

Global Economic Outlook

———— May 2024



I. Introduction	2
II. Macroeconomic barometer	3
III. Economic outlook in selected territories	4
III.1 Euro area	4
III.2 Germany	5
III.3 United States	6
III.4 China	7
III.5 United Kingdom	8
III.6 Japan	8
III.7 Russia	9
III.8 Poland	9
III.9 Hungary	10
IV. Leading indicators and exchange rate outlooks	11
V. Commodity market developments	12
V.1 Oil	12
V.2 Other commodities	13
VI. Focus...	14
Two decades in the European Union: How have they been for the Visegrad Four states?	14
A. Annexes	21
A1. Change in predictions for 2024	21
A2. Change in predictions for 2025	21
A3. GDP growth and inflation outlooks in the euro area countries	22
A4. GDP growth and inflation in the individual euro area countries	22
A5. GDP growth and inflation in other selected countries	29
A6. List of abbreviations	30

Cut-off date for data

17 May 2024

CF survey date

13 May 2024

GEO publication date

24 May 2024

Notes to charts

ECB, Fed, BoE and BoJ: midpoint of the range of forecasts.

The arrows in the GDP and inflation outlooks indicate the direction of revisions compared to the last GEO. If no arrow is shown, no new forecast is available. Asterisks indicate first published forecasts for given year. Historical data are taken from CF, with exception of MT and LU, for which they come from OE.

Leading indicators are taken from Bloomberg and Refinitiv Datastream.

Forecasts for EURIBOR and LIBOR rates are based on implied rates from interbank market yield curve (FRA rates are used from 4M to 15M and adjusted IRS rates for longer horizons). Forecasts for German and US government bond yields (10Y Bund and 10Y Treasury) are taken from CF.

Contact

gev@cnb.cz

Authors

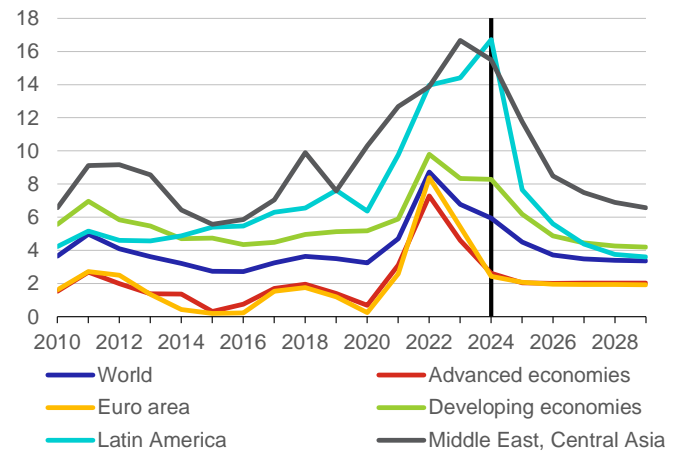
Luboš Komárek	Editor-in-chief, I. Introduction, VI. Focus
Petr Polák	Editor, III.3 United States, VI. Focus
Pavla Růžičková	III.1 Euro area
Michaela Ryšavá	III.2 Germany, III.5 United Kingdom, VI. Focus
Alexis Derviz	III.4 China
Martin Kábrt	III.6 Japan, VI. Focus
Adriana Waloszková	III.7 Russia
Jan Hošek	V.1 Oil, V.2 Other commodities, III.8 Poland, III.9 Hungary
Pavla Netušilová	VI. Focus

I. Introduction

Tensions in conflict areas are not abating. The conflict in Ukraine continues with intense fighting. The Ukrainians are waiting for the supply of weapons and ammunition from the West, primarily from the USA. In mid-May, US Secretary of State Antony Blinken announced additional medium-term military aid to Ukraine worth USD 2 billion. Meanwhile, the seven-month-long conflict following the attack on Israel by the Hamas terrorist movement has been killing ever more people in the Gaza Strip, with no end in sight. According to some international organisations, a humanitarian catastrophe with the outbreak of famine is imminent.

The global economy is maintaining its economic pace. According to the latest IMF and OECD forecasts, the global economy will show 3.2% growth next year. The good news for advanced economies is that, according to the IMF, their growth should rise slightly to 1.8% in 2025 from the 1.7% expected this year, while emerging economies should maintain their growth rate of 4.2%. One hope for the European region is the expected recovery of the German economy, which should shift into a higher gear from this year's expected weak growth (0.2%) to jump forward by 1.3% in 2025. This will translate into a similar positive shift in growth figures for the euro area as a whole, whose GDP is expected to grow by 1.5% next year. This projected improvement is further supported by solid growth expectations for France (1.4%) and Spain (2.1%). Italy is a blemish on the growth prospects in the euro area as it should maintain this year's expected economic growth of 0.7% next year too.

Annual consumer price inflation in selected groups of states, %



Source: IMF

Note: The vertical line denotes the start of the outlook

The chart in the current issue shows that, according to the IMF's outlooks, the inflation wave is behind us and inflation in advanced economies should hit the 2% target next year. Yet it is also interesting that while in most of the world the wave peaked in 2022, it did not do so in the Middle East and Asia until a year later, and in Latin America only this year. The chart also shows that inflation is "traditionally" highest in the Middle East and Asia group. However, this is partly due to several states with long-term high inflation (Syria, Myanmar, Iran, etc.). The high numbers for the Latin American region are heavily influenced by the runaway inflation in Argentina, currently at a frightening 290%.

The current issue also contains an analysis: ["Two decades in the European Union: How have they been for the Visegrad Four states?"](#). The article is a look back at the twenty-year membership of the Czech Republic, Hungary, Poland and Slovakia in the EU. It reminds us that the greatest benefits for the entire EU are brought by the four freedoms, i.e. the free movement of goods, services, capital and people. The article also looks in more detail at the progress the selected states have made in economic convergence and how successful they have been in terms of allocating European funds.

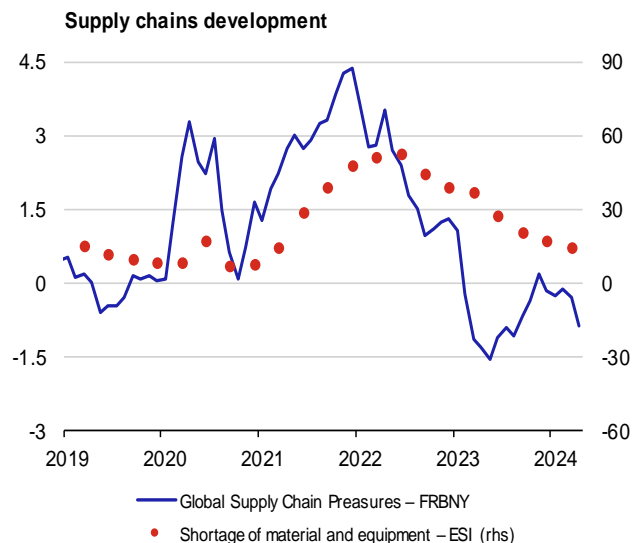
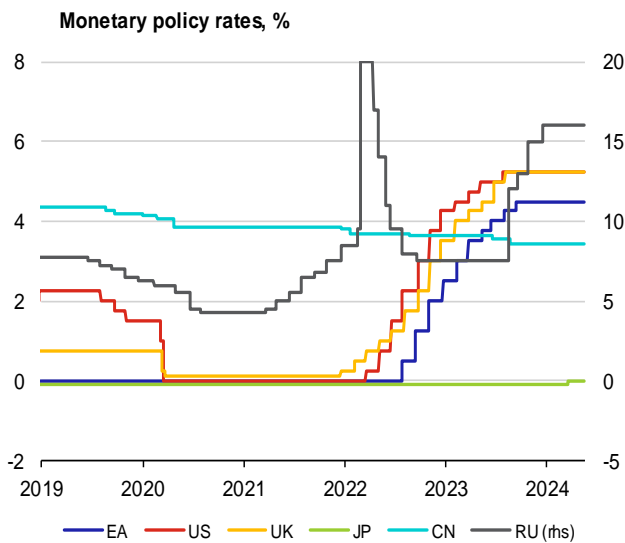
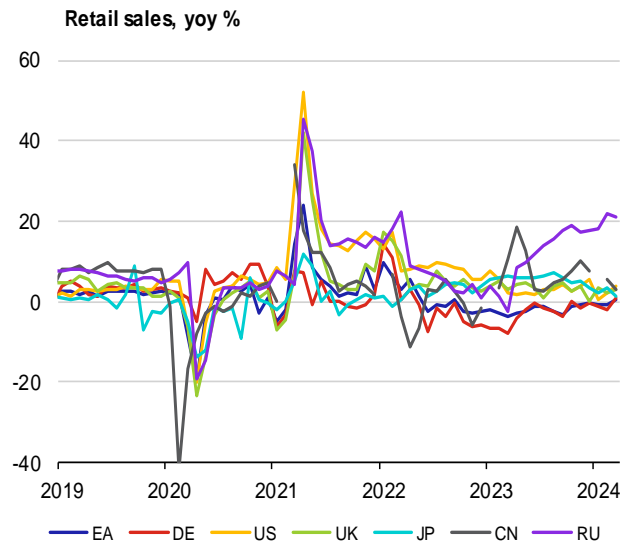
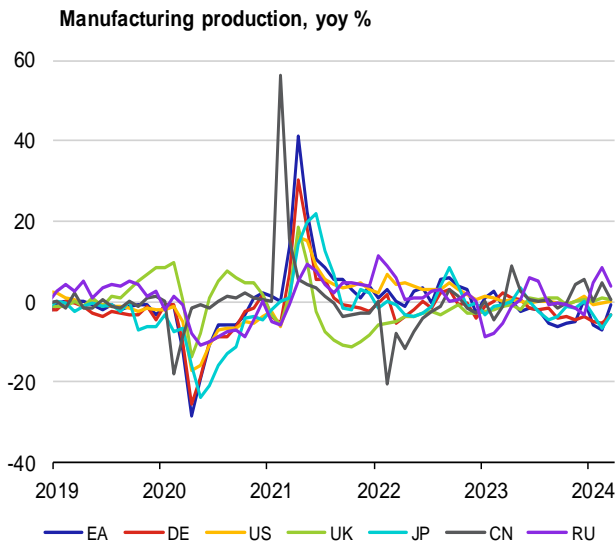
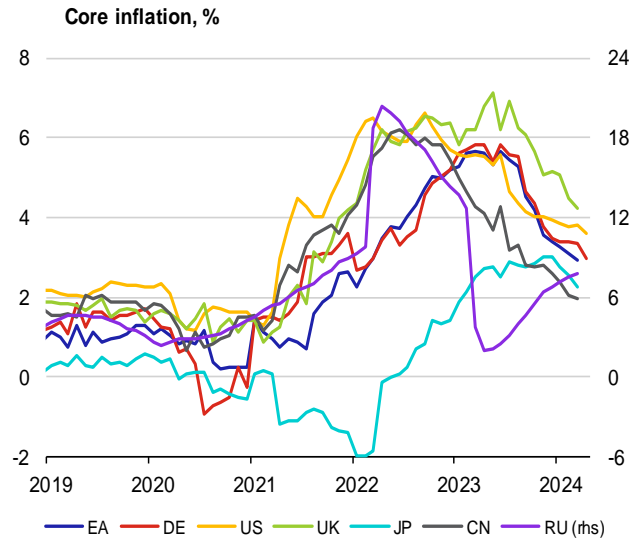
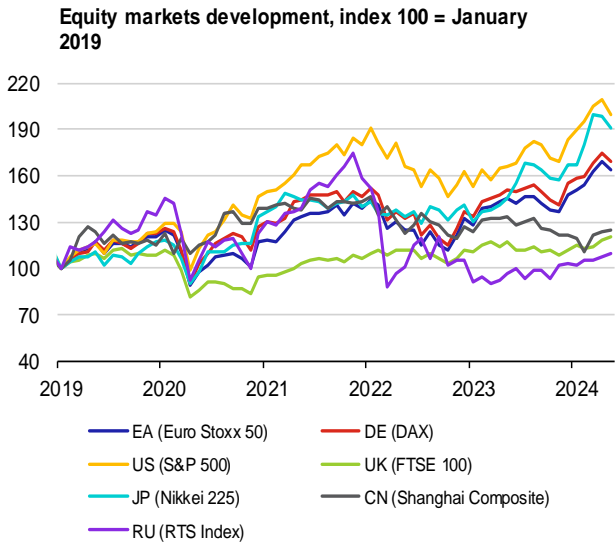
GEO barometer for selected countries

		EA	DE	US	UK	JP	CN	RU
GDP (%)	2024	0.6 ↗	0.2 ↗	2.4 ↗	0.5 ↗	0.5 ↘	4.9 ↗	2.3 ↗
	2025	1.4 →	1.1 →	1.7 →	1.1 ↘	1.2 →	4.4 →	1.4 →
Inflation (%)	2024	2.3 →	2.4 →	3.2 ↗	2.5 →	2.5 ↗	0.7 ↘	5.3 →
	2025	1.9 →	2.0 →	2.3 ↗	2.2 →	1.9 ↗	1.5 ↘	4.5 →
Unemployment (%)	2024	6.6 →	5.9 →	4.0 →	4.4 ↗	2.5 ↗	3.4 →	2.5 →
	2025	6.6 →	5.7 →	4.1 →	4.4 ↗	2.4 →	3.4 →	2.3 →
Exchange rate (against USD)	2024	1.09 ↘	1.09 ↘		1.26 ↘	143.8 ↗	7.19 ↗	96.0 ↘
	2025	1.13 ↘	1.13 ↘		1.30 ↘	132.5 ↗	7.00 ↗	95.8 ↗

Source: Consensus Forecasts (CF)

Note: The arrows indicate the direction of the revisions compared with the last GEO.

II. Macroeconomic barometer

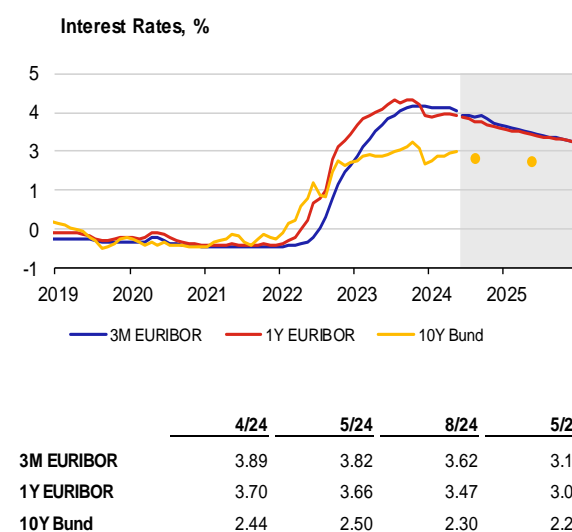
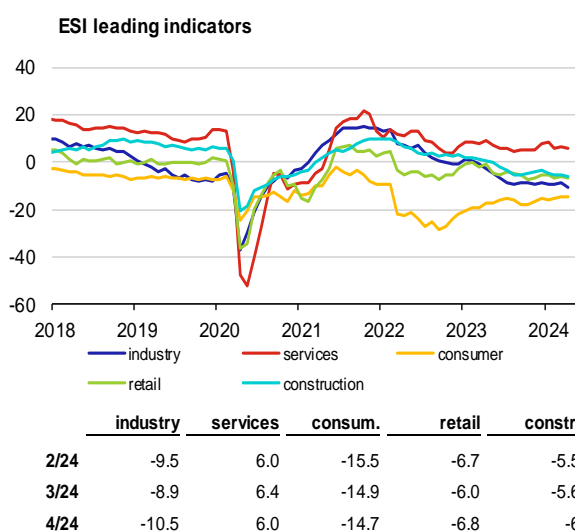
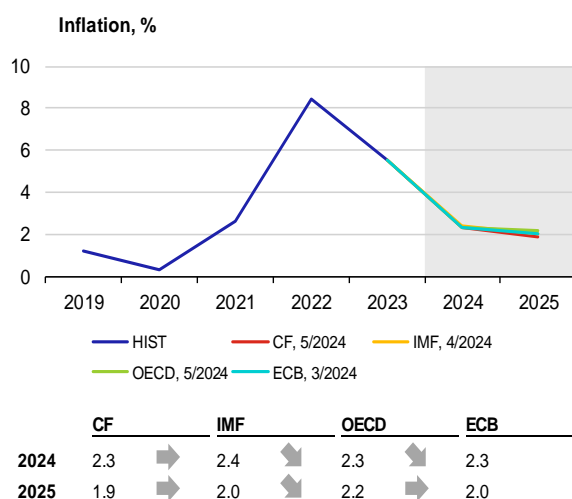
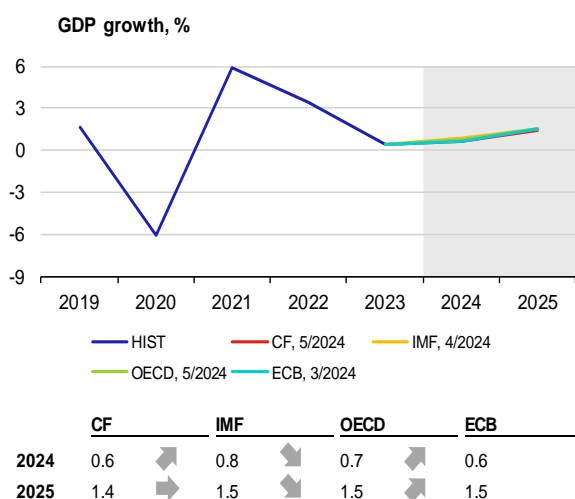


Source: Refinitiv Datastream, European Commission.

III.1 Euro area

The pace of economic recovery in the euro area surprised in the first quarter. GDP grew by 0.3% according to the first estimate, the fastest growth for the past year and a half, a period when the euro area was rather stagnant. The highest growth rates were recorded in Cyprus and Ireland (over 10%), while GDP also grew rapidly in Lithuania and Latvia (0.8%) and the Iberian Peninsula economies (0.7%). Italy's GDP grew by 0.3%, while Germany's 0.2% also exceeded expectations, with France achieving the same growth rate. Only the Netherlands and Estonia saw slight declines. According to the available commentaries, the sources of recovery appear to be highly heterogeneous across economies. Overall, however, the recovery in euro area growth can be assumed to be primarily driven by the services sector (retail sales recorded strong growth in March, probably helped by the Easter period) and construction. Although industrial production grew in February and March, it was unable to erase the January decline. Euro area GDP grew by 0.4% year on year. This trend is expected to continue. The composite PMI rose to 51.7 points in April, thanks to a further improvement in services, where managers are registering increased demand. The ZEW index has been rising sharply since February. Currently, a majority of the analysts (52%) are convinced that the euro area is heading for better performance (only 5% of respondents expect a deterioration). The IMF's new outlook for growth for this year has been revised downwards while the OECD forecast has been revised upwards – they have come together at approximately the levels predicted by the ECB and CF.

The new outlooks expect annual inflation to return towards the target next year. Disinflation stalled in April (2.4%) as the pick-up in annual food price inflation was fully offset by more moderate increases in prices of services and goods. Still, core inflation continues to drop steadily (2.7%). The month-on-month momentum remained high in April (0.7%) and, with encouraging developments in the real economy, is further tempering expectations about how quickly monetary policy should be eased. The ECB's first rate cut is expected in June. The new IMF and OECD forecasts bring this year's average inflation outlook down to roughly the level of the CF and ECB outlooks, and annual inflation will be close to the inflation target next year.

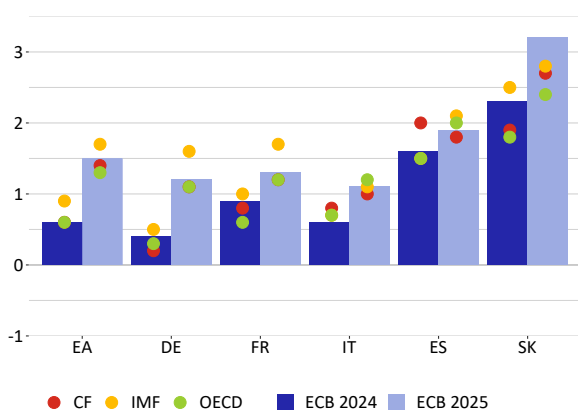


III.2 Germany

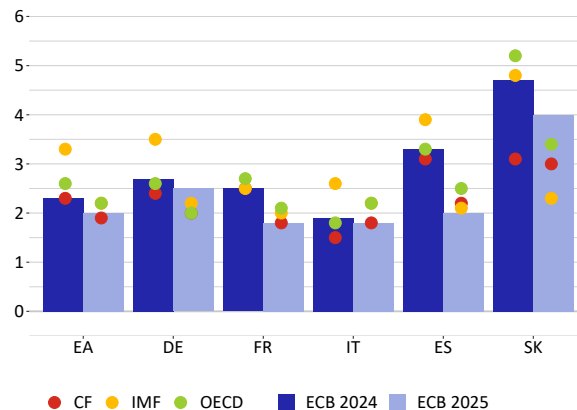
The German economy opened this year with moderate growth. According to a preliminary estimate, GDP grew by 0.2% in the first quarter compared to the fourth quarter of last year. This is a significant recovery after the decline of 0.5% shown by the revised figures (the original was 0.3%) in the previous quarter. In the end, economic output for 2023 declined by 0.2% after the revision. The moderate growth was primarily supported by a recovery in construction thanks to the milder winter weather, which was mainly offset by a decline in household final consumption expenditure. The new data indicate that the German economy may have found its footing at the beginning of the year, is gradually stabilising (including essential industrial production even in energy-intensive industries) and the outlooks are improving. The government has slightly upgraded its GDP forecast for this year to 0.3% growth and the German economy is set to grow by 1% next year. Both CF and the IMF are slightly more pessimistic in their forecasts for this year (0.2%) and more optimistic about next year (1.1% and 1.3%, respectively). The composite PMI rose to 50.6 points in April, the first month of expansion of private sector activity after nine consecutive declines. Growth was driven solely by the fastest expansion of services over the past year (53.2), while the decline in the manufacturing sector slowed but remained significant (42.5). In addition, according to the Ifo index, business sentiment improved for the third consecutive time. Entrepreneurs were more satisfied with their current situation and their expectations also improved. The recovery in consumer sentiment also continued in April.

Despite an unexpected pickup in April, consumer price inflation has been below three percent for a quarter of a year. Harmonised price inflation rose slightly year on year to 2.4% (from 2.3% in March) through the influence of food and energy prices. This is because energy prices fell less and food prices returned to growth after a year-on-year decline in March. Core inflation, excluding energy and food, slowed to 3% yet remains higher than headline inflation. Growth in services prices remained above average. The new CF forecast is that inflation should reach 2.4% this year and then slow to 2% next year. Industrial producer prices declined again year on year in March (by 2.9%), although more moderately.

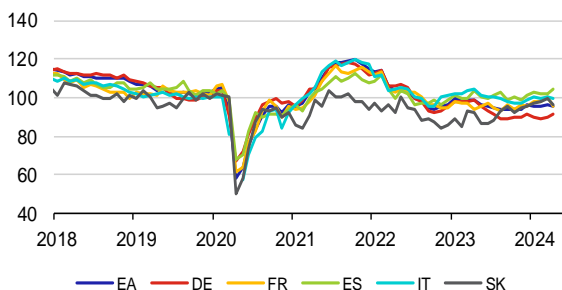
GDP growth in selected euro area countries in 2024 and 2025, %



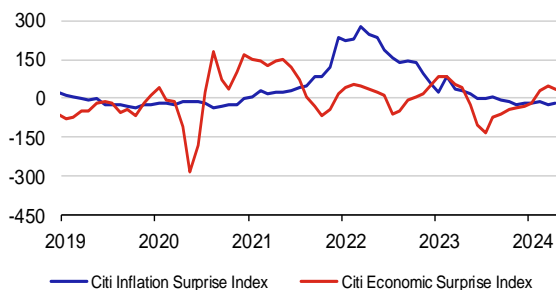
Inflation in selected euro area countries in 2024 and 2025, %



ESI leading indicators



Economic and inflation surprises in the euro area, %



Inflation expectations based on 5year inflation swap and SPF

	EA	DE	FR	ES	IT	SK
2/24	95.4	89.0	97.8	102.3	99.3	98.2
3/24	96.2	89.9	100.7	102.0	100.8	100.0
4/24	95.6	91.4	95.9	104.3	99.5	96.4

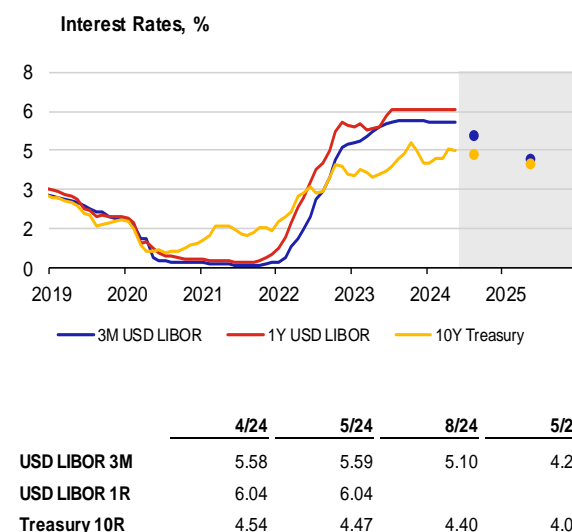
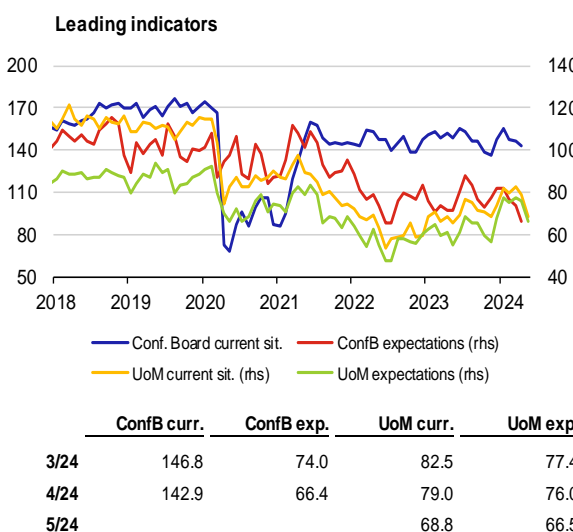
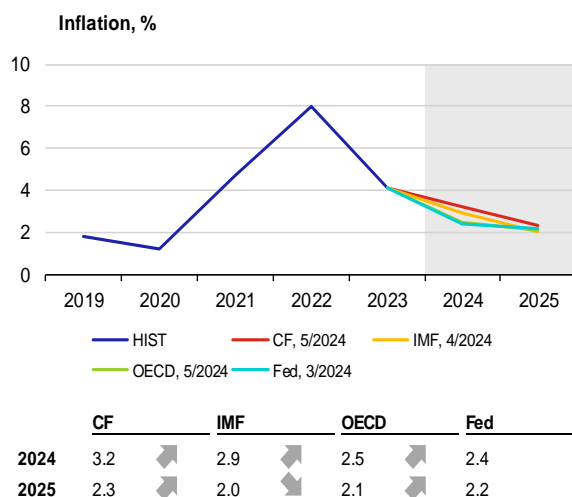
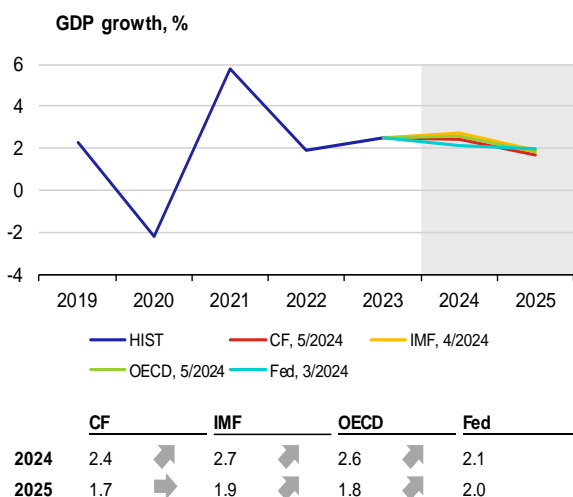
	5y5y	SPF
3/24	2.29	2.05
4/24	2.35	2.04
5/24	2.36	2.04

III.3 United States

The new GDP growth outlook for the US economy was shifted upwards again by the institutions monitored for this and next year. Although GDP growth in 2023 Q1 disappointed expectations and reached only 1.6%, there are no signs of a more drastic slowdown from consumers. The IMF’s new outlook for 2024 is the most optimistic, expecting GDP growth of 2.7%, while the OECD’s new outlook is one tenth less. The new CF outlook is a bit more conservative, expecting only 2.4% growth, but there has been an upward shift compared to the April outlook. Growth of below 2% is expected next year.

US President Joe Biden challenged his opponent in the presidential election, Donald Trump, to hold debates earlier than first planned. The debates were originally supposed to be in the autumn, but President Biden thinks this is too late since the voting process will already have begun in some states. Joe Biden has therefore proposed two presidential debates, one as early as the end of June and the other in September, answering the challenge from Donald Trump that he is ready for a debate anytime and anywhere. At the same time, both candidates are gradually starting their election campaigns.

The US Fed left rates unchanged in May, as expected by the markets. New figures from the economy initially increased bets on a delay of the first rate cut, but the latest numbers have had the opposite effect. Expectations about rate developments this year are strongly reacting to new incoming data. The markets expect two rate cuts by the US Federal Reserve in mid-May, while at the beginning of the month it looked like rates would not be cut this year. Chairman Jerome Powell has also repeatedly emphasised that the Federal Reserve must be patient and let the higher rates do their work. The inflation developments in the first quarter of this year have not yet been sufficiently convincing, yet Jerome Powell has also said that another rate hike is unlikely. The new inflation outlooks for this year and the next have been raised, with the exception of the IMF, which expects inflation to be at the 2% target next year. The new CF outlook expects US inflation to be as high as 3.2% this year, which is 0.8 percentage point higher than the Fed’s latest outlook.



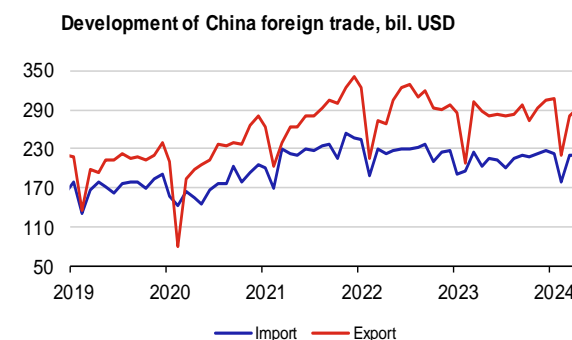
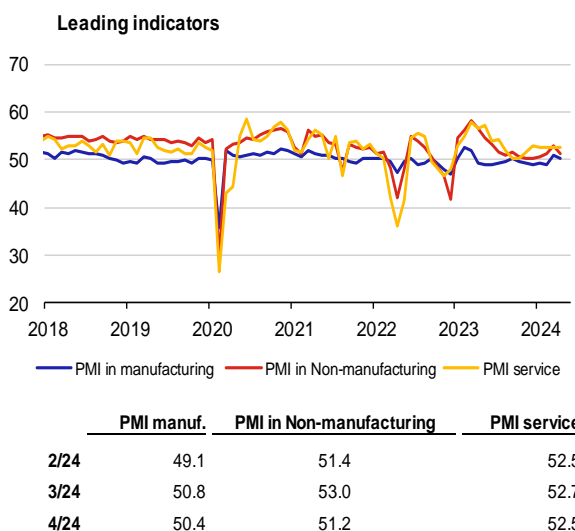
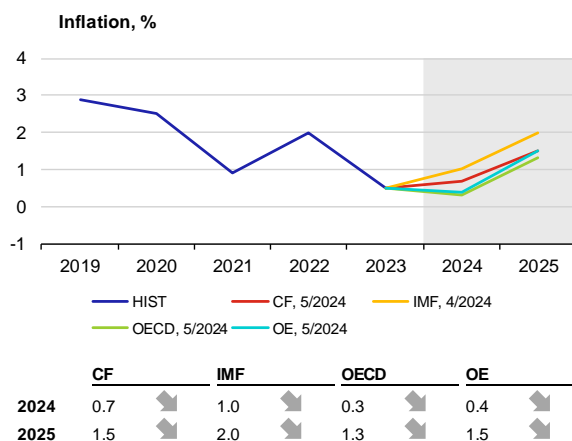
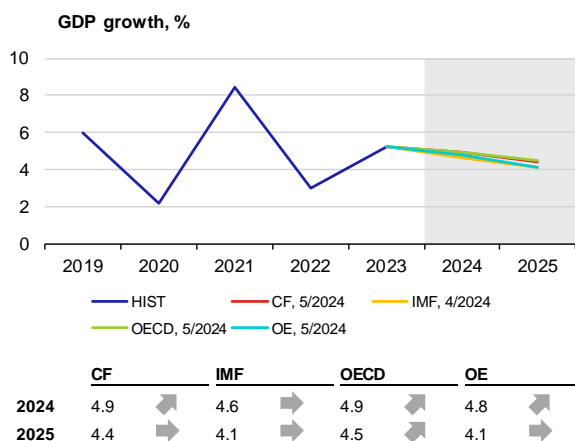
III.4 China

Annual GDP growth of 5.3% in the Q1 was close to most analysts' forecasts (5.2% consensus) and broadly in line with the target set by the Chinese leadership for 2024 (5%). Government stimulus measures are often cited as a significant factor behind the slight acceleration compared to the end of 2023, also reflected in the better-than-last-year's household consumption during the Lunar New Year celebrations. However, the subsequent (March) data on industrial production and household consumption fell somewhat short of expectations. On the other hand, the updated data on unemployment in urban areas for March (5.2%) signal an improvement of 0.3 percentage point year on year.

The Caixin Manufacturing PMI (51.4) was at its highest in six months, surpassing the highs reached in 2023. The Caixin Services PMI (52.5 in April), although down slightly from March (52.7), was in line with expectations and signals steady growth in activity in the services sector since last November. The Caixin General Composite PMI (52.8) looked similarly optimistic in April at values very similar to the previous four months.

Consumer price inflation was positive in April (0.3%) in year-on-year terms for the third straight month, exceeding both the March figure and market expectations (both 0.1%). Compared to March, the CPI also saw a slight month-on-month increase (0.1%). Though food prices declined further (a 2.7% year-on-year drop in April), core inflation accelerated slightly in April compared to March (0.7% vs 0.6%). Producer prices declined year on year (by 2.5 percentage points) in April.

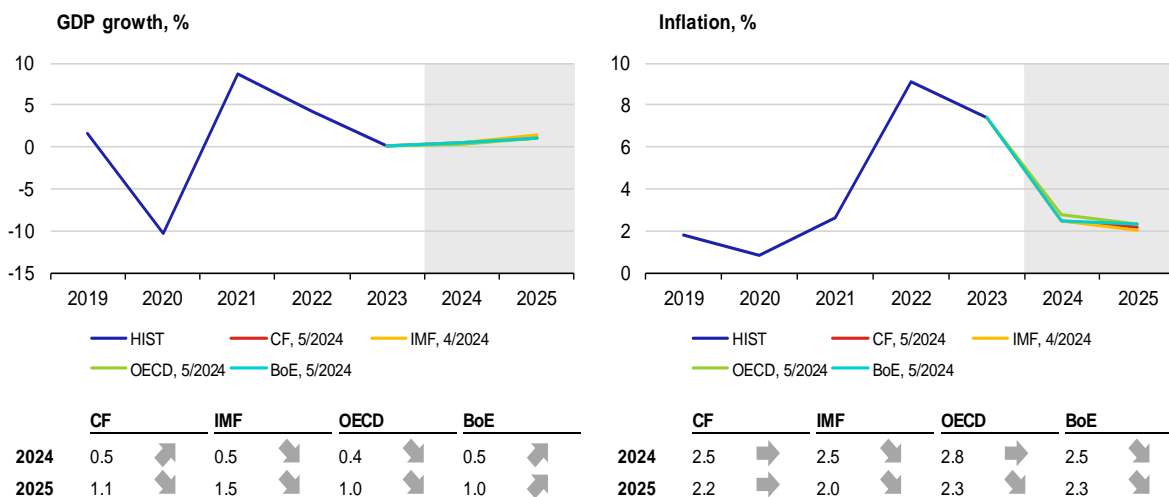
Exports from China grew by 1.5% year-on-year in April, partially correcting the significant (7.5%) decline in March. In the territorial structure, the visible trend of declining exports to most industrialised economies has continued for some time, while exports to close neighbours (including ASEAN and Taiwan) have been growing. Imports recorded strong growth (8.4%) associated with the effect of government policies to support consumption. From a territorial point of view, the increase in imports in April affected virtually all major trading partners. The trade balance remains positive, although it has returned from the record level seen in February closer to the levels observed in the last quarter of 2023.



Source: Bloomberg

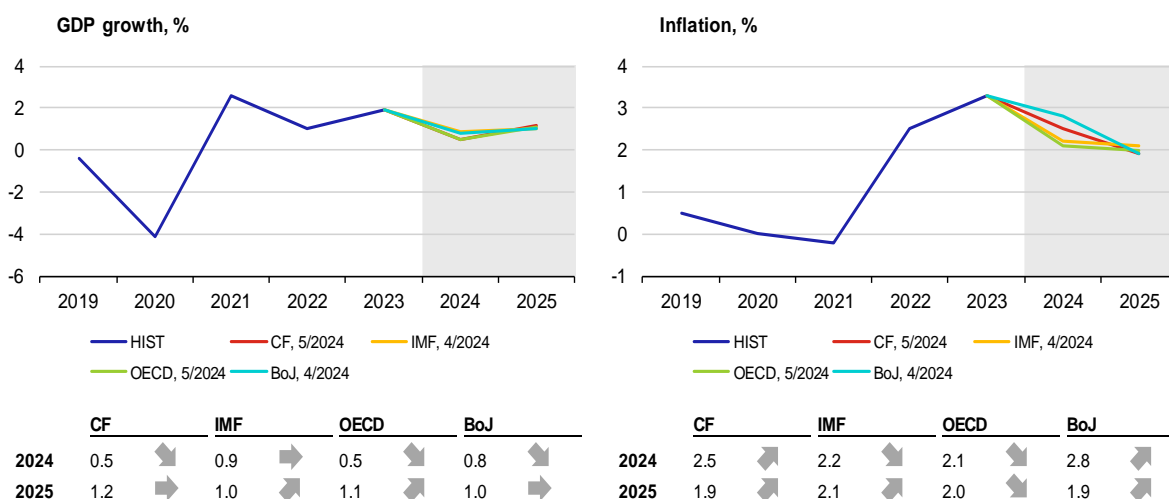
III.5 United Kingdom

The fastest growth in the last two years led the British economy out of last year's technical recession. GDP growth in the first quarter exceeded expectations, reaching 0.6% quarter on quarter according to the first estimate. The recovery was mainly driven by automotive manufacturing and broad-based growth in services. Overall, however, the economic situation remains weak, as the BoE now forecasts only 0.5% growth this year (as do CF and the IMF) and an acceleration to 1% next year (here CF and especially the IMF are more optimistic). The BoE left its benchmark interest rate unchanged at 5.25% in May, but signalled that a rate cut could be on the horizon if inflation continues to fall. Consumer price inflation slowed further to 3.2% year on year in March, mainly due to food prices. However, the key indicator of inflation persistence (growth in prices for services) slowed only slightly. According to the BoE, inflation should return to close to its 2% target in the near future, but will rise slightly in the second half of this year. Growth in business activity picked up to a one-year high, with the composite PMI rising to 54.1 points in April thanks to the services sector.



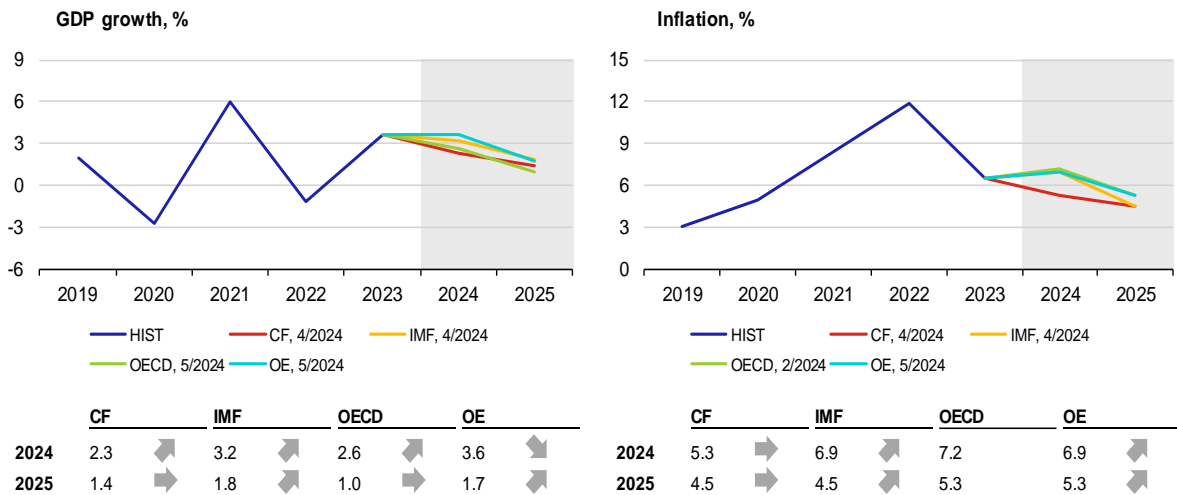
III.6 Japan

Economic activity contracted in the first quarter as consumption extended its three-quarters-long decline and returned below pre-COVID-19 levels. GDP fell by 0.5% quarter on quarter, with consumer spending significantly contributing in addition to cooling exports and investment. Consumption cooled by almost 2% year on year. Consumers are cutting back on their spending, mainly due to falling real wages and a weakening yen making especially imported food and energy more expensive. The Japanese government has spent more than USD 59 billion in foreign exchange reserves in recent weeks to strengthen the yen, according to market participants' estimates, but has not been able to overcome fundamentals in the large yen FX market, and the Japanese yen is holding near its 34-year low against the dollar. It has weakened by around 10% since the beginning of the year and by 35% since the start of the Fed's monetary policy tightening cycle in the spring of 2022. The BoJ left rates near zero in April, with markets expecting another cautious hike in the autumn.



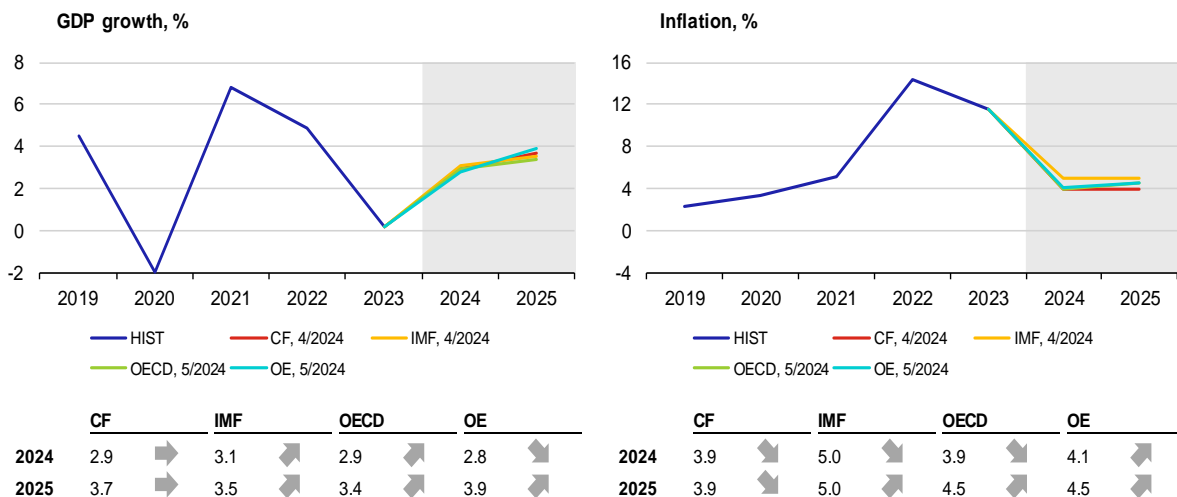
III.7 Russia

At 2.9% in March, unemployment once again hit an all-time low. According to the CBRF, companies are primarily addressing labour shortages by further wage increases. Real wages rose by 10.8% year on year in February. This allows the population to continue to increase consumption, savings and, contrary the tight monetary policy stance, credit activity. Despite possible inflationary pressures, the CBRF left the key rate unchanged at 16% at its April meeting. Russian diesel exports fell by a third year on year in April. The lingering consequences of drone attacks on Russian refineries have been exacerbated by floods limiting oil processing capabilities. The lower exports are also a result of pressure from the Russian government to prevent inflationary tensions from fuel shortages on the domestic market. The USA will ban imports of Russian uranium, which accounts for 25% of US reactor consumption, starting in mid-August.



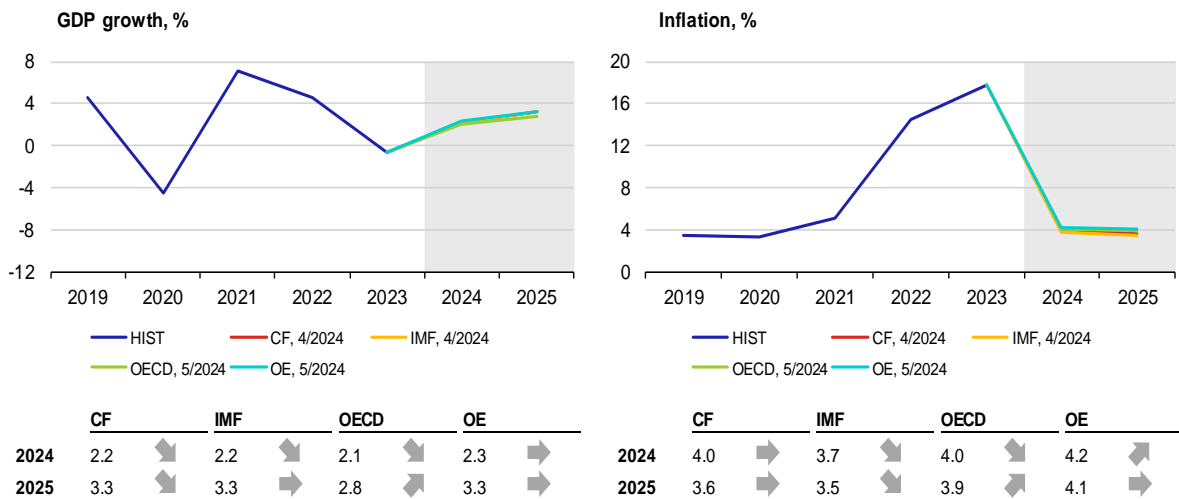
III.8 Poland

Annual inflation in Poland reached a five-year low in March, and in April rose for the first time in more than a year (from 2% to 2.4%). On a month-on-month basis, CPI growth accelerated to 1.1%, its highest value since last March. Core inflation continued to decline from 4.6% to 4.1%. As expected, the National Bank of Poland left its benchmark rate unchanged at 5.75% for the seventh time in a row in May. The bank is concerned about rising cost pressures as year-on-year wage growth remains strong. April's VAT increase on basic foodstuffs from zero to 5% is also starting to take effect. In the second half of the year, the lifting of energy price caps could also have a negative impact on inflation, and the favourable effect of last year's base will also cease. Industrial producer prices moderated their year-on-year decline from 10% to 9.6% in March (from 9.2% to 8.5% in manufacturing). The unemployment rate fell from 5.4% to 5.3% in March. According to preliminary data, annual GDP growth accelerated from 1% to 1.9% in 2024 Q1 (seasonally adjusted to 1.3%). Domestic consumption was likely the driver, as industry and construction showed a strong year-on-year decline in March.



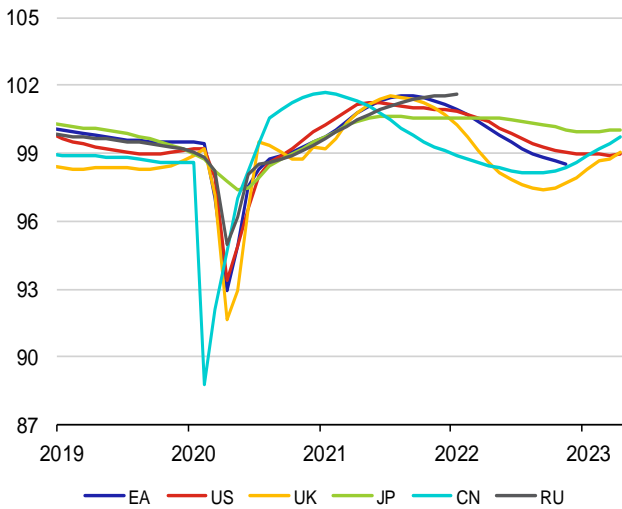
III.9 Hungary

The disinflation process in Hungary slowed down significantly at the beginning of this year, and in April inflation rose slightly for the first time in a long time. As expected, the central bank (MNB) slowed down the pace of monetary policy easing and cut its interest rate by “only” 0.5 percentage point to 7.75% in April. According to the MNB, the market services sector remains a risk for future inflation. A stronger rate cut, as envisioned by the government, is also prevented by the movements in the forint exchange rate, which in March reached its weakest level against the euro in a year. Since then, however, the forint has strengthened by almost 3%, helped by a high trade surplus in February and March. However, this was not due to higher external demand but only to a faster year-on-year decline in imports than in exports. The consumer price index rose by 0.7% month on month in April (similar to the previous three months), and annual inflation increased for the first time in more than a year (from a more than three-year low of 3.6% in March to 3.7%). While core inflation continued to decline from 4.4% to 4.1% (its lowest level in 31 months), it is rising quite strongly month on month. The disinflation process has thus slowed significantly, and with the expiry of the favourable effect of last year’s base, a gradual rise in inflation back above the upper boundary of the central bank’s target band can be expected from May. This will be supported by continued strong wage growth, which stood at 14% in February (12.8% in the private sector and 17.2% in the public sector). However, wage growth is expected to slow further due to rising unemployment, which rose slightly to 4.6% in the January to March period. The year-on-year decline in industrial producer prices slowed from 4.3% to 3% in March, yet price growth in manufacturing accelerated from 0% to 1.3%. According to a preliminary estimate, the real economy grew by 0.8% quarter on quarter in Q1, and accelerated from 0% to 1.1% year on year (and even 1.7% seasonally adjusted). Growth was mainly driven by domestic demand (especially market services), while the contribution of industry was negative due to persisting weak external demand.

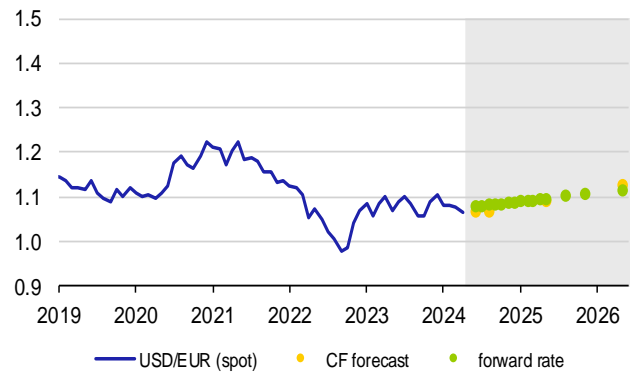


IV. Leading indicators and exchange rate outlooks

OECD Composite Leading Indicator

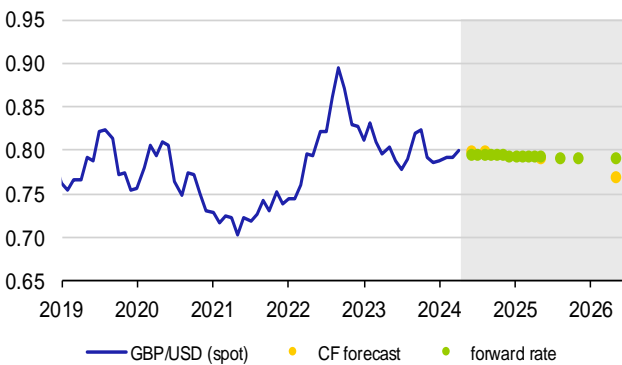


The US dollar (USD/EUR)



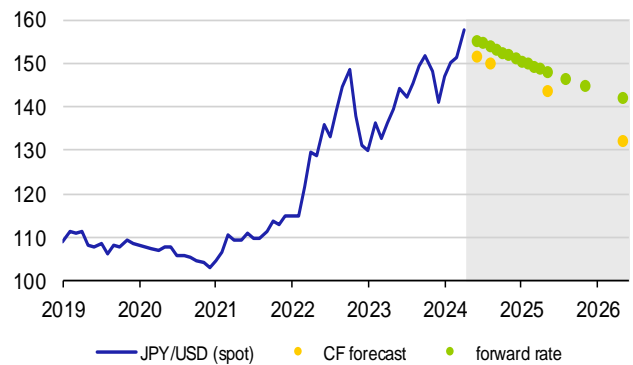
	13/5/24	6/24	8/24	5/25	5/26
spot rate	1.080				
CF forecast		1.070	1.071	1.094	1.129
forward rate		1.080	1.083	1.098	1.118

The British pound (GBP/USD)



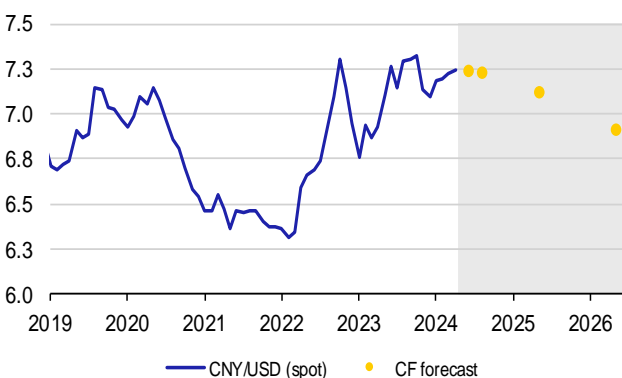
	13/5/24	6/24	8/24	5/25	5/26
spot rate	0.796				
CF forecast		0.799	0.801	0.791	0.770
forward rate		0.796	0.796	0.794	0.791

The Japanese yen (JPY/USD)



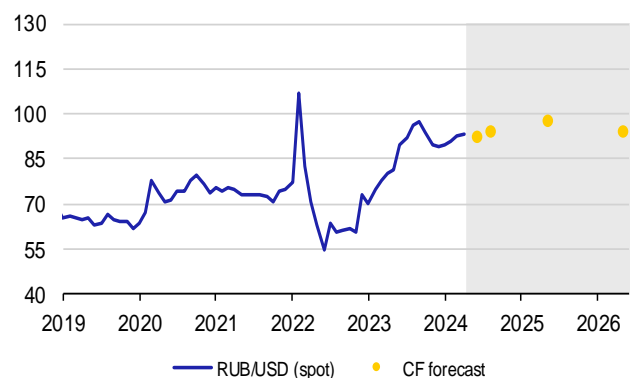
	13/5/24	6/24	8/24	5/25	5/26
spot rate	155.9				
CF forecast		151.6	150.0	143.8	132.5
forward rate		155.4	154.1	148.3	142.1

The Chinese renminbi (CNY/USD)



	13/5/24	6/24	8/24	5/25	5/26
spot rate	7.239				
CF forecast		7.240	7.237	7.124	6.915

The Russian rouble (RUB/USD)



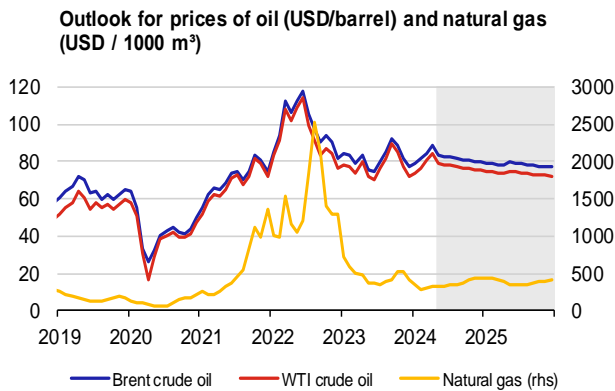
	13/5/24	6/24	8/24	5/25	5/26
spot rate	91.58				
CF forecast		92.94	94.57	97.79	94.38

Note: Exchange rates as of last day of month. Forward rate does not represent outlook; it is based on covered interest parity, i.e. currency of country with higher interest rate is depreciating. Forward rate represents current (as of cut-off date) possibility of hedging future exchange rate.

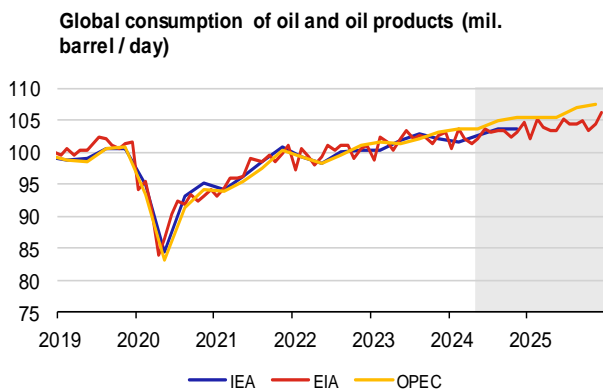
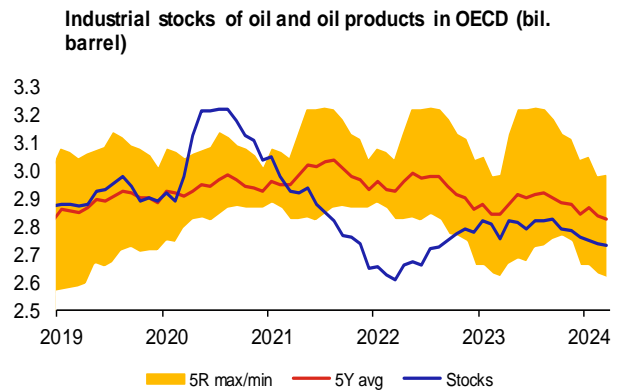
V.1 Oil

Brent crude oil price fluctuated near USD 90 per barrel in early April, but fell strongly later in the month. Price reached a six-month high in early April after Israel’s missile attack on the Iranian embassy in Syria and after the OPEC+ alliance said it would continue to cut production. Iran’s expected retaliatory strike on Israel arrived in mid-April, though it did not cause any major damage or loss of life, and the Middle East situation gradually began to cool. Subsequently, the Brent crude oil price began to decline rapidly. Not only the declining risk premium, but also growing inventories in the USA, the OPEC cartel’s high reserve production capacities, still high interest rates in the USA, weaker industrial data from China, and some OPEC+ states exceeding production quotas pushed it down. In early May, the price of Brent crude oil stabilised near USD 83 per barrel. In April, refineries’ margins on diesel production fell sharply, with refineries in Europe, where diesel production is crucial, hit hardest. As a result, some refineries are cutting production, further reducing demand for oil.

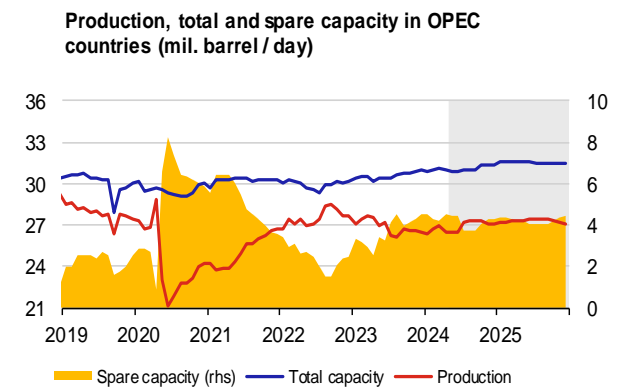
The EIA lowered the trajectory of expected oil prices. Global crude oil inventories are expected to decline at an average rate of 0.3 million bpd in the first half of 2024, with the agency projecting a rough balance between production and consumption in the second half of 2024. This should keep the Brent crude oil price near USD 90 per barrel until the end of 2024. Next year, together with production increases in OPEC+ states, global inventories are expected to grow at a rate of 0.4 million bpd, leading to a gradual decline in the Brent crude oil price to USD 82 per barrel at the end of the year. The futures curve from the first half of May has also shifted slightly lower, remains downward sloping and implies a significantly lower trajectory for future Brent crude oil prices, at USD 79.6 and USD 75.5 per barrel at the end of this year and next year, respectively. By contrast, the May CF revised the outlook upwards to USD 84.1 per barrel for the one-year horizon.



	Brent	WTI	Natural gas
2024	82.11 ↘	77.58 ↘	359.39 ↗
2025	78.33 ↘	73.69 ↘	387.73 ↗



	IEA	EIA	OPEC
2024	102.98 ↗	102.84 ↘	104.45 ↘
2025		104.27 ↘	106.33 ↗



	Production	Total capacity	Spare capacity
2024	26.89 ↗	31.06 ↗	4.18 ↗
2025	27.30 ↗	31.52 ↗	4.22 ↗

Source: Bloomberg, IEA, EIA, OPEC, CNB calculation
 Note: Oil price at ICE, average natural gas price in Europe – World Bank data. Future oil and gas prices (grey area) are derived from futures. Industrial oil stocks in OECD countries – IEA estimate. Production and extraction capacity of OPEC – EIA estimate.

V.2 Other commodities

The price of natural gas in Europe has been showing a slight upward trend since February. It stood near EUR 30/MWh in early May. The European market continues to be sufficiently supplied, and the price of gas here has long been copying the price of LNG in Asia, with a slight discount. The latter is rising slightly due to concerns about weaker US LNG exports. Europe’s storage facilities are sufficiently full, while demand from industry remains weak. The price of coal for the European market remained relatively high in April due to strong European demand and higher transport costs. At the end of April, however, the price of coal fell sharply as demand weakened and tensions eased in the Middle East.

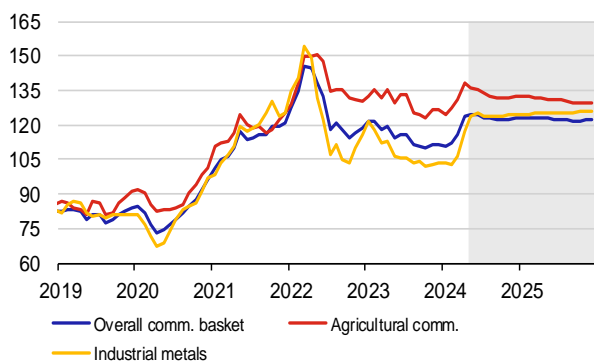
The industrial metals price index showed strong growth in April and the first half of May, reaching a two-year high.

The prices of virtually all its components rose, with the price of copper rising most and recording an all-time high in mid-May. This is due to the expectation of strong demand from China due to the Chinese government’s support for the local real estate market and infrastructure investment. Meanwhile, copper extraction remains limited. The price of zinc has also risen strongly for the same reason. The price of aluminium rose strongly, especially in April, in response to sanctions on Russian exports by the USA and UK. After that, however, it started to decline. Iron ore and steel prices halted several months of decline in April and rose slightly on signs of recovery in China’s steel industry.

The food commodity price index continued to rise to an almost two-year high in April, but declined slightly in the first half of May.

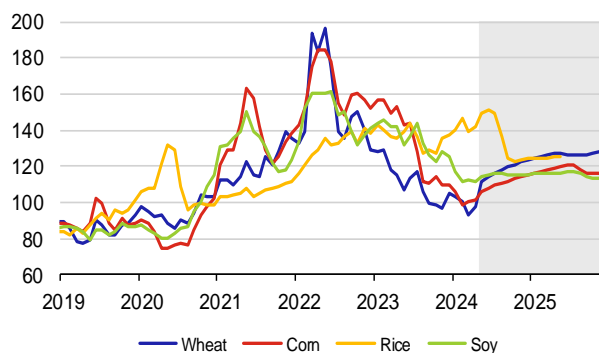
The growth was primarily due to the prices of wheat (damage to crops in Russia from frost and in Brazil from floods) and rice (impending drought in Southeast Asia and restrictions on exports from India), while prices of sugar, coffee, cocoa (improved crop outlook) and beef pushed the index lower in May.

Non-energy commodities price indices



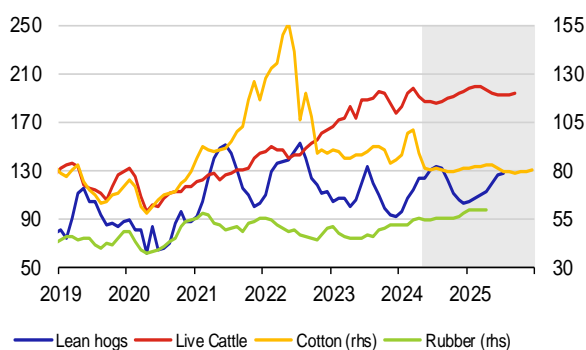
	Overall	Agricultural	Industrial
2024	120.6 ↗	132.2 ↗	118.6 ↗
2025	122.5 ↗	130.8 ↗	125.3 ↗

Food commodities



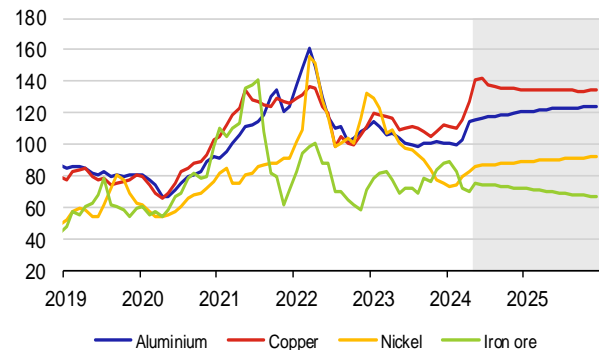
	Wheat	Corn	Rice	Soy
2024	111.7 ↗	107.9 ↗	137.6 ↗	114.6 ↗
2025	126.7 ↗	117.7 ↗	124.6 ↗	115.5 ↗

Meat, non-food agricultural commodities



	Lean hogs	Live Cattle	Cotton	Rubber
2024	116.2 ↗	190.0 ↗	84.8 ↗	54.6 ↗
2025	114.8 ↗	195.0 ↗	80.6 ↗	59.6 ↗

Basic metals and iron ore



	Aluminium	Copper	Nickel	Iron ore
2024	113.8 ↗	130.5 ↗	84.7 ↗	75.8 ↗
2025	122.9 ↗	134.4 ↗	91.0 ↗	69.6 ↗

Source: Bloomberg, CNB calculations.

Note: Structure of non-energy commodity price indices corresponds to composition of The Economist commodity indices. Prices of individual commodities are expressed as indices 2010 = 100.

Two decades in the European Union: How have they been for the Visegrad Four states?¹

This article compares how the Visegrad Four states (the Czech Republic, Hungary, Poland and Slovakia) have performed in the two decades of their EU membership. First, we will look at the progress they have made in economic convergence towards the EU average, in particular in terms of real GDP per capita, and the price level and wage level achieved. We will then examine how successful the individual states have been in terms of allocating European money to projects co-financed by the EU. Yet the main focus of our article is to serve as a reminder that the greatest benefits for the V4 states and the EU as a whole are the four freedoms, i.e. the free movement of goods, services, capital and people. Finally, we look at the V4 states through the lens of the regular “report card” issued by rating agencies.

The V4 states and the EU: The China Anniversary

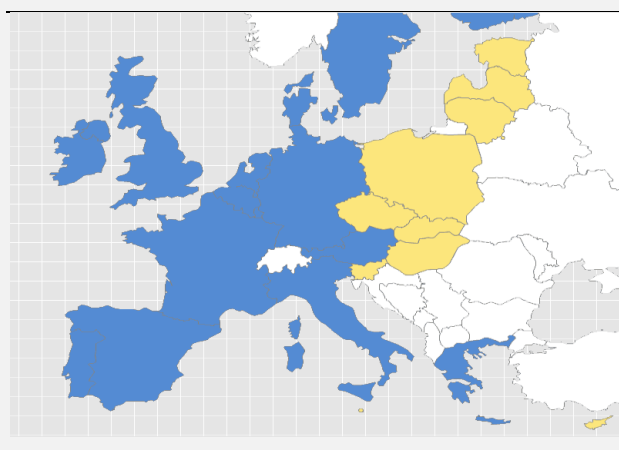
The EU’s fifth – and largest – enlargement took place 20 years ago. Ten states became full-fledged members of the European Union in 2004, a historic moment not only for them, but for the whole of Europe. The new members included the Visegrad Four (V4) – the Czech Republic, Hungary, Poland and Slovakia. This was the fulfilment of their ‘return’ to Europe, set out by the post-revolutionary political representatives in the then still federal Czechoslovakia, Hungary and Poland. They are thus commemorating this important anniversary together with the other six accession states² that joined the EU on 1 May 2004 (Chart 1). At the same time, this is a great opportunity to reflect on the successes and challenges that these states, as well as the enlarged EU, have witnessed over the past two decades.

Joining the EU community was the crowning achievement of many years of political and economic transformation efforts following the fall of communism at the end of the 20th century. For the Visegrad states, this step not only symbolised their final anchoring in European institutions and structures, but also opened up new opportunities for economic integration and achieving a higher standard of living. After all, this reason, i.e. the creation of a common market for building economic prosperity in Europe, was one of the three fundamental reasons³ for the creation of the EU itself.

EU membership offers greater opportunities. Two decades of EU membership have enabled the Czech Republic, Hungary, Poland and Slovakia to benefit from unprecedented access to the single market, structural and investment funds, and a wealth of new industrial, technological and educational opportunities. Significant economic growth, improved infrastructure, and an increase in citizens' living standards are just some of the most visible benefits. In addition, throughout the period under review, these states have been net recipients of money from the EU budget. However, in our opinion, this should not be held up as the main argument for defending the benefits of EU membership.

The 20th anniversary celebrations are therefore more than just a reminder of the past⁴ - they are an opportunity to take stock of the achievements and to focus on a common European future. It is also worth remembering that, overall, “Europe” opened up to us faster and earlier than we, the new Member States, opened up to “Europe”. The EU accession treaties provided for transitional periods. These were arranged differently for each acceding state, e.g. there were restrictions on the right of EU citizens to acquire real estate, temporary exemptions in the setting of VAT rates and other specific transitional periods in the areas of the environment, energy and agriculture. The EU states, in turn, negotiated two main transitional periods for themselves – namely a temporary restriction on the free movement of labour in some EU states and the gradual integration of the new Member States into the common agricultural policy.

Chart 1 – EU enlargement in 2004



Source: Sochorek.cz

¹ Authors: Martin Kábrt, Luboš Komárek, Petr Polák, Michaela Ryšavá and Pavla Netušilová. The views expressed in this article are those of the authors and do not necessarily reflect the official position of the Czech National Bank

² The others were the Baltic states (Estonia, Lithuania and Latvia), Slovenia, Cyprus and Malta.

³ The other reasons were to secure peace in Europe and eliminate political and economic nationalism.

⁴ On the other hand, the anniversary also provides an opportunity for an open debate on challenges such as political differences between older and newer EU Member States, issues of national sovereignty and national identity, and a discussion about the future direction of the European Union. However, such issues are beyond the scope of our article.

Everyone converges in their own way

EU membership has brought the V4 states both real and price convergence with the rest of the EU, but differently and at a different time for each of them.

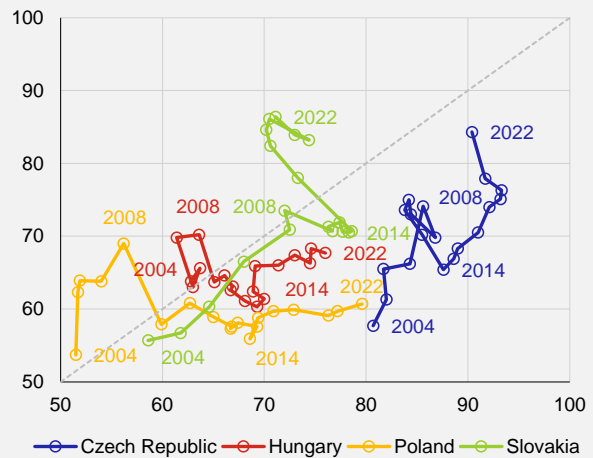
While the Czech Republic and Slovakia approached the EU average in terms of real GDP, especially in the first years of their membership, Hungary and Poland only did so in the years after the global financial crisis (Chart 2). The Polish economy was the weakest of the Visegrad Four when it joined the EU, yet was the only one in the EU that managed to grow even during the financial, eurozone and COVID crises. In terms of GDP per capita, it overtook Hungary in 2017, and in 2018 Slovakia, whose convergence stalled in the 2010s. On the other hand, Slovakia caught up with the EU fastest in price level terms – up to 86% in 2022. It is similarly expensive in the Czech Republic, but it reached this level by leaps during the recent inflation wave. Meanwhile, Hungary and Poland remain well below the EU average in terms of prices. They also experienced higher inflation on average than the EU, but this was largely offset by the weakening of their currencies.

However, convergence criteria other than GDP are crucial for the perceived well-being of the population.

For example, while the Czech Republic is the region's top performer with a GDP per capita purchasing power parity of 91% of the EU average, much of the income generated belongs to foreign investors in the Czech Republic, who own many of its most successful companies. A better indicator of Czech employees' and entrepreneurs' purchasing power is therefore the disposable income of Czech residents, which adjusts GDP for payments to non-residents and takes into account income from abroad (including EU subsidies). This shows 5 pp lower convergence towards the EU average, at 86%. Domestic final consumption, another indicator of living standards, is at 82% of the EU average. Employees' hourly earnings are only 70%, due partly to the still fairly low labour productivity (77% of the EU average) and partly to the income distribution in the economy, which is more favourable towards entrepreneurs and less towards employees than in the EU (employee incomes are 44% of GDP compared to the EU average of 47%).⁵ Charts 3 and 4 show that most of this also applies to Slovakia, Poland and Hungary, albeit to different extents across indicators.⁶

Chart 2 – Price and real convergence have taken different courses in the V4 states

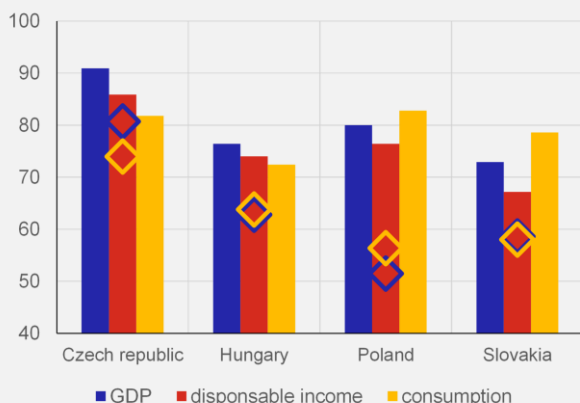
(horizontal axis – GDP per capita at purchasing power parity, vertical axis – final consumption price level, % of the EU27 average)



Note: The relative price level shows how much more or less goods and services (from their consumer basket) the people in one economy would have to sacrifice to acquire goods and services in the other economy that provide the same utility there (based on the local consumer basket). Source: Eurostat.

Chart 3 – Profits for foreign investors drive a wedge between GDP and the disposable income of V4 residents

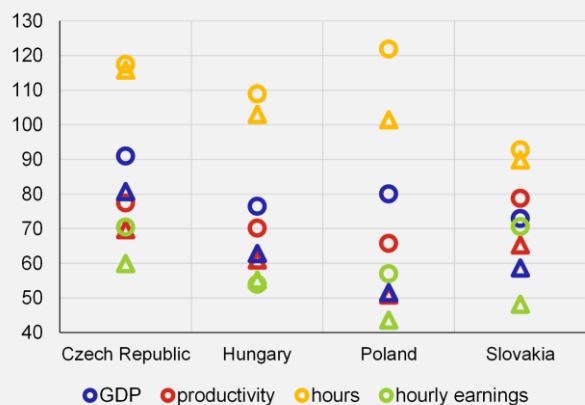
(columns – GDP and consumption in 2023, disposable income in 2022; diamonds – GDP and consumption in 2004, at purchasing power parity, % of the EU27 average)



Source: Eurostat, DG ECFIN, author calculation

Chart 4 – Czechs lead Slovaks in convergence due to the number of hours worked – productivity is similar

(GDP, productivity, hours worked and hourly earnings; circles show 2023, triangles 2004; at purchasing power parity, % of the EU27 average)



Source: Eurostat, author calculation
Note: Productivity is GDP per hour worked. Hourly earnings include all compensation to employees, including social security, etc.

⁵ Employees' lower share of income generated in the less advanced economies is mainly related to the lower capital endowment, which makes the marginal product of capital relatively higher and the marginal product of labour relatively lower.

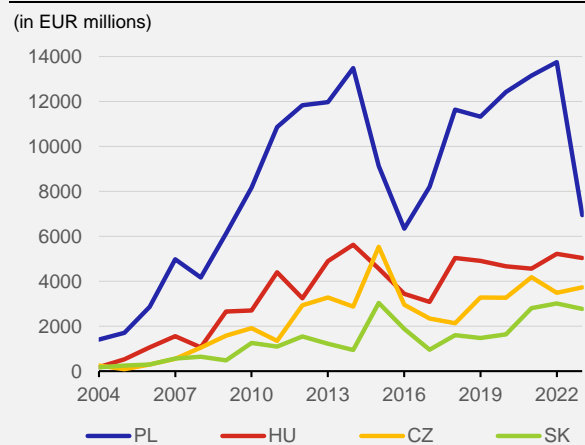
⁶ For example, final consumption in Poland and Slovakia is closer to the EU average than their GDP – both these economies have lower saving rates than the Czech Republic which, on the other hand, is more similar to the German economy in terms of consumer prudence.

The gap between the relatively low productivity and high GDP in the Czech Republic is filled by high employment and long working weeks. Although one hour of work in the Czech Republic generates only 77% of the value added by one hour of work in the EU, the Czech economy generates 91% of the EU economy's value per capita. How is this possible? The Czech Republic compensates for lower labour productivity with a higher volume of work done. The average inhabitant of the Czech Republic works 17% more hours per year than the average EU citizen. This is due on the one hand to higher employment (a larger share of the population works) and on the other to the average employee working more hours. The average Polish citizen spends 22% more time working than the average EU citizen, while in the case of Hungary this is 9%. By contrast, the inhabitants of Slovakia work 9% fewer hours than the EU average. In terms of GDP per capita, they are therefore the furthest from the EU average among the V4 states, yet in terms of labour productivity, they are ahead of the Czech Republic by a narrow margin (Chart 4). They also narrowly “beat” the Czech Republic in terms of the purchasing power of employees' hourly earnings. As Chart 4 shows, in this indicator, Slovaks have moved 20 pp closer to the EU average over the 20 years of EU membership, while the Czech Republic has moved 10 pp, Poland 13 pp and Hungary practically not at all, as the convergence in labour productivity has been fully offset by a decline in the share of employees in the income generated.

Net position of the Member States vis-à-vis the EU budget

After entering the EU in 2004, the Member States were given the opportunity to draw their full allocation from the European structural and investment funds and other thematically focused EU programmes. These additional funds for domestic infrastructure, agriculture, social affairs, education and research support economic growth and have a cross-border spillover through joint EU projects. On the other hand, the states contribute to the EU budget, which finances all EU policies and activities. Since their EU entry, all V4 states have been net beneficiaries, i.e. they have a positive net position in relation to the EU budget. Their income from the EU budget thus exceeds their mandatory contributions to the EU budget. Poland is the greatest net beneficiary from the EU budget in absolute terms, followed by Hungary, the Czech Republic and Slovakia – see Chart 5. However, when comparing the net position in relation to gross national income (GNI), the position of the states changes, and on average is the greatest net beneficiary is Hungary (3%), then Poland (2%), Slovakia (1.7%) and the Czech Republic (1.3%).

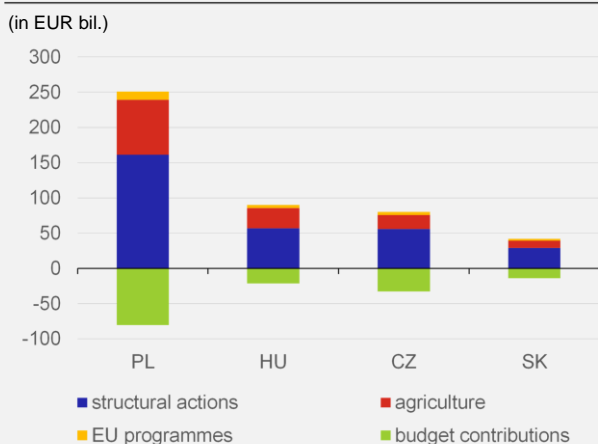
Chart 5 – The net position of PL, HU, CZ and SK vis-à-vis the EU budget



Source: EU Budget Financial Report, European Commission

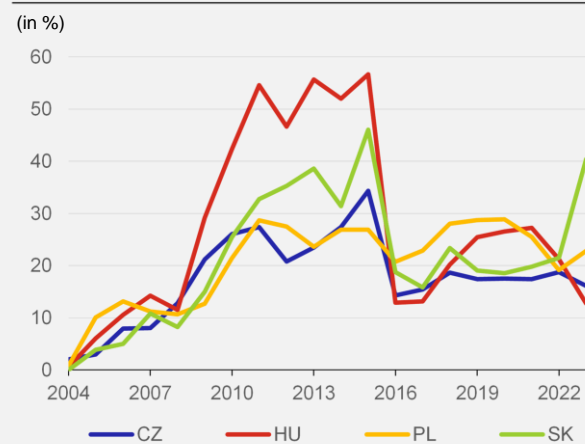
In all the V4 states, the largest volume of EU funds was spent on structural actions (Chart 6), the majority being investments in the general government sector. Individual structural action projects are financed from the national cohesion allocation set for the seven-year programming period, which reflects the size of the economy and its economic maturity within the EU. Chart 1 thus presents two complete programming periods: 2007–2013 with the possibility of drawing cohesion funds until 2015, and 2014–2021 with the actual end of drawing in 2023. The drawing of the cohesion allocation

Chart 6 – Accumulated net positions of PL, HU, CZ and SK for the 2004-2023 period



Source: EU Budget Financial Report, European Commission

Chart 7 – Share of investment from EU sources in total government investment



Source: ECB data portal

based on national thematic operational programmes usually peaks at the end of the programming period, leading to a significant increase in the net position. Given that investment from these EU sources represents a significant share of national investment in the general government sector (Chart 7), the phase of the programming period also affects the aggregate value of investment in the economy as a whole. On the other hand, agricultural subsidies are drawn continuously as they are directly linked to the agricultural sector and their beneficiaries are known in advance. They are, as a rule, completely exhausted. EU programmes managed directly by the Commission are used only to a limited extent by the V4 states. These are mainly programmes where a certain amount of funds is reserved for individual states (e.g. the Connecting Europe Facility and the Erasmus+ programme).

Free movement of goods

The free movement of goods is one of the four cornerstones of the European Union's internal market.

The free movement of goods is based on the fact that products originating in one Member State can be freely traded in all EU Member States without any other internal barriers. These include, in particular, customs duties and differences in national requirements for a given product. The theory is that the free movement of goods promotes mutual trade, thereby stimulating the performance of firms, resulting in a positive effect on gross domestic product. From an economic point of view, the free market also means more players on the market, which leads to more competition and thus improved quality and lower prices. All this leads to greater economic prosperity for all the participating states, which is the main reason why it makes sense to strive for a free market. However, we must not forget that the common market also provides better protection for producers, as there are common rules for infringements of regulations.

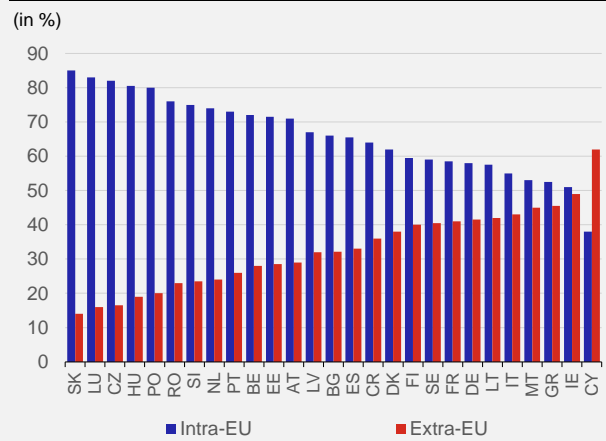
However, the single market does not have the same impact on all its participants. If we want to assess the

benefits of the common market, it is important to look at the initial situation, i.e. how much the states already trade with each other. If the level of mutual trade is high, removing barriers will bring clear benefits, whereas if the states do not trade with each other, simplifying trade may not bring them much benefit. However, it should be added that trade barriers may actually be the reason for the absence of mutual cooperation. Chart 8 shows that some Member States are more oriented on extra-EU trade (e.g. Ireland and Greece), with about half their exports leaving the EU, while at the other end of the imaginary scale lie all the V4 states we analysed, as well as Luxembourg, as the vast majority of their exports go to other EU Member States.

Free movement of services

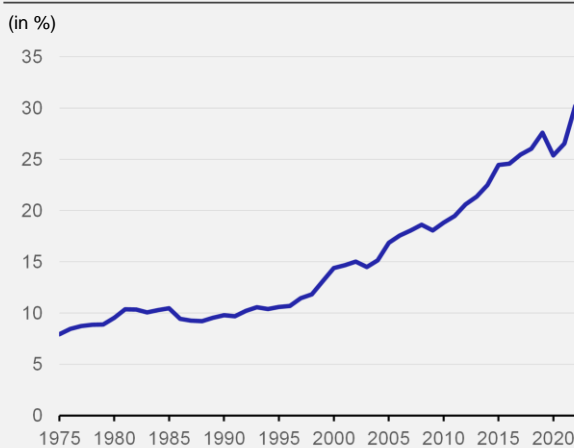
From the point of view of economics, services are classified as “non-tradables”, i.e. non-tradable goods. This is because we buy services at the place of provision – we go to a restaurant, to the cinema, to the barber. So, what does the free movement of services mean? Services can also be provided across borders, through branches, e.g. you buy a tour

Chart 8 – Share of internal and external trade of EU Member States



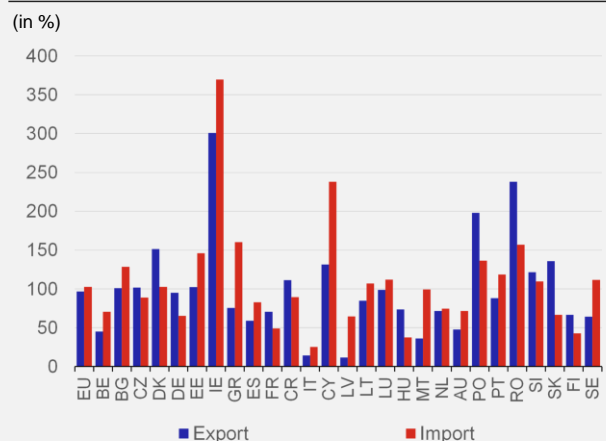
Source: Ifo institute

Chart 9 – Share of trade in services in EU GDP



Source: IMF

Chart 10 – Growth in imports and exports of services in EU states



Source: Eurostat, 2013–2022 data

from a foreign travel agency or order a subscription from a foreign provider. The provision of tourism-related services is also important, with tourists purchasing services abroad. The share of trade in services in GDP has been growing significantly over time, as illustrated in [Chart 9](#). Currently, trade in services (their import and export) accounts for almost one third of the EU's GDP, compared to around 15% at the beginning of the millennium. Similar to goods, every state benefits differently from opening up trade in services. [Chart 10](#) shows the growth in the volume of services imported and exported over the last decade for each EU state. Ireland has seen the biggest increase in the volume of services, but it is clear that the new Member States have also now seen rapid growth in trade in services.

Free movement of capital

The third fundamental freedom for the functioning of the EU is the free movement of capital, which not only gives firms new investment opportunities, but also strengthens the single market. A larger and stronger market allows for more efficient capital investment, which supports economic growth. However, free movement of capital is also necessary for the further development of the monetary union – the euro area. The free movement of capital simplifies and increases investment opportunities for small retail investors, which are households. [Chart 11](#) shows the evolution of the V4 countries' international investment positions in terms of investment abroad by residents of the given countries, but also by foreign investors in the given country. This investment is generally increasing relative to GDP, suggesting that the links between the countries and the rest of the world are growing. The exception is Poland, where the international investment position of the rest of the world has been falling gradually over the last ten years. After 2022 a decline was recorded in Poland, Slovakia and the Czech Republic, but the situation is stable from the perspective of foreign direct investment.

However, the quantification of the importance of free movement of capital is much more common through the effects of foreign direct investment. Foreign direct investment is seen as a key source of economic growth, especially in emerging economies, as not only capital is transferred but also technology and overall know-how, leading to productivity growth in the target country. The V4 countries are trying to attract foreign investors with various incentives but also invest more abroad. The volume of investment by V4 residents abroad increased more than the volume of non-residents' investment in these countries. The highest increases were recorded in the Czech Republic and Poland.

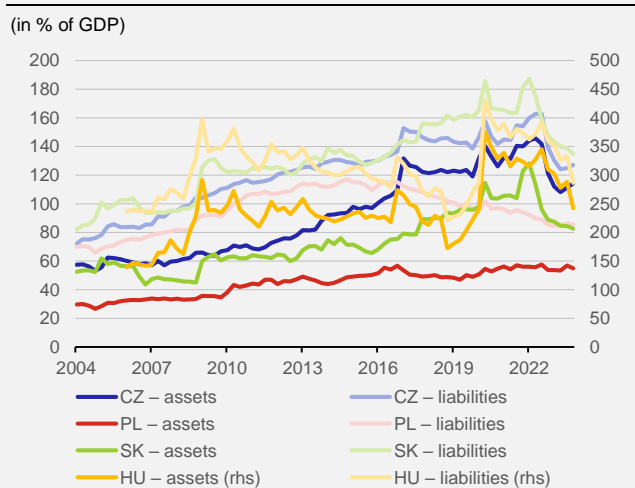
Free movement of persons in the EU

The free movement of persons is another fundamental freedom of EU citizens based on EU law. European integration allows all EU citizens and their family members to move freely, but also to live freely within the territory of the Member States, whether for work, business, study or tourism. A milestone for the full exercise of the right of free movement of persons was the abolition of checks on all persons crossing internal borders, i.e. the creation of the Schengen Area. However, in the beginning, when the European Economic Community was founded, the concept of free movement of persons did not actually represent complete freedom, but rather the right of movement of workers and their establishment as employees. However, the introduction of EU citizenship has brought real freedom and mobility to all citizens of the Member States. Yet different conditions apply to different categories of persons, with economically active persons having the most rights, e.g. compared to students or retired persons. The free movement of persons also applies to the EEA countries, i.e. Norway, Iceland and Liechtenstein and, through a bilateral agreement, also Switzerland, in addition to the EU Member States (MLSA, 2024).

Free movement of workers is at the heart of the free movement of persons. This is because European integration began with this group of people, with the creation of the single market. EU citizens have the right to seek work in another Member State and then work there, without the need for a work permit or other restrictions. In general, they must be treated equally to nationals of the host state, be it in terms of working conditions for jobseekers, social and tax benefits, or pay and dismissal. The mutual recognition of professional qualifications is also an important part of this freedom (European Parliament, 2023).

The number of citizens exercising their right to reside and work in another EU Member State has been increasing over the long term. This fact is also evidenced through a statistical study by Eurostat, according to which 3.3% of EU citizens of working age (20 to 64) were mobile citizens in 2019, compared to 2.4% in 2009. Within the V4, Slovaks leave

Chart 11 – International investment position



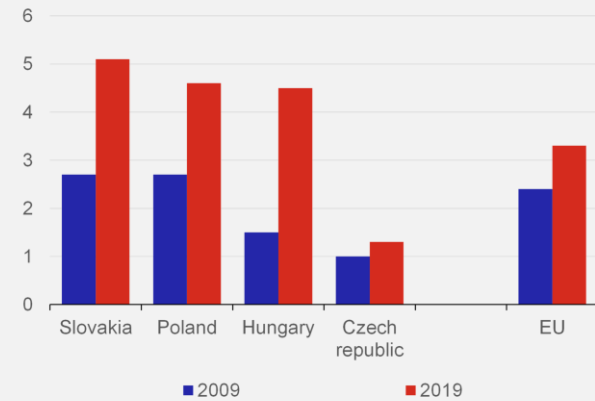
Source: central banks, Refinitiv

Note: Asstes = Investments of residents abroad, Liabilities = Investments of non-residents in a given country

their state of origin most, while Czechs are the least mobile, showing only a minimal increase in mobility (Chart 12). However, when looking at the absolute numbers, the largest group of mobile citizens are Poles, with only Romanians being more mobile in the EU as a whole. Germany is clearly the most popular destination state. However, according to the European Commission's 2023 annual report on labour mobility within the EU, the number of working-age migrants has remained relatively stable over the past five years, and was around 10 million people, mostly male, in 2022 (Chart 13).

Chart 12 – Mobility of EU citizens by citizenship

(share of the home state's population)

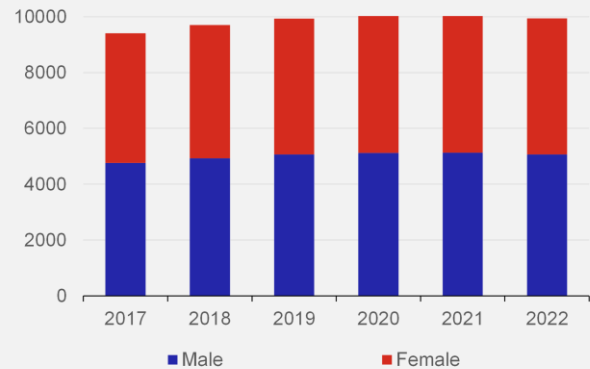


Source: Eurostat

Note: These are people of working age (20 to 64).

Chart 13 – Mobile citizens in the EU by gender

(in thousands)



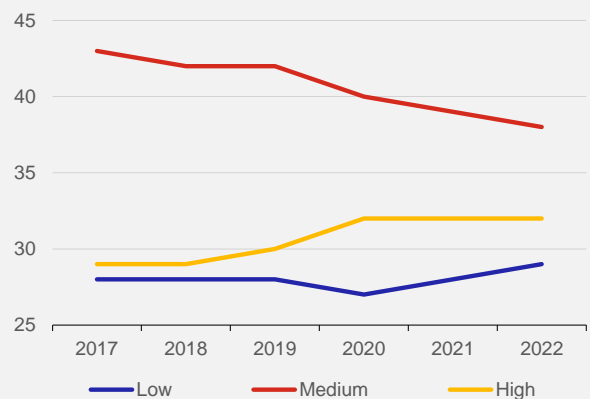
Source: Eurostat, Annual Report on Intra-EU Labour Mobility 2023

Note: These are people of working age (20 to 64).

The characteristics of “mobile” citizens, from gender and age to level of education, are important. It has already been mentioned that men are more mobile. In general, it seems that young people prefer to move to other EU Member States at the beginning of their careers. As far as the level of education of mobile people is concerned, it is slowly and steadily increasing (Chart 14). In fact, almost one third of mobile citizens had completed higher education in 2022, while the decline of people with completed secondary education was notable. As regards EU statistics in general, but also the V4 being examined here, it is necessary to highlight the Czech Republic, which had the lowest share of mobile people with low educational attainment in 2022. Globally, based on the above-mentioned statistical study by Eurostat, it can be said that EU citizens with higher education are more mobile than the rest of the population. **As far as the employment rate is concerned, in most EU Member States it is higher for mobile citizens than for residents of the respective state.** According to the mentioned EC report, the employment rate for mobile EU citizens was 77% in 2022, surpassing the 2019 level. This means that mobile people were more successful in employment opportunities than nationals (75%). According to the Eurostat study, employment in all V4 states was above the EU average, with mobile Hungarian citizens being the most employed and Czech citizens the least.

Chart 14 – Share of mobile EU citizens by educational attainment

(in %)



Source: EU labour force survey 2022, Annual Report on Intra-EU Labour Mobility 2023

Note: These are people of working age (20 to 64).

EU citizens' views on the free movement of labour are generally positive. The EC's 2022 survey on post-pandemic labour mobility within the EU showed that a majority of EU citizens have a positive view of the free movement of labour, with almost one in five Europeans planning to work abroad in the future. Most are interested in permanent employment, but seasonal work is also growing in popularity. In addition, almost half of EU citizens believe that they can do their jobs better abroad. According to the survey, people with higher education are much more likely to live and work abroad as they are better equipped to cope with the transition to another state (e.g. overcoming language barriers) and are therefore more mobile, as mentioned earlier. However, the survey also finds that the majority of those considering working abroad would like to return to their home state within five years. Based on previous experience of the V4 states, the most Czechs (18%) and the least Slovaks (11%) have been working in another state for more than five years. Czechs (48%) have had the most experience with a work stay of up to one year, and Hungarians (29%) the least. Compared to the EU average, the V4 states are generally more inclined to a shorter working stay abroad and less to a longer one.

Money and mentality are the main motives for moving abroad. A higher salary would be motivation for more than 60% of the survey respondents. In general, the existence of opportunities and better careers or better education are the drivers. However, the motivations are changing to some extent: while the importance attached to salaries is falling slightly, aspects like adherence to the culture or mentality of the given state are becoming more relevant. Interestingly, according to the latest data, the number of people returning to their home state is increasing, partly as a result of growing cross-border commuting, while this phenomenon is significant within the V4 (see Table 1). One possible explanation is that the more the states are converged with their neighbours, the lower the incentive to migrate or commute to work, as the standard of living is similar.

Who can benefit from this freedom and what are the resulting advantages? According to the European Commission survey, almost 60% of EU citizens say that moving between EU Member States is beneficial for the labour market, while public support has increased over time. Free movement is beneficial from the point of view of efficiency – and not just of the single market – as people can move from states with higher unemployment rates and thus not remain unemployed, or find better and more suitable employment. The pandemic made people realise that free movement is a great benefit (22%), while labour mobility is important for the economy to function (19%).

Conclusion

Twenty years in the EU have brought the V4 states visible economic improvements and convergence with other European states. There is no clear leader or loser in this figurative convergence competition in the V4 group. So far, all the states have been net beneficiaries of EU money, yet the main benefits have been those related to the movement of goods, services, capital and people. The developments described in this article can be supplemented by the views of the rating agencies, which regularly issue “report cards” to individual states assessing the sustainability of their long-term commitments. Table 2 shows that the ratings of all the V4 states have improved visibly during their EU membership. As usual, the Czech Republic has the highest rating of the V4 states.

References

European Commission (2022): *Eurobarometer: Intra-EU labour mobility after the pandemic*, December, 2022, <https://europa.eu/eurobarometer/surveys/detail/2671>

European Commission (2024): *Annual report on intra-EU labour mobility 2023*, March 2024, <https://ec.europa.eu/social/main.jsp?langId=en&catId=89&furtherNews=yes&newsId=10788>

European Parliament (2023): *Free movement of workers*, October, 2023, <https://www.europarl.europa.eu/factsheets/en/sheet/41/free-movement-of-workers>

Eurostat (2021): *EU citizens living in another Member State – statistical overview*, July, 2021, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=EU_citizens_living_in_another_Member_State_-_statistical_overview&oldid=517533

Ministry of Labour and Social Affairs (2024): *Free Movement of Workers in the Member States of the EU, the EEA and Switzerland*, March, 2024, <https://www.mpsv.cz/web/en/free-movement-of-workers-in-the-member-states-of-the-eu-the-eea-and-switzerland>

Keywords

foreign exchange reserves, monetary policy, inflation targeting, financial crisis

JEL Classification

E58, F31, F41

Table 1 – Main states of origin of cross-border workers in 2022

Member State	Total number of workers
France	235,000
Germany	179,000
Poland	180,000
Belgium	127,000
Romania	115,000
Hungary	84,000
Czech Republic	64,000
Slovakia	44,000

Source: EU labour force survey 2023

Note: Only Member States with at least 40,000 cross-border workers are listed.

Table 2 – Ratings of V4 countries

Member State	Agency	Rating 2004	Rating 2024
Czech Republic	Moody's	A1	Aa3
	S&P	A-	AA-
Poland	Moody's	A2	A2
	S&P	BBB+	A-
Hungary	Moody's	A1	Baa2
	S&P	A-	BBB-
Slovakia	Moody's	A3	A2
	S&P	BBB+	A+

Source: Trading Economics.

A1. Change in predictions for 2024

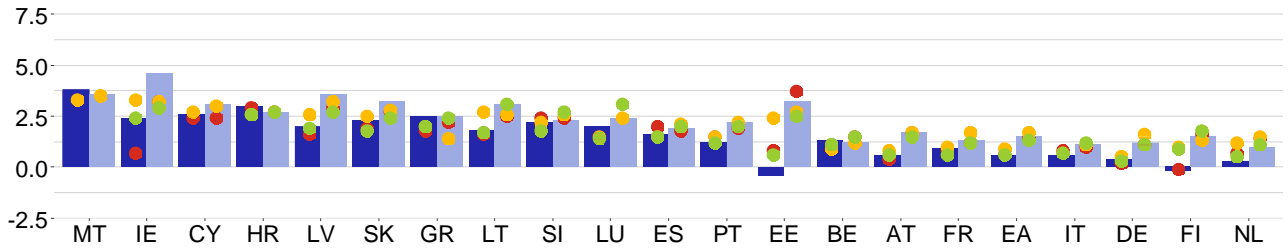
	GDP growth, %				Inflation, %			
	CF	IMF	OECD	CB / OE	CF	IMF	OECD	CB / OE
EA	+0.1	-0.1	+0.1	-0.2	0	-0.9	-0.3	-0.4
US	+0.1	+0.6	+0.4	+0.7	+0.3	+0.1	+0.3	0
UK	+0.2	-0.1	-0.3	+0.2	0	-1.2	0	-0.3
JP	-0.1	0	-0.5	-0.4	+0.1	-0.7	-0.5	+0.4
CN	+0.2	0	+0.2	+0.1	-0.1	-0.7	-0.8	-0.1
RU	+0.3	+0.6	+0.8	-2.5	0	+0.6	0	+0.1

A2. Change in predictions for 2025

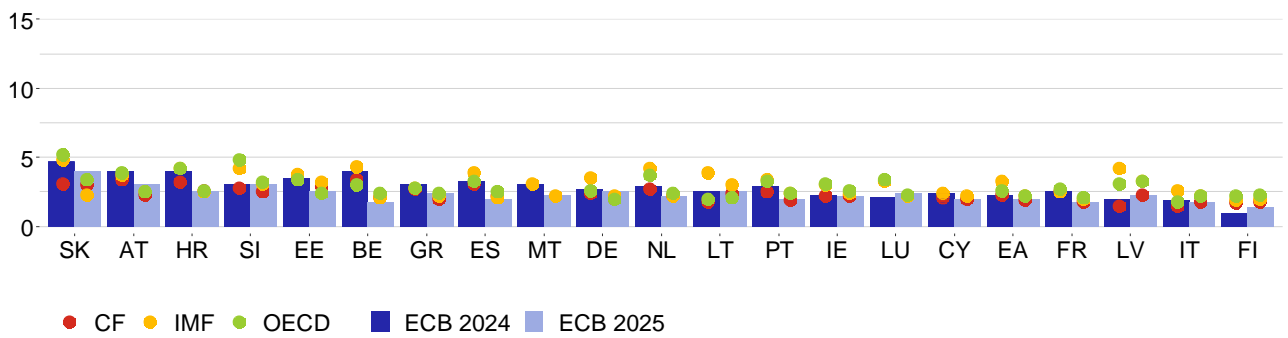
	GDP growth, %				Inflation, %			
	CF	IMF	OECD	CB / OE	CF	IMF	OECD	CB / OE
EA	0	-0.2	+0.2	0	0	-0.2	0	-0.1
US	0	+0.2	+0.1	+0.2	+0.1	-0.4	+0.1	+0.1
UK	-0.1	-0.1	-0.2	+0.2	0	-0.1	-0.1	-0.2
JP	0	+0.2	+0.1	0	+0.1	+0.2	-0.1	+0.1
CN	0	0	+0.3	0	-0.1	-0.2	-0.2	-0.1
RU	0	+0.7	0	+1.5	0	+0.5	0	+0.1

A3. GDP growth and inflation outlooks in the euro area countries

GDP growth in the euro area countries in 2024 and 2025, %



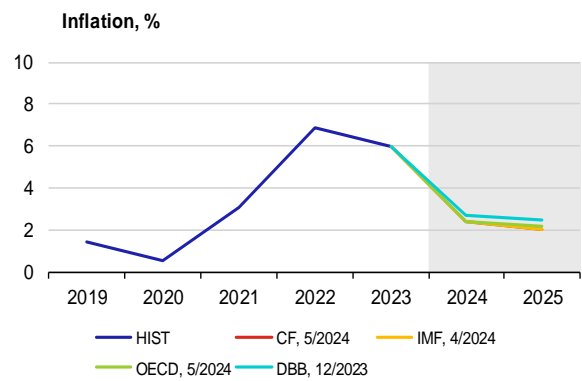
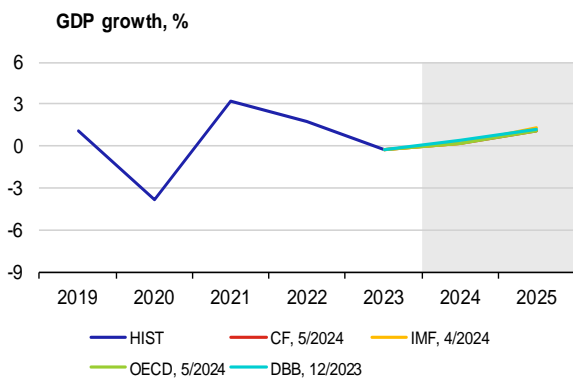
Inflation in the euro area countries in 2024 and 2025, %



Note: Charts show institutions' latest available outlooks of for the given country.

A4. GDP growth and inflation in the individual euro area countries

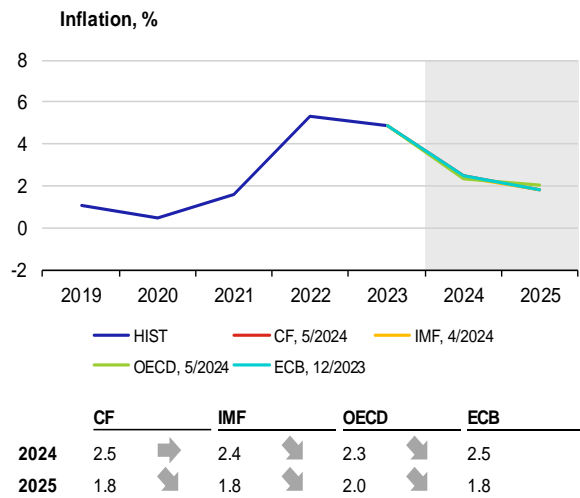
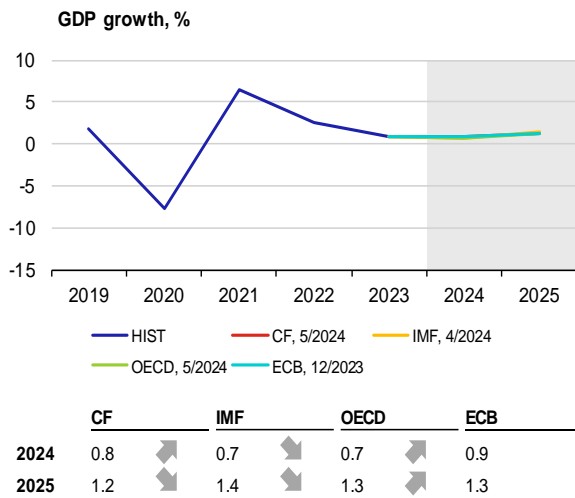
Germany



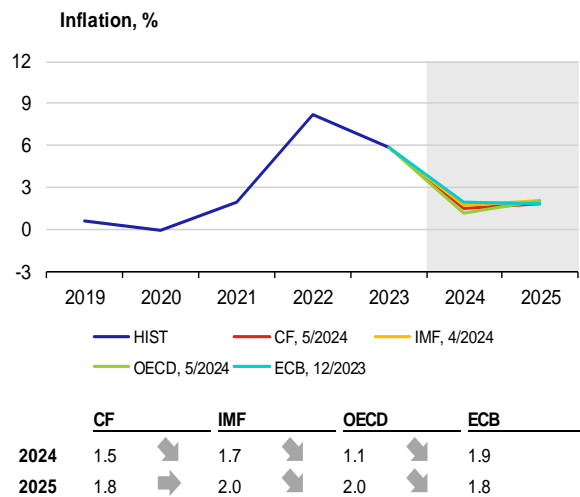
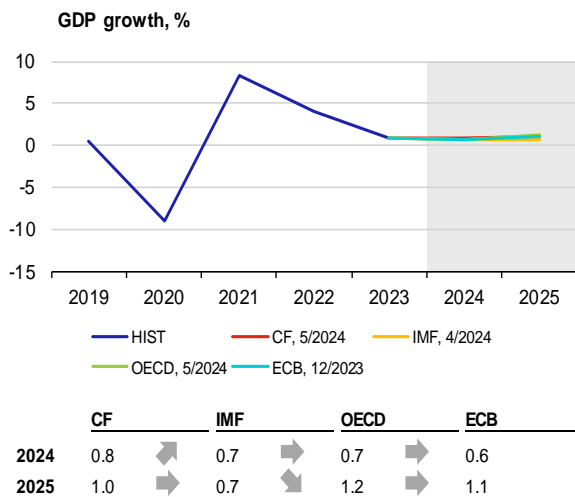
	CF	IMF	OECD	DBB
2024	0.2	0.2	0.2	0.4
2025	1.1	1.3	1.1	1.2

	CF	IMF	OECD	DBB
2024	2.4	2.4	2.4	2.7
2025	2.0	2.0	2.2	2.5

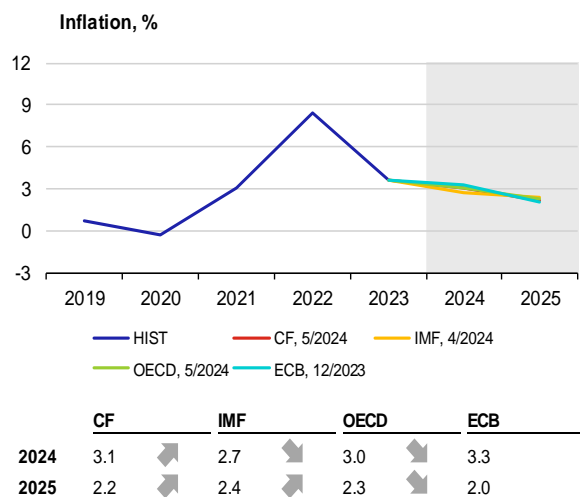
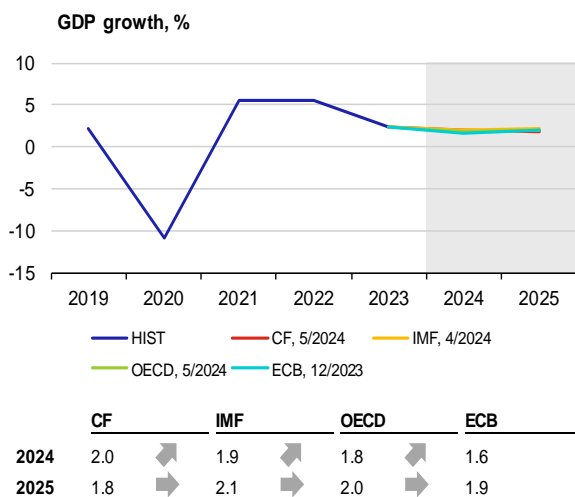
France



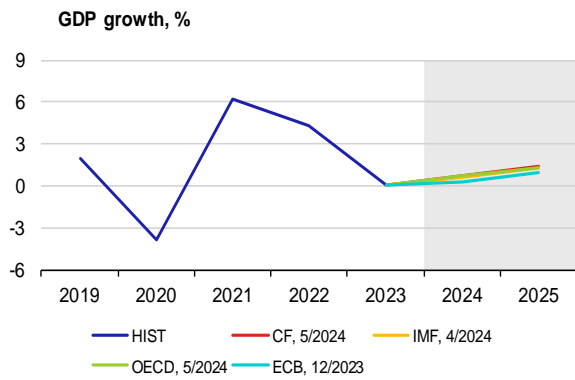
Italy



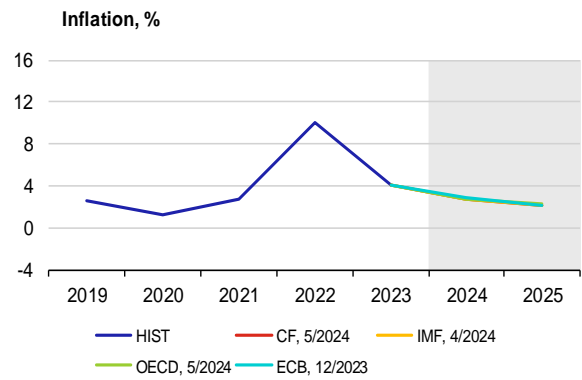
Spain



Netherlands

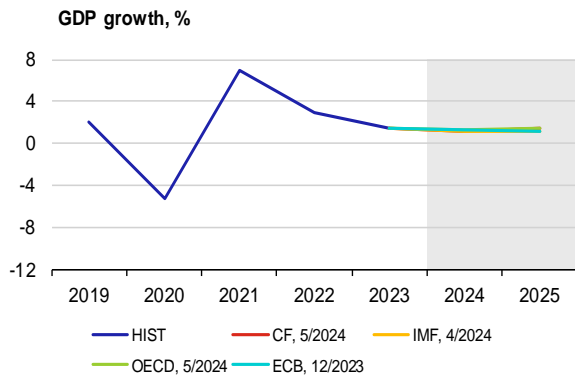


	CF	IMF	OECD	ECB
2024	0.7	0.6	0.7	0.3
2025	1.4	1.3	1.3	1.0

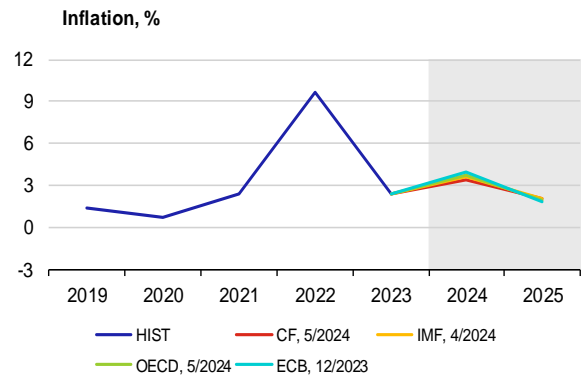


	CF	IMF	OECD	ECB
2024	2.7	2.7	2.8	2.9
2025	2.2	2.1	2.3	2.2

Belgium

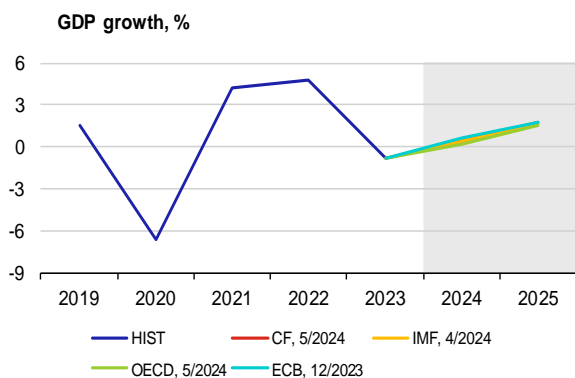


	CF	IMF	OECD	ECB
2024	1.1	1.2	1.3	1.3
2025	1.5	1.2	1.4	1.2

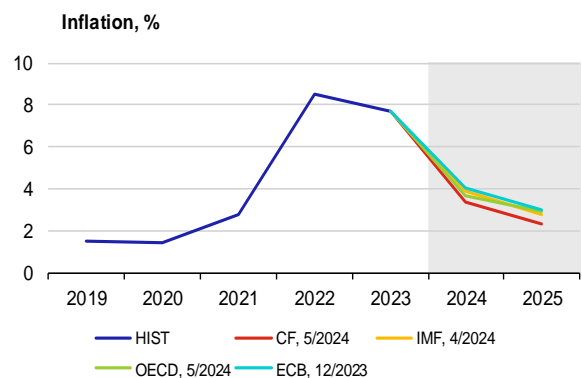


	CF	IMF	OECD	ECB
2024	3.4	3.6	3.7	4.0
2025	2.1	2.0	1.9	1.8

Austria

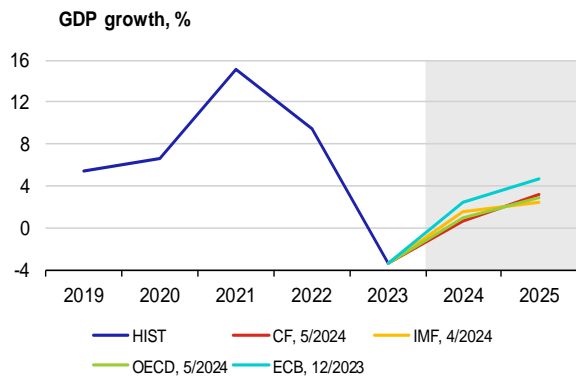


	CF	IMF	OECD	ECB
2024	0.4	0.4	0.2	0.6
2025	1.7	1.6	1.5	1.7

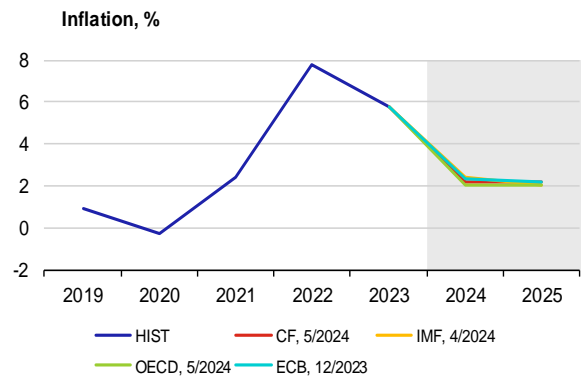


	CF	IMF	OECD	ECB
2024	3.4	3.9	3.7	4.0
2025	2.3	2.8	2.9	3.0

Ireland

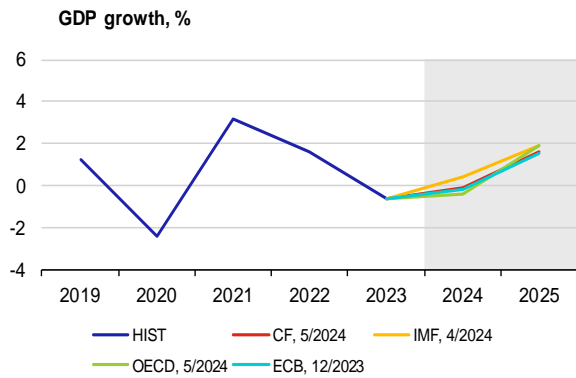


	CF	IMF	OECD	ECB
2024	0.7	1.5	1.0	2.4
2025	3.2	2.5	2.9	4.6

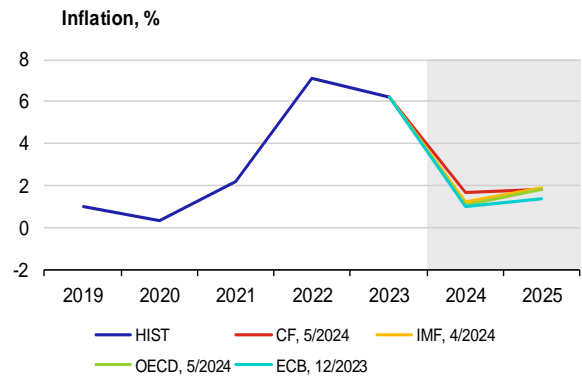


	CF	IMF	OECD	ECB
2024	2.2	2.4	2.0	2.3
2025	2.2	2.0	2.0	2.2

Finland

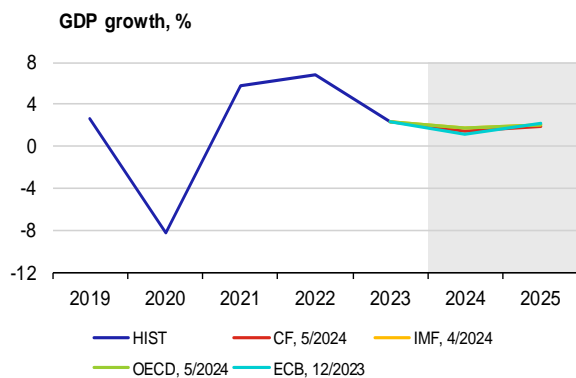


	CF	IMF	OECD	ECB
2024	-0.1	0.4	-0.4	-0.2
2025	1.6	1.9	1.9	1.5

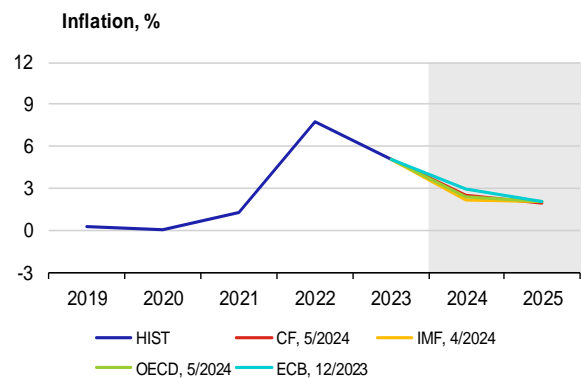


	CF	IMF	OECD	ECB
2024	1.7	1.2	1.1	1.0
2025	1.8	1.9	1.8	1.4

Portugal

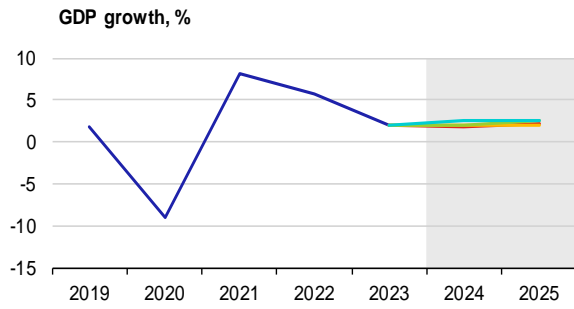


	CF	IMF	OECD	ECB
2024	1.5	1.7	1.7	1.2
2025	1.9	2.1	2.0	2.2

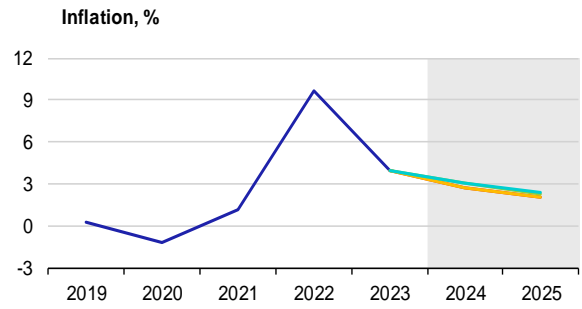


	CF	IMF	OECD	ECB
2024	2.5	2.2	2.4	2.9
2025	1.9	2.0	2.0	2.0

Greece

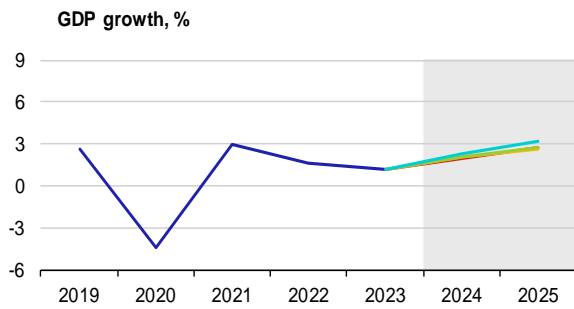


	CF	IMF	OECD	ECB
2024	1.8	2.0	2.0	2.5
2025	2.2	1.9	2.5	2.5

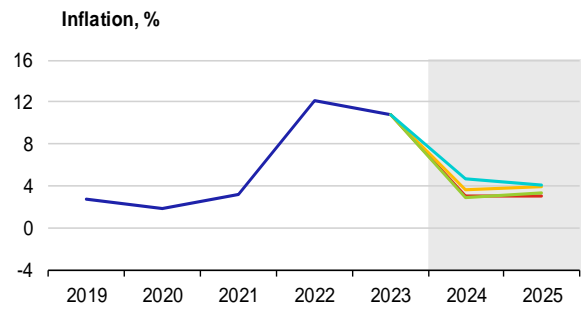


	CF	IMF	OECD	ECB
2024	2.7	2.7	3.0	3.0
2025	2.0	2.1	2.3	2.4

Slovakia

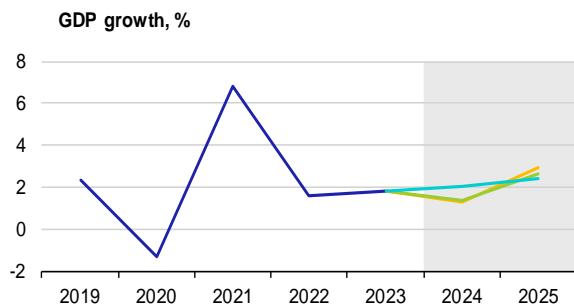


	CF	IMF	OECD	ECB
2024	1.9	2.1	2.1	2.3
2025	2.7	2.6	2.7	3.2

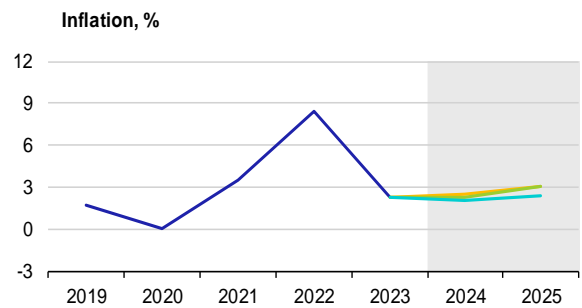


	CF	IMF	OECD	ECB
2024	3.1	3.6	2.9	4.7
2025	3.0	3.9	3.3	4.0

Luxembourg

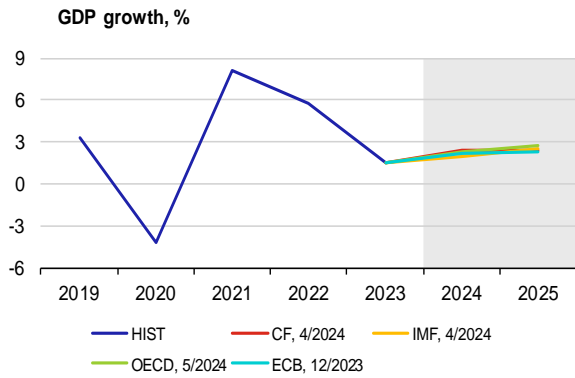


	CF	IMF	OECD	ECB
2024	n. a.	1.3	1.4	2.0
2025	n. a.	2.9	2.6	2.4

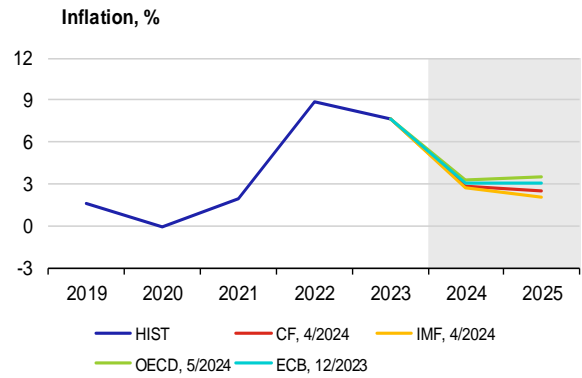


	CF	IMF	OECD	ECB
2024	n. a.	2.5	2.3	2.1
2025	n. a.	3.1	3.0	2.4

Slovenia

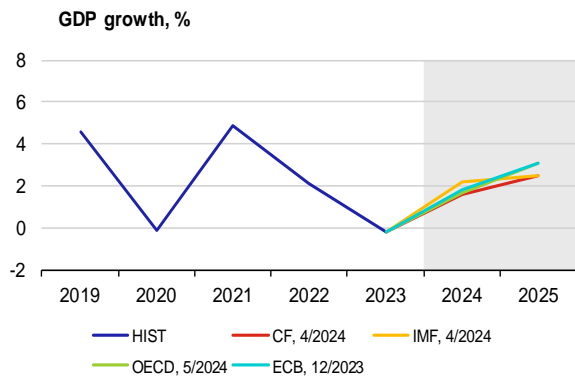


	CF	IMF	OECD	ECB
2024	2.4	2.0	2.3	2.2
2025	2.4	2.5	2.7	2.3

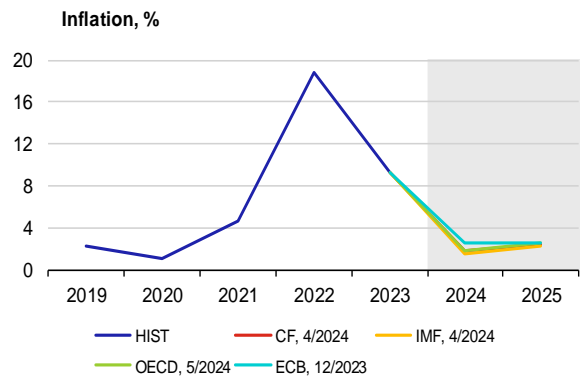


	CF	IMF	OECD	ECB
2024	2.8	2.7	3.3	3.0
2025	2.5	2.0	3.5	3.1

Lithuania

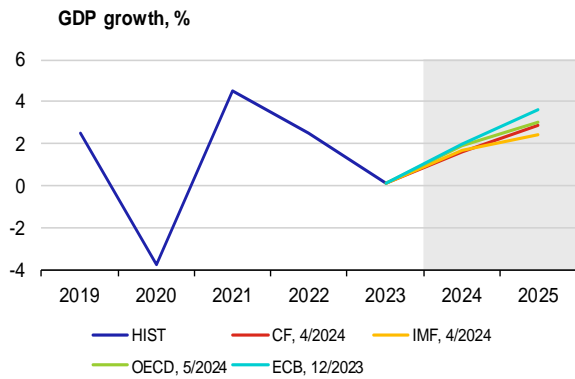


	CF	IMF	OECD	ECB
2024	1.6	2.2	1.7	1.8
2025	2.5	2.5	3.1	3.1

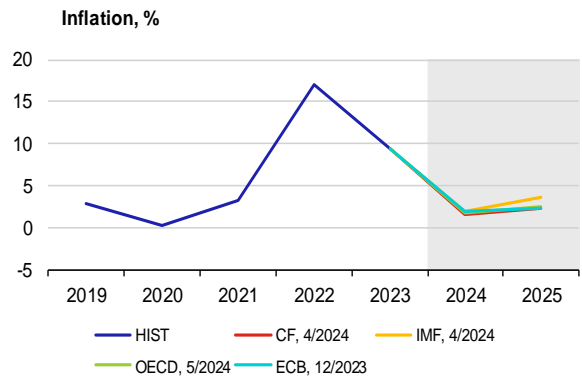


	CF	IMF	OECD	ECB
2024	1.8	1.5	1.8	2.5
2025	2.4	2.3	2.6	2.5

Latvia

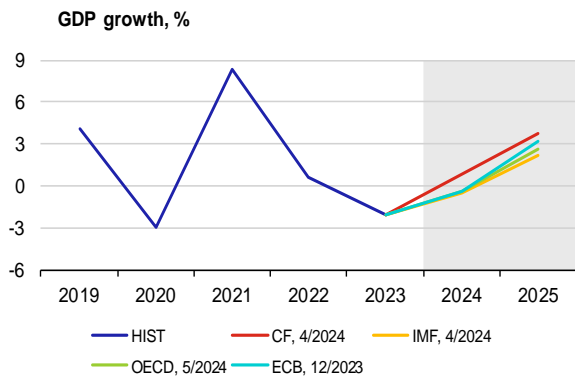


	CF	IMF	OECD	ECB
2024	1.6	1.7	1.9	2.0
2025	2.9	2.4	3.0	3.6

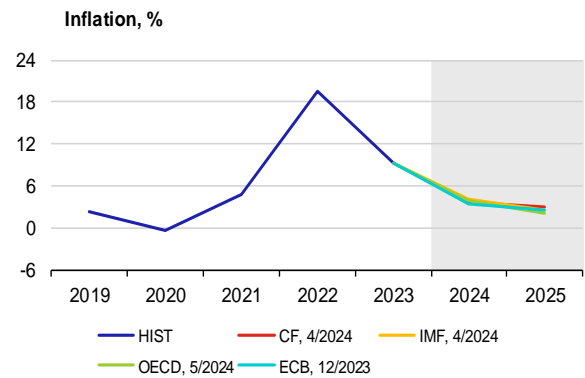


	CF	IMF	OECD	ECB
2024	1.5	2.0	1.7	2.0
2025	2.3	3.6	2.4	2.3

Estonia

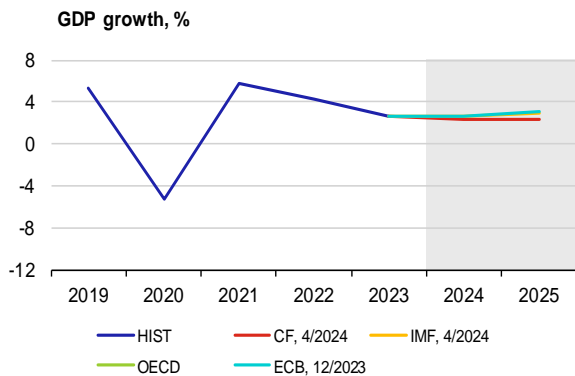


	CF	IMF	OECD	ECB
2024	0.8	-0.5	-0.4	-0.4
2025	3.7	2.2	2.6	3.2

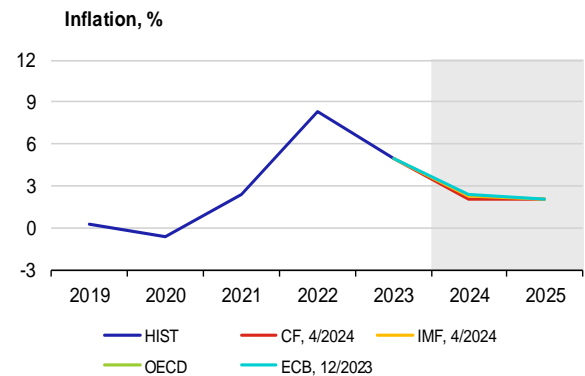


	CF	IMF	OECD	ECB
2024	3.6	4.2	3.9	3.5
2025	2.9	2.5	2.1	2.5

Cyprus

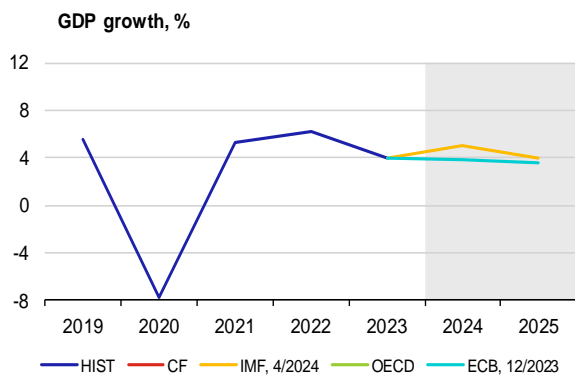


	CF	IMF	OECD	ECB
2024	2.4	2.7	n. a.	2.6
2025	2.4	2.9	n. a.	3.1

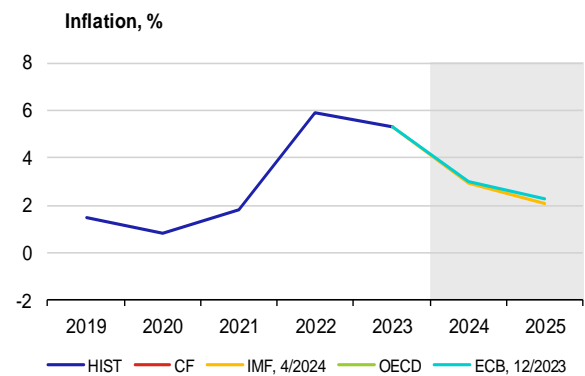


	CF	IMF	OECD	ECB
2024	2.1	2.3	n. a.	2.4
2025	2.0	2.0	n. a.	2.0

Malta



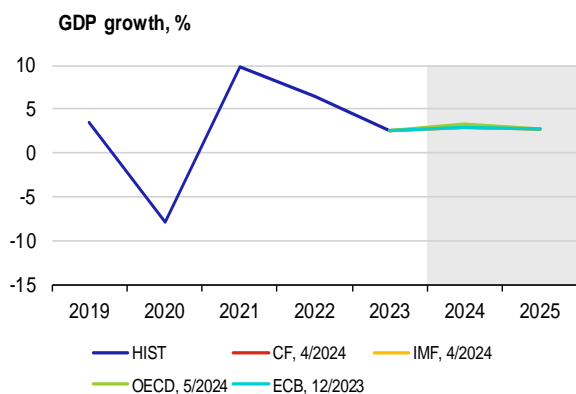
	CF	IMF	OECD	ECB
2024	n. a.	5.0	n. a.	3.8
2025	n. a.	4.0	n. a.	3.6



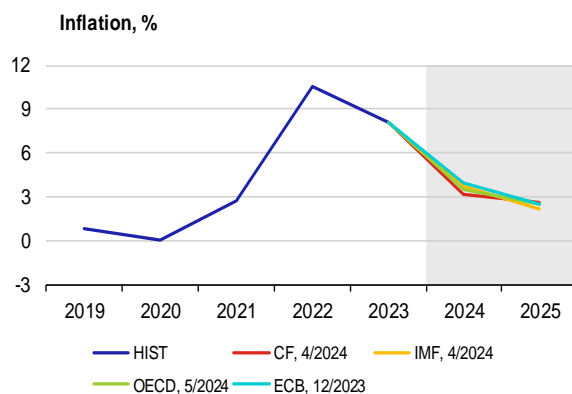
	CF	IMF	OECD	ECB
2024	n. a.	2.9	n. a.	3.0
2025	n. a.	2.1	n. a.	2.3

Ddd

Croatia



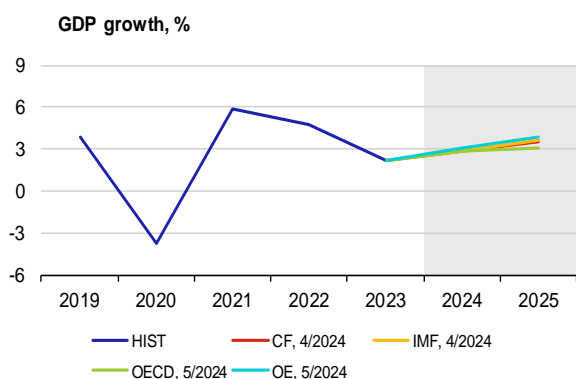
	CF	IMF	OECD	ECB
2024	2.9	3.0	3.3	3.0
2025	2.7	2.7	2.8	2.7



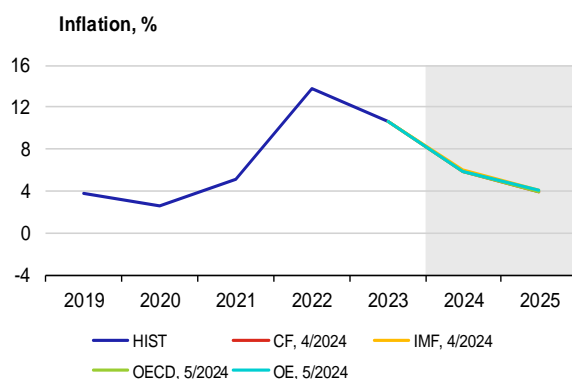
	CF	IMF	OECD	ECB
2024	3.2	3.7	3.5	4.0
2025	2.6	2.2	2.5	2.5

A5. GDP growth and inflation in other selected countries

Romania



	CF	IMF	OECD	OE
2024	2.9	2.8	2.8	3.1
2025	3.5	3.6	3.1	3.9



	CF	IMF	OECD	OE
2024	5.8	6.0	5.8	5.8
2025	3.9	4.0	3.9	4.0

A6. List of abbreviations

AT	Austria	IRS	Interest Rate swap
bbi	barrel	ISM	Institute for Supply Management
BE	Belgium	IT	Italy
BoE	Bank of England (the UK central bank)	JP	Japan
BoJ	Bank of Japan (the central bank of Japan)	JPY	Japanese yen
bp	basis point (one hundredth of a percentage point)	LIBOR	London Interbank Offered Rate
CB	central bank	LME	London Metal Exchange
CBR	Central Bank of Russia	LT	Lithuania
CF	Consensus Forecasts	LU	Luxembourg
CN	China	LV	Latvia
CNB	Czech National Bank	MKT	Markit
CNY	Chinese renminbi	MNB	Magyar Nemzeti Bank (the central bank of Hungary)
ConfB	Conference Board Consumer Confidence Index	MT	Malta
CXN	Caixin	NBP	Narodowy Bank Polski (the central bank of Poland)
CY	Cyprus	NIESR	National Institute of Economic and Social Research (UK)
DBB	Deutsche Bundesbank (the central bank of Germany)	NKI	Nikkei
DE	Germany	NL	Netherlands
EA	euro area	OE	Oxford Economics
ECB	European Central Bank	OECD	Organisation for Economic Co-operation and Development
EE	Estonia	OECD-CLI	OECD Composite Leading Indicator
EIA	Energy Information Administration	OPEC+	member countries of OPEC oil cartel and 10 other oil-exporting countries (the most important of which are Russia, Mexico and Kazakhstan)
ES	Spain	PMI	Purchasing Managers' Index
ESI	Economic Sentiment Indicator of the European Commission	pp	percentage point
EU	European Union	PT	Portugal
EUR	euro	RU	Russia
EURIBOR	Euro Interbank Offered Rate	RUB	Russian rouble
Fed	Federal Reserve System (the US central bank)	SI	Slovenia
FI	Finland	SK	Slovakia
FOMC	Federal Open Market Committee	SPF	Survey of Professional Forecasters
FR	France	TTF	Title Transfer Facility (virtual trading point for natural gas in the Netherlands)
FRA	forward rate agreement	UK	United Kingdom
FY	fiscal year	UoM	University of Michigan Consumer Sentiment Index - present situation
GBP	pound sterling	US	United States
GDP	gross domestic product	USD	US dollar
GR	Greece	WEO	World Economic Outlook
HICP	Harmonised Index of Consumer Prices	WTI	West Texas Intermediate (crude oil used as a benchmark in oil pricing)
HR	Croatia	ZEW	Centre for European Economic Research
ICE	Intercontinental Exchange		
IE	Ireland		
IEA	International Energy Agency		
IFO	Leibniz Institute for Economic Research at the University of Munich		
IMF	International Monetary Fund		

Publisher:
ČESKÁ NÁRODNÍ BANKA
Na Příkopě 28
115 03 Praha 1
Česká republika

Contact:
ODBOR KOMUNIKACE SEKCE KANCELÁŘ
Tel.: 224 413 112
Fax: 224 412 179
www.cnb.cz