



# Press conference of the CNB Bank Board

## **7th Situation Report on Economic and Monetary Developments**

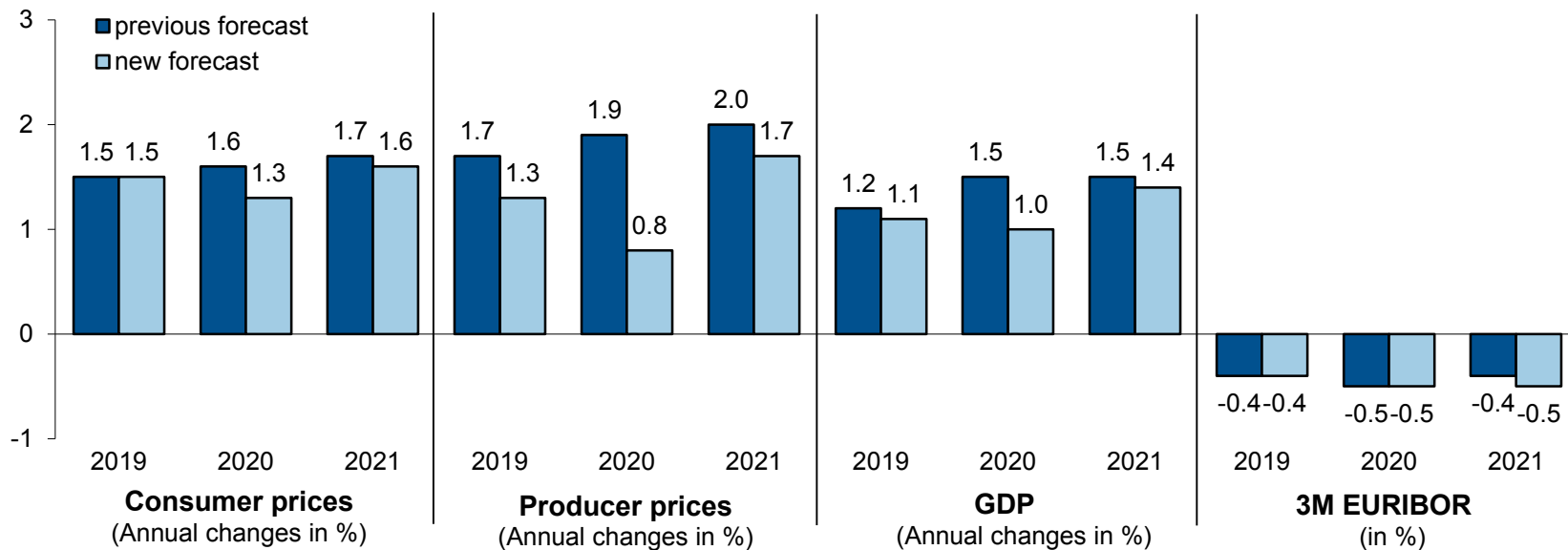
7 November 2019

# The monetary policy decision

- At its meeting today, the CNB Bank Board kept interest rates unchanged. The two-week repo rate thus remains at 2%, the discount rate at 1% and the Lombard rate at 3%.
- Five members voted in favour of this decision, and two members voted for increasing interest rates by 25 basis points.
- The Bank Board assessed the CNB's new macroeconomic forecast. Consistent with the forecast is a rise in domestic market interest rates in this quarter and the next, followed by a decline from mid-2020.
- However, the Bank Board assessed the balance of risks to this forecast as being anti-inflationary.

# The external environment (i)

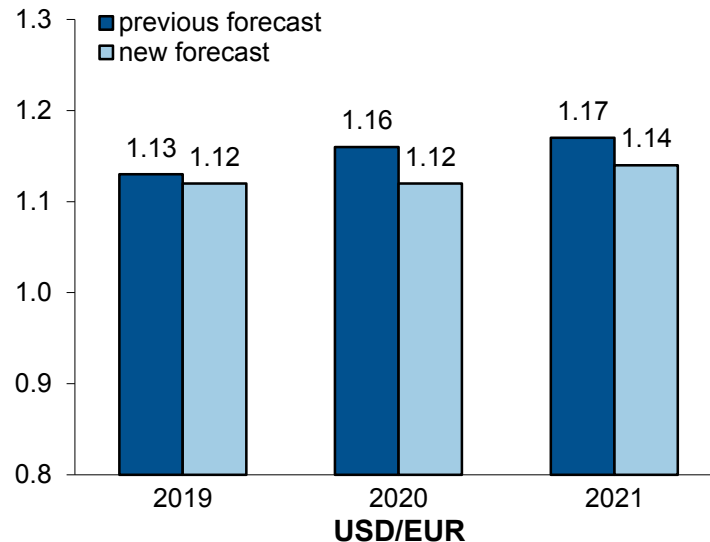
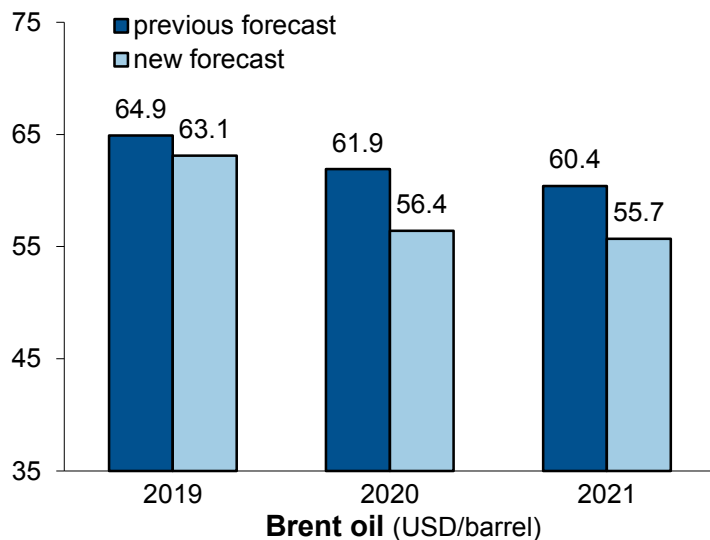
Comparison between the assumptions of the new and previous forecasts  
for the effective euro area\*



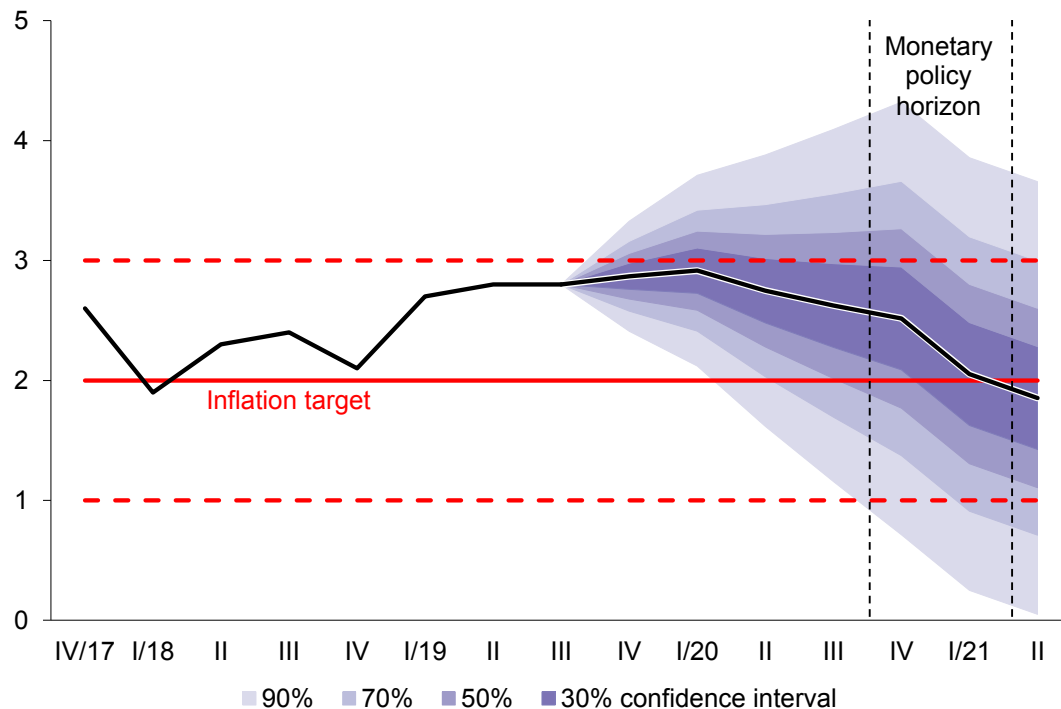
\* Effective euro area means that the weights used in the calculation are equal to the shares of the individual euro area countries in the total exports of the Czech Republic to the euro area.

# The external environment (ii)

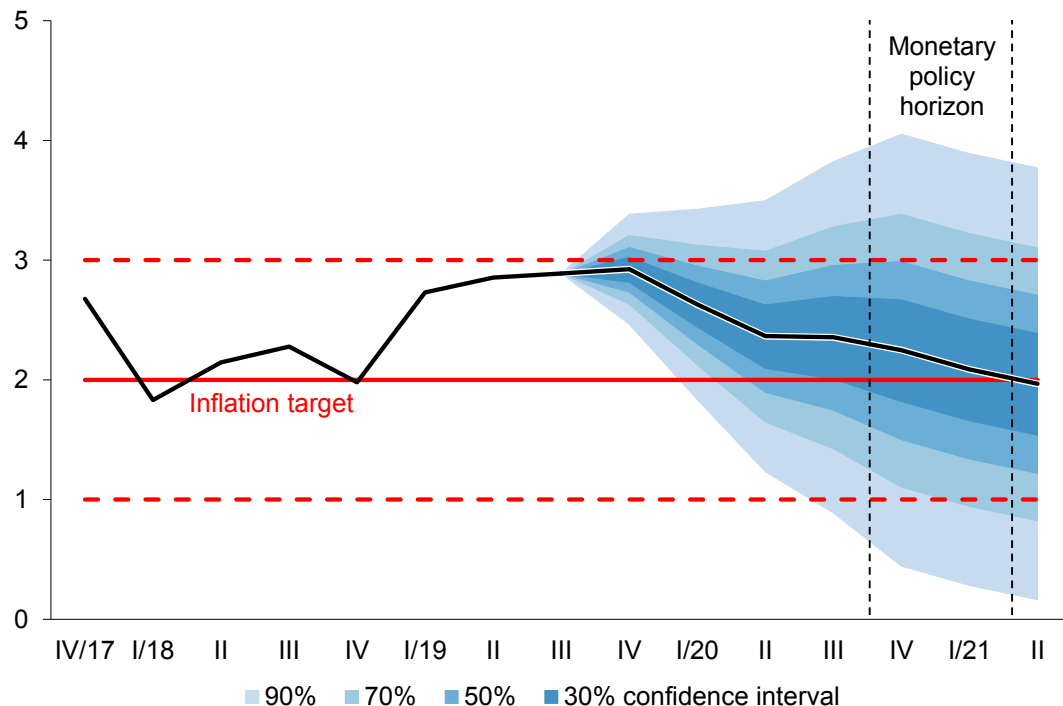
Comparison between the assumptions of the new and previous forecasts



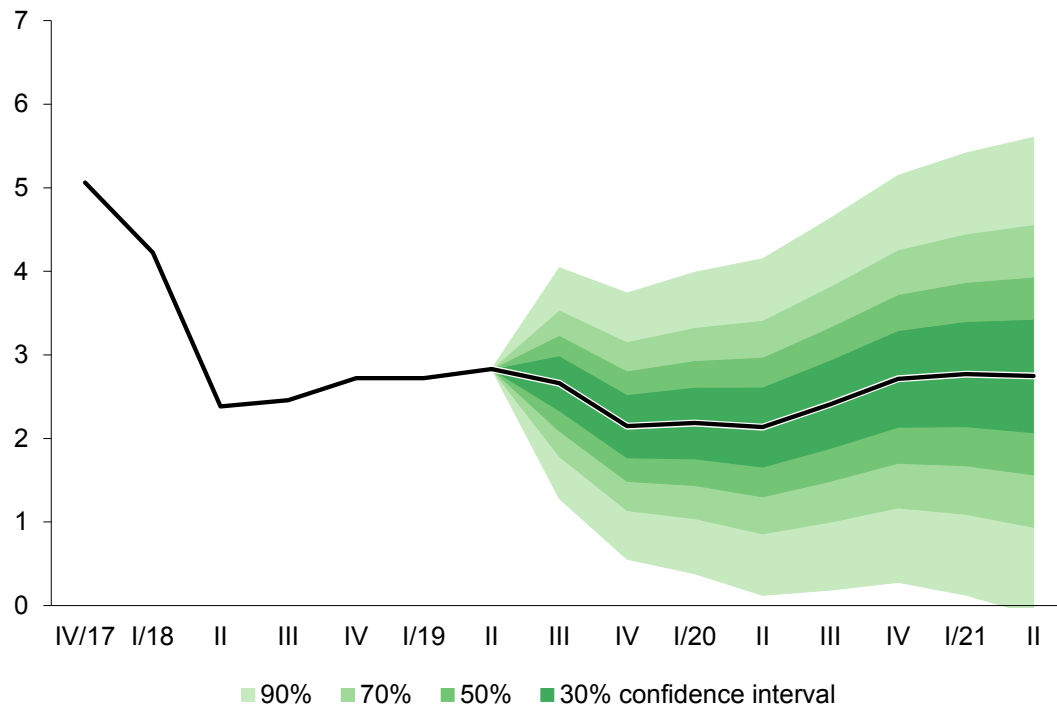
# The forecast for headline inflation



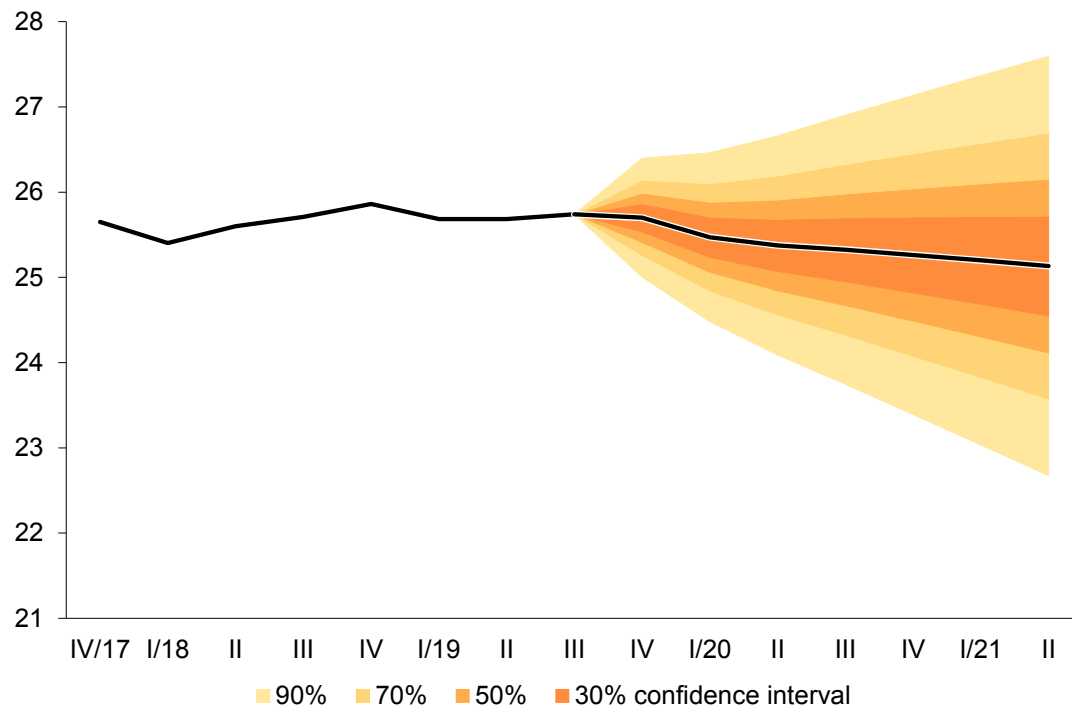
# The forecast for monetary-policy relevant inflation



# The forecast for GDP

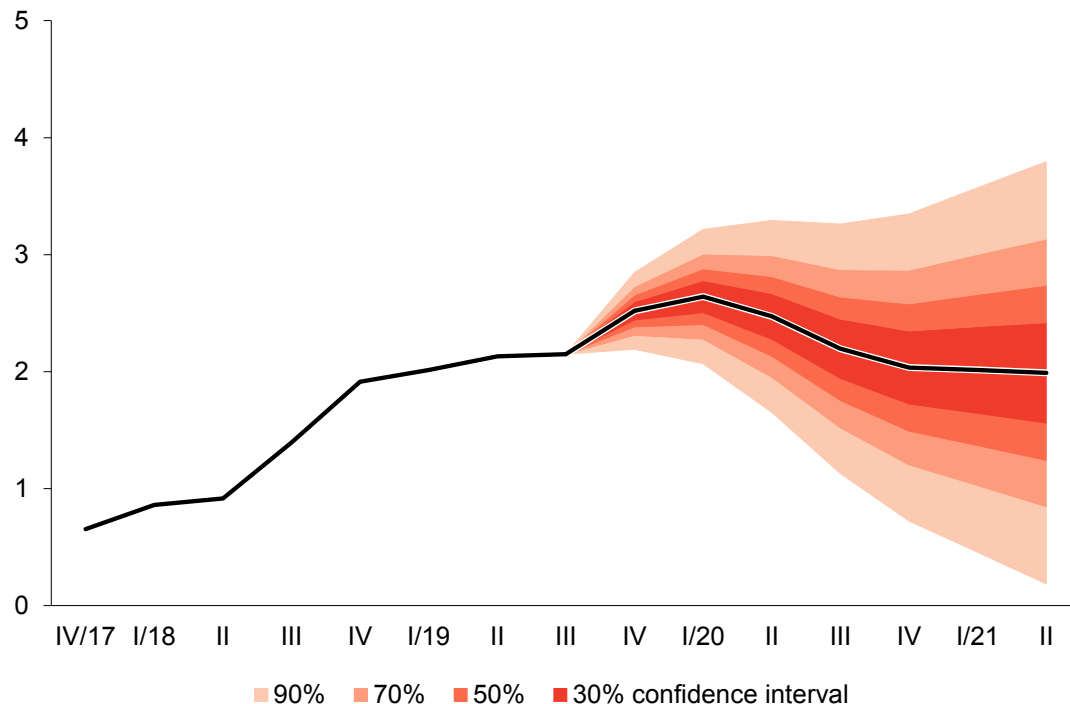


# The forecast for the exchange rate (CZK/EUR)

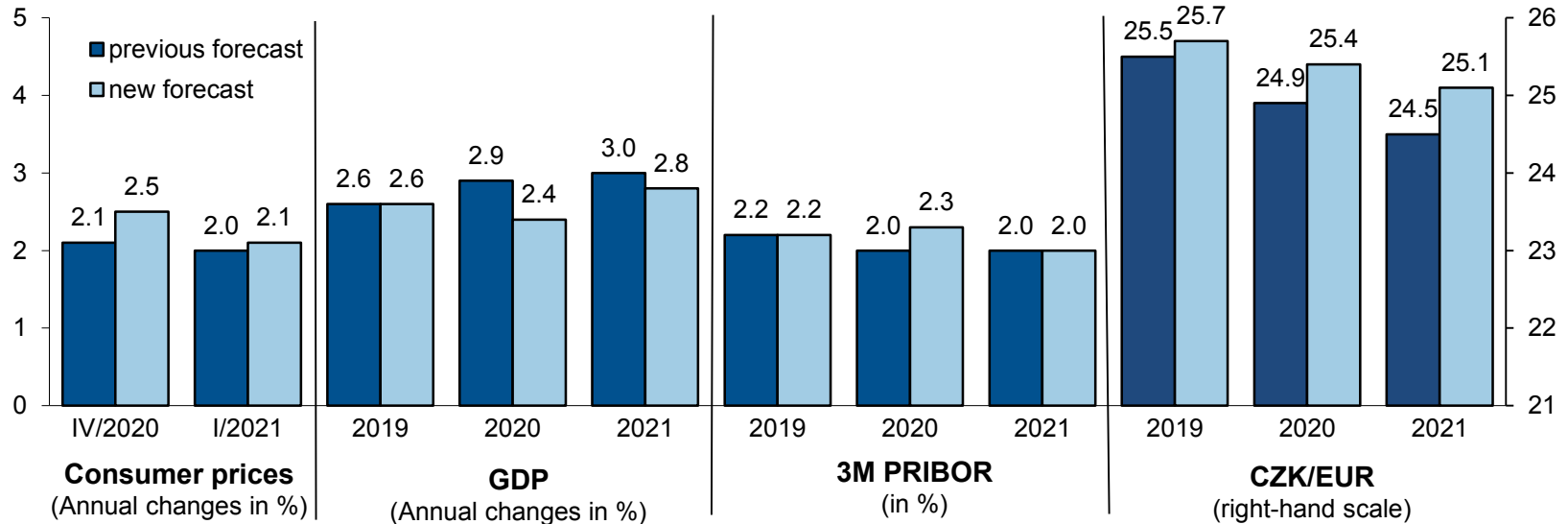




# The forecast for interest rates (3M PRIBOR)



# Comparison with the previous forecast





# Risks to the forecast

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

## Major risk:

- the situation abroad, which may be negatively reflected in the open Czech economy with a lag



# 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 IV/2019.

The summary of the Report (together with boxes and the table of key macroeconomic indicators) will be published on 8 November 2019.

The whole Report will be published on 15 November 2019.