April 04, 2018

The balance reached surplus, government debt ratio decreased

Government deficit and debt – 4. quarter of 2017

In Q4 2017, **the general government sector balance** expressed as a percentage of GDP reached a surplus **0.06 percent**. An annual change in the balance reached 1.54 percentage points (pp). **The indebtedness** declined annually by 2.17 pp to **34.60 percent of GDP**.

The general government sector balance, the Czech Republic, 4.Q2016 – 4.Q2017

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Unit | 2016 | 2017 | | | |
| 4. quarter | 1. quarter | 2. quarter | 3. quarter | 4. quarter |
| Net borrowing (deficit) of general government | CZK mill. | -18 404 | 3 230 | 42 099 | 34 485 | 807 |
| % of GDP | -1.48 | 0.28 | 3.32 | 2.68 | 0.06 |

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

An annual change in the balance (CZK +19.2 bn) was exclusively driven by the development on the central government level. In Q4 2017, the central government institutions reached surplus CZK 10.4 bn which represents an annual change of +23.8 bn compared to the same period of the previous year (CZK -13.4 bn). Balance of the local government stood at CZK -6.4 bn, with an annual rise in deficit by 2.8 bn. Deficit of social security funds grew annually by 1.8 bn to CZK 3.2 bn.

The total government revenues increased annually by 7.2 percent, especially due to rising revenues from income taxes (12.5 percent), taxes on production and imports (8.1 percent) and social contributions (7.7 percent). The total government expenditures increased annually by 3.3 percent. The highest growth was recorded in expenditures on gross capital formation (14.5 percent), compensation to employees (12.2 percent) and social benefits (3.2 percent).

At the end of the fourth quarter of 2017, **the** **government debt ratio** fell to **34.60 percent of GDP**. Compared to the previous quarter, the ratio has declined by 0.49 pp. A drop in the nominal GDP contributed to the annual decline with -0.69 pp. while growing nominal debt added +0.20 pp.

Debt of government institutions, the Czech Republic 4.Q2016 – 4.Q2017

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Unit | 2016 | 2017 | | | |
| 4. quarter | 1. quarter | 2. quarter | 3. quarter | 4. quarter |
| Consolidated gross government debt | CZK mill. | 1 754 883 | 1 924 077 | 1 922 884 | 1 739 356 | 1 749 141 |
| % of GDP | 36.77 | 39.88 | 39.43 | 35.09 | 34.60 |

Quarterly growth in the nominal debt by CZK 9.8 bn was predominantly caused by growing amount of short-term debt securities (+43.8 bn). A decrease was recorded in case of long-term debt securities (-27.9 bn) and currency and deposits (-6.9 bn). With the share of 91.6 percent in total debt, debt securities remain the major part of the government debt.

*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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