



Press conference of the CNB Bank Board

3rd Situation Report on Economic and Monetary Developments

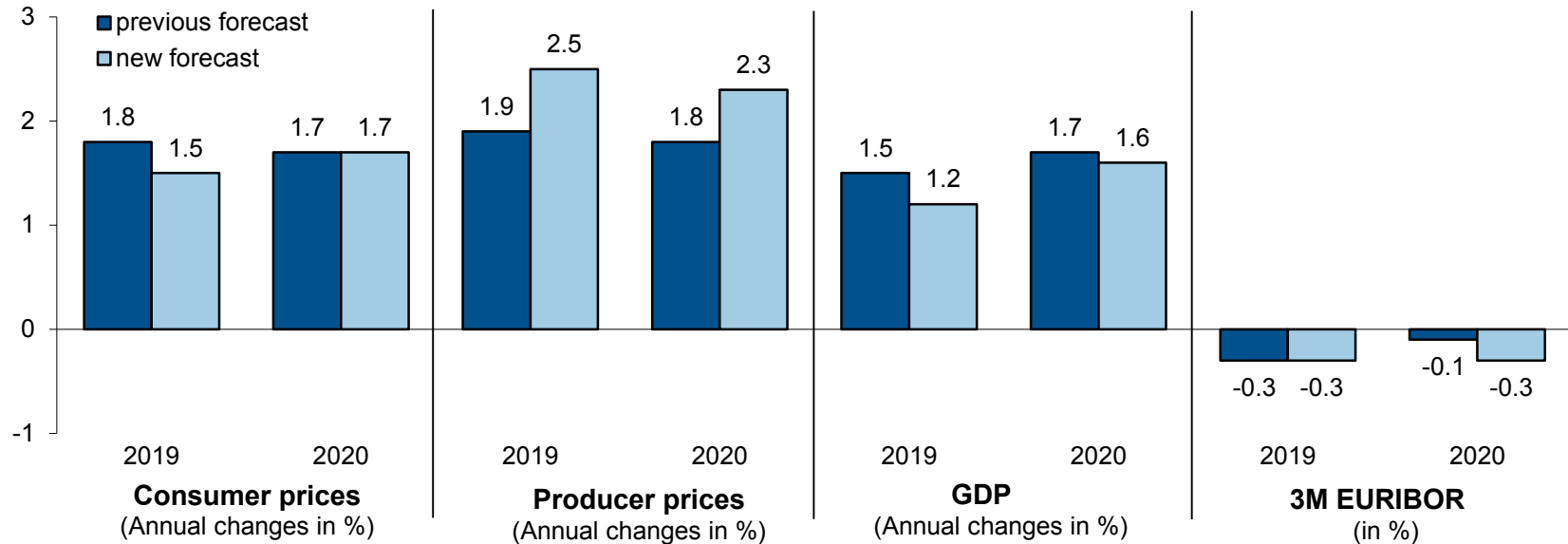
2 May 2019

The monetary policy decision

- At its meeting today, the CNB Bank Board unanimously increased the two-week repo rate (2W repo rate) by 25 basis points to 2%. At the same time, it increased the Lombard rate to 3% and the discount rate to 1%.
- The decision adopted by the Bank Board is underpinned by the CNB's new macroeconomic forecast. Consistent with the forecast is a rise in domestic interest rates followed by broad interest rate stability until mid-2020.

The external environment (i)

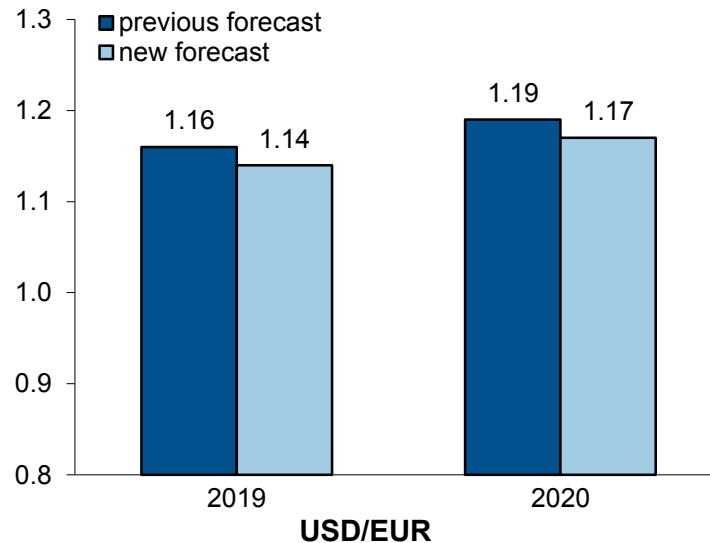
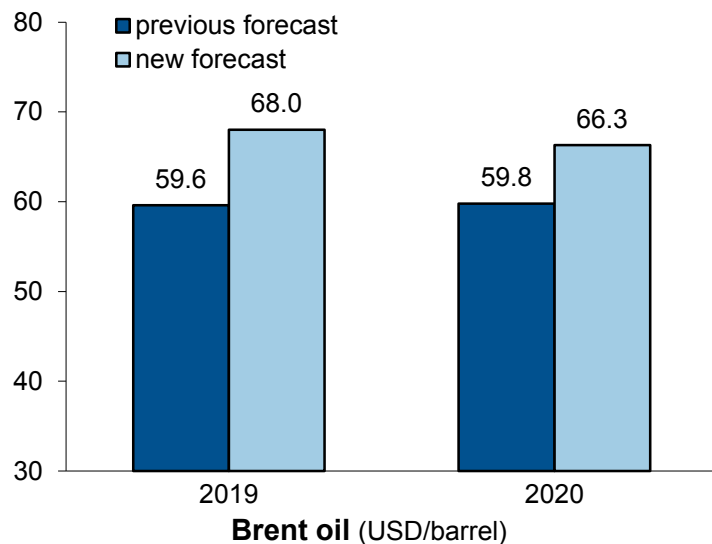
Comparison between the assumptions of the new and previous forecasts
for the effective euro area*



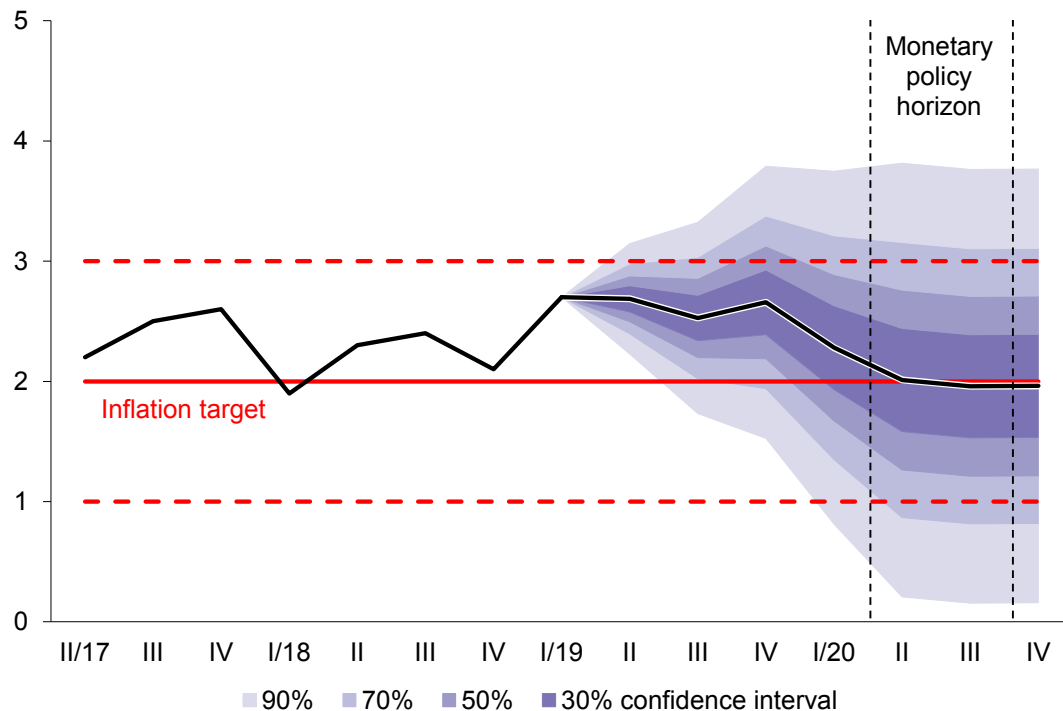
* Effective euro area means that the weights used in the calculation are equal to the shares of the individual euro area countries in the total exports of the Czech Republic to the euro area

The external environment (ii)

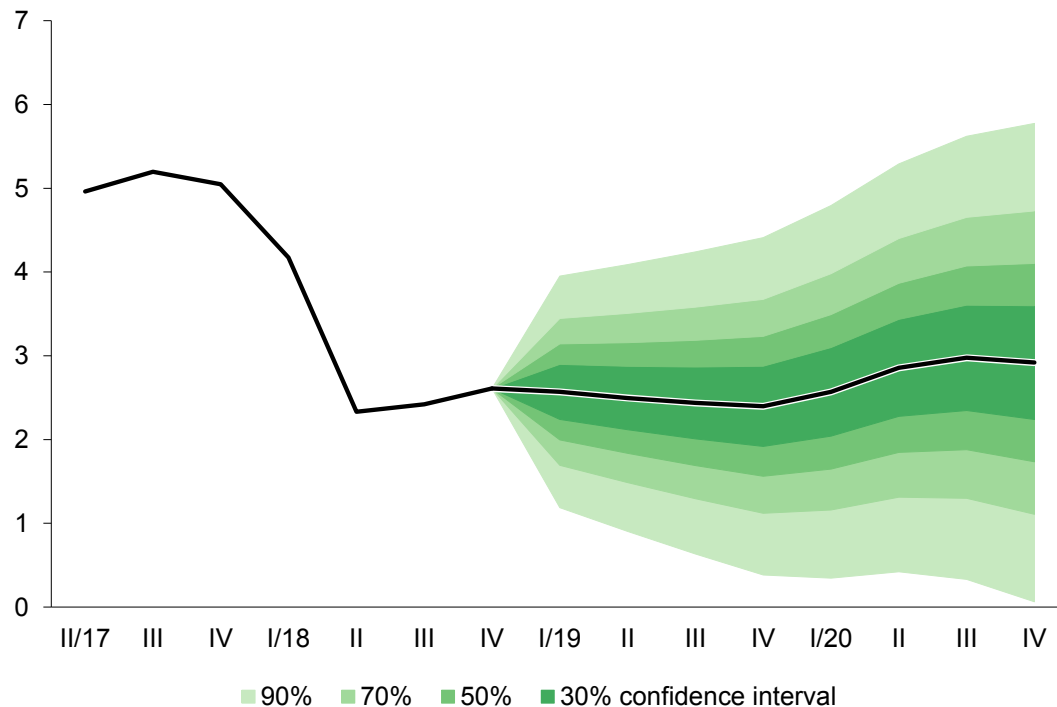
Comparison between the assumptions of the new and previous forecasts



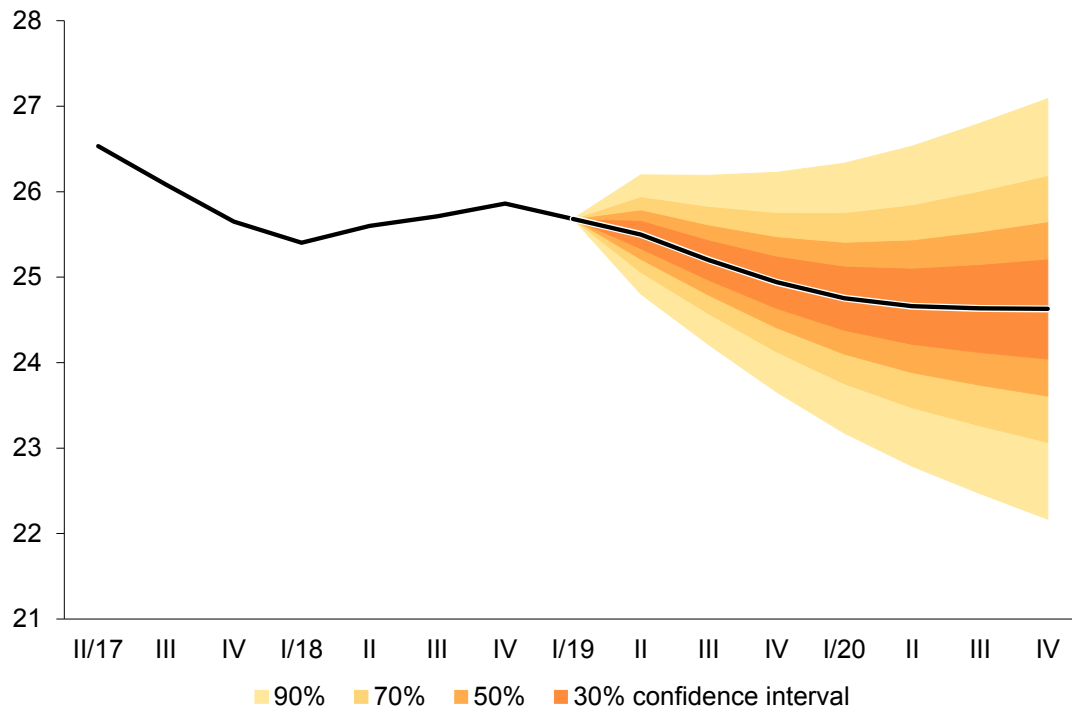
The forecast for headline inflation



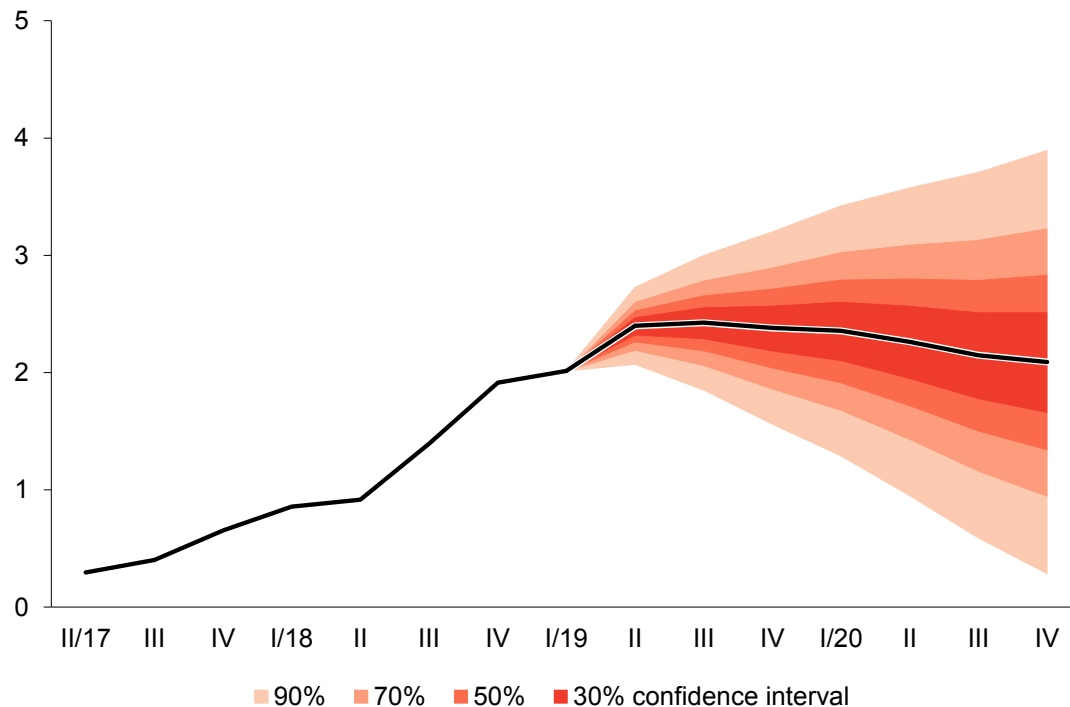
The forecast for GDP



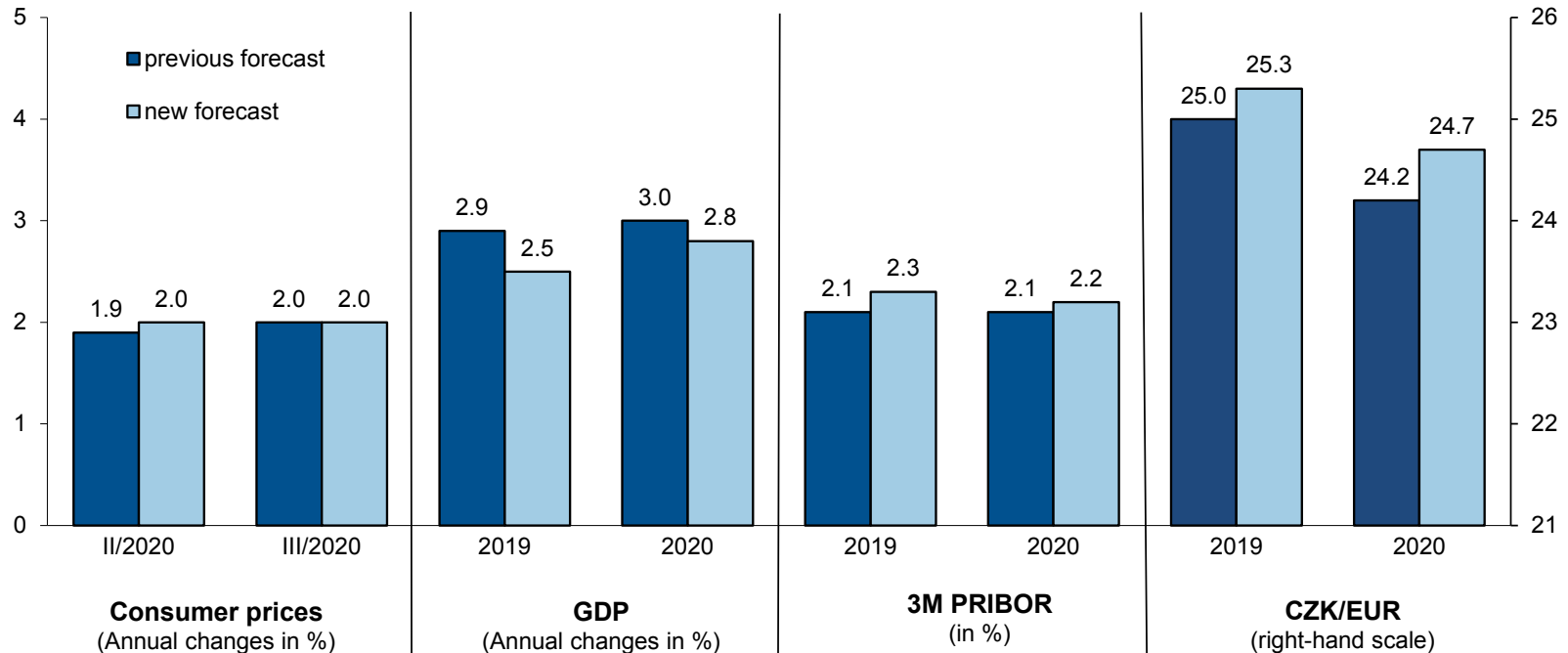
The forecast for the exchange rate (CZK/EUR)



The forecast for interest rates (3M PRIBOR)



Comparison with the previous forecast



Risks to the forecast

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

Risks and uncertainties:

- more pronounced and possibly also longer-lasting slowdown in economic growth in the euro area
- protectionist measures in global trade
- koruna exchange rate developments



Thank you for your attention

More information about the forecast can be found at

<https://www.cnb.cz/en/monetary-policy/forecast/>

and in Inflation Report II/2019. The summary of the Report (together with the table of key macroeconomic indicators) will be published on 3 May 2019.

The whole Report will be published on 10 May 2019.