

**FINANCIAL MARKET
INFLATION
EXPECTATIONS
5/2026**



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1 SUMMARY

Fourteen domestic and three foreign analysts took part in the May survey. The data obtained suggest that, in the analysts' view, the conflict between the USA and Iran is likely to weaken GDP growth this year. The outlook for next year remains unchanged for the time being. At the same time, the three-year inflation forecast has increased slightly. The one-year outlook remains unchanged. More analysts also expect an increase in key interest rates one year ahead, although the majority of them still expect the 2W repo rate to remain at its current level. The expected nominal wage growth this year has been revised slightly upwards. By contrast, exchange rate forecasts have remained virtually unchanged given the relative stability of the koruna on the foreign exchange market.

DOMESTIC ANALYSTS	I.	II.	III.	IV.	V.	VI.	VII.	VIII.	IX.	X.	XI.	XII.
Jiří Polanský, Česká spořitelna	+	+	+	+	+							
Jan Vejmělek, Komerční banka	+	+	+	+	+							
Jiří Pour, Unicredit Global Research	+	+	+	+	+							
Helena Horská, Martin Kron, Raiffeisenbank	+	+	+	+	+							
Petr Dufek, Banka CREDITAS	+	+	+	+	+							
Adam Ruschka, J&T Banka	+	+	+	+	+							
Radomír Jáč, Generali Investments CEE	+	+	+									
David Havrlant, ING	+	+	+	+	+							
Kamil Kovář, Moody's Analytics		+				+						
Jan Kudláček, Tomáš Lébl, Václav Franče, UNIQA	+	+	+	+	+							
Jaromír Šindel, ČBA		+		+	+							
Lukáš Kovanda, Trinity Bank	+	+	+	+	+							
Michal Šoltés, Roklen	+	+	+									
Martin Janičko, MND	+	+	+	+	+							
Jan Bureš, Dominik Rusinko, ČSOB	+	+	+	+	+							
Martin Motl, Citi	+	+	+	+	+							
FOREIGN ANALYSTS												
Basak Edizgil, Goldman Sachs	+		+	+	+							
Sili Tian, The Economist Intelligence Unit												
Jose A. Cerveira, JP Morgan	+	+	+	+	+							
Tomáš Dvořák, Oxford Economics				+	+							

We would like to thank everyone who contributed to this survey of financial market inflation expectations.

Prague, 25 May 2026

2 INFLATION

Forecast for Y/Y CPI growth

(%)

May 2026	CPI	
	1Y	3Y
minimum	1.7	2.0
average	2.7	2.2
maximum	4.0	2.6

1Y and 3Y forecast for CPI growth

(%)

Date of Prediction	ANALYSTS		CNB (%)
	1Y	3Y	1Y
V.25	2.1	2.1	2Q: 2.2
VII.25	2.2	2.1	
VIII.25	2.2	2.2	3Q: 2.2
X.25	2.2	2.2	
XII.25	2.1	2.2	4Q: 2.3
III.26	2.4	2.1	1Q: 2.3
IV.26	2.7	2.1	2Q: 2,4
V.26	2.7	2.2	

Growth in fuel prices continues to visibly feed through to inflation. The year-on-year consumer price index (CPI) reached 2.5% in April, exceeding the March figure by 0.6 percentage point. The largest contribution to the year-on-year increase in the CPI came from transport, followed at a considerable distance by alcoholic beverages and tobacco, housing and food service activities. Prices of goods increased by 1.1% overall, while services inflation remained elevated (4.8%). On a month-on-month basis, the CPI rose by 0.5%. It was also driven mainly by higher prices in transport. The month-on-month growth in goods prices of 0.7% outpaced growth in services price (0.3%) this time.

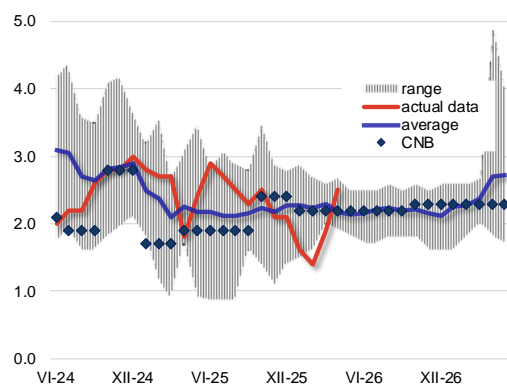
As the analysts had expected inflation to accelerate, given the developments in oil prices on commodity markets, they probably did not think it necessary to revise their one-year inflation forecasts. They thus on average continue to expect the CPI to reach 2.7% one year ahead. At the same time, the respondent with the highest estimate has noted that actual inflation could be lower than his/her forecast should the blockade of the Strait of Hormuz be lifted quickly. The range of the individual estimates has narrowed due to a decrease in the maximum value. The three-year forecast has increased slightly compared to the previous survey, by 0.1 percentage point to 2.2%. The range of the individual forecasts remains unchanged, as both the minimum and maximum values increased slightly.

The expected duration of the blockade of the choke point in the Persian Gulf is thus a major unknown fundamentally shaping the analysts' forecasts. If the situation were resolved swiftly, inflation could stabilise at low levels relatively quickly. However, if it lasts longer, higher costs associated with more expensive fuel could feed through to end prices. Moreover, in an environment of strong domestic consumer demand, firms have greater scope to pass on higher input costs to selling prices. According to some estimates, inflation could then move into the 2.5%–3.0% range by the end of this year, with a risk of rising even higher.

The CNB's spring forecast expects consumer prices to grow by 2.4% year on year in 2027 Q2.

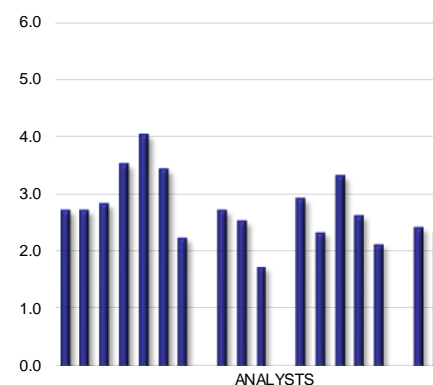
Consumer price index

actual data and 1Y predictions of analysts (average) and of CNB (%)



Consumer price index at 1Y

predictions of individual analysts (%)



3 GROSS DOMESTIC PRODUCT

Forecast for GDP growth

(%)

May 2026	current year	current+ 1Y
minimum	1.6	1.7
average	2.0	2.3
maximum	2.5	2.9

Forecast for GDP growth

(%)

Date of Prediction	current year	current+1Y
V.25	1.8	2.0
VII.25	2.0	1.9
VIII.25	2.1	2.0
X.25	2.3	2.1
XII.25	2.5	2.3
III.26	2.5	2.5
IV.26	2.2	2.3
V.26	2.0	2.3

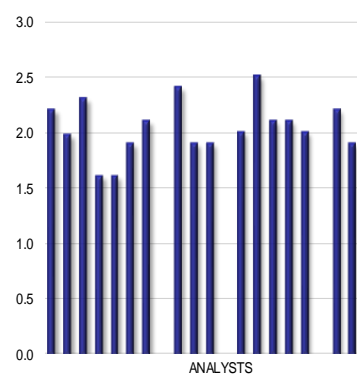
According to the CZSO's flash estimate, the Czech economy grew by 2.1% in 2026 Q1, which is 0.6 percentage point less than in 2025 Q4. A detailed breakdown of growth has not yet been published. However, according to the CZSO, growth was driven by domestic demand, particularly household consumption and gross fixed capital formation. By contrast, the trade balance had a negative impact. In quarter-on-quarter terms, GDP increased by 0.2%, compared with 0.7% in 2025 Q4. Growth was affected positively, mainly by gross capital formation. Unfortunately, the effect of the trade balance in quarter-on-quarter terms was also negative. In terms of gross value added, services performed well compared with 2025 Q4, while industry had a negative impact.

Actual GDP growth in 2026 Q1 was disappointing for many of the respondents. According to the analysts, the situation in the Middle East is gradually being reflected in domestic economic performance, and GDP growth this year is likely to be weaker. The negative effect of high oil and fuel prices, which is adversely affecting a wide range of economic activities, is further compounded by weaker performance in the European economy. This in turn has a negative effect on the Czech economy – a small open economy – through weaker exports. Therefore, the analysts have on average lowered their estimate of Czech economic growth this year by 0.2 percentage point to 2.0%. Domestic demand should continue to be the main driver of growth, as it remains relatively resilient. The range of the individual estimates has narrowed due to an increase in the minimum value and a decline in the maximum value. The outlook for next year remains unchanged at 2.3%, while its range has widened due to an increase in the maximum value.

According to the CNB's spring forecast, GDP will grow by 2.5% in 2026 and 2.7% in 2027.

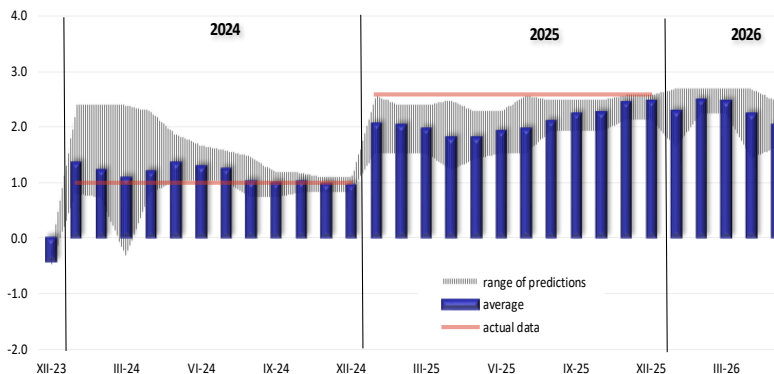
Individual 1Y predictions

outlook for this year



GDP growth at end of year

average and range of predictions



4 INTEREST RATES – 2W REPO, PRIBOR, IRS

Forecast for 2W repo, 12M PRIBOR and 5Y and 10Y IRS

(%)

Date of Prediction	2W repo rate		12M PRIBOR		5Y IRS		10Y IRS	
	1M	1Y	1M	1Y	1M	1Y	1M	1Y
V.25	3.46	3.05	3.40	3.24	3.43	3.37	3.69	3.61
VII.25	3.48	3.16	3.46	3.32	3.61	3.54	3.91	3.81
VIII.25	3.50	3.25	3.49	3.38	3.67	3.61	3.89	3.83
X.25	3.48	3.36	3.54	3.51	3.77	3.76	4.03	3.98
XII.25	3.50	3.40	3.59	3.56	3.95	3.87	4.24	4.13
III.26	3.50	3.47	3.60	3.63	4.12	3.94	4.32	4.13
IV.26	3.50	3.52	3.66	3.68	4.09	4.04	4.27	4.23
V.26	3.50	3.57	3.75	3.78	4.37	4.19	4.44	4.25

Forecasts: minimum, average and maximum 2W repo, 12M PRIBOR, 5Y and 10Y IRS

(%)

May 2026	2W repo rate		12M PRIBOR		5Y IRS		10Y IRS	
	1M	1Y	1M	1Y	1M	1Y	1M	1Y
minimum	3.50	3.00	3.56	3.30	4.07	3.70	3.30	3.40
average	3.50	3.57	3.75	3.78	4.37	4.19	4.44	4.25
maximum	3.50	4.00	3.95	4.10	4.84	4.70	4.80	4.83

Actual indicator values as of forecast deadline

(%)

	2W repo rate	12M PRIBOR	5Y IRS	10Y IRS
15.5.	3.50	3.81	4.51	4.65

In May, all of the analysts again expect that the CNB's key interest rates will remain unchanged at the upcoming (June) Bank Board meeting. In their view, the 2W repo rate will stay at 3.5%. However, the analysts acknowledge that as the blockade of the Strait of Hormuz drags on, the risk is increasing that firms will start passing their higher costs through to end prices. This could increase the need for monetary policy tightening to contain the spillover of inflation pressures stemming from energy prices into other sectors. Most respondents still expect rates to remain stable one year ahead. However, the group of analysts anticipating a 25 basis point increase in key rates has grown noticeably (see the table below).

Analysts' forecast – 2W repo rate level in 1Y

(%)

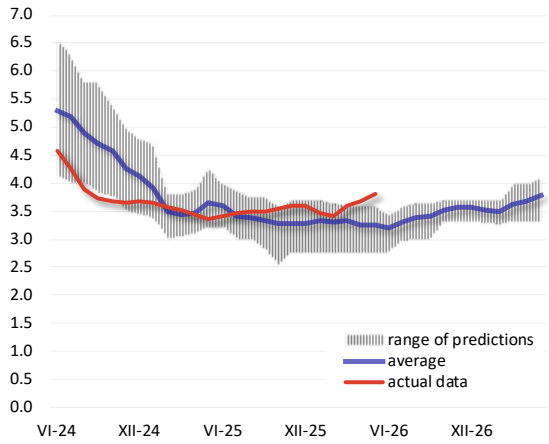
2W repo rate level in 1Y (%)	2.75	3.00	3.25	3.50	3.75	4.00
number of analysts - current survey	0	1	1	8	6	1
-previous survey	0	1	1	11	2	1

Recent developments in financial markets have again been reflected in the forecasts for interbank reference rates and interest rate derivatives. The forecasts have thus increased, although to a lesser extent than the corresponding market rates. While the 12M PRIBOR rose by 16 basis points, the one-month estimate increased by 9 basis points and the one-year estimate by 10 basis points. Since the last survey, the 5Y IRS rate has risen by 42 basis points and the 10Y IRS rate by 38 basis points on the market, while forecasts in our survey increased by only 2 to 29 basis points. The expected yield curve has maintained its standard, slightly rising shape. For the 5Y and 10Y IRS rates, a decline is still expected at the one-year horizon, as their one-year forecasts and one-month rates remain below the current market rates.

The CNB's spring forecast implies a 2W repo rate of 3.5% in 2027 Q2.

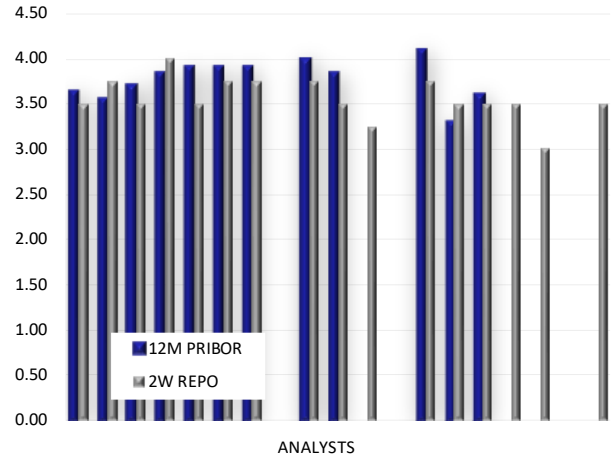
12M PRIBOR at 1Y

actual data, average and range of predictions



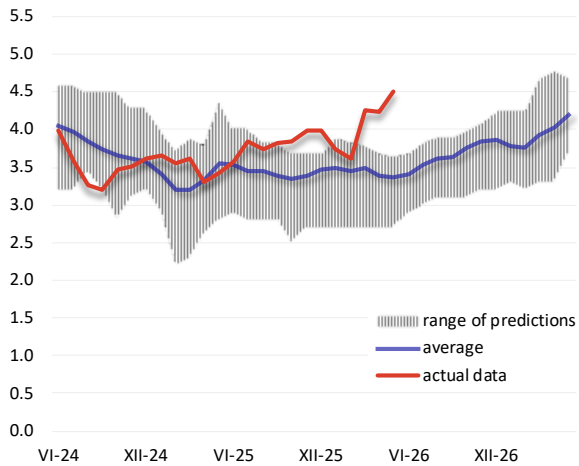
2W repo and 12M PRIBOR at 1Y

predictions of individual analysts



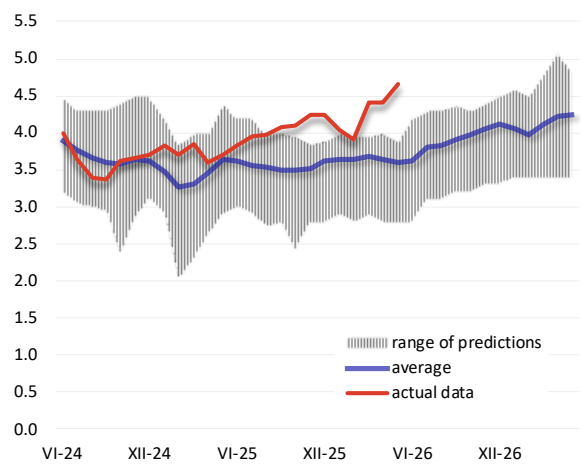
5Y IRS at 1Y

average and range of predictions



10Y IRS at 1Y

average and range of predictions



5 EXCHANGE RATE

1M and 1Y exchange rate forecast

Date of Prediction	EUR/CZK	
	1M	1Y
V.25	24.96	24.84
VII.25	24.71	24.60
VIII.25	24.55	24.51
X.25	24.34	24.20
XII.25	24.29	24.15
III.26	24.40	24.19
IV.26	24.40	24.28
V.26	24.37	24.27

Exchange rate forecast

May 2026	EUR/CZK	
	1M	1Y
minimum	24.27	24.00
average	24.37	24.27
maximum	24.60	24.70

Actual EUR/CZK as of forecast deadline

15.5.	24.34
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The koruna exchange rate continues to show resilience to the current geopolitical developments. It has not changed significantly since the previous survey, appreciating against the euro by only two hellers to CZK 24.34 to the euro. The analysts thus again saw no reason to significantly revise their one-month forecasts. They expect the koruna to stand at CZK 24.37 to the euro in mid-June, which is three hellers stronger than in the April survey and three hellers weaker than at the cut-off date of this survey.

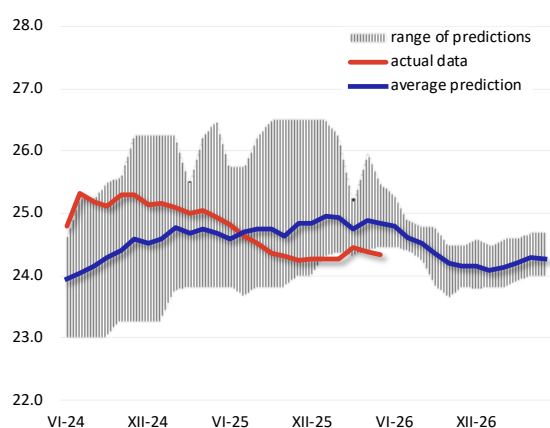
According to some analysts, the low volatility of the koruna may also reflect – besides stable domestic macroeconomic fundamentals, sizeable foreign exchange reserves providing the CNB with substantial defensive capacity and a still attractive interest rate differential vis-à-vis the euro – the way economic agents hedge against exchange rate risk. Greater use of option structures alongside traditional forward hedging could reduce exchange rate volatility.

At the one-year horizon, the analysts do not expect any major change in the trend either compared with the previous survey. They continue to assume a very gradual appreciation trend that should move the koruna to CZK 24.27 to the euro by May 2027, one heller stronger than they expected in April and only seven hellers stronger than the koruna's exchange rate at the cut-off date of this survey.

The CNB's spring forecast expects the koruna at CZK 24.4 to the euro in 2027 Q2.

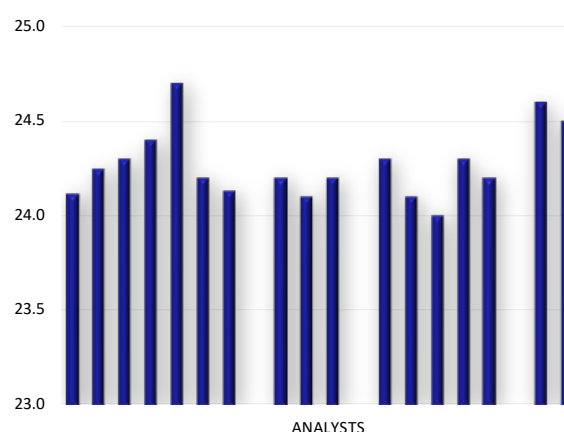
EUR/CZK

actual data, 1Y predictions and their range



EUR/CZK AT 1Y

predictions of individual analysts



6 NOMINAL WAGES

Forecast for nominal wage growth

(%)

May 2026	current year	current+1Y
minimum	5.7	4.0
average	6.1	5.2
maximum	6.9	6.0

Forecast for nominal wage growth

(%)

Date of Prediction	current year	current+1Y
V.25	5.7	4.9
VII.25	6.2	5.1
VIII.25	6.3	5.1
X.25	7.1	5.7
XII.25	7.0	5.7
III.26	6.0	5.3
IV.26	6.0	5.2
V.26	6.1	5.2

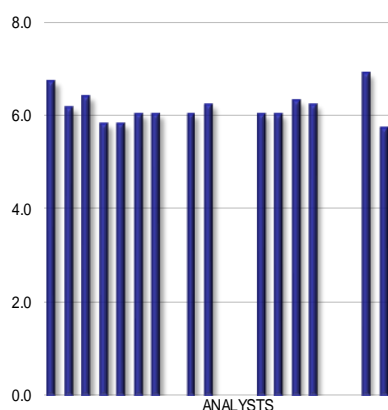
The Czech Republic continues to display the characteristics of an economy with low unemployment. The Czech Labour Office registered 364,472 job seekers at the end of April. This is almost 46,000 more than a year earlier, but just under 8,000 fewer than in March this year. At the same time, the number of vacancies increased month on month by almost 3,000 to 94,500, approaching last year's figure of 95,800. According to the Labour Office, firms continue to show interest in new employees, as evidenced by the rise in new job vacancies. Higher year-on-year employment has also been confirmed by statistics published by the CZSO alongside the flash estimate of GDP growth in 2026 Q1.

Against the backdrop of these labour market developments and, according to some of the respondents' comments, also in view of the rise in public sector pay, the analysts have slightly increased their forecast for wage growth in 2026. They now expect nominal wages to rise by 6.1% on average this year, which is 0.1 percentage point more than in the April survey. By contrast, the outlook for next year remains unchanged. Given that real wages have already reached their pre-pandemic levels and have converged towards labour productivity developments, the analysts expect wage growth to slow to 5.2%. However, a more marked slowdown in wage growth is prevented by persistent labour shortages perceived by firms. Overall, nominal wage growth is expected to exceed inflation and ensure an increase in real wages as well.

The CNB's spring forecast expects nominal wages to grow by 6.4% in 2026 and slow to 5.4% in 2027.

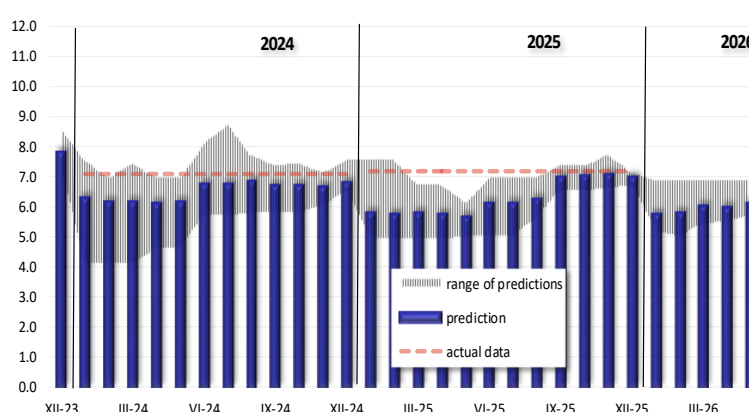
Individual 1Y predictions

outlook for this year



Nominal wage growth

end of current year: average and range of predictions (%)



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