

# 2nd Situation Report

## on Economic and Monetary Developments

**Press conference of the Bank Board**

19 March 2026



# 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%



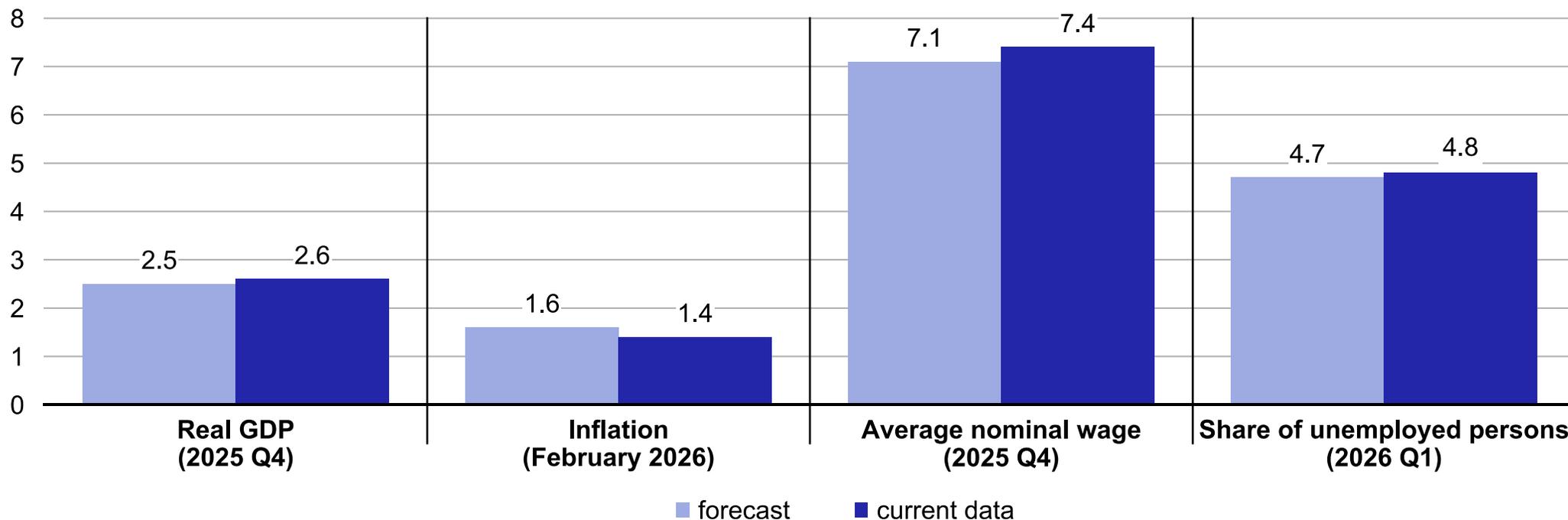
The decision adopted by the Bank Board is underpinned by **the winter (February) macroeconomic forecast** and by **an assessment of information obtained since it was prepared**.

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 restrictive monetary policy.

# Economic developments

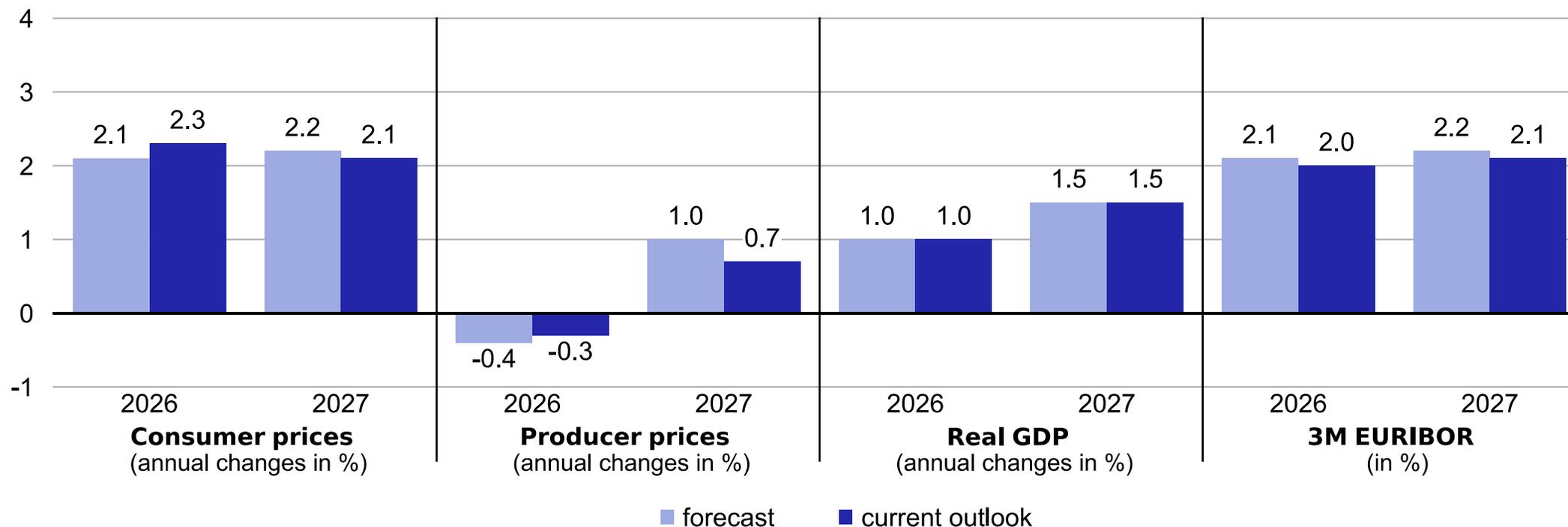
- According to the CZSO's flash estimate, GDP rose by 2.6% year on year in 2025 Q4. Domestic economic growth was still being driven mainly by household consumption.
- Unemployment remains low. Wages rose by 7.4% year on year in 2025 Q4. Long-term above-average wage growth is contributing to inflationary 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, over the long term, wages are growing fastest in the service sector.

# Comparison of current domestic data with the CNB forecast



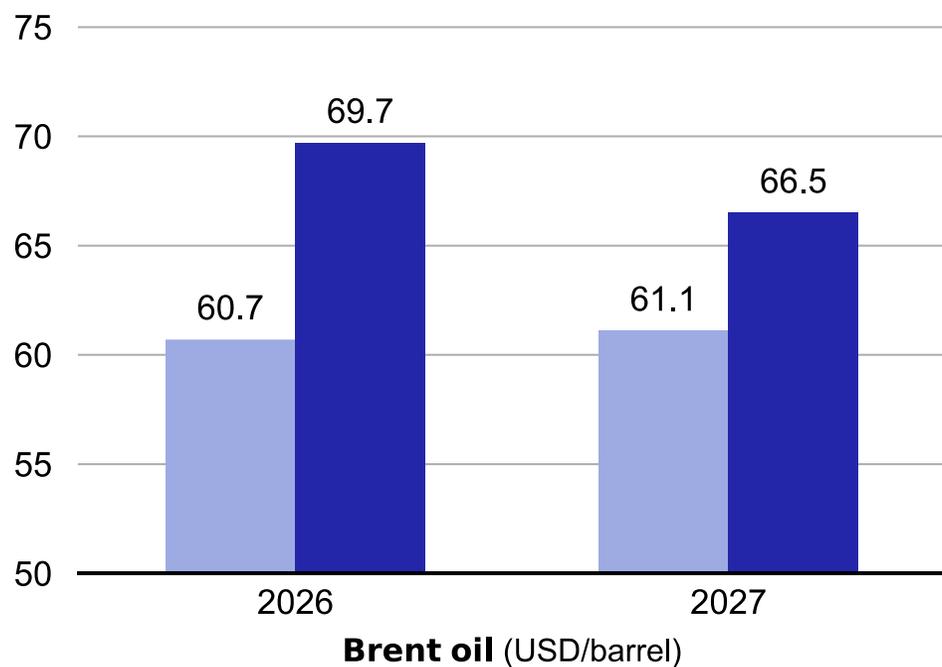
Note: annual changes in %, share of unemployed persons in % (comparison of s.a. outcomes in January and February with the forecast for 2026 Q1).

# External environment: forecast and outlook for the euro area

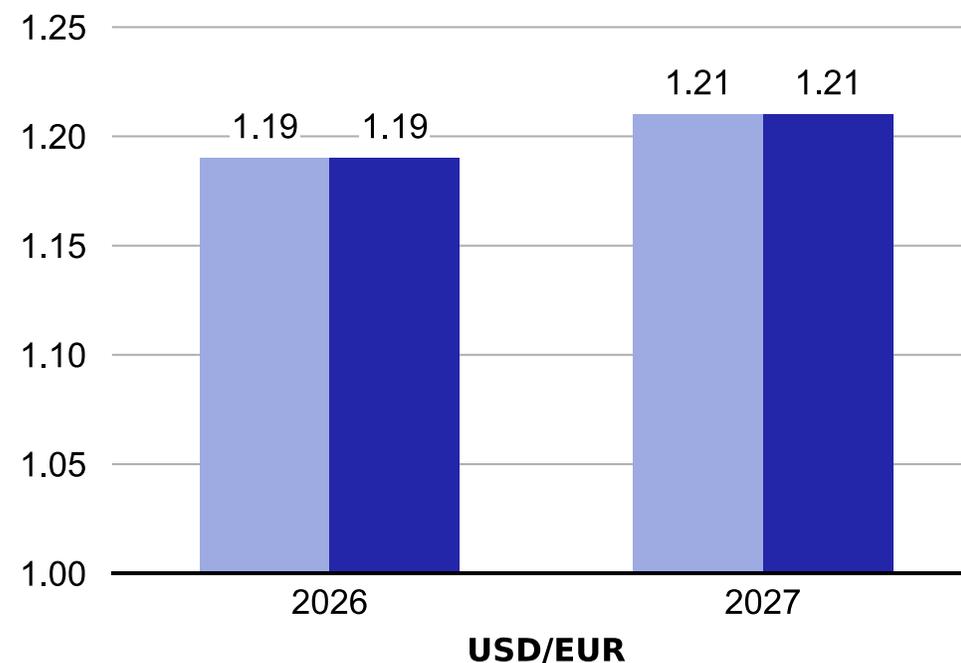


Note: Developments in the euro area are approximated by developments in the “effective euro area” – the six euro area countries with which the Czech economy has the strongest trade links.

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

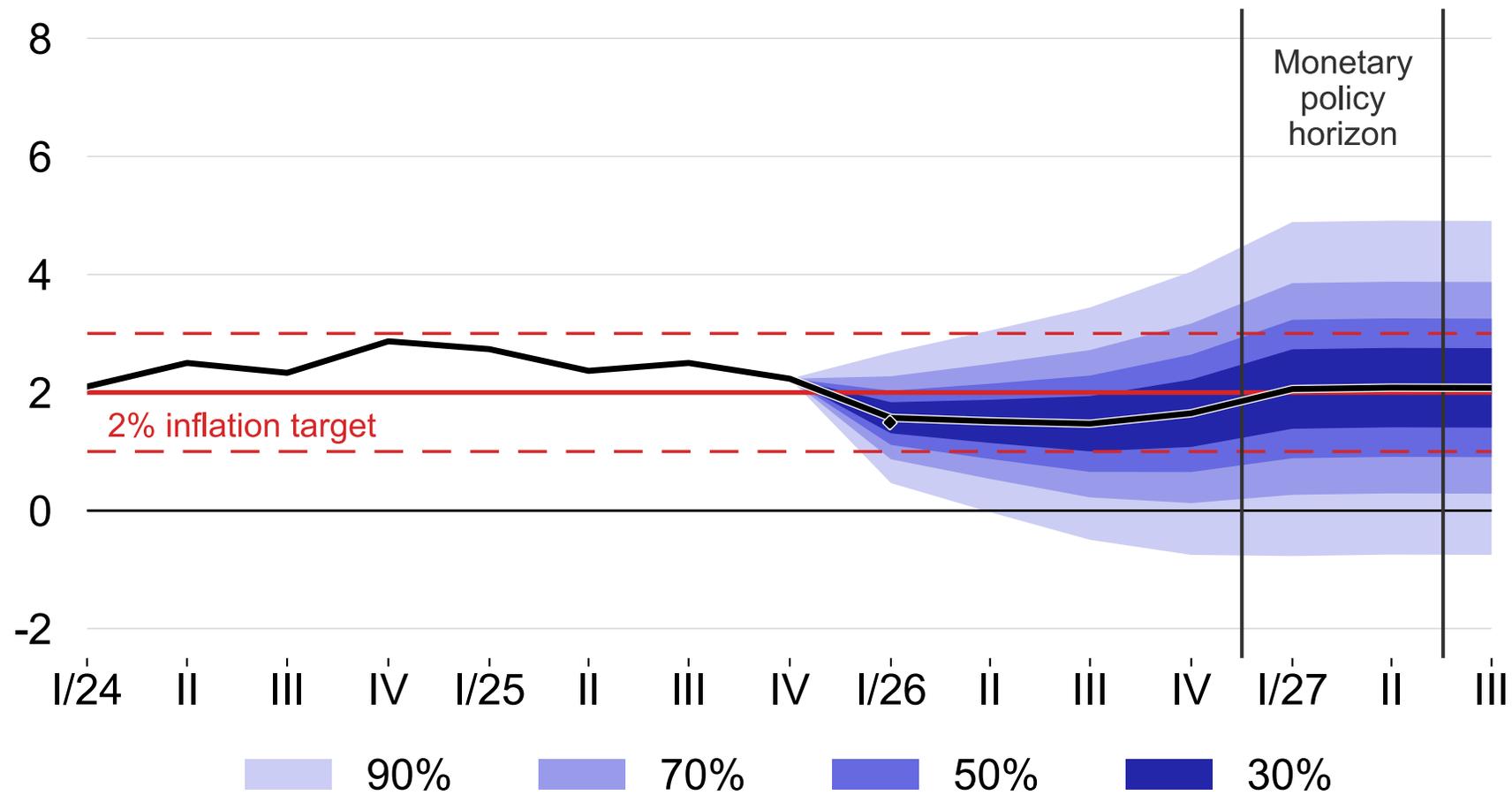


■ forecast ■ current outlook



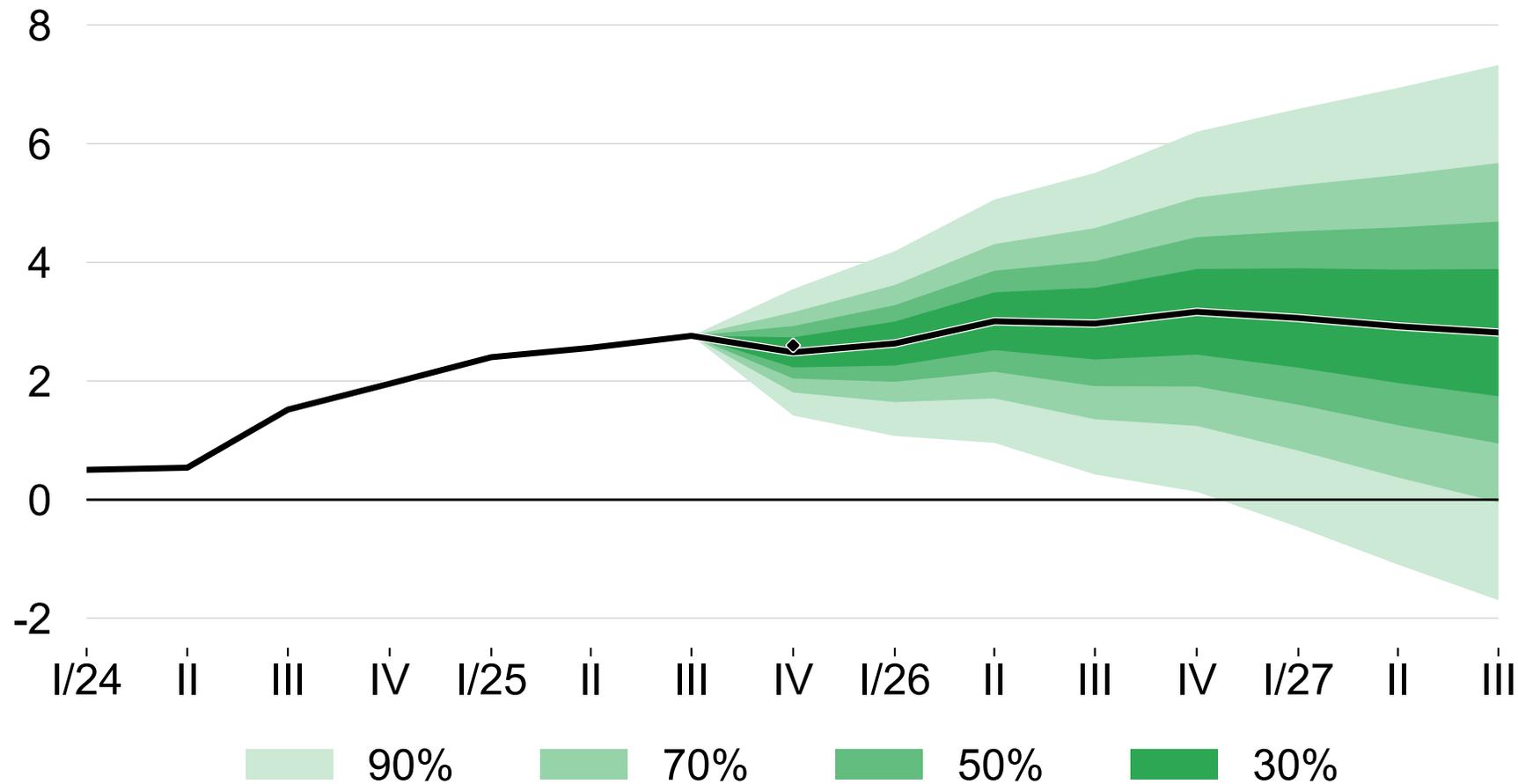
■ forecast ■ current outlook

# Inflation forecast and expected outcome in 2026 Q1



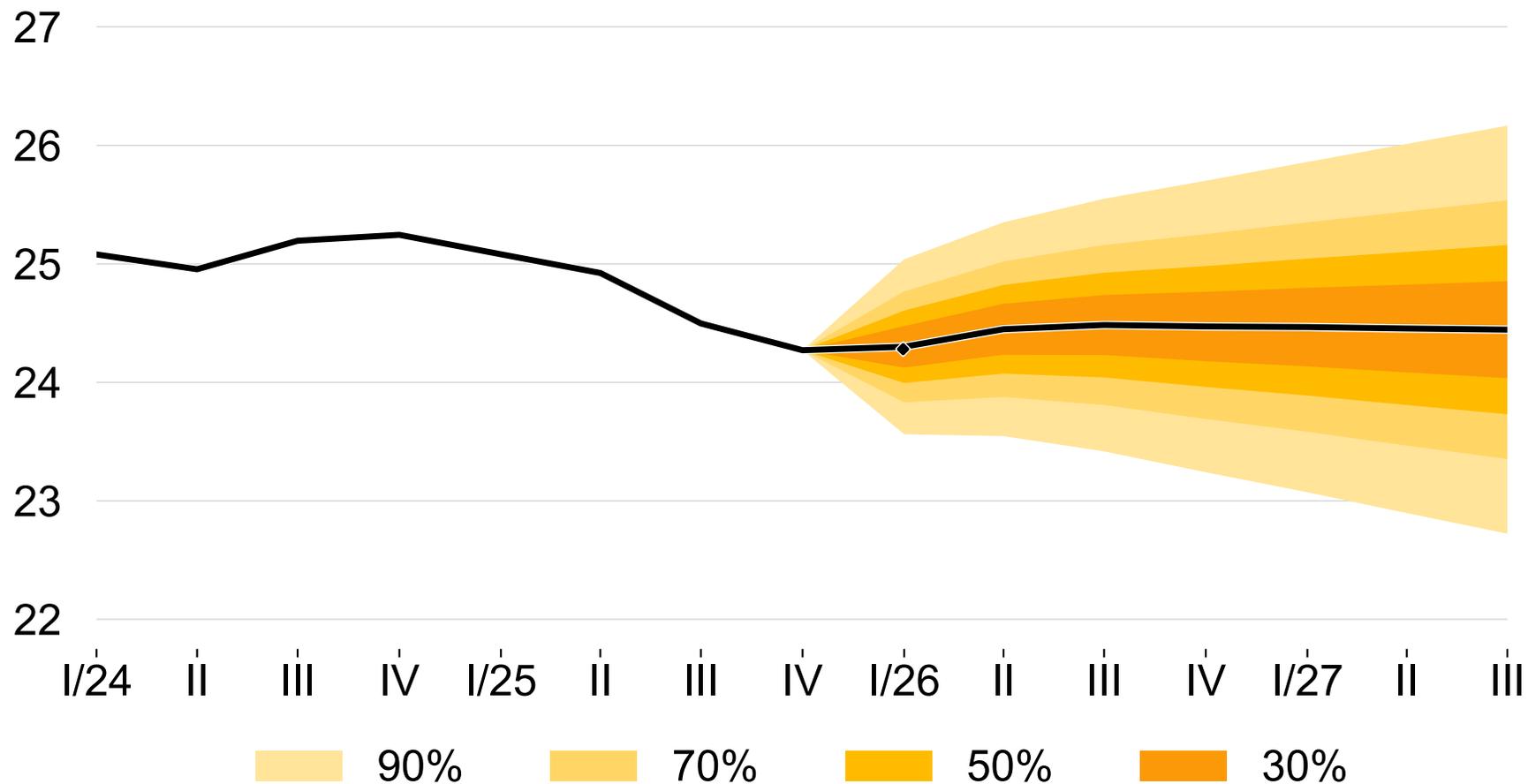
Note: y-o-y changes in %.

# GDP forecast and outcome in 2025 Q4



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

# Exchange rate forecast (CZK/EUR) and outcome in 2026 Q1



# Risks and uncertainties

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

## **Macroeconomic impacts of the conflict in the Middle East:**

- direct and indirect effects of the increase in energy commodity prices on inflation
- potential negative effects on economic activity and financial conditions

## **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:**

- 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



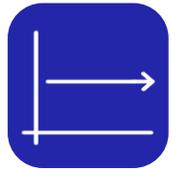
- The Bank Board assures the public that the CNB's actions will be sufficient to maintain price stability in accordance with its statutory mandate.
- In addition, the Bank Board is ready to react appropriately to any materialisation of the risks of the outlook for the fulfilment of the inflation target.

## 2nd Situation Report on Economic and Monetary Developments

The minutes of today's meeting and an update of the inflation forecast will be released on 26 March 2026 at <https://www.cnb.cz/en/monetary-policy/bank-board-decisions/>



# Decision in a nutshell



Consistent with the winter 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.