stated.

The general government sector balance, Q3 2021 – Q3 2023

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| Period | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 |
| CZK bn | -42.7 | -96.8 | -63.8 | 2.2 | -56.1 | -100.2 | -104.0 | 25.4 | -38.8 |
| % of the GDP | -2.7 | -6.0 | -4.1 | 0.1 | -3.2 | -5.6 | -6.1 | 1.4 | -2.1 |

*Note: Data in the table are not seasonally adjusted; they cannot be compared quarter-on-quarter.*

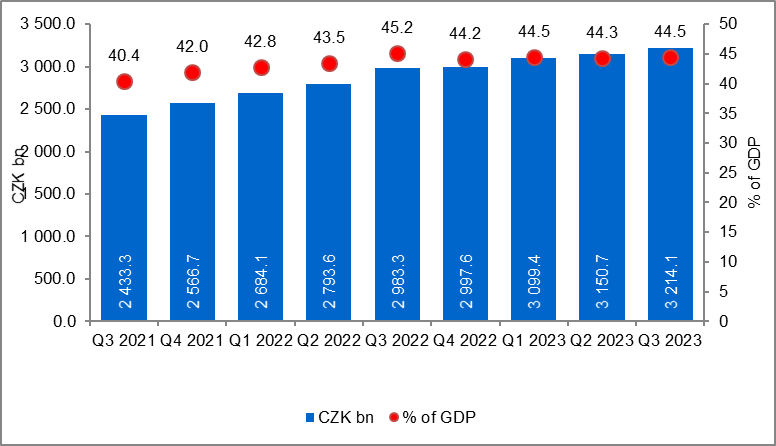
The total general government sector revenues increased by 9.1%, y-o-y, and reached 41.1% of the GDP. The y-o-y increase in revenues was mainly contributed to by received taxes on income and received social contributions. The total government expenditure increased by 6.2%, y-o-y, and reached 43.2% of the GDP. Expenditure on social benefits and compensation of employees increased the most.

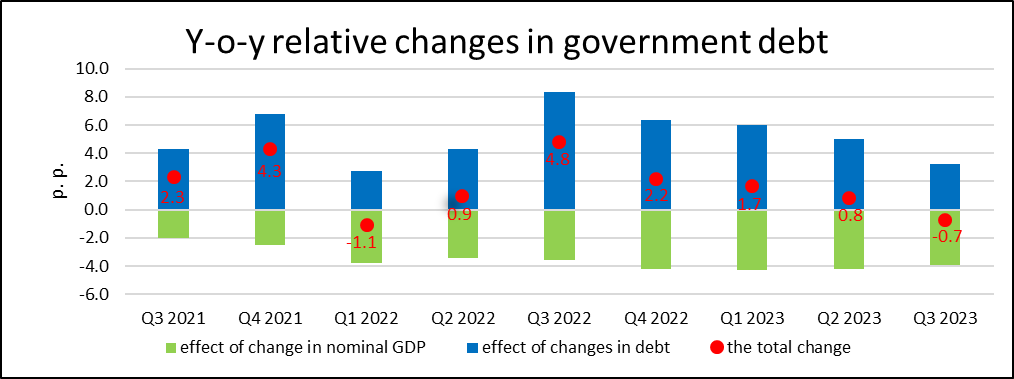
The nominal debt of the general government increased, year-on-year, by CZK 230.8 bn to CZK 3 214.1 bn. The government debt ratio decreased from 45.2% to 44.5% of the GDP, year-on-year; the influence of the nominal change of the debt was +3.2 p. p., while the increasing nominal GDP contributed to a decrease in indebtedness by –3.9 p. p. In the q-o-q comparison, the debt increased by CZK 63.4 bn, the nominal change of the debt was 0.9 p. p., whereas the increase of the nominal GDP contributed to a decrease of indebtedness by –0.7 p. p., which means that the debt ratio increased, quarter-on-quarter, by +0.2 p. p.

In the third quarter of 2023, the change in the debt, quarter-on-quarter, (an increase by CZK 63.4 bn) was significantly different from the general government sector balance (a deficit of CZK 38.8 bn). The general government sector borrowed by CZK 24.6 bn more than its balance was, which resulted in an increase in the value of assets held, especially of deposits.

Regarding the debt structure, mainly issued debt securities increased, y-o-y (CZK +300.7 bn).

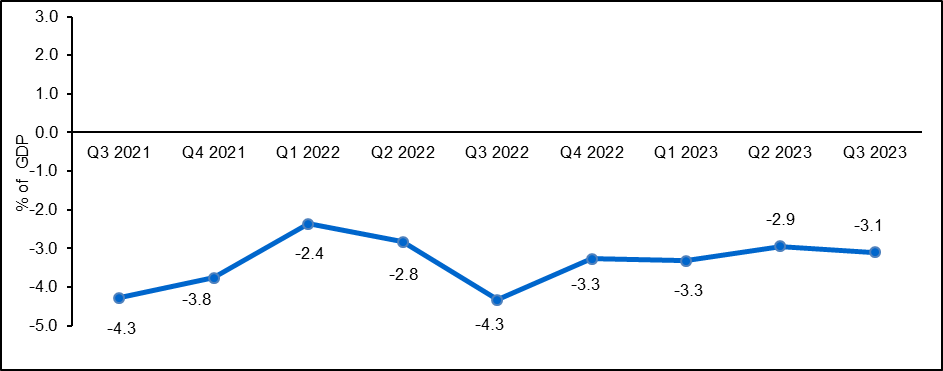
**Debt of the general government sector, Q3 2021 – Q3 2023**





The general government sector balance after seasonal adjustment as well as adjustment for calendar effects ended up with a deficit of CZK 57.1 bn, which corresponded to 3.1% of the GDP. The general government sector balance improved by CZK 2.9 bn, q-o-q. The development of the general government sector balance adjusted by seasonal and calendar effects is shown in the chart below.

**Seasonally adjusted general government sector balance, Q3 2021 – Q3 2023**



Notes:

*Quantification of fiscal indicators of government deficit and debt mentioned above is based on the ESA2010 methodology. Data published in this news release are methodologically consistent with the data used for the statistics of the excessive deficit procedure (EDP) purposes and for the assessment of how Maastricht convergence criteria are met.*

*The government surplus/deficit is represented by the item B.9 “net borrowing (−) or net lending (+)” in the system of national accounts. It refers to the ability of the general government sector to finance other sectors of the economy (+) or the need of the general government sector to be financed (−) by other sectors of the economy in the given period.*

*The general government debt is the amount of consolidated liabilities of the general government sector comprising the following items: received deposits, issued debt securities, and received loans. In case of foreign exchange debt instruments hedged against the currency risk, the value in CZK is obtained by means of the contractual exchange rate.*

*The general government sector balance is compared with the amount of the GDP in the given quarter at current prices. The amount of the consolidated general government debt is compared with the sum of quarterly GDP for the last four quarters at current prices. Fiscal indicators of quarterly government deficit and debt are published within the Transmission programme (Table 25 and Table 28) on the CZSO’s website* [*General government sector*](https://apl.czso.cz/pll/rocenka/rocenka.indexnu_gov?mylang=EN) *in the “GDP, National Accounts” section. Unless otherwise stated, data are not seasonally adjusted as well as they are not adjusted for calendar effects. Time series of seasonally adjusted sector accounts for the government sector (the item of net lending / net borrowing)* [*Time series of seasonally adjusted sector accounts for S.13*](https://apl.czso.cz/pll/rocenka/rocenkavyber.kvart_qsa?mylang=EN&oblast=@RU)*.*

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| *The next news release will be published on:* | *2 April 2024* |