03. 10. 2016

Government deficit and debt – 2. quarter of 2016

Balance in a surplus, the level of indebtedness declined

**The general government balance** expressed as a percentage of GDP reached a high **surplus** **of 1.83 percent** in the second quarter of 2016. The surplus grew by 0.9 percentage point (p.p.) compared to the second quarter of the previous year.

Surplus/Deficit of government institutions, the Czech Republic, 1.Q2015–2.Q2016

|  |  |  |  |
| --- | --- | --- | --- |
|  | Unit | 2015 | 2016 |
| 1. quarter | 2. quarter | 3. quarter | 4. quarter | 1. quarter | 2. quarter |
| Net lending/borrowing (surplus/deficit) of general government | CZK mill. | -16 520 | 10 612 | 8 796 | -31 495 | -8 793 | 21 820 |
| % of GDP | -1.57 | 0.93 | 0.76 | -2.63 | -0.80 | 1.83 |

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

An annual growth in receipts (2 percent annually) was accompanied by declining amount of expenditures (by 0.3 percent annually). General government revenues were boosted by a 7 percent increase in tax receipts while investment subsidies received by general government sharply decreased by 72 percent. Mainly a strong decline in gross capital formation expenditures by 25 percent annually accounts for a decreasing amount of total outlays. The most significant rise in expenditures was recognized in case of intermediate consumption (7 percent), non-investments grants (5 percent) and compensation of employees (4 percent).

**General government consolidated** **gross debt** decreased annually by 1.40 p.p. to **39.76 percent of GDP**. This decrease in indebtedness was driven mainly by rising nominal GDP contributing by 1.84 p.p., while growing nominal debt exerted a pressure on the growth in indebtedness by 0.44 p.p. Indebtedness declined by 0.65 p.p. compared to the previous quarter due to the contribution of nominal GDP growth (-0.44 p.p.) and decreasing nominal debt (0.21 p.p.)

Debt of government institutions, the Czech Republic 1.Q2015-1.Q2016

|  |  |  |  |
| --- | --- | --- | --- |
|  | Unit | 2014 | 2015 |
| 1. quarter | 2. quarter | 3. quarter | 4. quarter | 1. quarter | 2. quarter |
| Consolidated gross government debt | CZK mill. | 1 835 431 | 1 828 485 | 1 828 434 | 1 836 255 | 1 857 425 | 1 847 893 |
| % of GDP | 41.94 | 41.16 | 40.65 | 40.32 | 40.41 | 39.76 |

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

*Notices:*

*Indicators of government deficit and debt mentioned above are based on the methodology ESA2010 and the Manual on government deficit and debt. Quarterly indicators published in this release are methodologically consistent with the annual indicators used for the EDP purposes.*

*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. Deficit is compared with nominal GDP in given quarter.*

*General government debt is defined as sum of the items Currency and deposits, Debt securities and Loans. General government debt at the end of a given quarter is compared with the sum of nominal GDP in four previous quarters.*

*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*](http://apl.czso.cz/pll/rocenka/rocenka.indexnu_gov?mylang=EN)*)*

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