



Press conference of the CNB Bank Board

3rd Situation Report on Economic and Monetary Developments

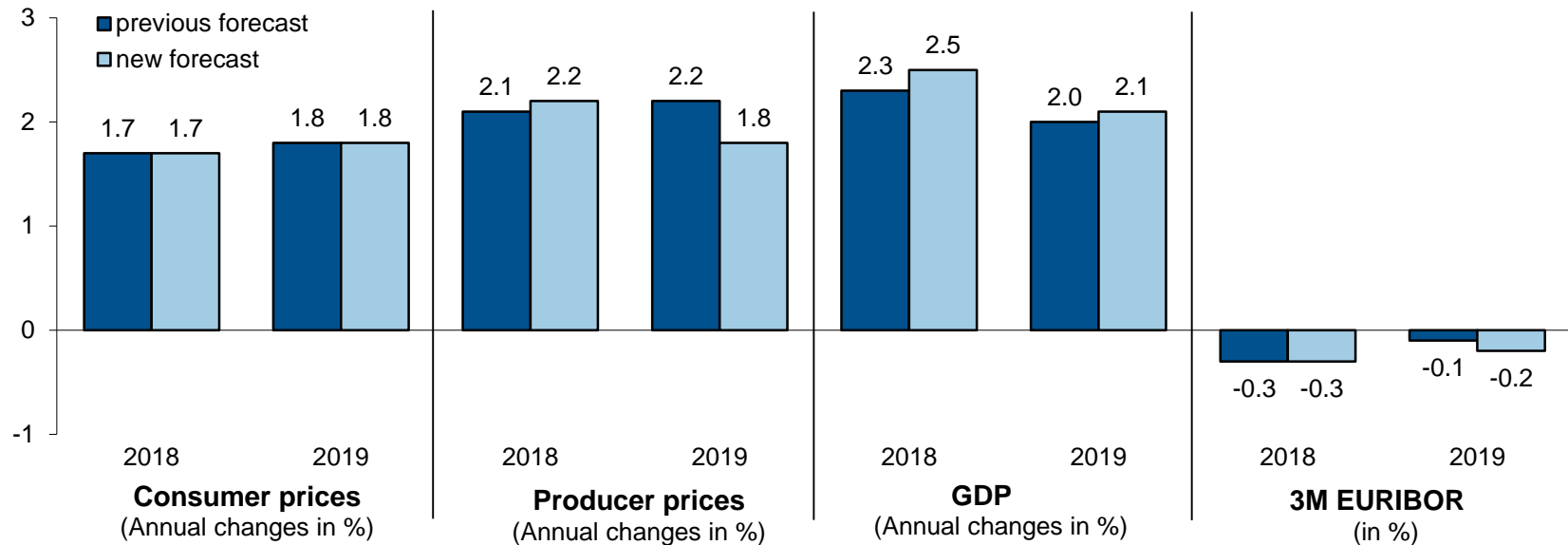
3 May 2018

The monetary policy decision

- At its meeting today, the CNB Bank Board left interest rates unchanged. The two week repo rate thus remains at 0.75%, the discount rate at 0.05% and the Lombard rate at 1.50%.
- Six members voted in favour of this decision, and one member voted for increasing the two-week repo rate to 1.00%.
- The decision adopted by the Bank Board is underpinned by the CNB's new macroeconomic forecast. Consistent with the forecast is broad stability of market interest rates initially, followed by further growth in rates from late 2018/early 2019.

The external environment (i)

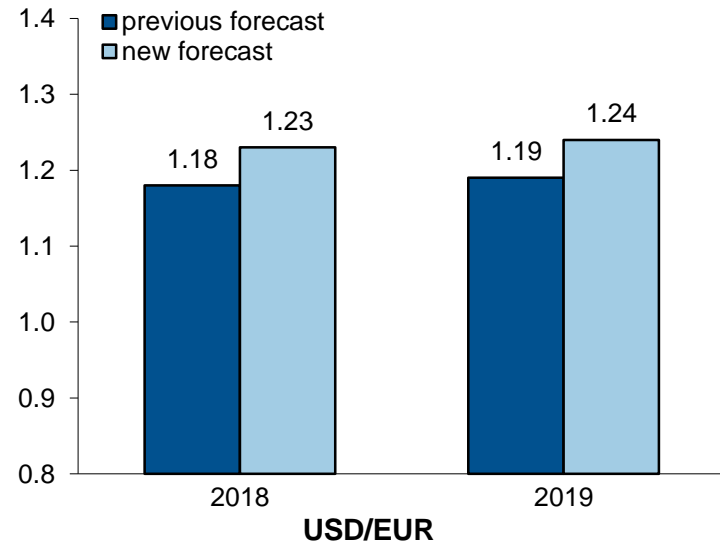
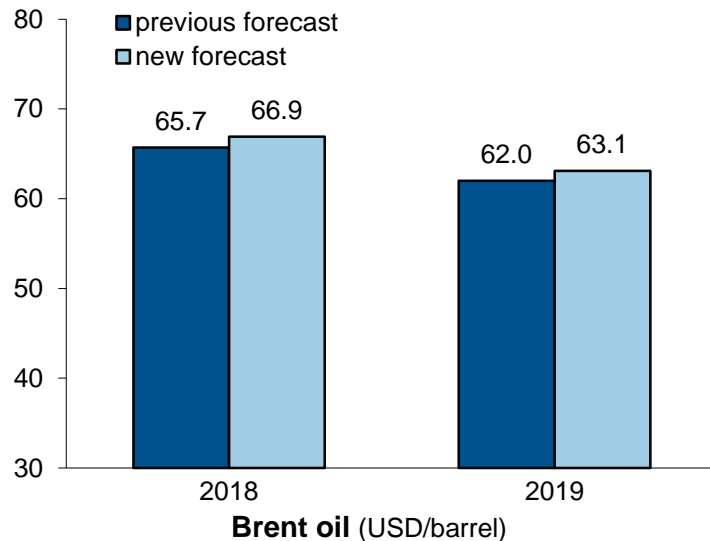
Comparison between the assumptions of the new and previous forecasts for the effective euro area*



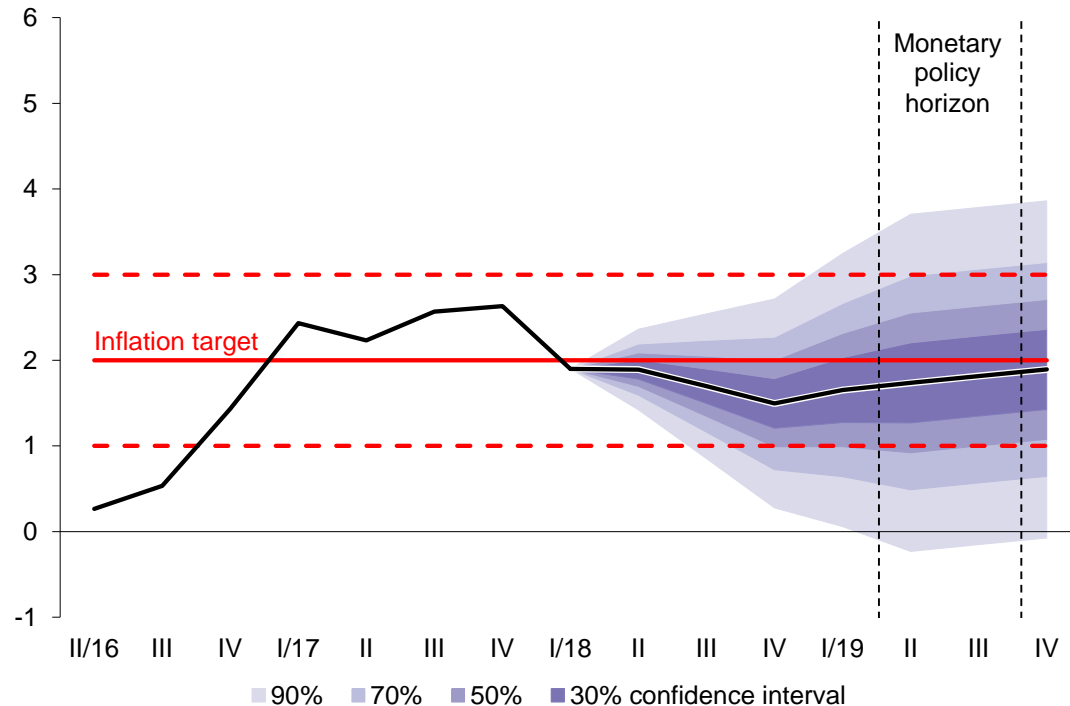
* Effective euro area means that the weights used in the calculations correspond to the share of individual euro area countries in total Czech exports into the euro area.

The external environment (ii)

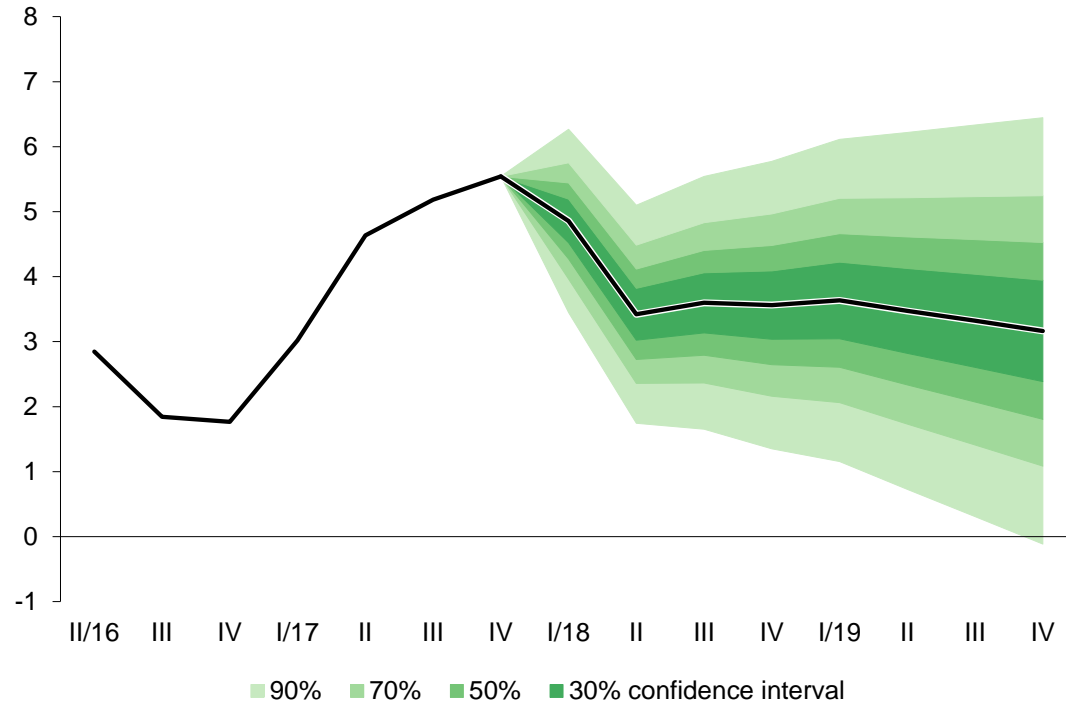
Comparison between the assumptions of the new and previous forecasts



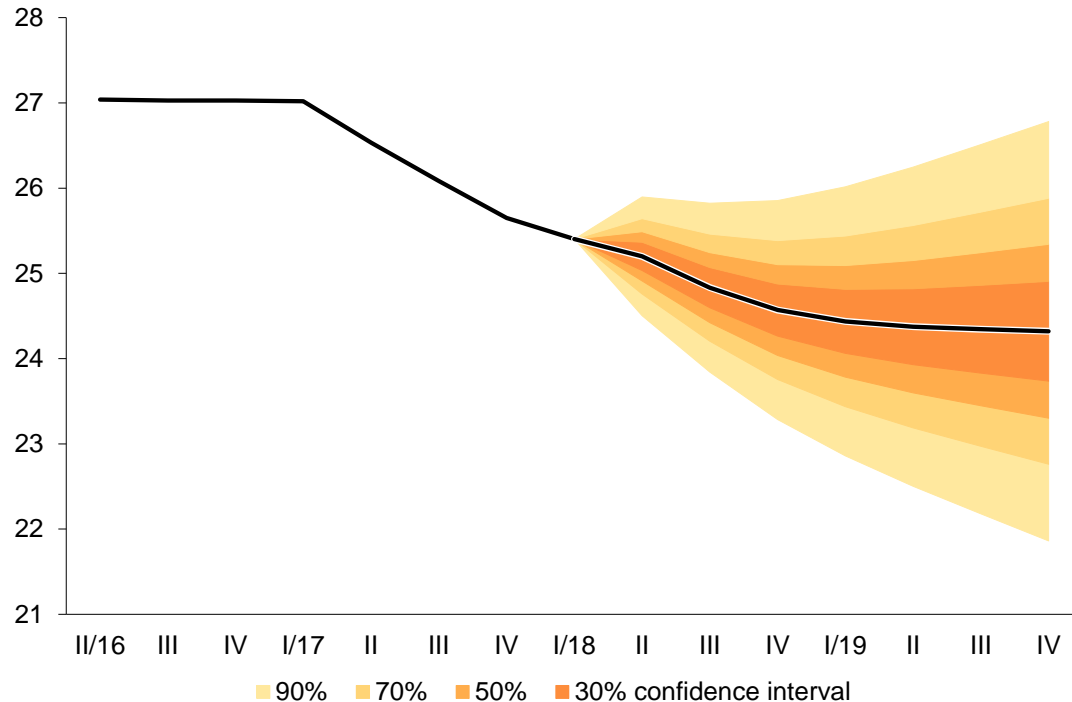
The forecast for headline inflation



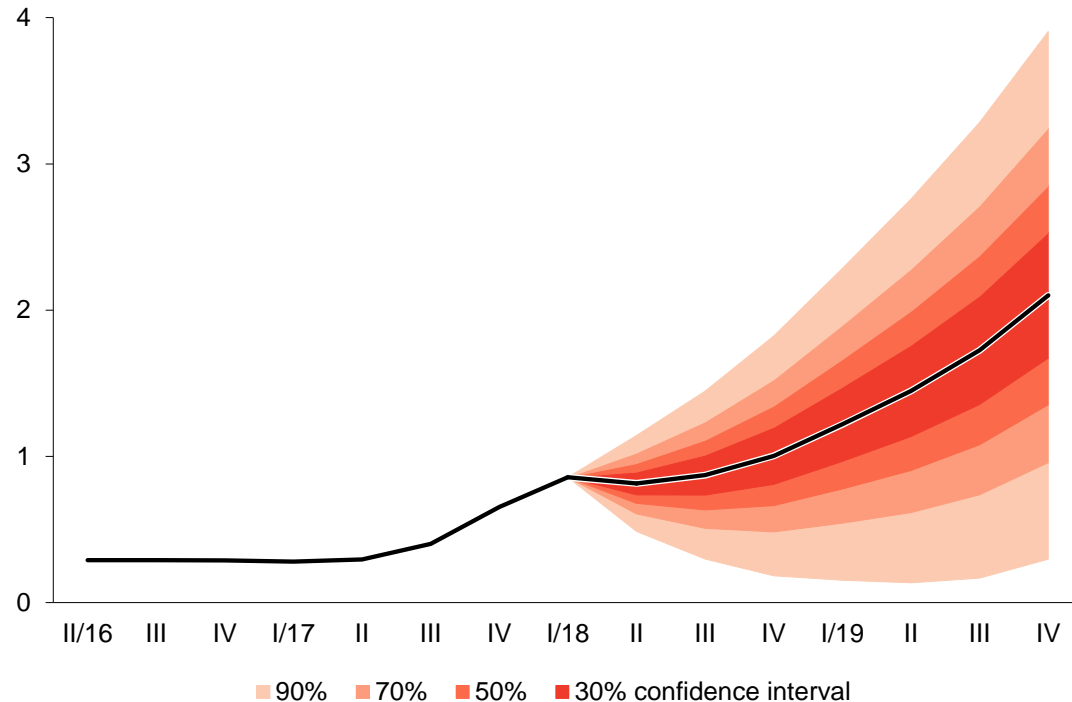
The forecast for GDP



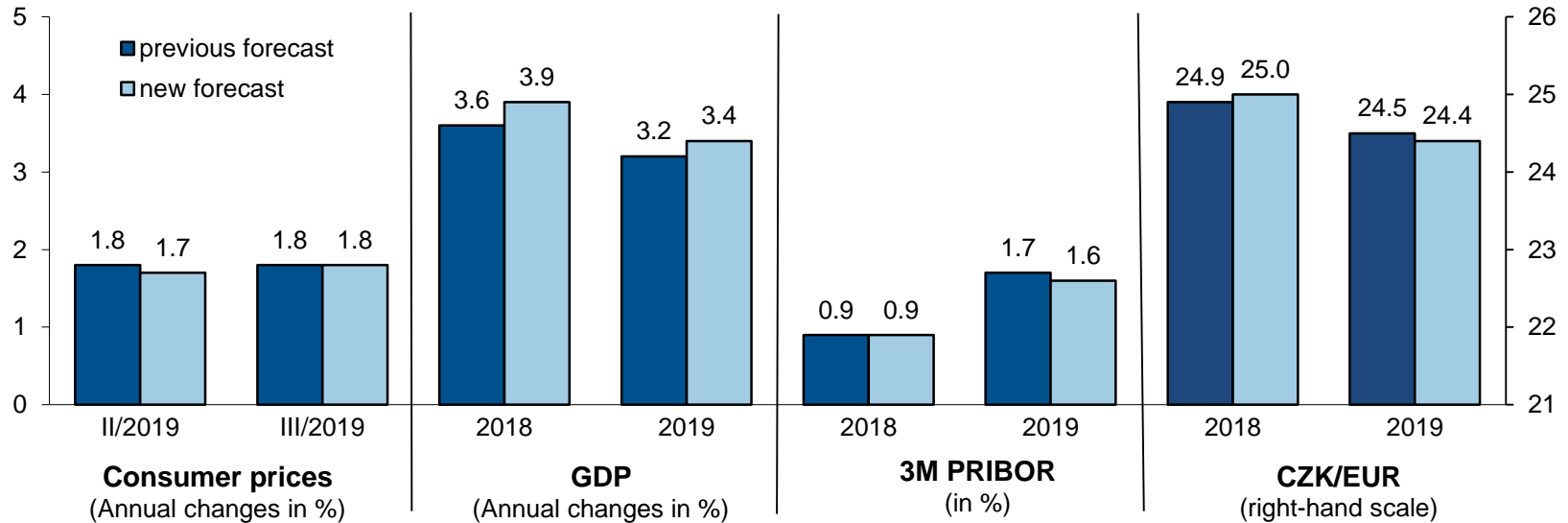
The forecast for the exchange rate (CZK/EUR)



The forecast for interest rates (3M PRIBOR)



Comparison with the previous forecast



Risks to the forecast

The Bank Board assessed the risks to the forecast at the monetary policy horizon as being **balanced**.

Main uncertainties:

- strength and composition of inflation pressures
- exchange rate developments
- developments abroad

Thank you for your attention

More information about the forecast can be found at

http://www.cnb.cz/en/monetary_policy/forecast

and in Inflation Report II/2018. The summary of the Report (together with boxes and the table of key macroeconomic indicators) will be published on 4 May 2018.

The whole Report will be published on 11 May 2018.