

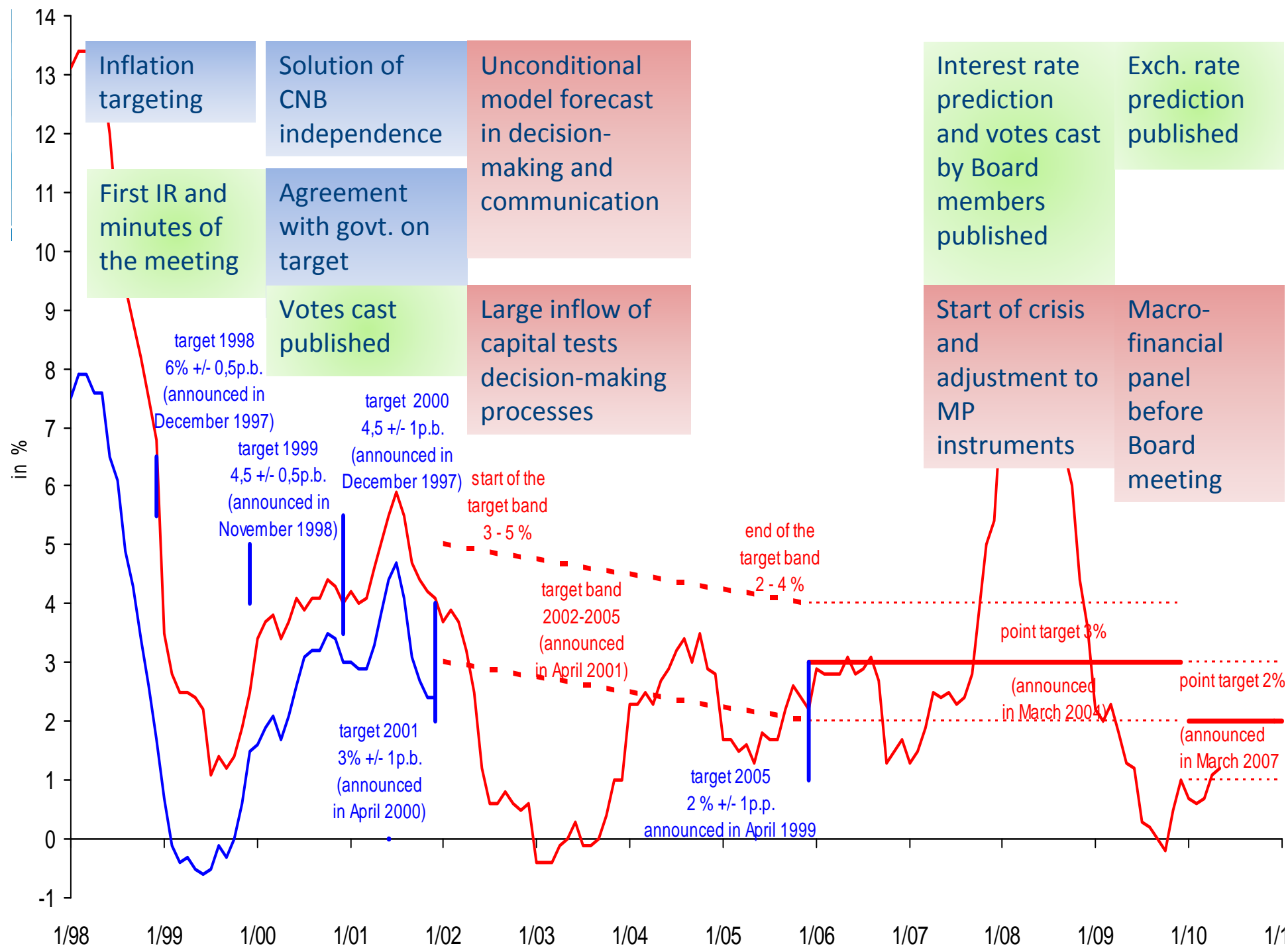


# Press conference of CNB Bank Board and Governor Zdeněk Tůma

A glance back at monetary  
policy in the last 12 years  
and

4th Situation Report on  
Economic and Monetary  
Developments

June 23, 2010





# The monetary policy decision taken and the ratio of the votes cast

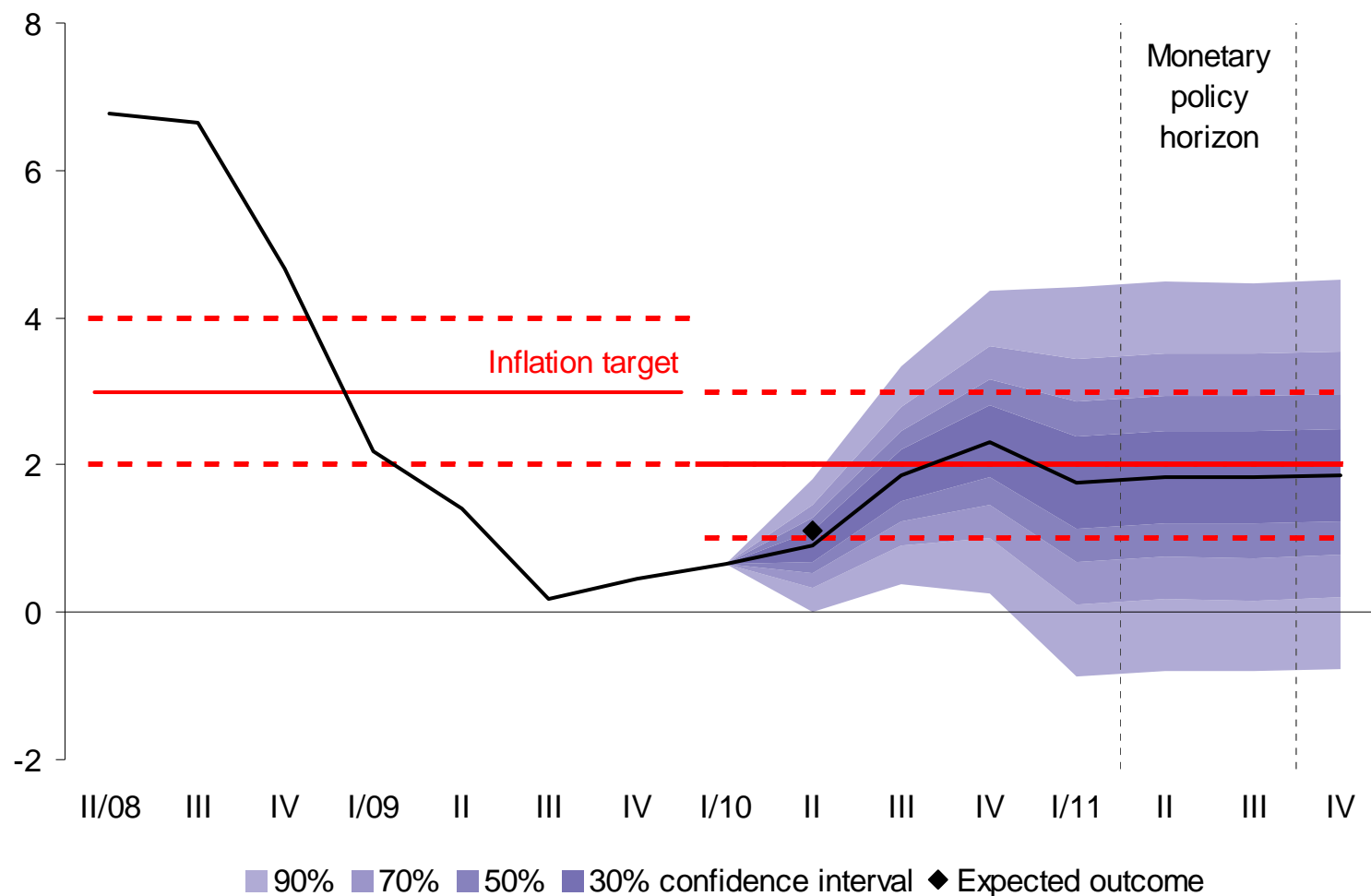
- At the close of the meeting the Board decided unanimously to leave the two-week repo rate unchanged at 0.75%.



# Reasons for the decision

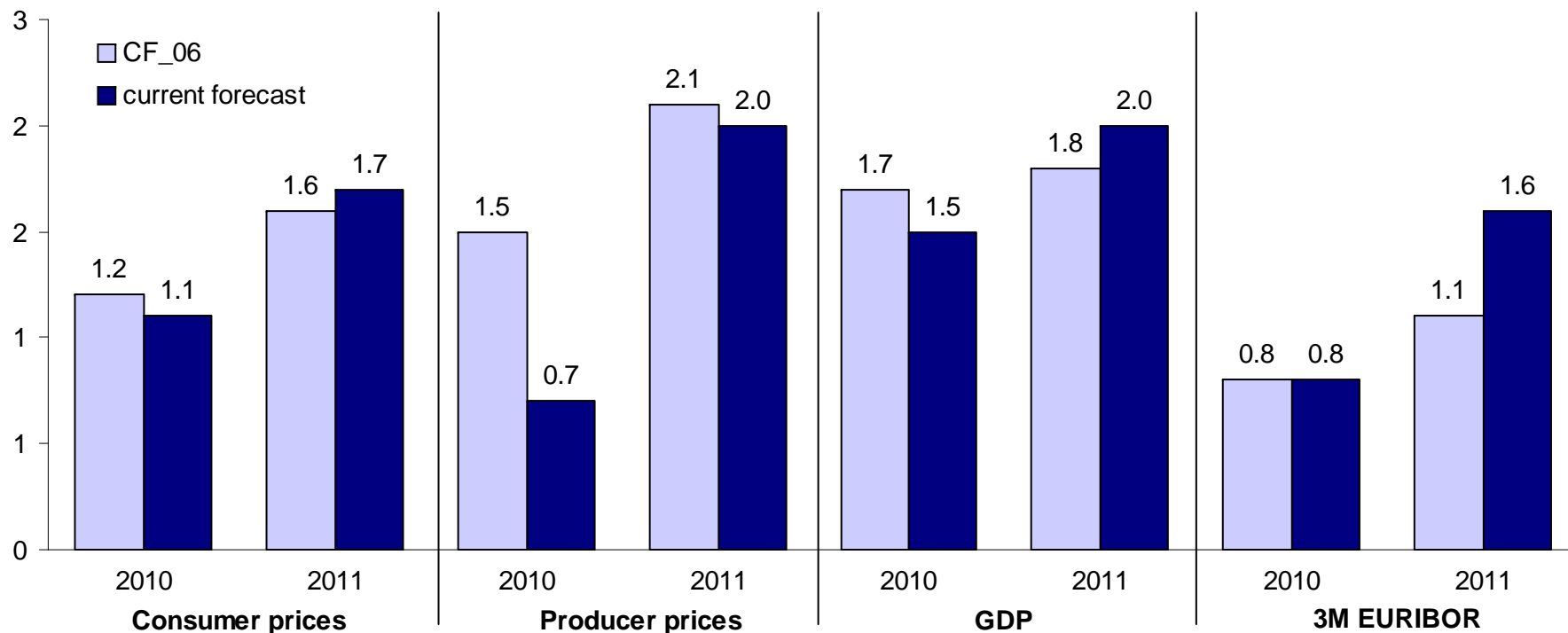
- Headline and monetary-policy relevant inflation will be close to the 2% target at the monetary policy horizon.
- New information is generally in line with the forecast.
- Risks to the inflation forecast are roughly balanced.

# The inflation forecast and expected outcome in 2010, Q2



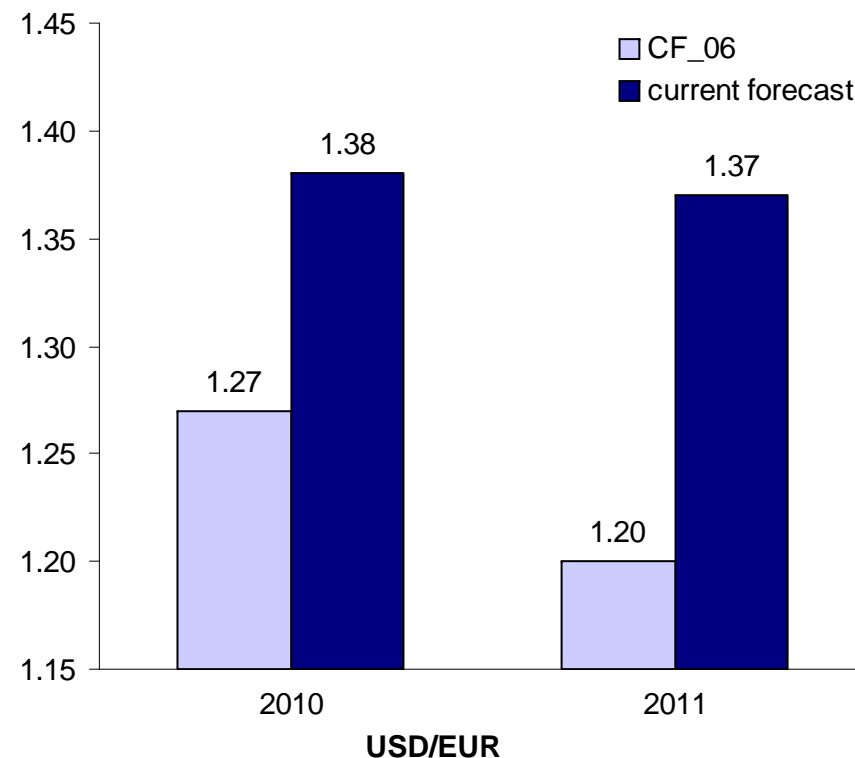
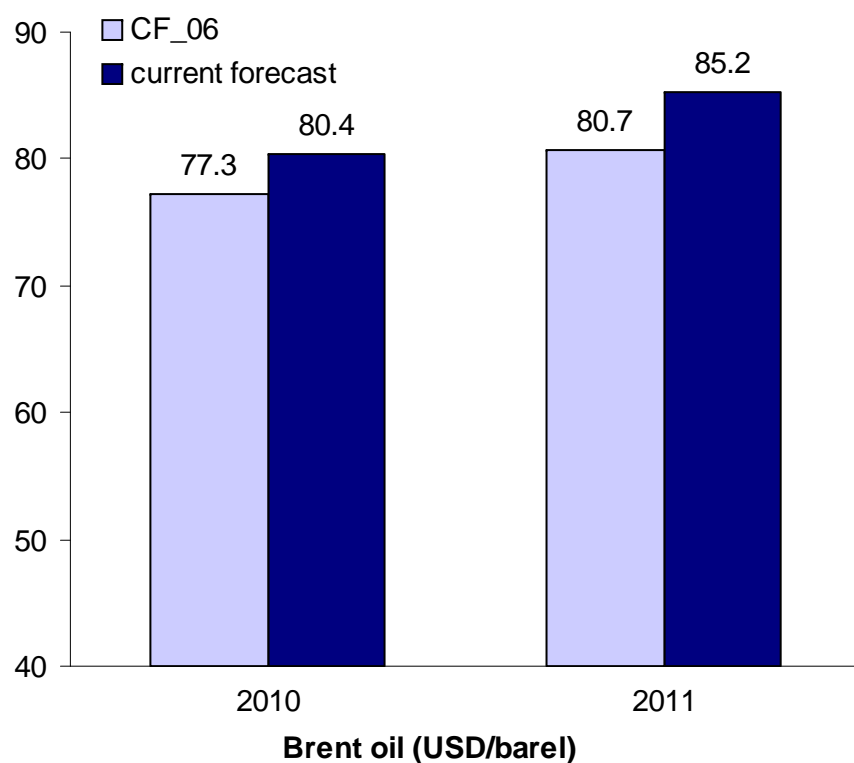
# The external environment (i)

Comparison between the current forecast assumptions and June outlook based on Consensus Forecasts survey and market expectations



# The external environment (ii)

Comparison between the current forecast assumptions and June outlook based on Consensus Forecasts survey and market expectations

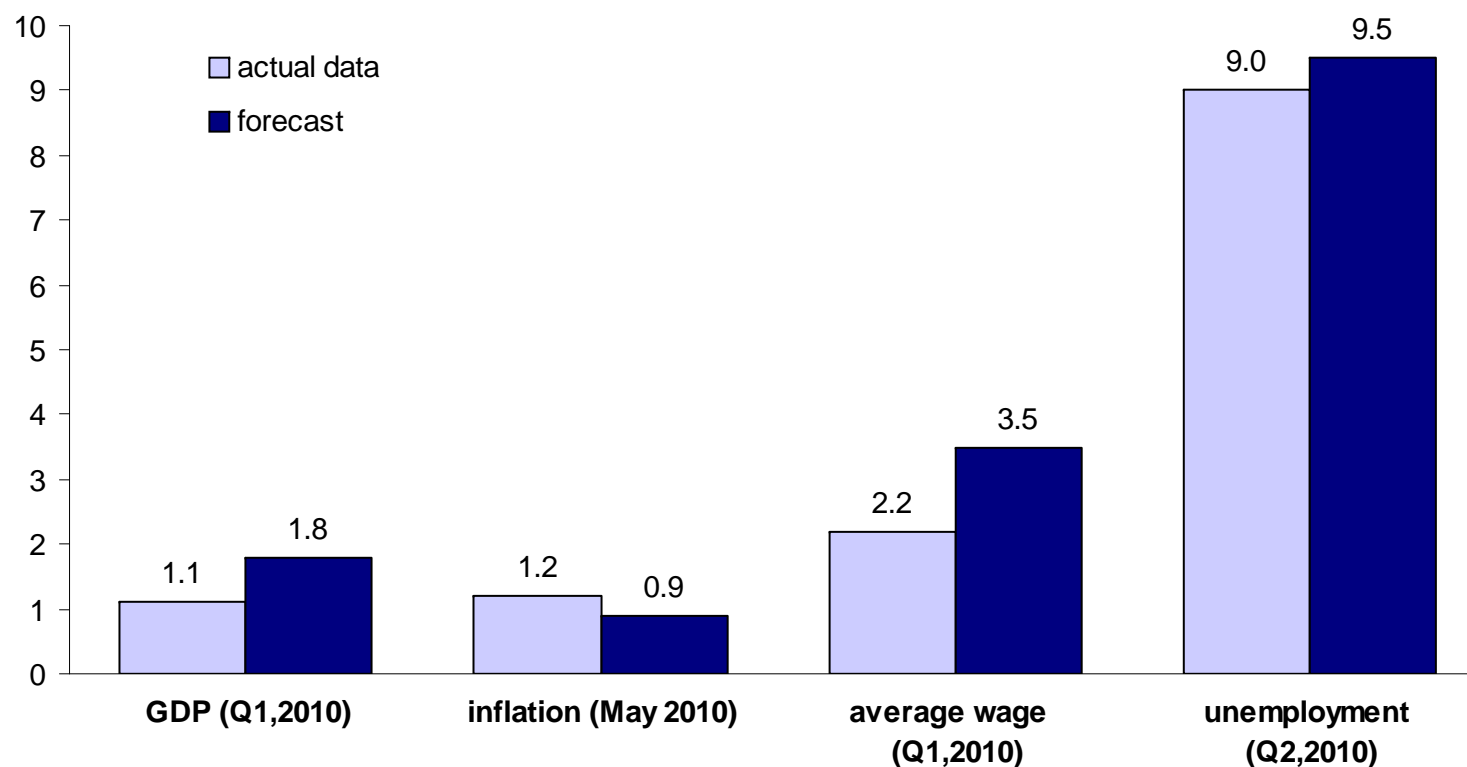


## Other new data since the Board's previous monetary meeting

- Czech economy grew in 2010 Q1 (1.1% y-o-y). Its growth was, however, slower compared to the forecast (1.8%);
- April annual growth of industrial production (10.9%) indicates that economic activity continues to increase in y-o-y terms, decline of retail trade (-4.5%) is in line with expected weak consumption;
- Labour market reacts to the economic slump in 2009 with delay as expected. Nominal wage growth in Q1 slowed down to 2.2%, employment deepened its decline to -2.4% and ILO unemployment increased to 8.0%. On the contrary, seasonally adjusted registered unemployment slightly declined in the course of Q2;
- May growth in industrial producer prices (1.5%) and lower decline in agricultural producer prices (-1.2%) manifest fading anti-inflationary effects of commodity and food prices.



# Comparison of actual data with the CNB forecast



Note: for unemployment comparison of May data with forecast for the quarter



# Major risks of the forecast

Inflation forecast risks are roughly balanced.

*Major risks on the downside:*

- Foreign developments
- New information from real economy and labour market

*Major risks on the upside:*

- Koruna exchange rate
- Current inflation developments



# Thank you for your attention

Minutes from today's  
meeting will be released on  
July 2, 2010 at

[http://www.cnb.cz/en/monetary\\_policy/bank\\_board\\_minutes/](http://www.cnb.cz/en/monetary_policy/bank_board_minutes/)