

4th Situation Report

on Economic and Monetary Developments

Press conference of the Bank Board

18 June 2026



Monetary policy decision

At its meeting today, the CNB Bank Board increased the 2W repo rate by 0.25 percentage point to 3.75%. At the same time, it decided to increase the discount rate to 2.75% and the Lombard rate to 4.75%.

Six members voted in favour of this decision, one member voted for leaving rates unchanged.

2.75%

discount
rate

3.75%

2W repo
rate

4.75%

Lombard
rate

INCREASE
to 3.75%



LEAVE UNCHANGED
at 3.50%



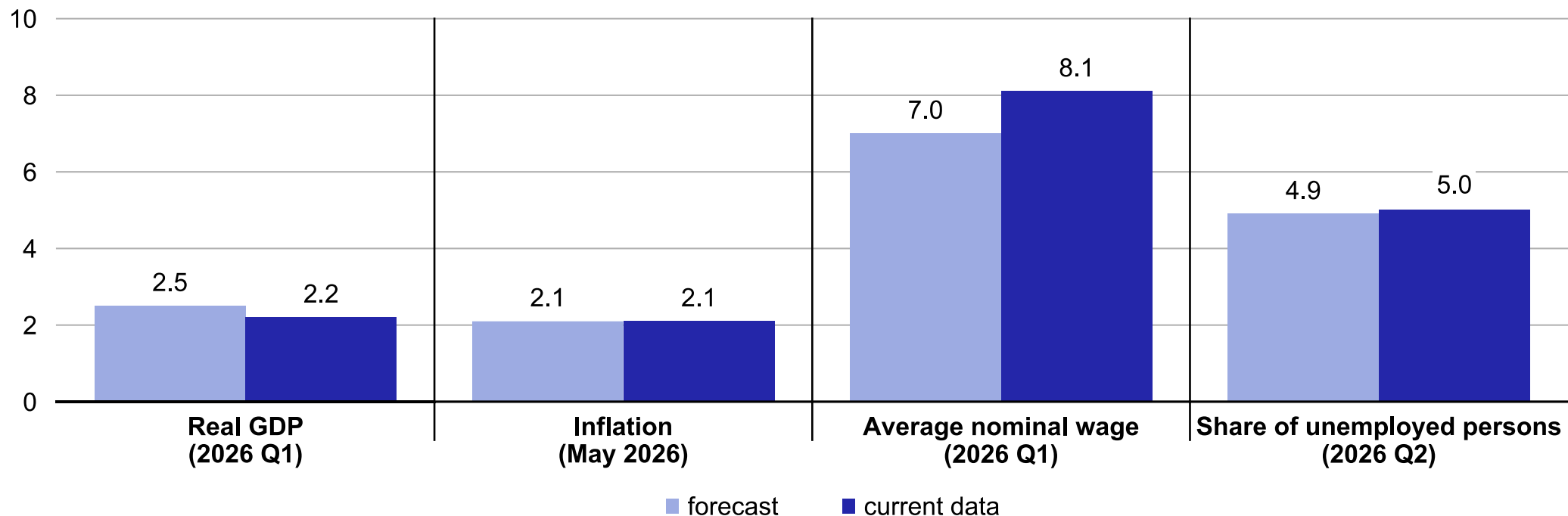
The decision adopted by the Bank Board is underpinned by **the spring (May) macroeconomic forecast** and by **an assessment of information obtained since it was prepared**.

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 requires relatively restrictive monetary policy.

Economic developments

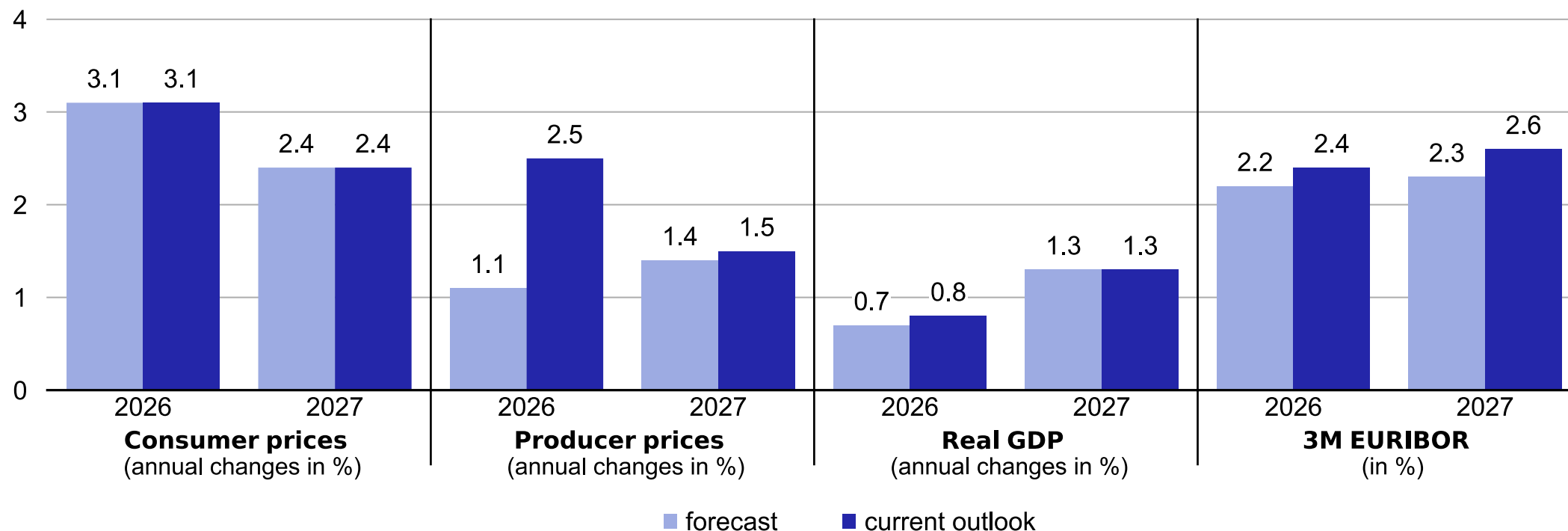
- Year-on-year GDP growth slowed to 2.2% in 2026 Q1 from 2.7% in 2025 Q4. Domestic demand was still the main source of economic growth, while foreign trade acted against growth.
- Unemployment remains low. Long-term above-average wage growth is contributing to inflationary pressures from the domestic 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



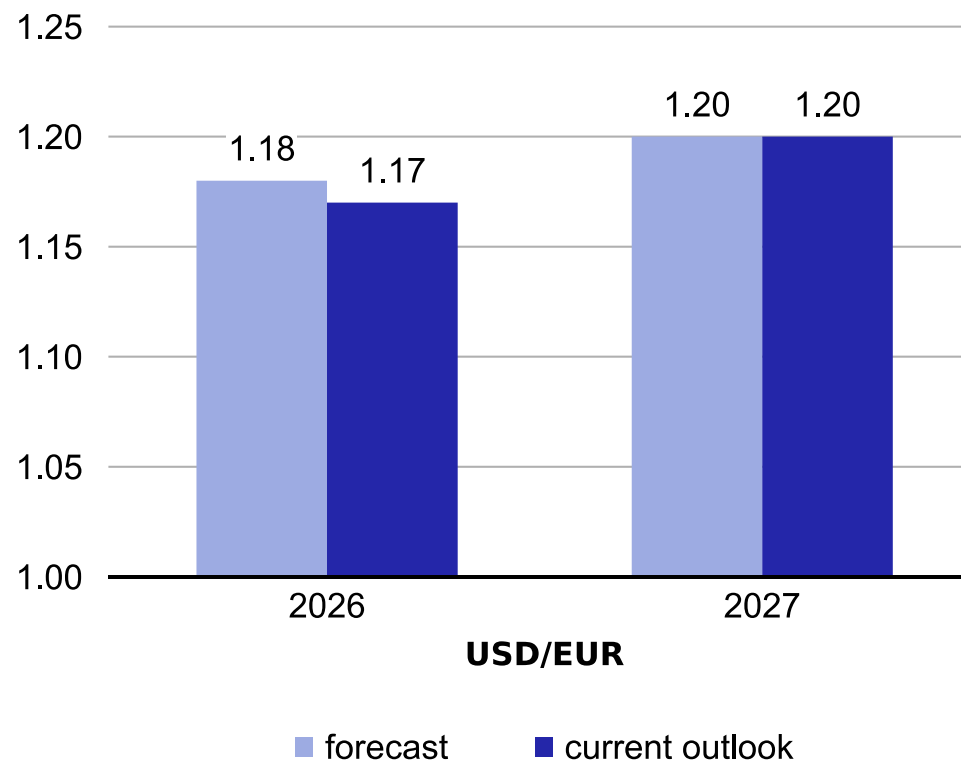
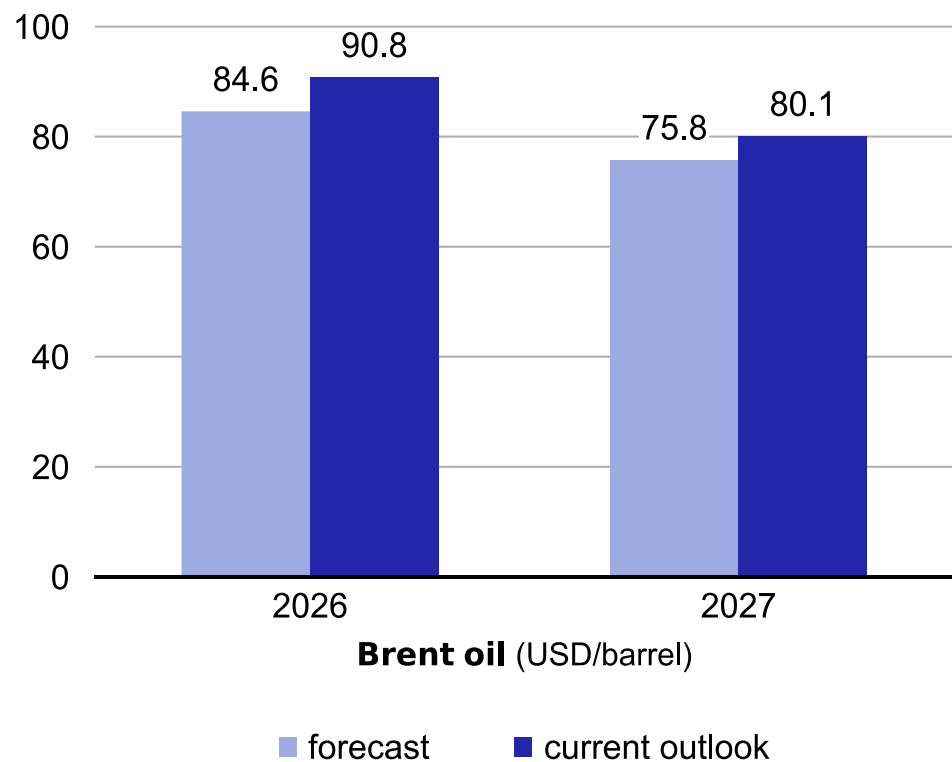
Note: annual changes in %, share of unemployed persons in % (comparison of s.a. outcomes in April and May with the forecast for 2026 Q2).

External environment: forecast and outlook for the euro area

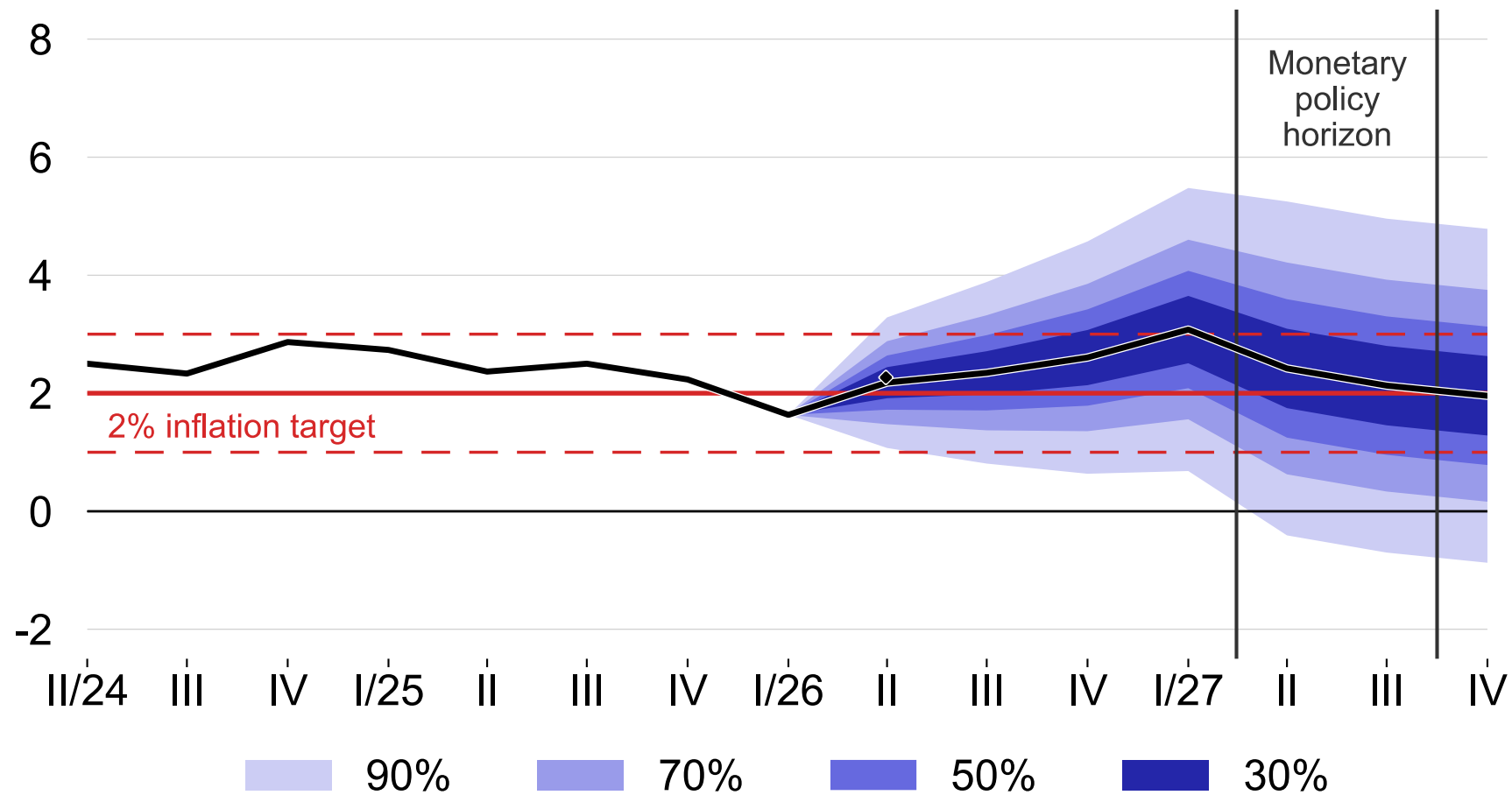


Note: Developments in the euro area are approximated by developments in the “effective euro area” – the six euro area countries with which the Czech economy has the strongest trade links.

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

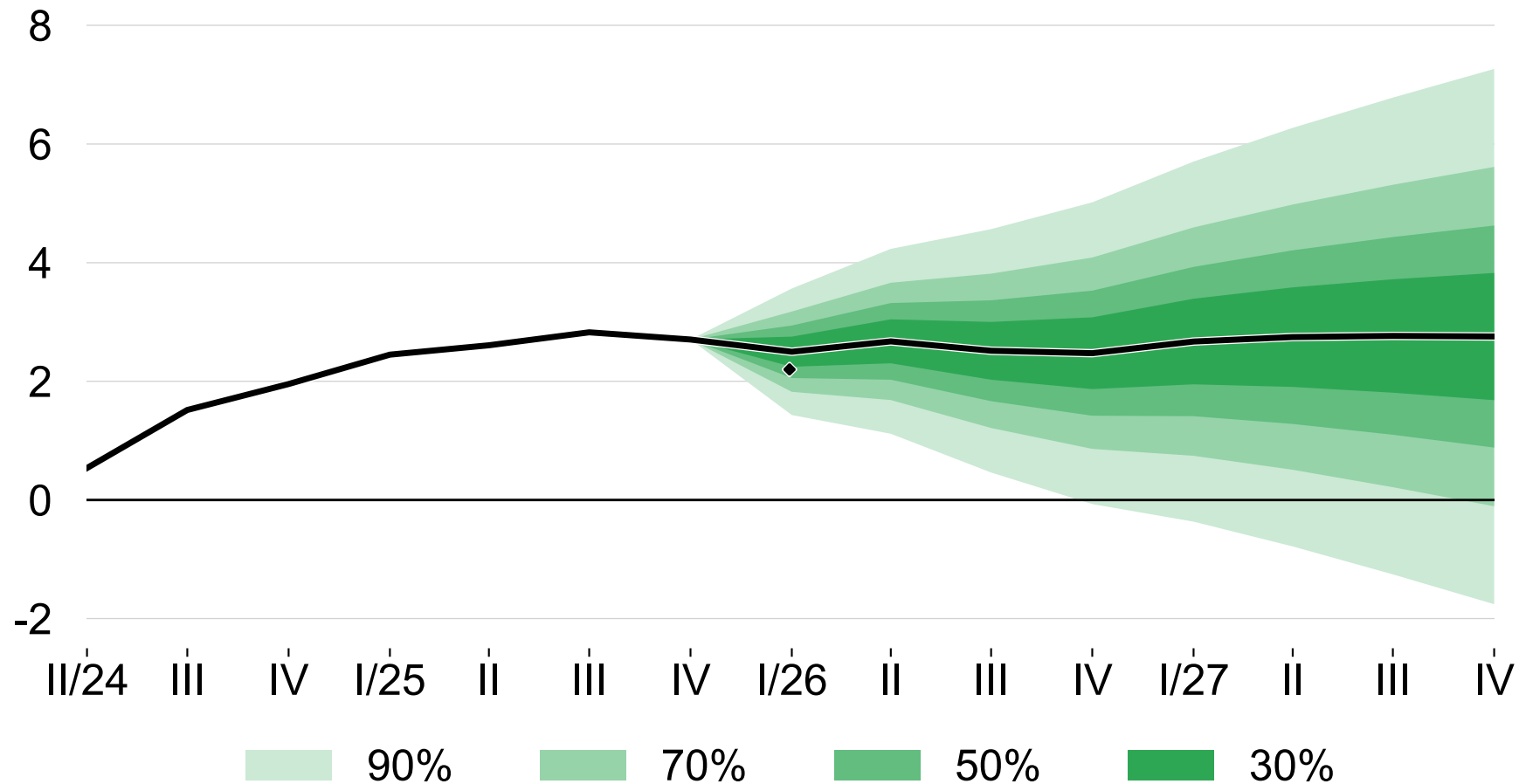


Inflation forecast and expected outcome in 2026 Q2



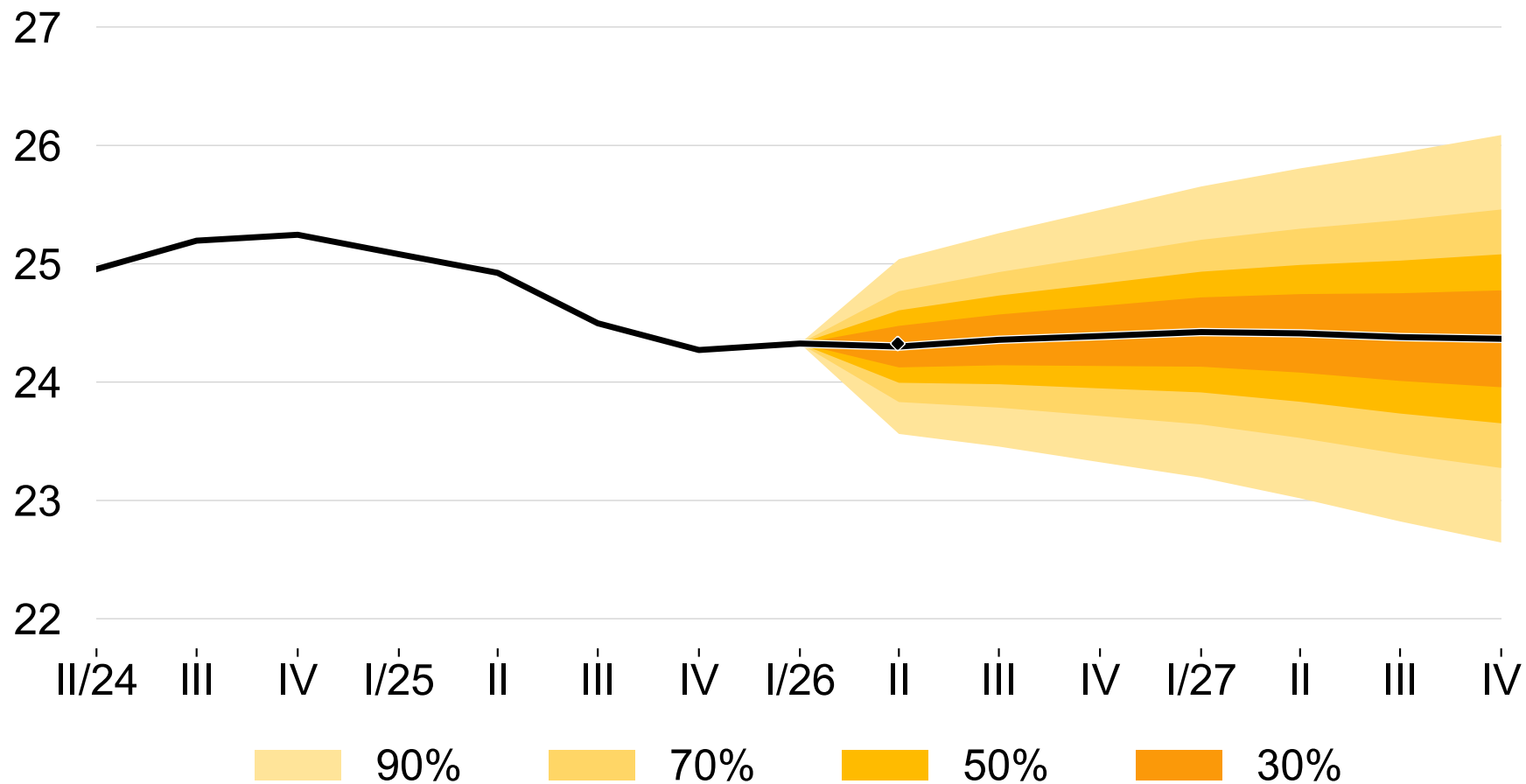
Note: year on year in %.

GDP forecast and outcome in 2026 Q1



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

Exchange rate forecast (CZK/EUR) and outcome in 2026 Q2



Risks and uncertainties

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

Inflationary risks:

- persistence of core inflation
- possible acceleration in the growth of the money supply in the economy caused by lending to households and general government
- continued rapid wage growth related to persistent tightness in the labour market
- inertia in elevated services inflation, including rent

Anti-inflationary risks:

- weak performance of some euro area economies
- possible global correction of asset prices in an environment of increased geopolitical uncertainty and high levels of debt in some developed countries

Uncertainty:

- development of the war in Ukraine

Despite the de-escalation of the conflict in the Middle East, the Bank Board will continue to closely monitor its macroeconomic impacts.

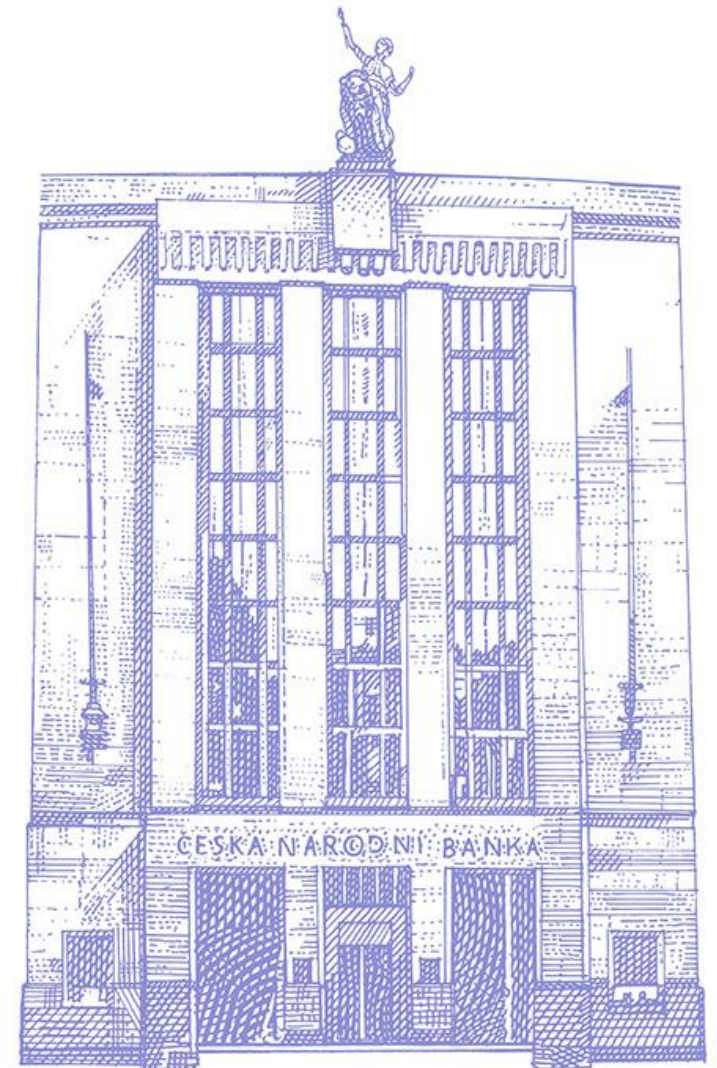
Statutory mandate



- 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.

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The minutes of today's meeting and an update of the inflation forecast will be released on 25 June 2026 at <https://www.cnb.cz/en/monetary-policy/bank-board-decisions/>



Decision in a nutshell



Consistent with the spring forecast is a rise in short-term market interest rates.



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

3.75%

The Bank Board increased the key interest rate (2W repo) by 25 basis points to 3.75%.



Six members voted in favour of this decision.