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Government deficit and debt – 3. quarter of 2015

Balance repeatedly in surplus, indebtedness continues to decline

In the second quarter 2015, **balance of government institutions** expressed as a percentage of GDP has reached **surplus** **0.91 percent**. Compared to the third quarter of 2014, deficit has been reduced by almost 0.9 percentage points (p.p.). Revisions of previous quarters of the current year result from updates of data sources.

Surplus/Deficit of government institutions, the Czech Republic, 3.Q2014-3.Q2015

|  |  |  |  |
| --- | --- | --- | --- |
|  | Unit | 2014 | 2015 |
| 3. quarter | 4. quarter | 1. quarter | 2. quarter | 3. quarter |
| Net lending/borrowing (surplus/deficit) of general government | CZK mill. | 98 | -39 624 | -13 971 | 13 732 | 10 448 |
| % of GDP | 0,01 | -3,54 | -1,35 | 1,22 | 0,91 |

*Notice: data are not seasonally-adjusted; data cannot be compared quarter-to-quarter*

Final balance has been improved at central government level (annually by CZK 11.5 mill.), while in other subsectors (i.e. local government and health insurance companies) relevant financial indicator has worsened. On the resources side, the annual growth by 5.8 % in total revenues of government institutions has been driven mainly by rising tax revenues and a higher drawdown of EU funds. On the expenditure side, mainly government investments account for the annual growth in total government expenditures by 3.5 %.

The Czech **government consolidated** **gross debt** has decreased on the annual basis by 1.87 percentage point to **41.42 percent of GDP**. Decreasing trend is driven mainly by rising nominal GDP and stabilised nominal level of the state debt constituting a dominant part of the total government debt. Compared to the first quarter 2015, the indebtedness has been reduced by 0.41 p.p.

Debt of government institutions, the Czech Republic 3.Q2014-3.Q2015

|  |  |  |  |
| --- | --- | --- | --- |
|  | Unit | 2014 | 2015 |
| 3. quarter | 4. quarter | 1. quarter | 2. quarter | 3. quarter |
| Consolidated gross government debt | CZK mill. | 1 830 097 | 1 821 327 | 1 836 141 | 1 828 704 | 1 831 313 |
| % of GDP | 43,29 | 42,75 | 42,55 | 41,83 | 41,42 |

Shares of relevant instruments on the total debt remain stable over time with dominant position of debt securities (90 percent).

Indicators of government deficit and debt mentioned above are based on the accrual basis as requested by the methodology ESA2010 and the Manual on government deficit and debt. Accrual accounting records flows at the time economic value is created, transformed, exchanged, transferred or extinguished. Government surplus/deficit is represented by the item B.9 “net borrowing (-) or net lending (+)” in national accounts. It refers to the ability of general government sector to finance other sectors (+) or the need of general government sector to be financed (-) by other economic sectors. From the methodological point of view, the published indicators are fully consistent with the annual indicators used for the EDP purposes.

Deficit is compared with nominal GDP in given quarter. The amount of consolidated debt defined as sum of the items Currency and deposits, Debt securities and Loans, is compared with the sum of nominal GDP for the last four quarter. Fiscal indicators of quarterly government deficit and debt are regularly published within the Transmission programme (table 25, table 28) on the web [www.czso.cz](http://www.czso.cz) in the section “GDP, National Accounts” (<http://apl.czso.cz/pll/rocenka/rocenka.indexnu_gov?mylang=EN>)

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