



Gov't forecast  
October 2021

**-7718 Eur mil.**  
**-7,9 % of GDP**



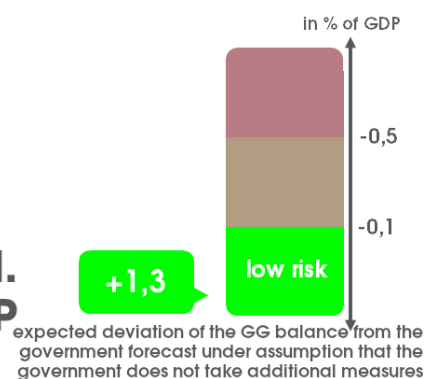
SoCBr forecast

**-6494 Eur mil.**  
**-6,7 % of GDP**



Deviation

**+1224 Eur mil.**  
**+1,3 % of GDP**



### Secretariat of the Council for Budget Responsibility (SoCBr) estimates General Government Budget (GGB) deficit on the level of EUR 6,5 bn.

- SoCBr has slightly reduced the estimate of the GGB deficit in 2021 to the level of EUR 6.494 bn. (6.7 % of GDP). The change compared to the October forecast is about EUR 76 mil and is caused by lower expenditures on co-financing due to slower spending of the EU funds.
- Current measures due to the worsened pandemic situation pose an additional risk to public finance developments. SoCBr forecasts a negative impact of the current lockdown on the 2021 deficit by reducing the slower growth of tax revenue. SoCBr also assumes that expenditure on additional compensatory measures will negatively influence the GGB deficit mainly in 2022.
- The deviation of the expected GGB deficit from the current government estimate is positive at the level of EUR 1.224 bn. (1.3% of GDP), which means that the risk of a deficit rising above the level expected by the government is low. However, the evolution of public finances is still affected by high uncertainty due to the ongoing pandemic and its implications for macroeconomic development.
- Compared to government expectations, we estimate the most significant positive impact on the general government balance in state budget expenditures. Saving of EUR 586 mil. (0.6% of GDP) is mainly due to a slower absorption of capital expenditures, as the low growth rate observed during the first ten months does not correspond to the high level of year-end expenditures projected by the government.
- Budgetary impact of pandemic government measures in the current forecast amount to a total of EUR 3.062 bn. (3.1% of GDP). In comparison to the government's estimate, the budgetary impact is lower by EUR 115 mil. (0.1% of GDP).