



# Press conference of the CNB Bank Board

## **5th Situation Report on Economic and Monetary Developments**

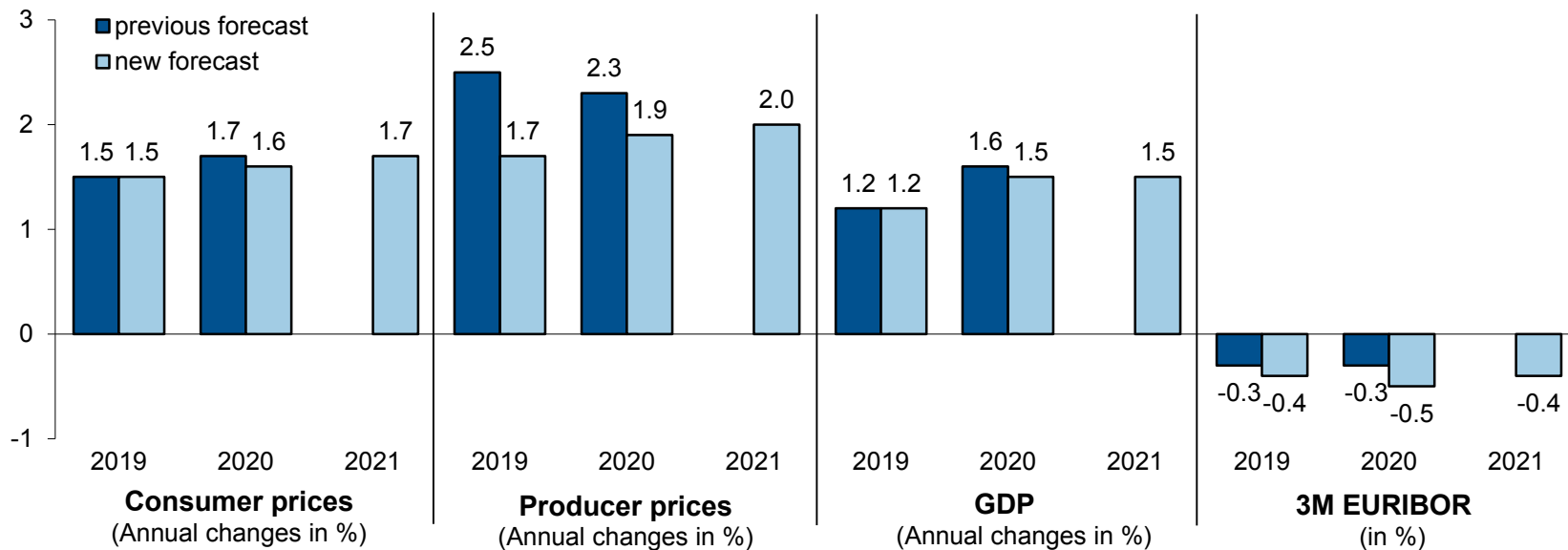
1 August 2019

# The monetary policy decision

- At its meeting today, the CNB Bank Board unanimously left interest rates unchanged. The two-week repo rate thus remains at 2%, the discount rate at 1% and the Lombard rate at 3%.
- The decision adopted by the Bank Board is underpinned by the CNB's new macroeconomic forecast. Consistent with the forecast is a modest rise in domestic market interest rates initially, followed by a decline next year.

# The external environment (i)

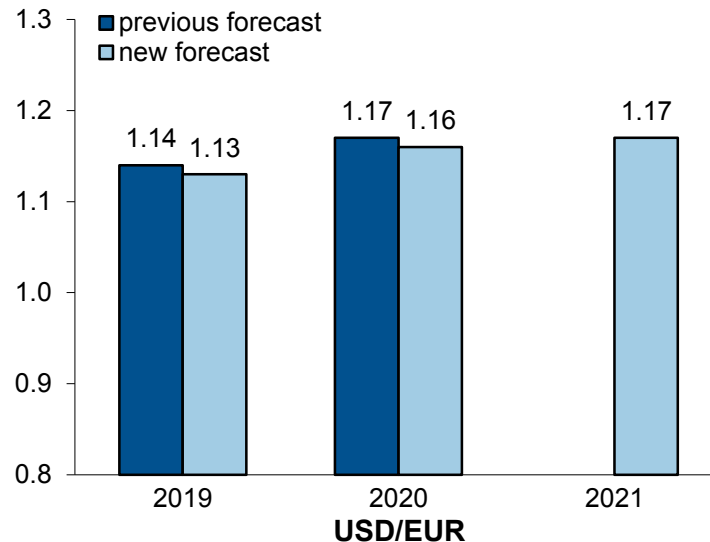
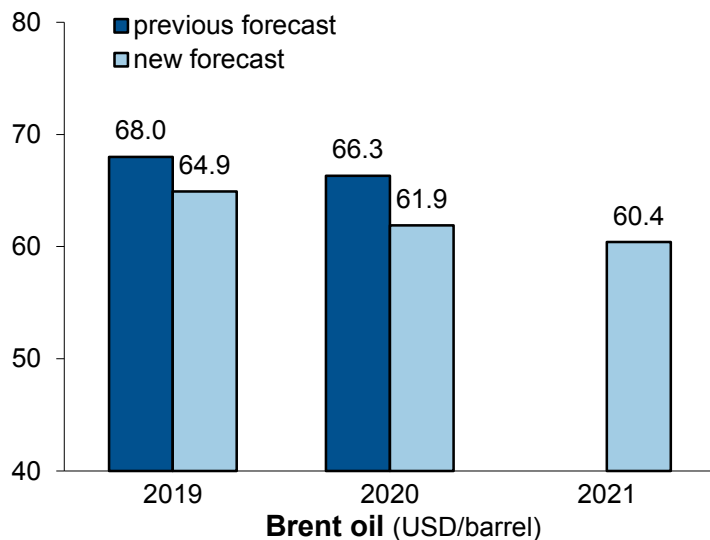
Comparison between the assumptions of the new and previous forecasts  
for the effective euro area\*



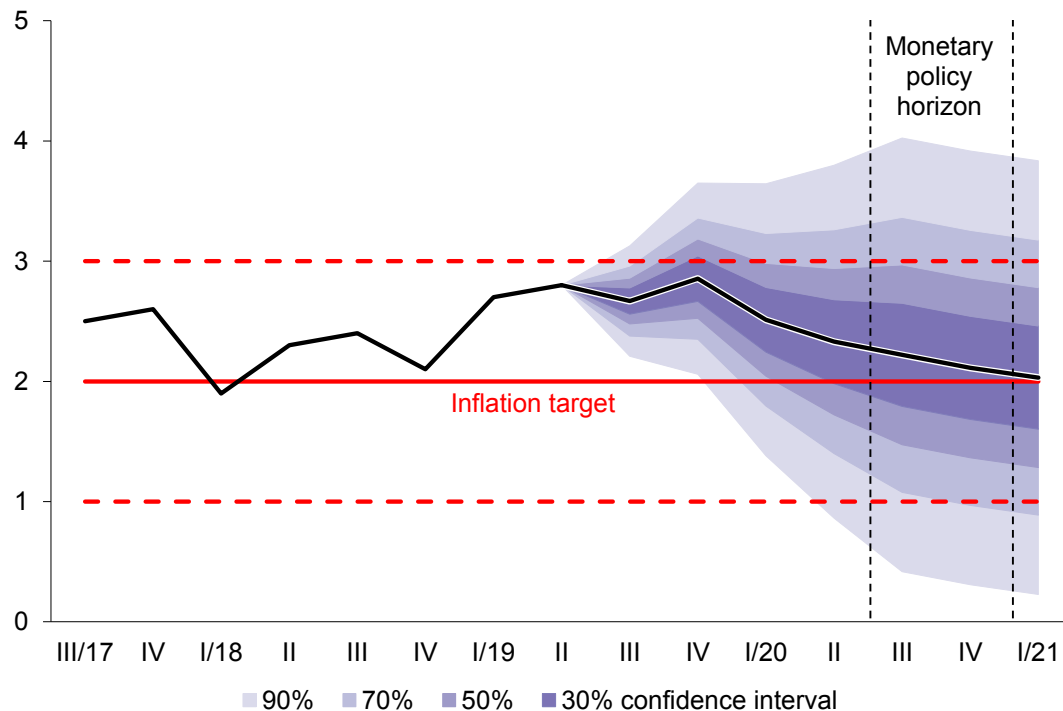
\* Effective euro area means that the weights used in the calculation are equal to the shares of the individual euro area countries in the total exports of the Czech Republic to the euro area.

# The external environment (ii)

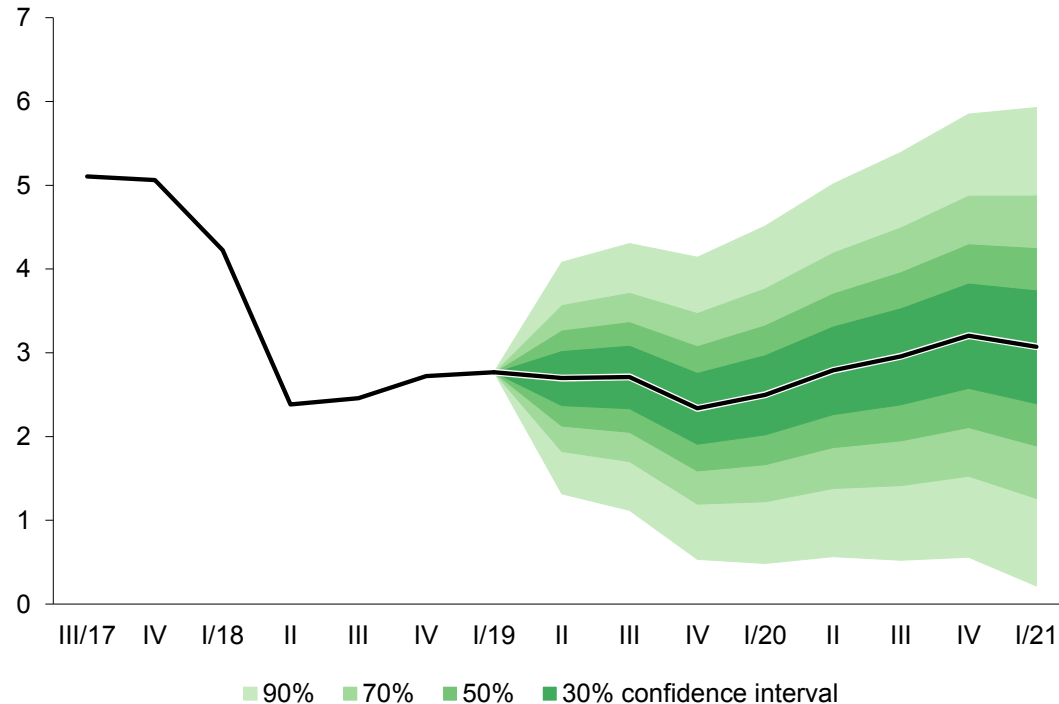
Comparison between the assumptions of the new and previous forecasts



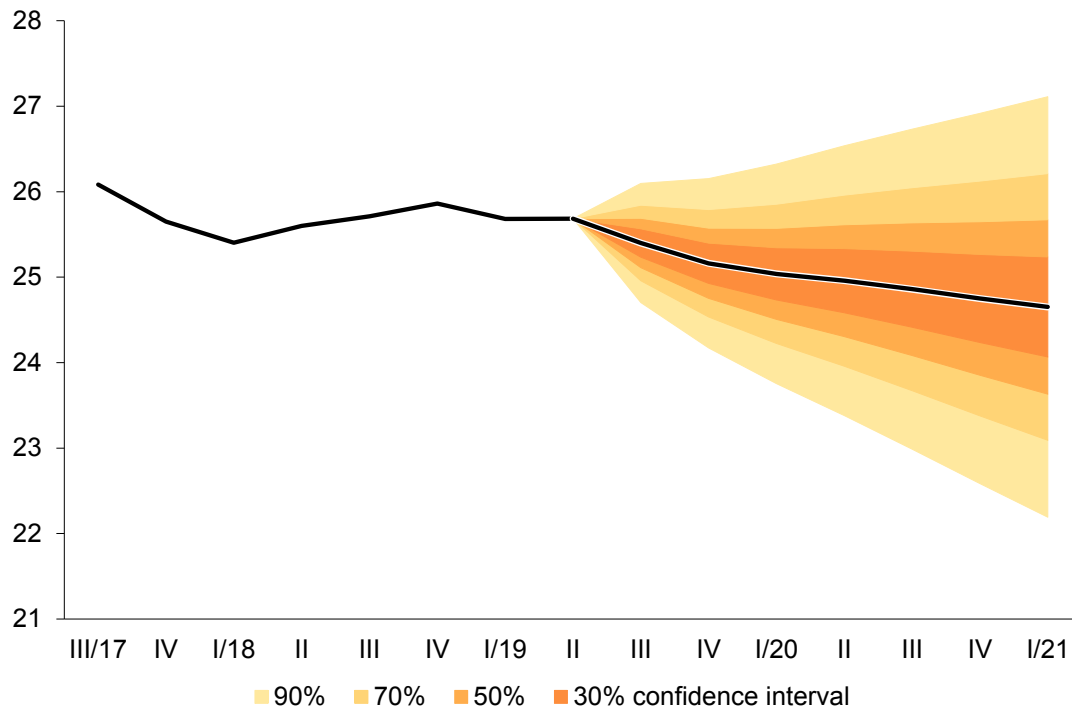
# The forecast for headline inflation



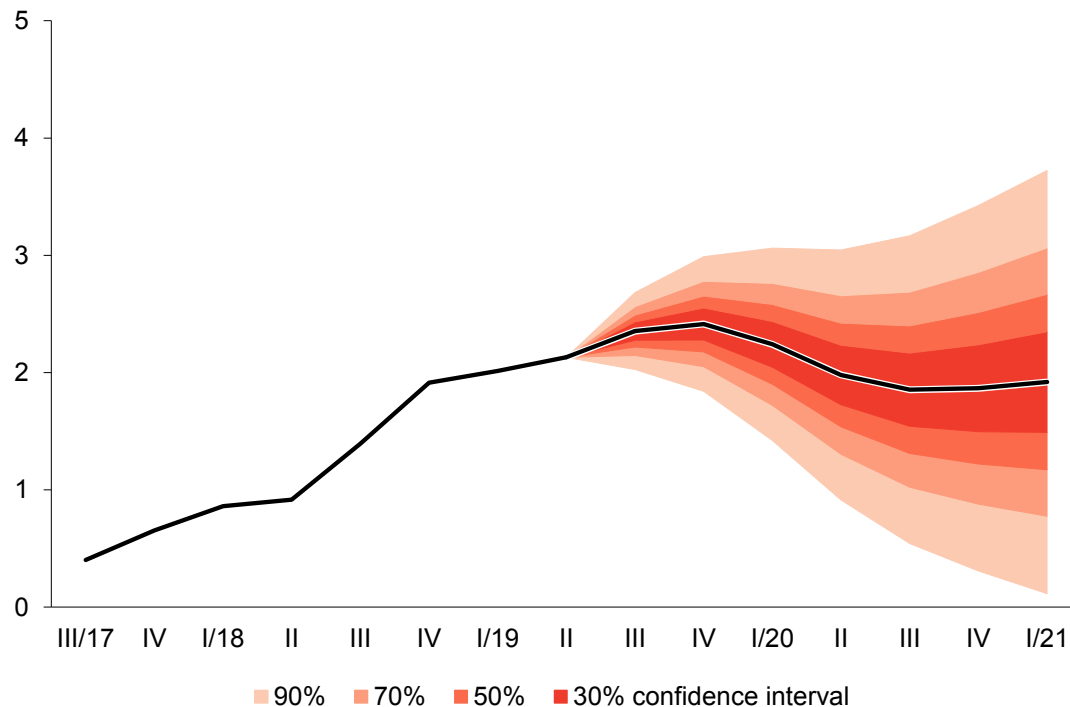
# The forecast for GDP



# The forecast for the exchange rate (CZK/EUR)

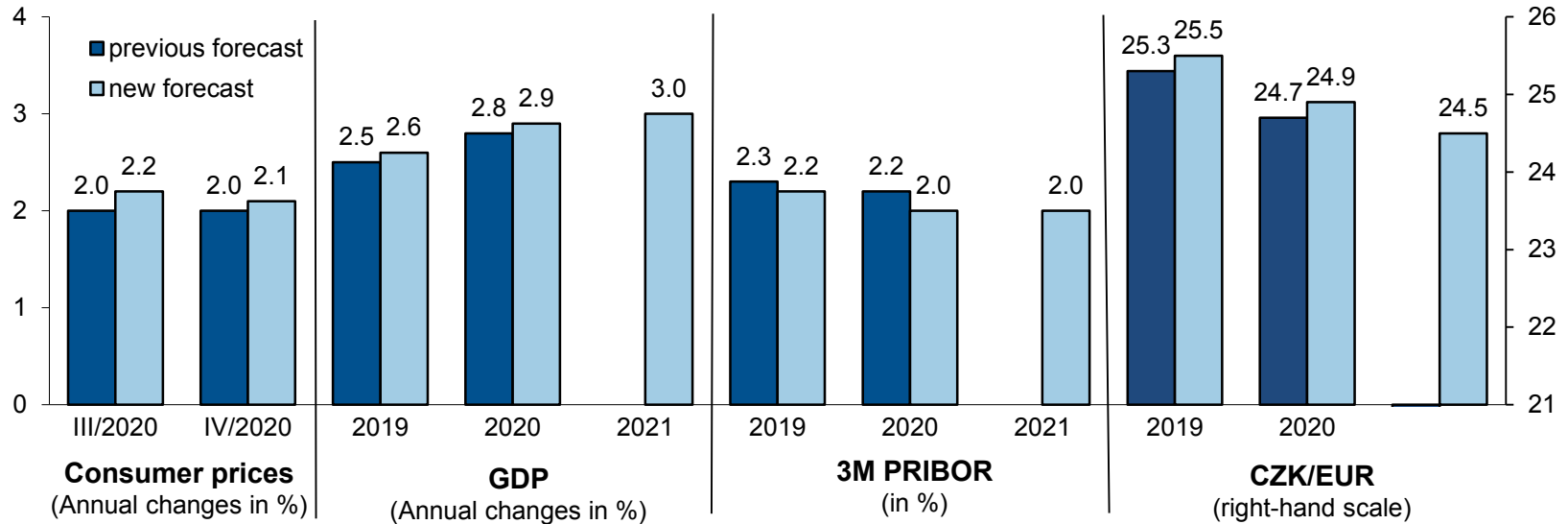


# The forecast for interest rates (3M PRIBOR)





# Comparison with the previous forecast



# Risks to the forecast

The Bank Board assessed the balance of risks to the forecast at the monetary policy horizon as being **slightly anti-inflationary**.

## **Anti-inflationary risk:**

- more pronounced slowdown in demand growth in the Czech Republic's main trading partner countries

## **Uncertainties:**

- impacts of protectionist measures in global trade
- disorderly Brexit

# 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 III/2019.

The summary of the Report (together with boxes and the table of key macroeconomic indicators) will be published on 2 August 2019.

The whole Report will be published on 9 August 2019.