

# 8th Situation Report on Economic and Monetary Developments

Press conference of the Bank Board



## Monetary policy decision

**2.50%**

discount  
rate

**3.50%**

**2W repo  
rate**

**4.50%**

Lombard  
rate

**VOTING ON 2W REPO RATE**

**LEAVE UNCHANGED at 3.50%**



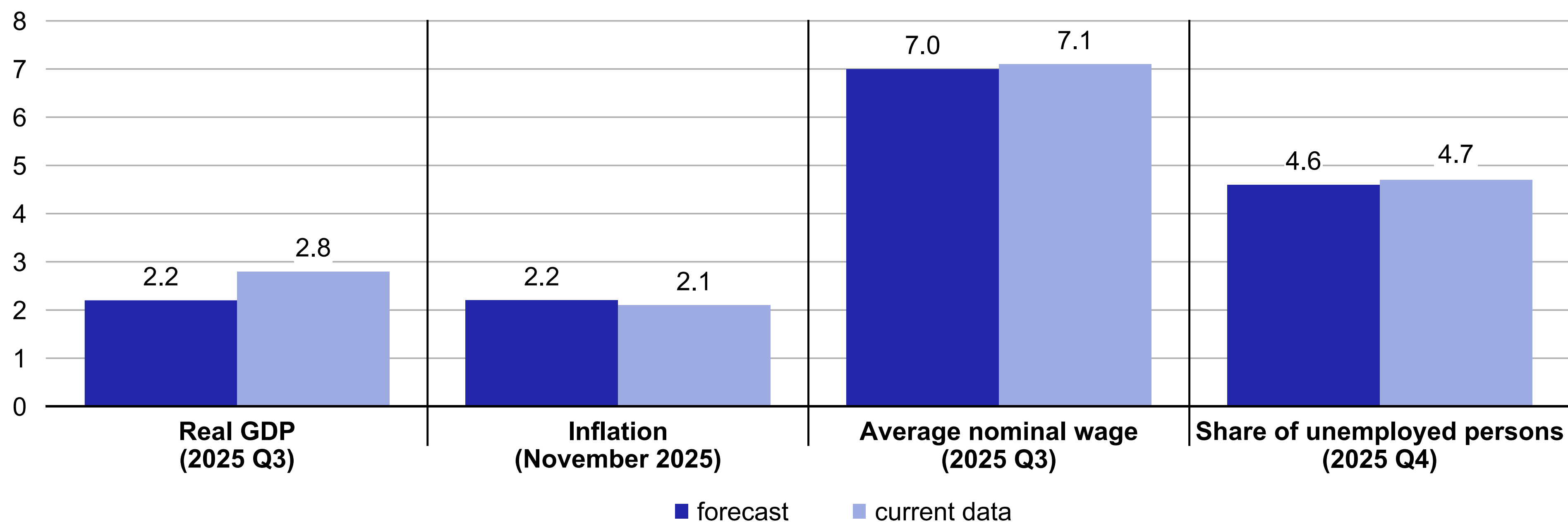
The decision adopted by the Bank Board is underpinned by **the autumn (November) macroeconomic forecast** and **by an assessment of information obtained since it was prepared.**

At the same time, the Bank Board confirmed its determination to **continue its monetary policy in order to maintain inflation near the 2% target in the long term.** At present, this still requires relatively tight monetary policy.

## Economic developments

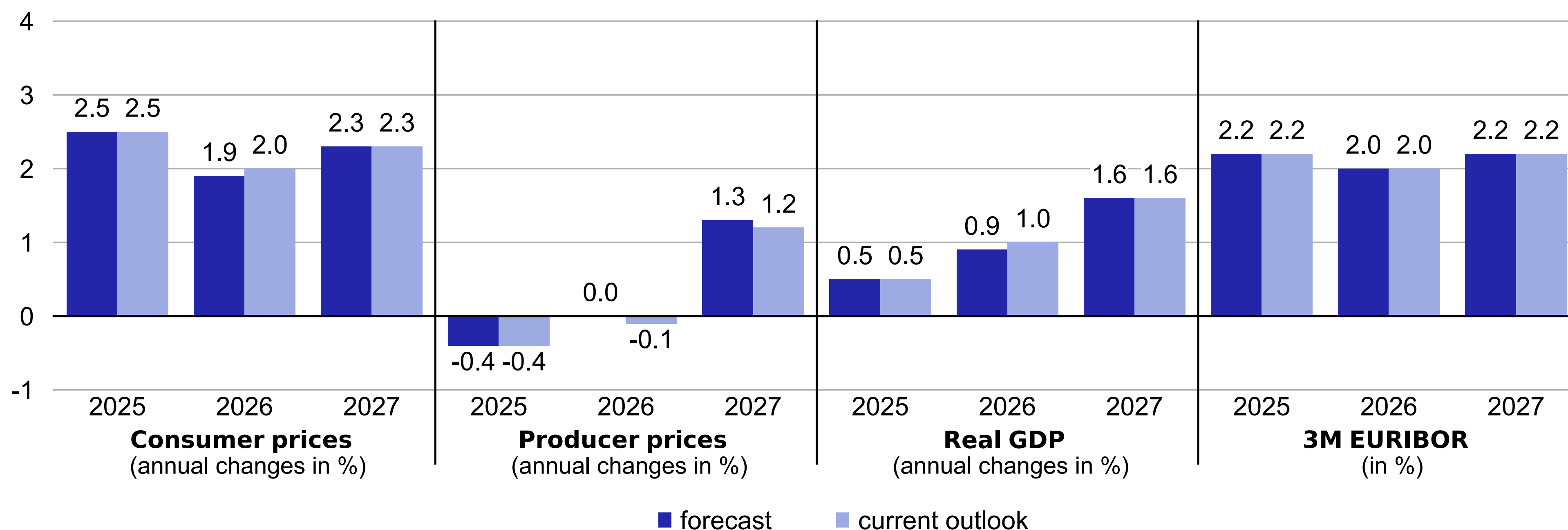
- The Czech economy continues to grow at a solid pace this year. GDP rose by 0.8% quarter on quarter and by 2.8% year on year in 2025 Q3, the highest figure in the last three years.
- Domestic economic growth is still being driven mainly by household consumption. Unemployment remains low. Wages rose by 7.1% year on year in 2025 Q3.
- Long-term above-average wage growth is contributing to increased inflationary pressures from the domestic economy. These are reflected mainly in persistently elevated services inflation and significant growth in property prices. This development is amplified by the fact that wages are growing fastest in the service sector.

## Comparison of current domestic data with the CNB forecast



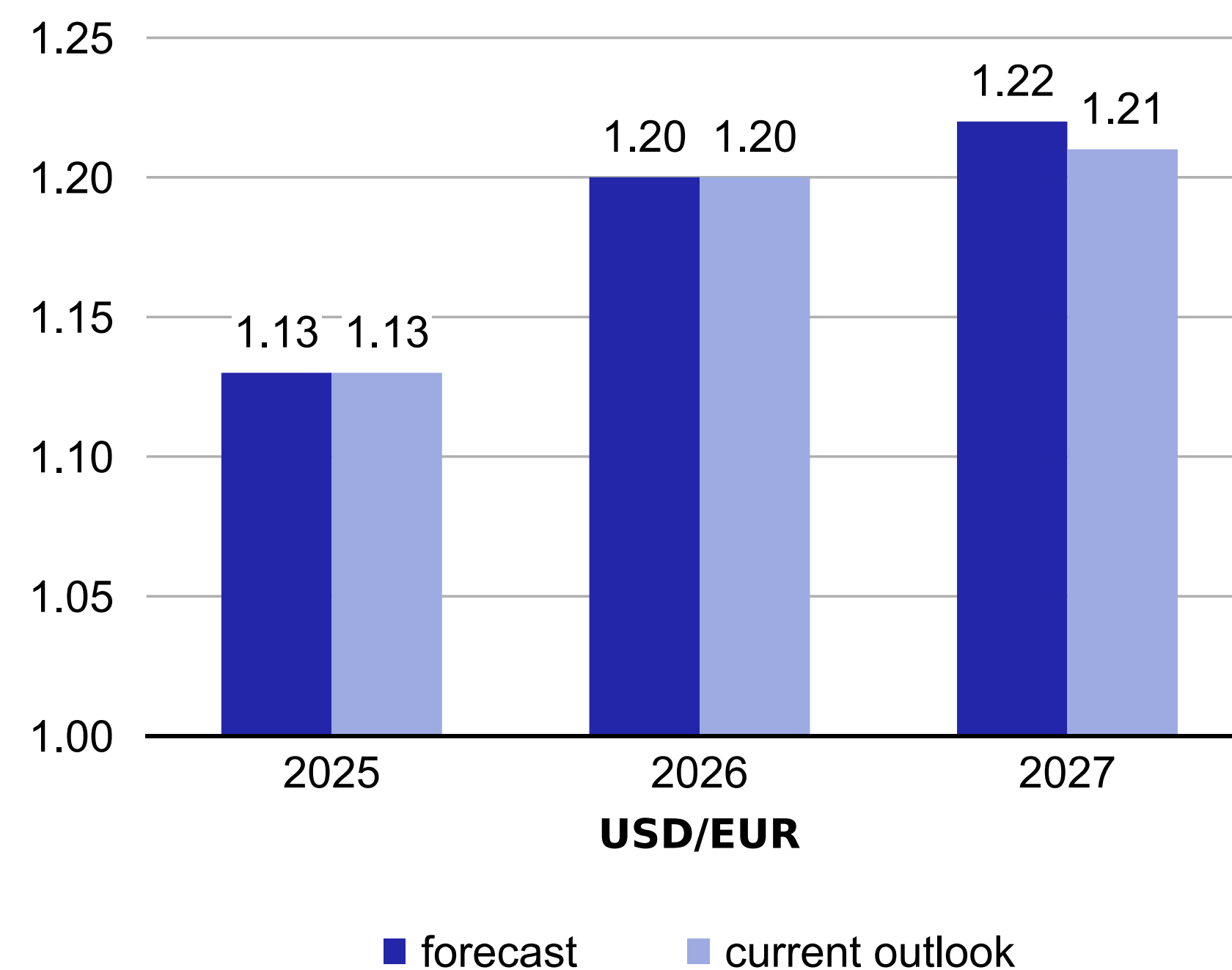
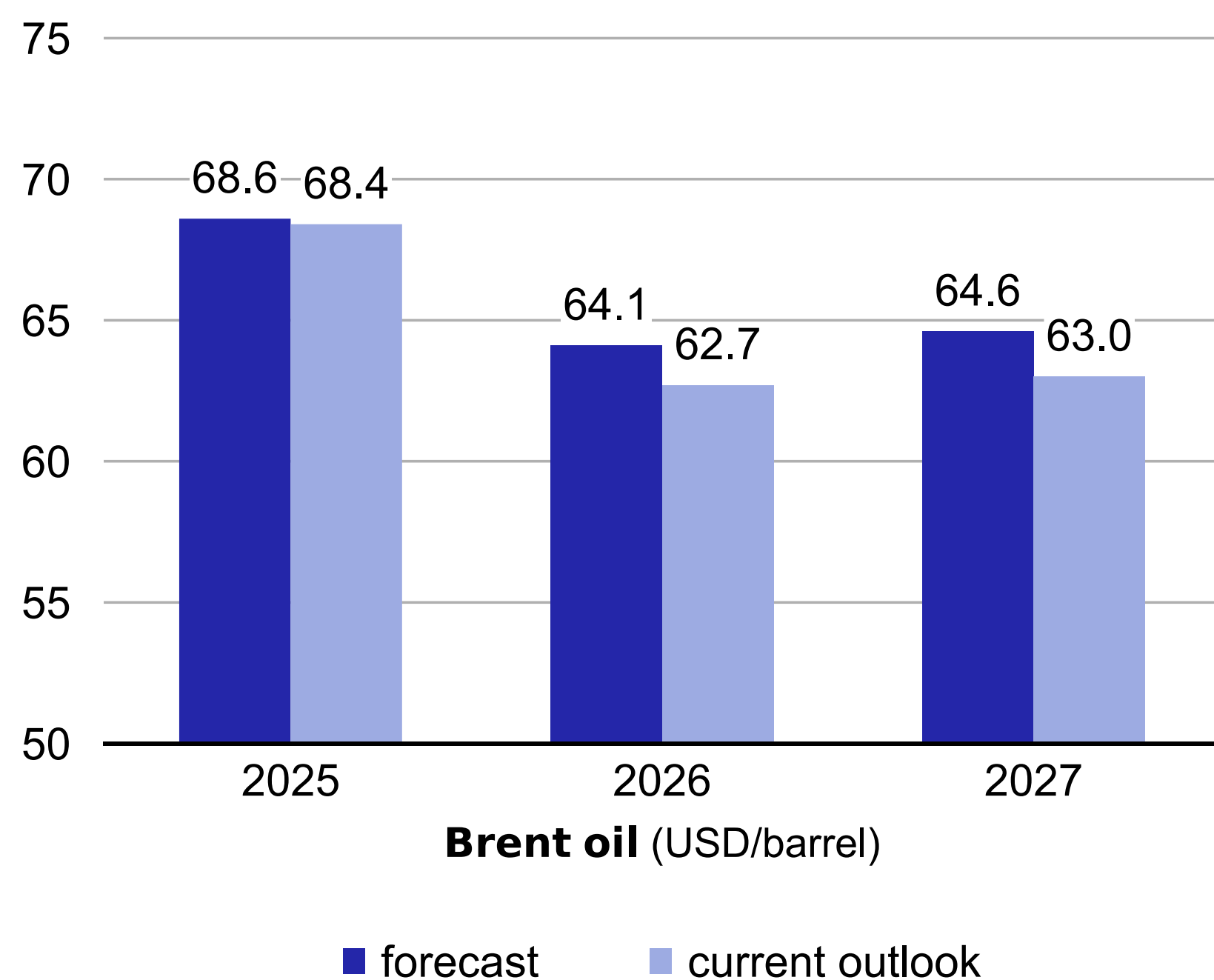
Note: annual changes in %, share of unemployed persons in % (comparison of s.a. outcomes in October and November with the forecast for 2025 Q4).

## External environment: forecast and outlook for the euro area

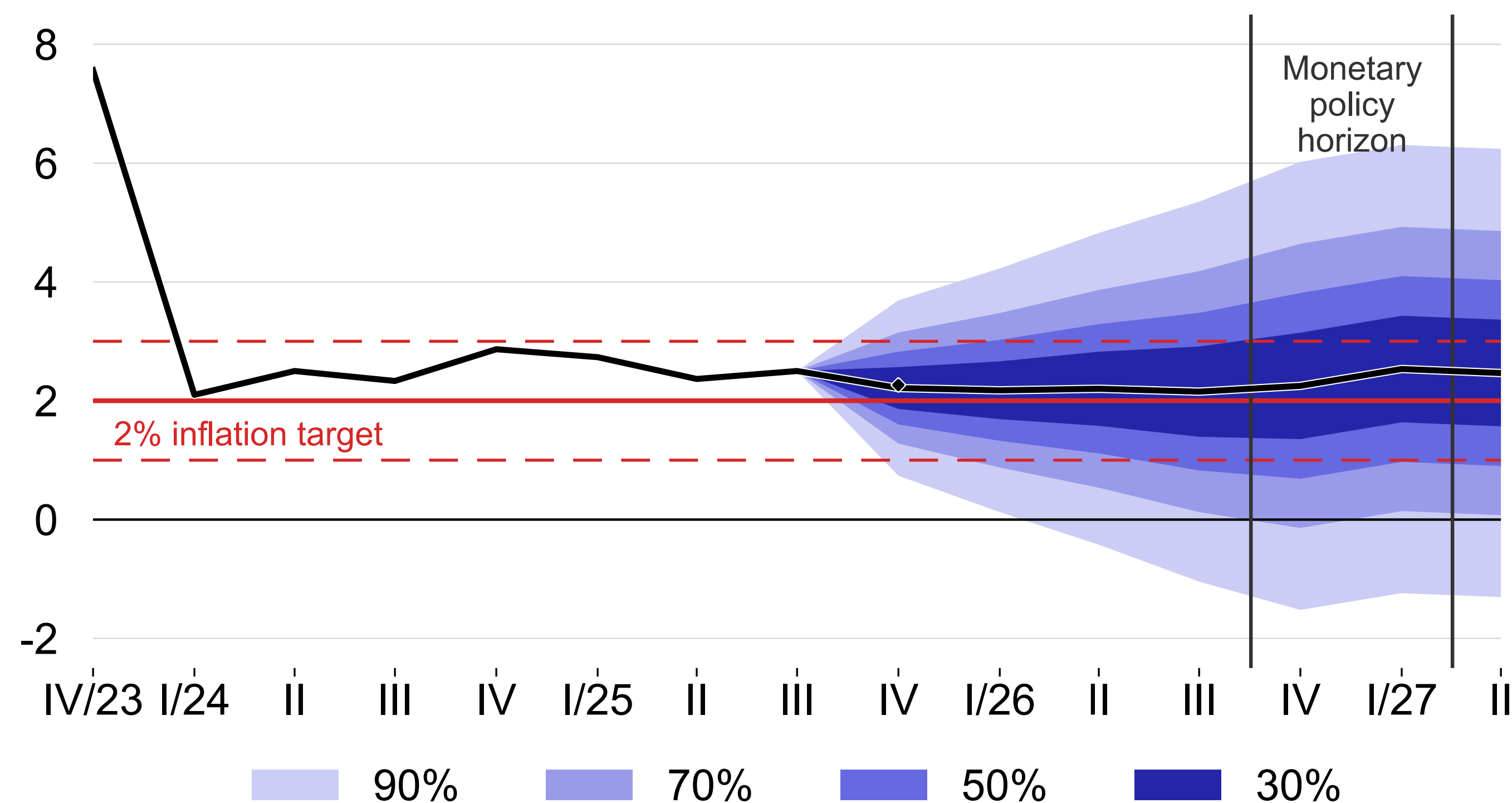


Note: Developments in the euro area are approximated by developments in the “effective euro area” – the six euro area countries with which the Czech economy has the strongest trade links.

## External environment: oil price and the USD/EUR exchange rate



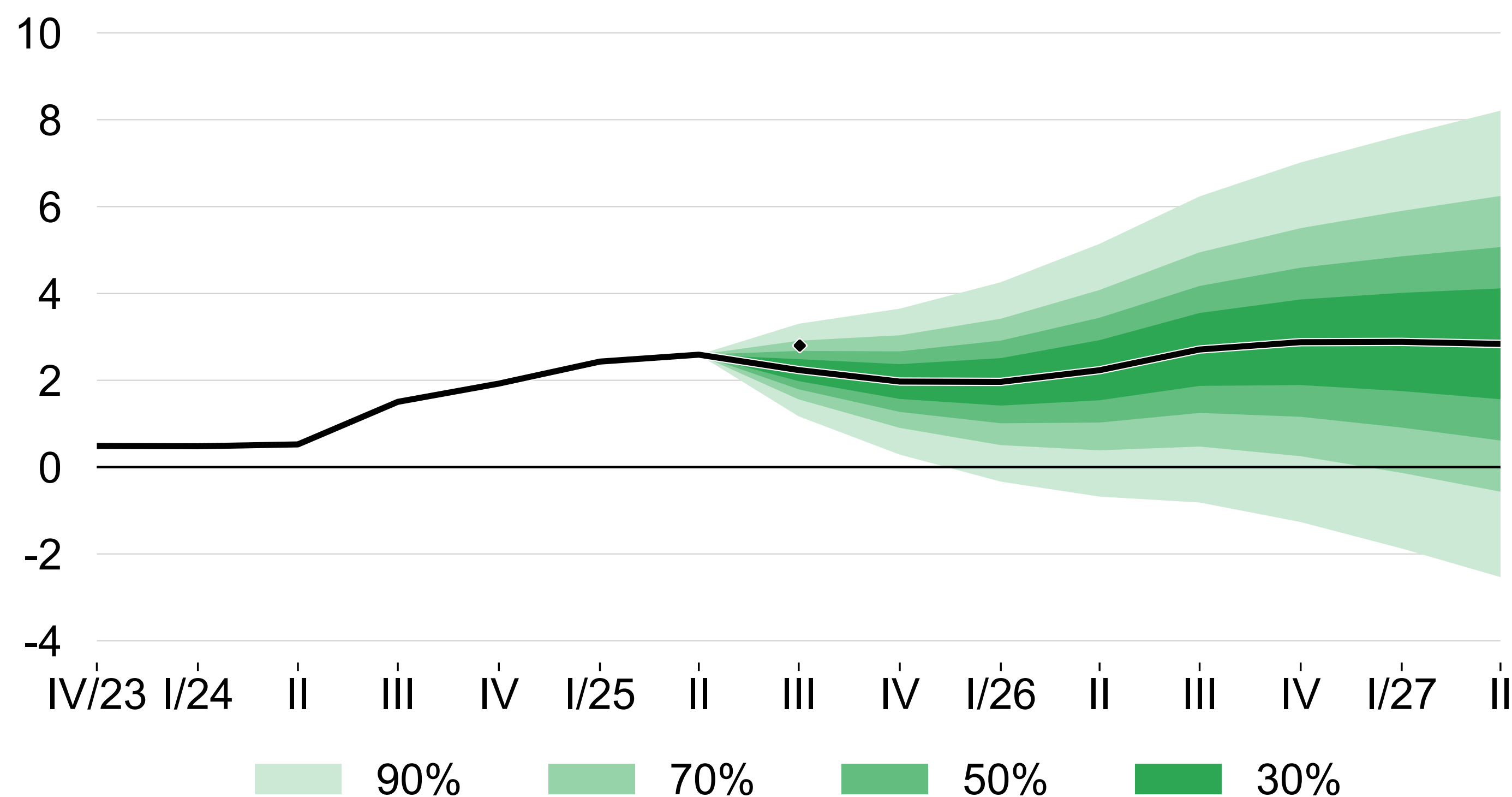
## Inflation forecast and expected outcome in 2025 Q4



Note: y-o-y changes in %.



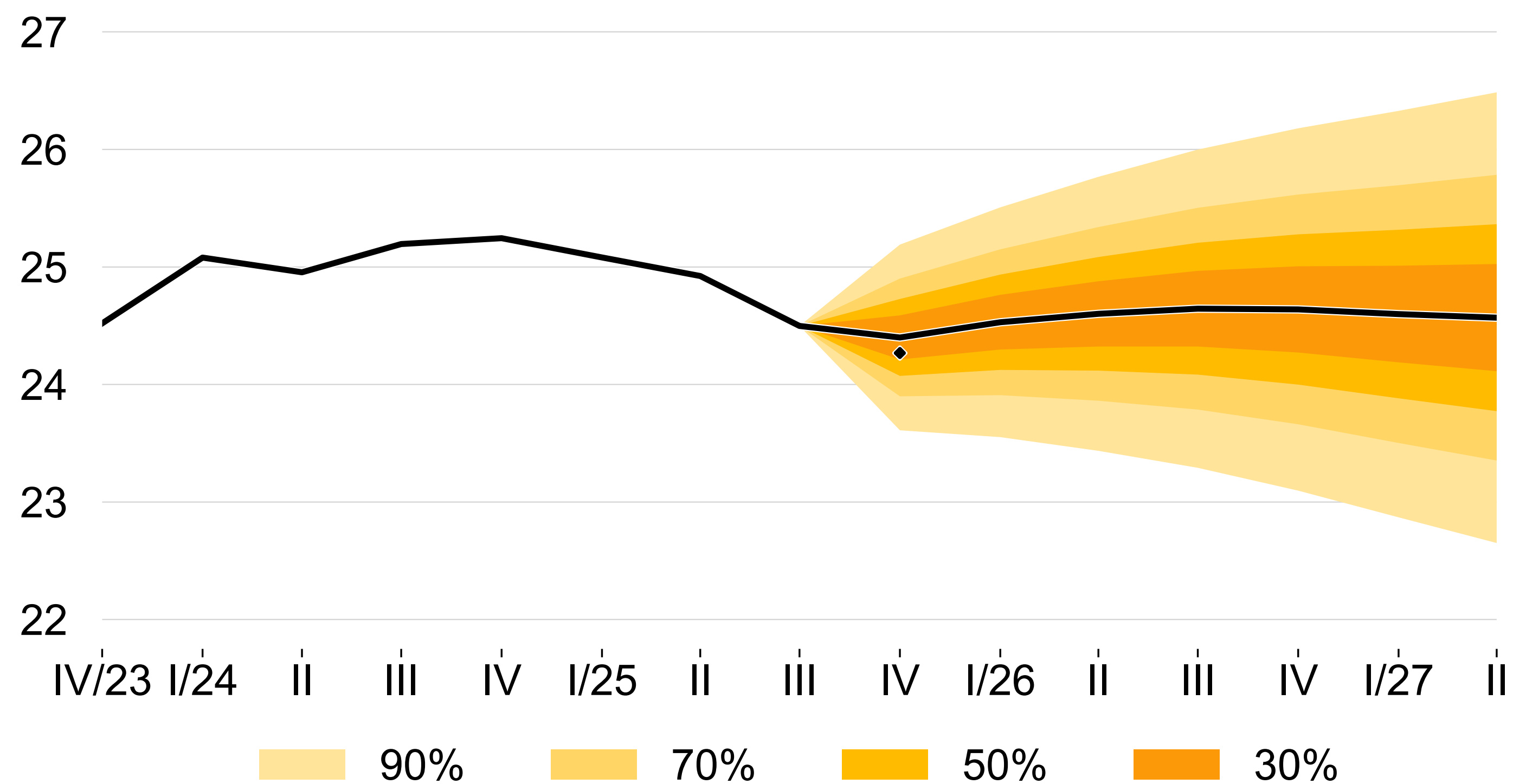
## GDP forecast and outcome in 2025 Q3



Note: y-o-y changes in %; prices of 2020 (chain-linked); seasonally adjusted.



## Exchange rate forecast (CZK/EUR) and outcome in 2025 Q4



# Risks and uncertainties

**The Bank Board assessed the risks and uncertainties of the outlook for the fulfilment of the inflation target as balanced overall.**

## **Inflationary risks:**

- possible acceleration in the growth of the money supply in the economy caused by lending to households and general government
- potential additional growth in total public sector spending
- continued rapid wage growth related to persistent tightness in the labour market
- inertia in elevated services inflation, including imputed rent

## **Anti-inflationary risks:**

- stronger koruna exchange rate
- weak performance of some euro area economies

## **Uncertainties:**

- development of the war in Ukraine
- increasing sensitivity of financial markets to the sustainability of general government debt in some developed countries

## Statutory mandate

- The Bank Board assures the public that the CNB's actions will be sufficient to maintain price stability in accordance with its statutory mandate.
- In addition, the Bank Board is ready to react appropriately to any materialisation of the risks of the outlook for the fulfilment of the inflation target.

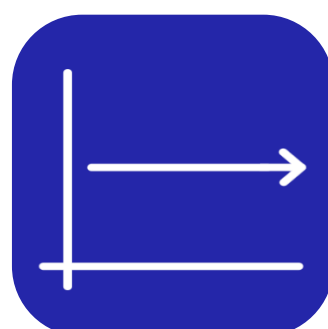
# Thank you for your attention

The minutes of today's meeting and a description of the risks of the inflation forecast will be released on 9 January 2026 at

<https://www.cnb.cz/en/monetary-policy/bank-board-decisions/>



## Decision in a nutshell



Consistent with the autumn forecast is broad stability of short-term market interest rates over the next few quarters, followed by a gradual increase in rates.



The Bank Board assessed the risks and uncertainties of the outlook for the fulfilment of the inflation target as balanced overall.



The Bank Board kept the key interest rate (2W repo) at 3.50%.



Six members voted in favour of this decision.