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Greek prophecies

Economic forecasts are all Greek to ex-Finance Minister Miroslav Kalousek. The Czech economy contracted by a preliminary 4.3% last year, meaning that Kalousek's initial prediction of +4.8% growth was off by a Hellenic 9.1 percentage points. In excusing this, he told *Právo* that no one in the CR expected such a sharp decline last year. Nor, he said, does anyone know 100% how things will go from here. Of course not, but it's almost certain that the negative trend will continue - with perhaps some misleading blips here or there - unless drastic action is taken. This means sharply cutting government spending, lowering taxes (not raising them), implementing selective protectionism in Europe, abolishing the costliest environmental measures, attacking corruption with some high-visibility arrests (*ČEZ* would be a good place to start), and talking to creditors about partial debt forgiveness. There is no will for any of this, so instead of hoping for a "W" recovery, we should prepare for a long y-shaped slide backward in time.



FORECASTING DINNER 2010

at the Czech National Bank
18th February 2010

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under the auspices of Czech National Bank
Governor Zdeněk Tůma.

Speakers:

George A. Formandl, CFA (Czech CFA Society),
Zdeněk Tůma (ČNB), Rob Carnell (ING),
Juan Ignacio Crespo (Thomson Reuters),
Alan J. Brown (Schroders).

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