

# 1st Situation Report on Economic and Monetary Developments

Press conference of the Bank Board

5 February 2026



# Monetary policy decision

2.50%	<b>3.50%</b>	4.50%
discount rate	<b>2W repo rate</b>	Lombard rate

**VOTING ON 2W REPO RATE  
LEAVE UNCHANGED at 3.50%**



The decision adopted by the Bank Board is underpinned by **the CNB's new macroeconomic forecast**. Its baseline scenario implies broad stability of short-term market interest rates in the first half of 2026.

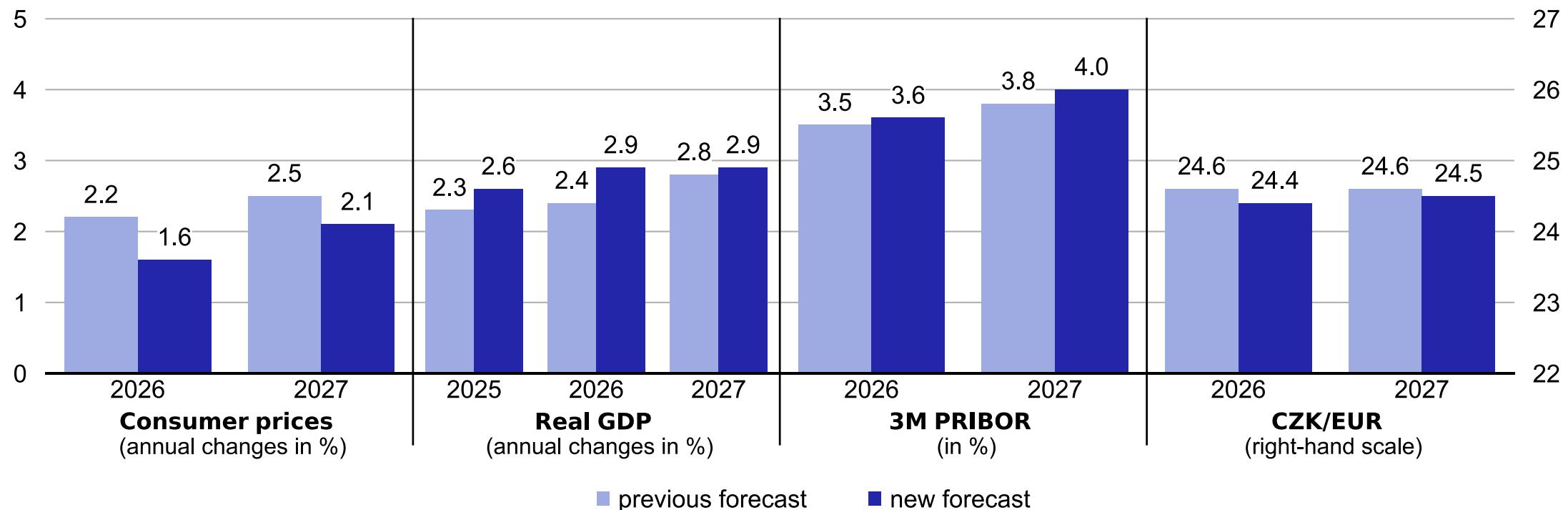
At the same time, the Bank Board confirmed its determination to **continue its monetary policy in order to maintain inflation near the 2% target in the long term**. At present, this still requires relatively restrictive monetary policy.

# Economic developments

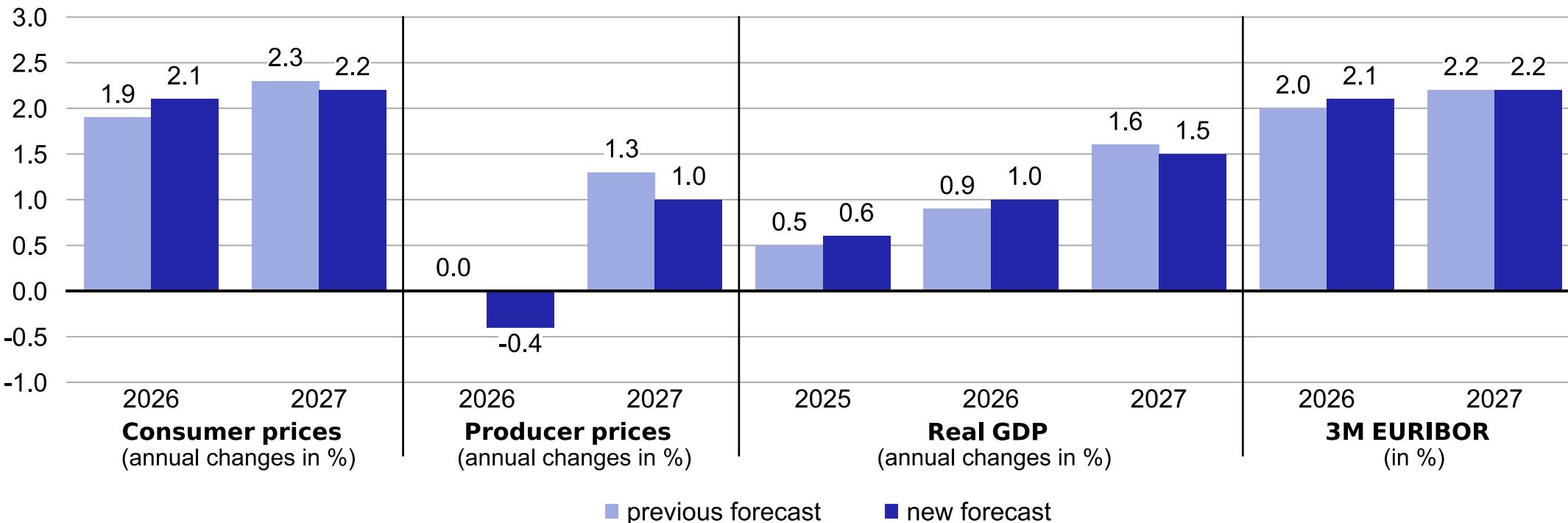
- According to the CZSO's flash estimate, GDP rose by 0.5% quarter on quarter and by 2.4% year on year in 2025 Q4. The economy grew by 2.5% in 2025 as a whole.
- Domestic economic growth is still being driven mainly by household consumption. By contrast, private sector investment activity is subdued. Unemployment remains low. Wages rose by 7.1% year on year in 2025 Q3.
- Long-term above-average wage growth is contributing to inflationary pressures from the domestic economy. These are reflected mainly in persistently elevated services inflation and significant growth in property prices. This is amplified by the fact that wages are growing fastest in the service sector.

# Comparison with the previous CNB forecast

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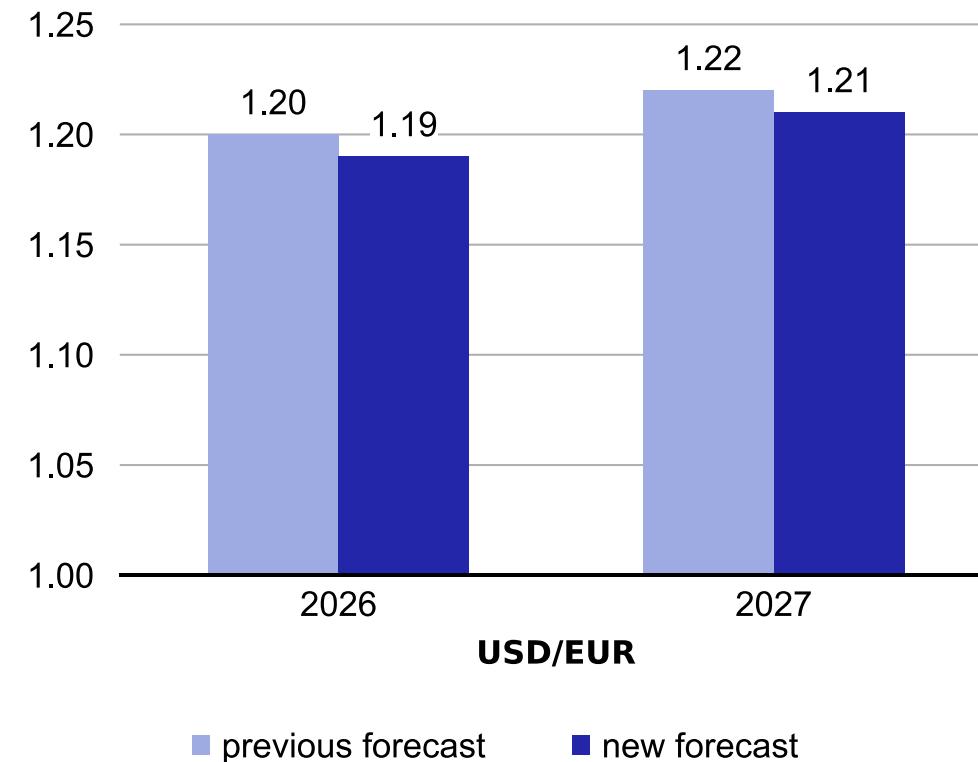
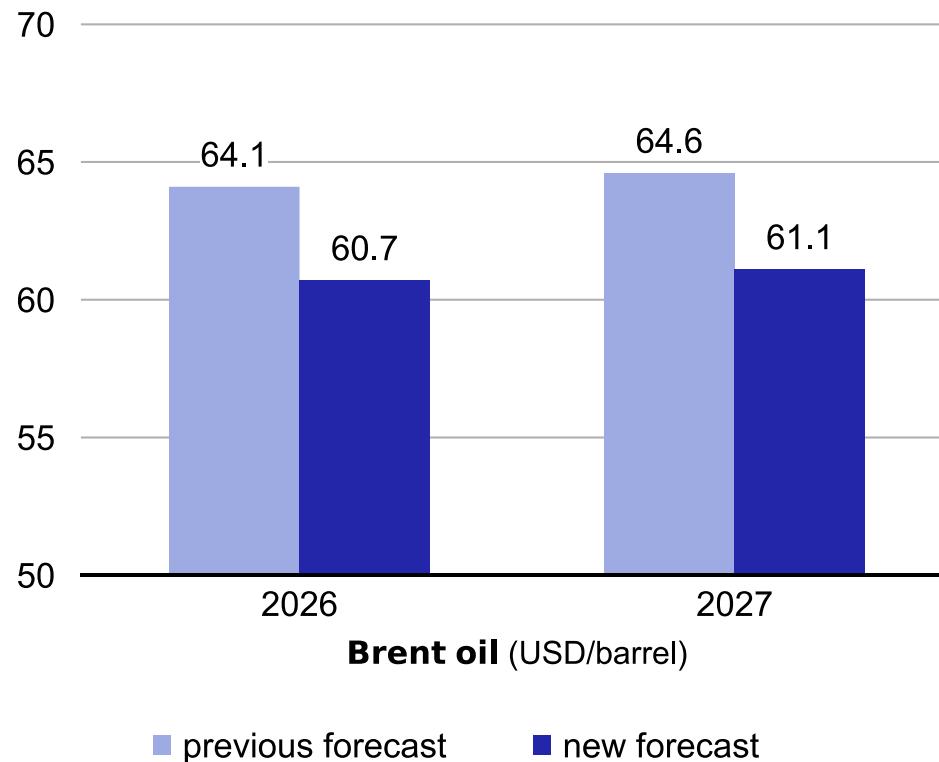
# External environment: forecast and outlook for the euro area



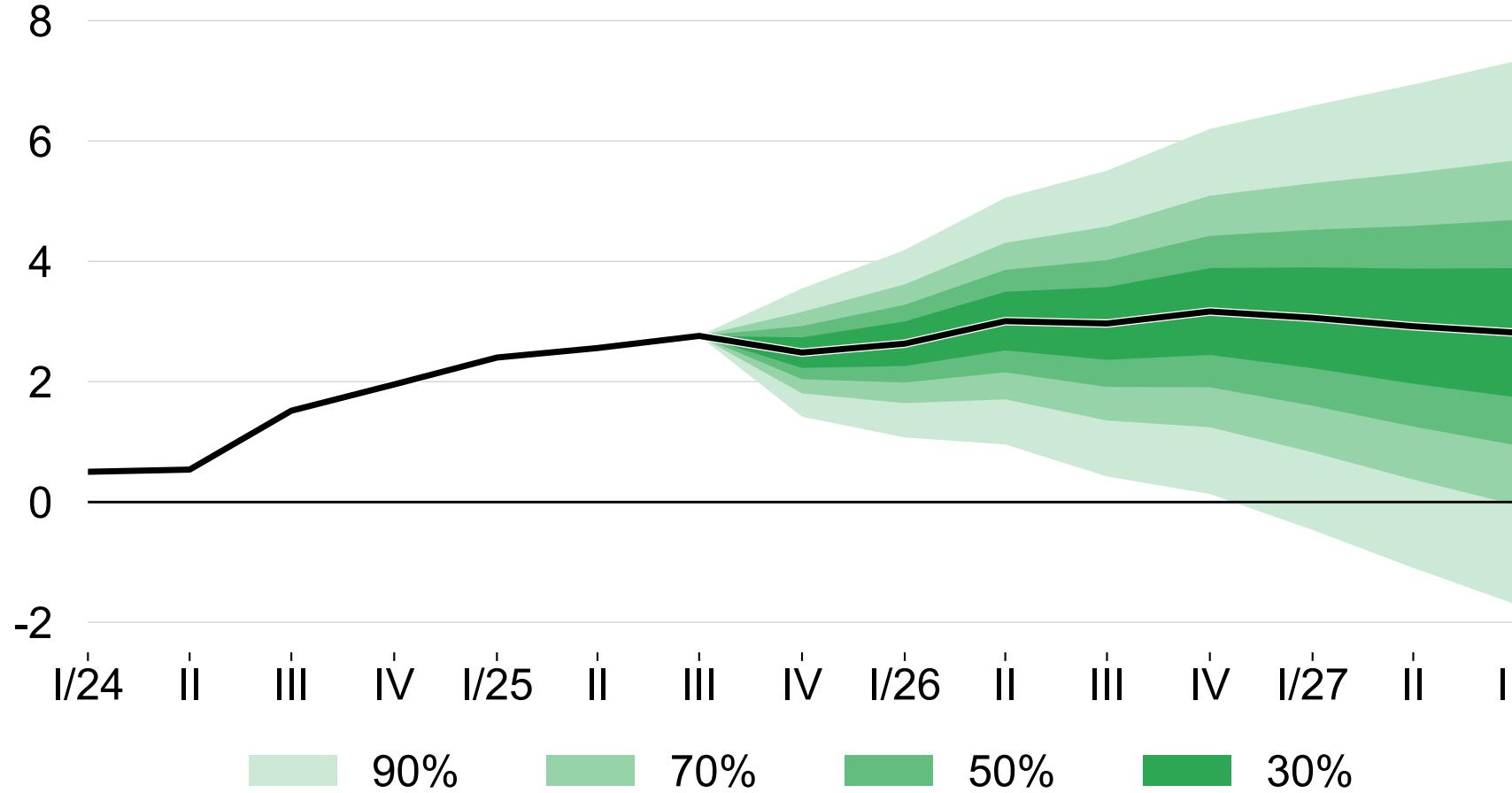
Note: Developments in the euro area are approximated by developments in the “effective euro area” – the six euro area countries with which the Czech economy has the strongest trade links.

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

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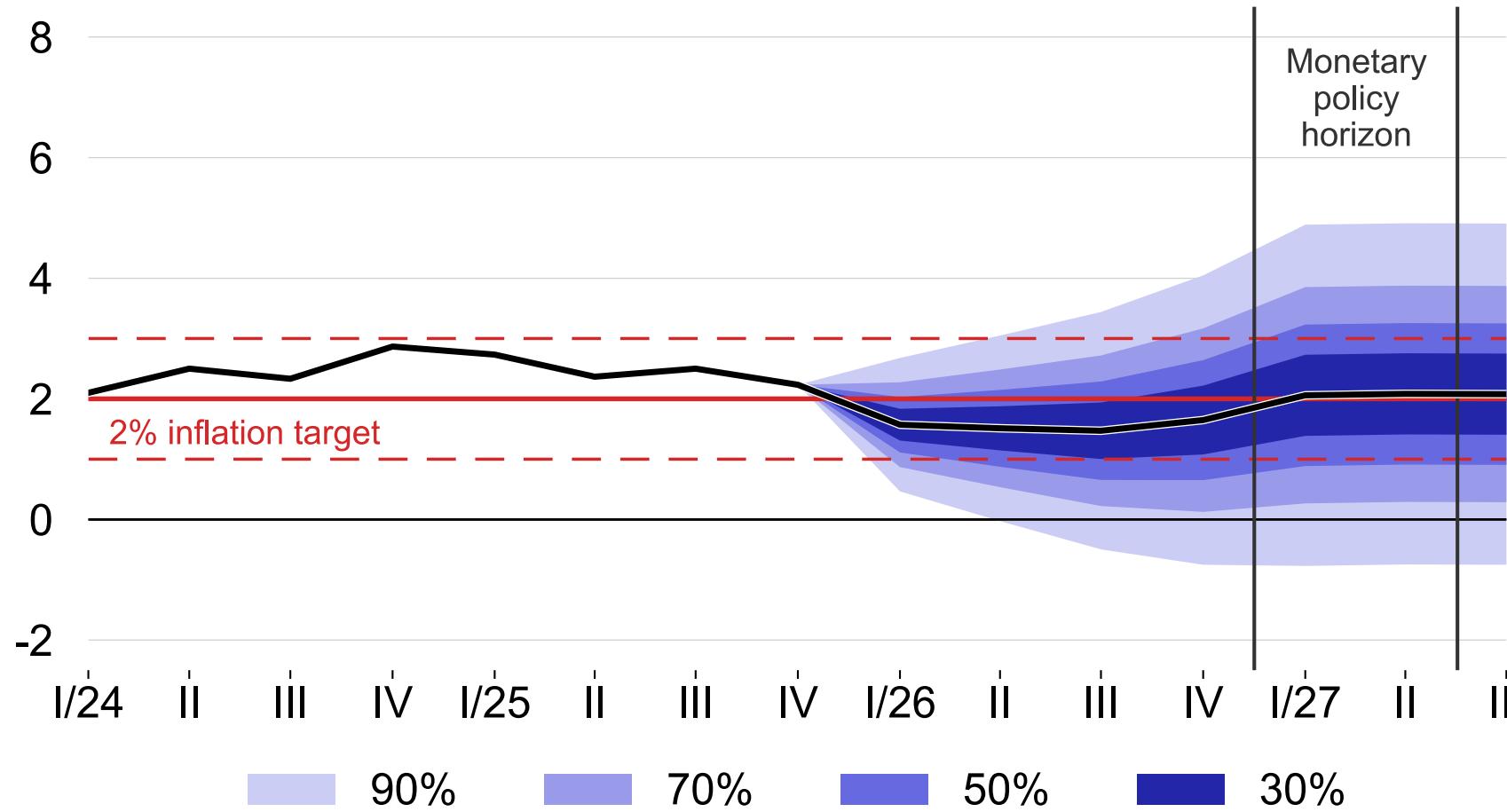


# GDP forecast



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

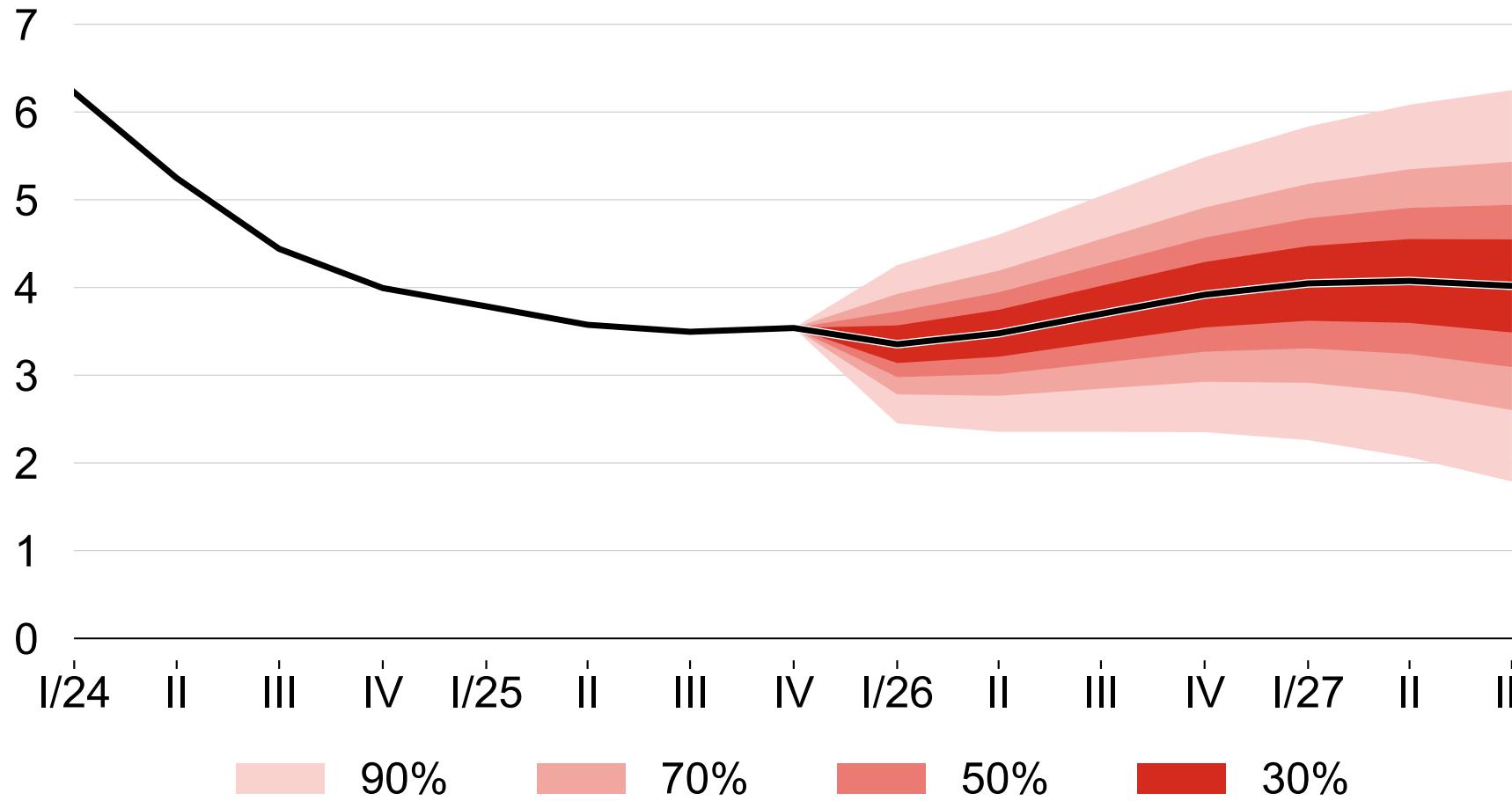
# Inflation forecast



Note: y-o-y changes in %.

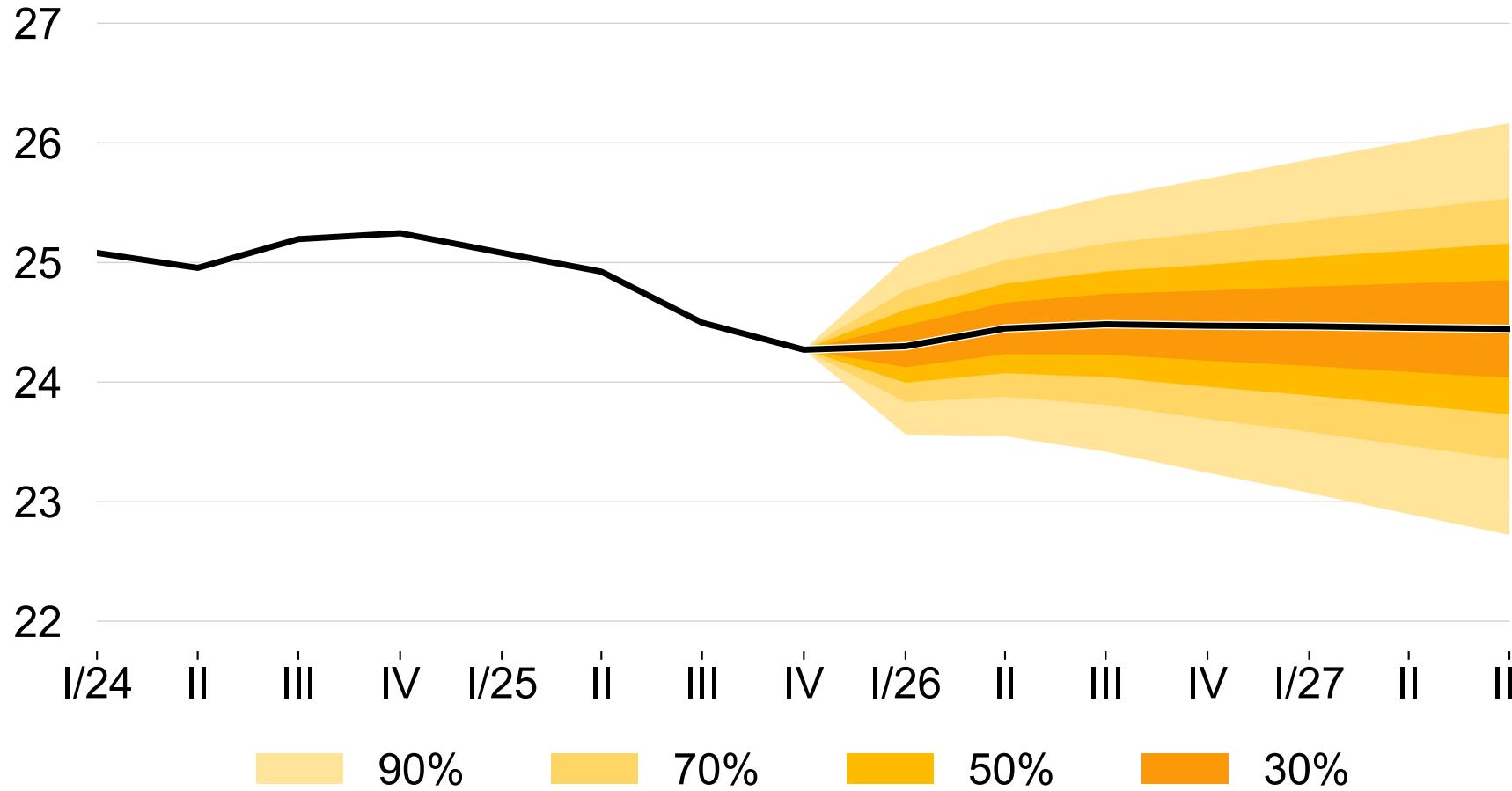
# Interest rate forecast (3M PRIBOR)

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# Exchange rate forecast (CZK/EUR)

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# 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
- possible global correction of asset prices in an environment of high general government debt in some developed countries

## **Uncertainty:**

- development of the war in Ukraine

# 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.

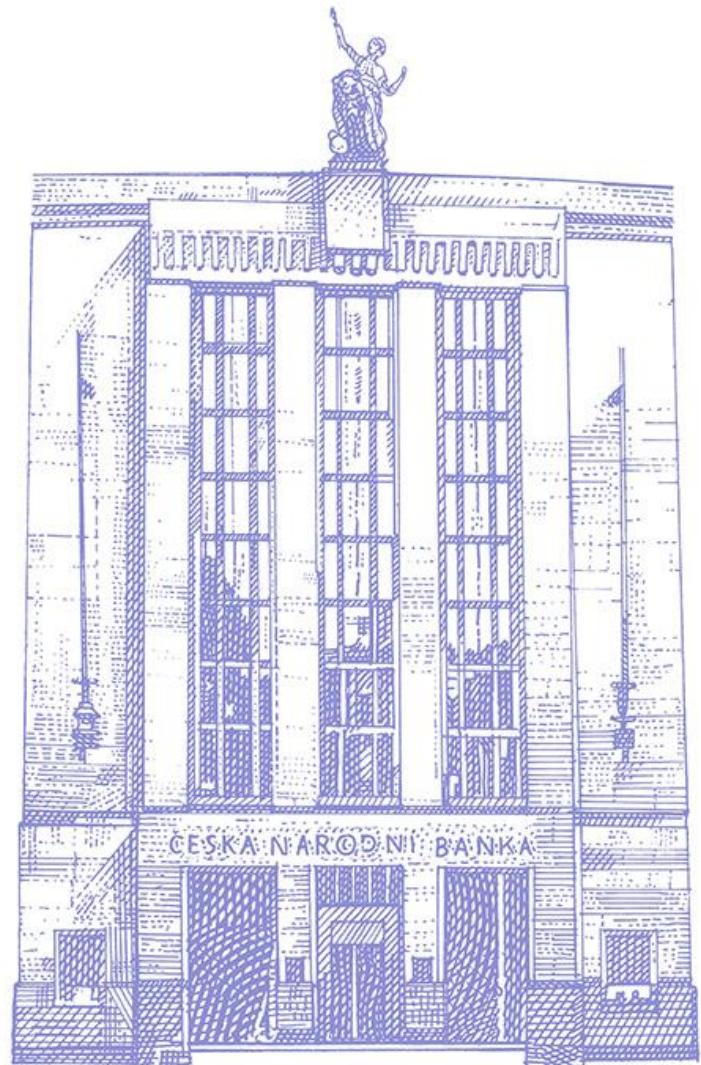
## 1st Situation Report on Economic and Monetary Developments

More information about the forecast can be found at

<https://www.cnb.cz/en/monetary-policy/forecast/> and in Monetary Policy Report – Winter 2026.

The introductory part of the Report (together with the boxes and the table of key macroeconomic indicators) will be published on 6 February 2026.

The whole Report will be published on 13 February 2026.



# Decision in a nutshell



Consistent with the forecast is broad stability of short-term market interest rates in the first half of 2026.



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%.



Seven members voted in favour of this decision.