ČNB ČESKÁ NÁRODNÍ BANKA

7th Situation Report

on Economic and Monetary Developments

Press conference of the Bank Board

5 November 2026



www.cnb.cz

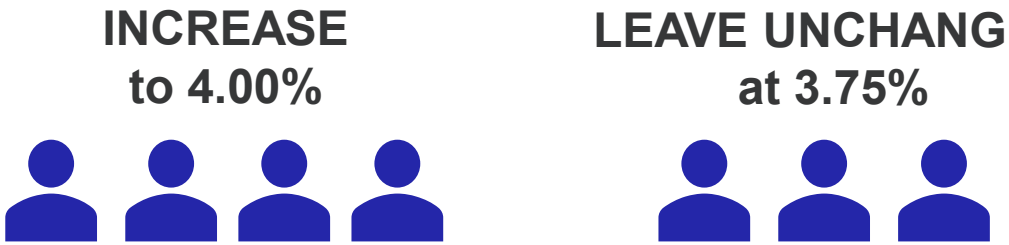
Monetary policy decision

At its meeting today, the CNB Bank Board increased the 2W repo rate by 0.25 percentage point to 4.00%. At the same time, it decided to increase the discount rate to 3% and the Lombard rate to 5%.

3.00%	**4.00%**	5.00%
discount rate	**2W repo rate**	Lombard rate

Four members voted in favour of this decision, and three members voted for leaving rates unchanged.

VOTING ON 2W REPO RATE



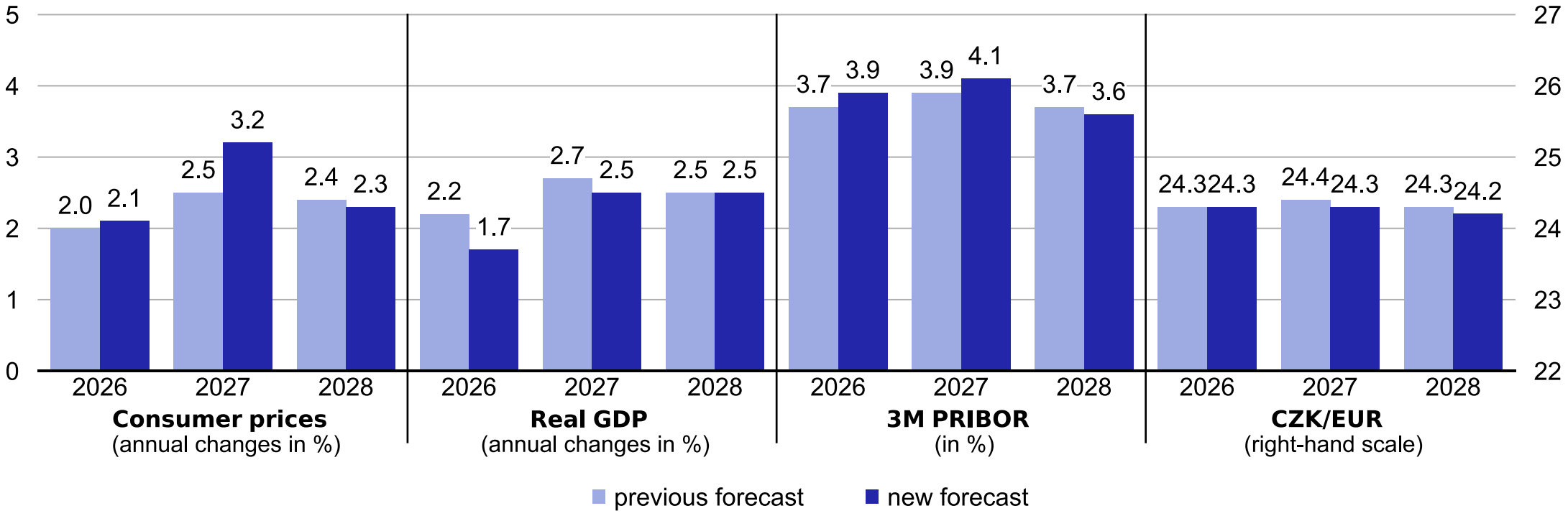
The decision adopted by the Bank Board is underpinned by **the CNB's new macroeconomic forecast**. Consistent with the forecast is a rise in short-term market interest rates.

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.

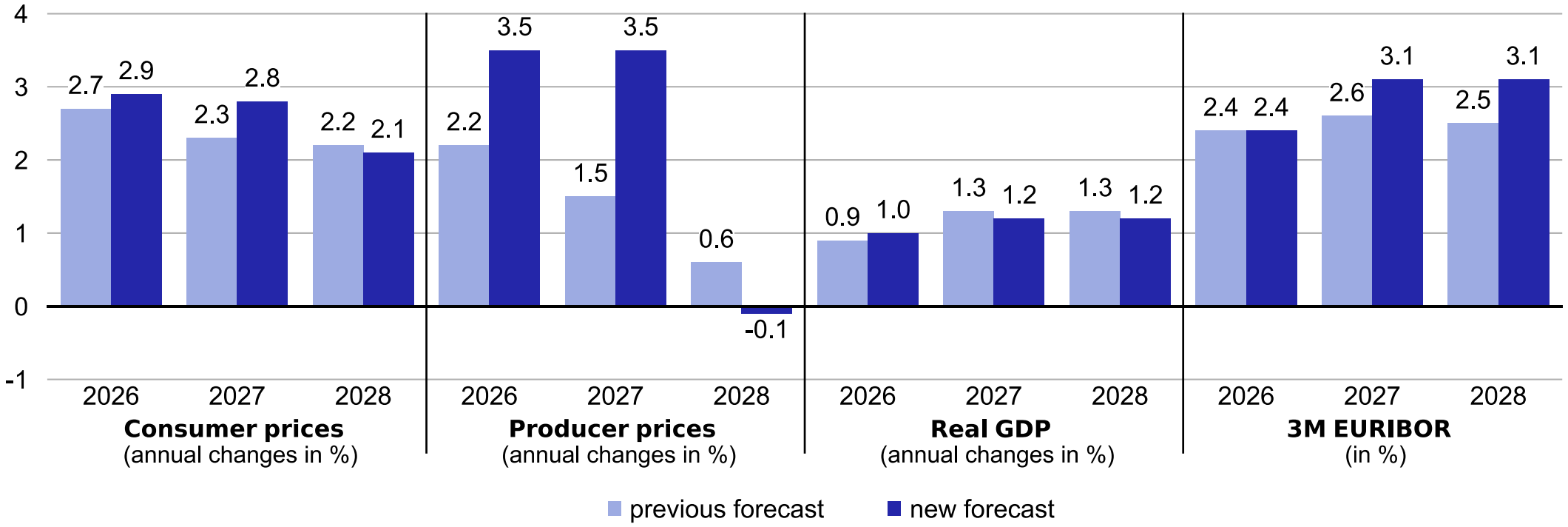
Economic developments

- Domestic inflation gradually accelerated during 2026 Q3, averaging 2% for the quarter. Core inflation remained elevated at around 3%.
- According to the CZSO's preliminary estimate, year-on-year GDP growth slowed from 1.8% to 1.6% in 2026 Q3.
- Unemployment remains low. Wages rose by 6.4% year on year in 2026 Q2. Long-term above-average wage growth is contributing to inflationary pressures from the domestic economy.
- Banks continued to show robust lending activity in 2026 Q3. Year-on-year growth in loans to non-financial corporations reached 13%. Growth in housing loans to households stabilised at just under 10%.

Comparison with the previous CNB forecast

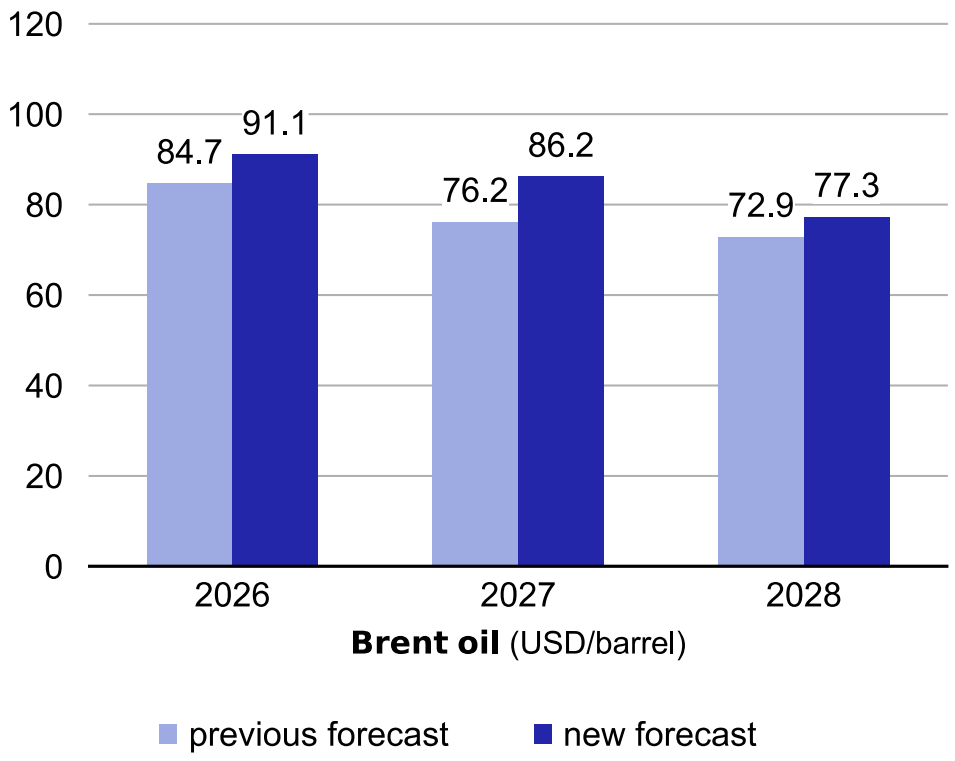


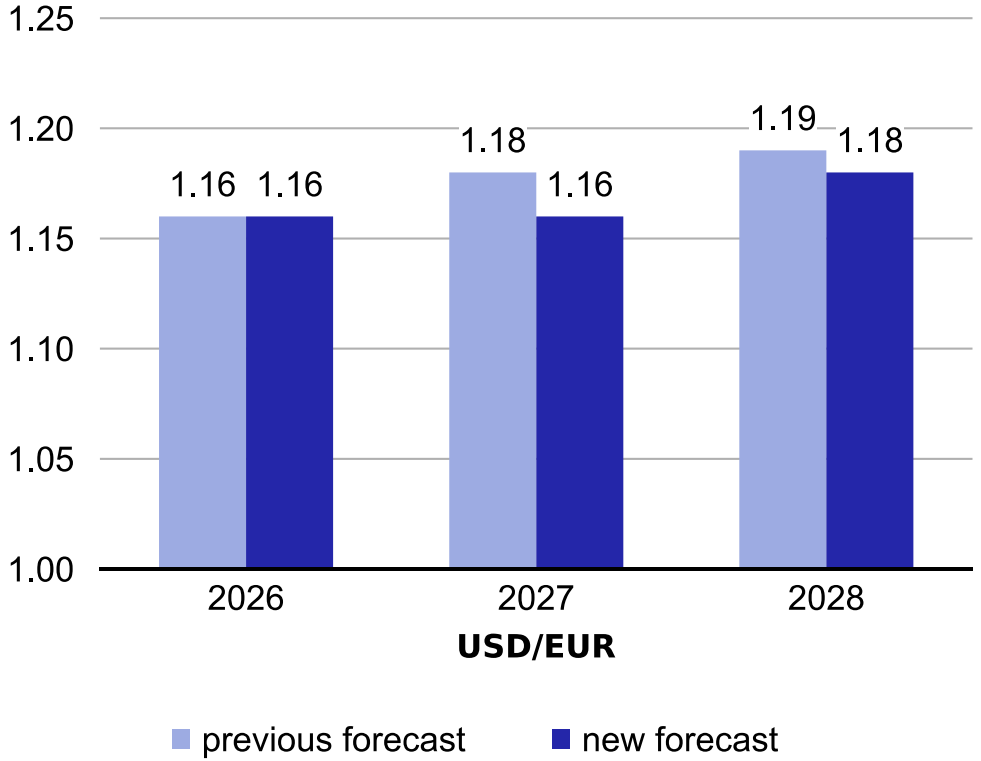
External environment: forecast and outlook for the euro area



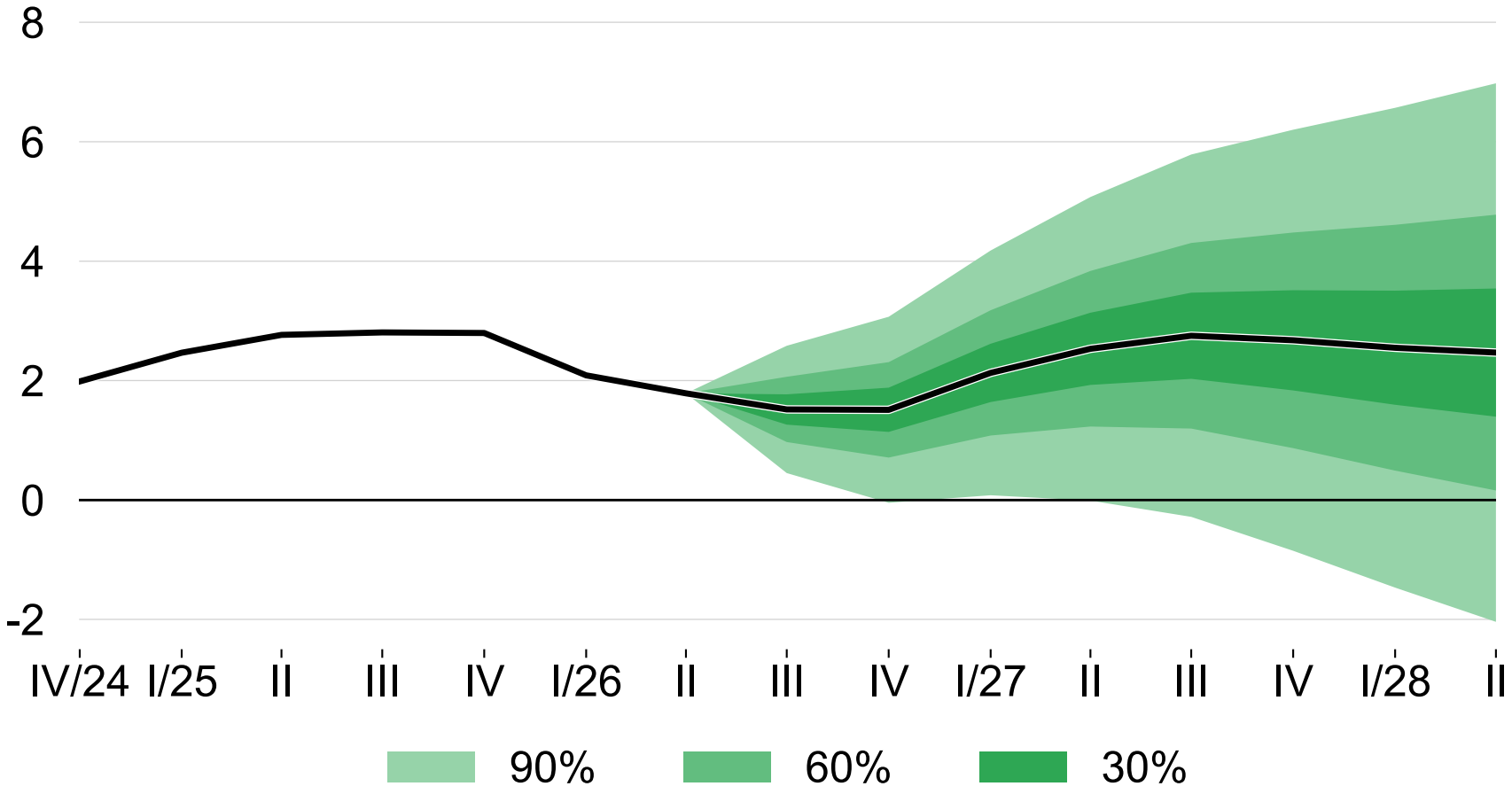
Note: Developments in the euro area are approximated by developments in the “effective euro area” – the six euro area countries with which the Czech economy has the strongest trade links.

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



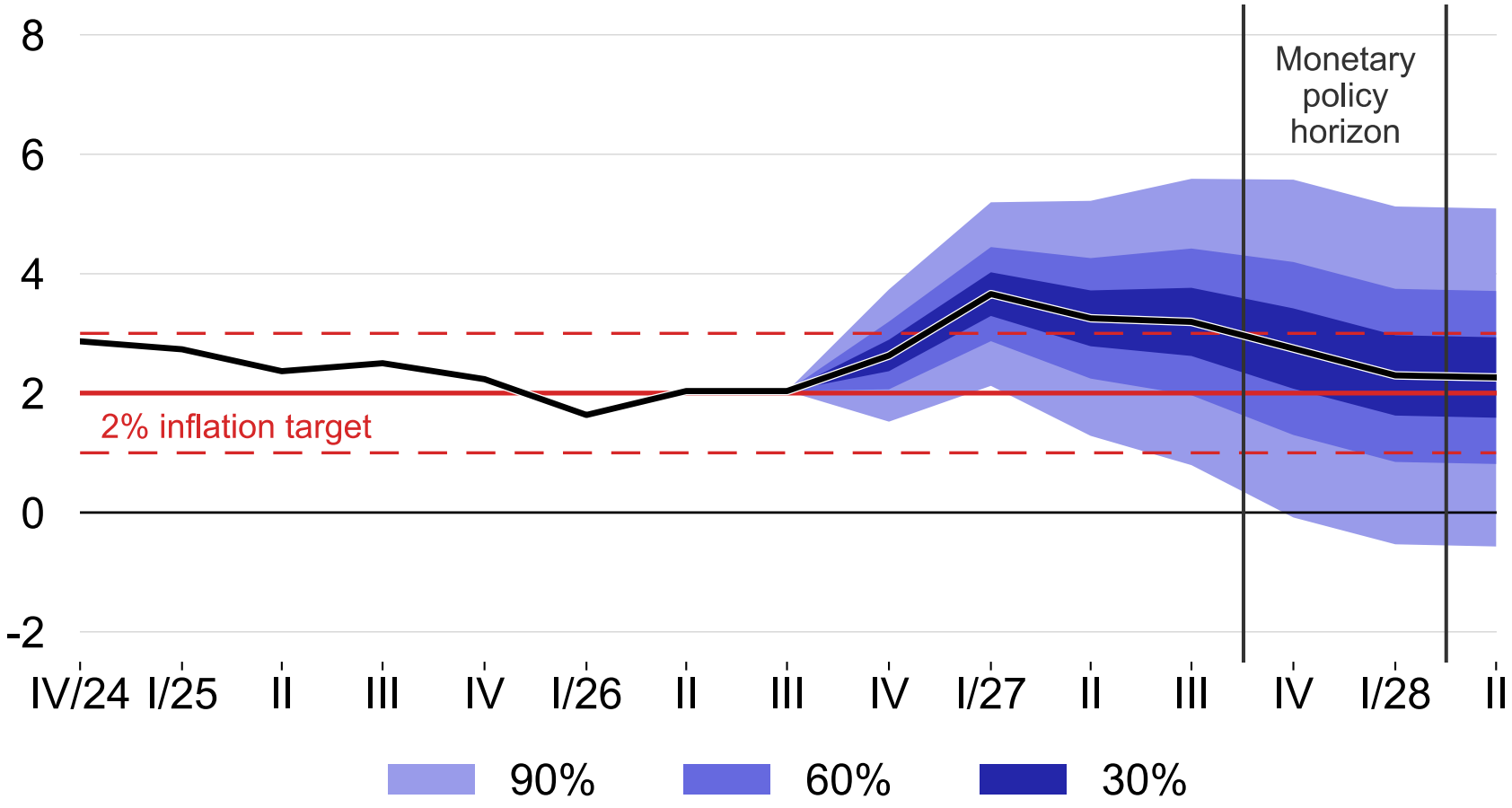


GDP forecast



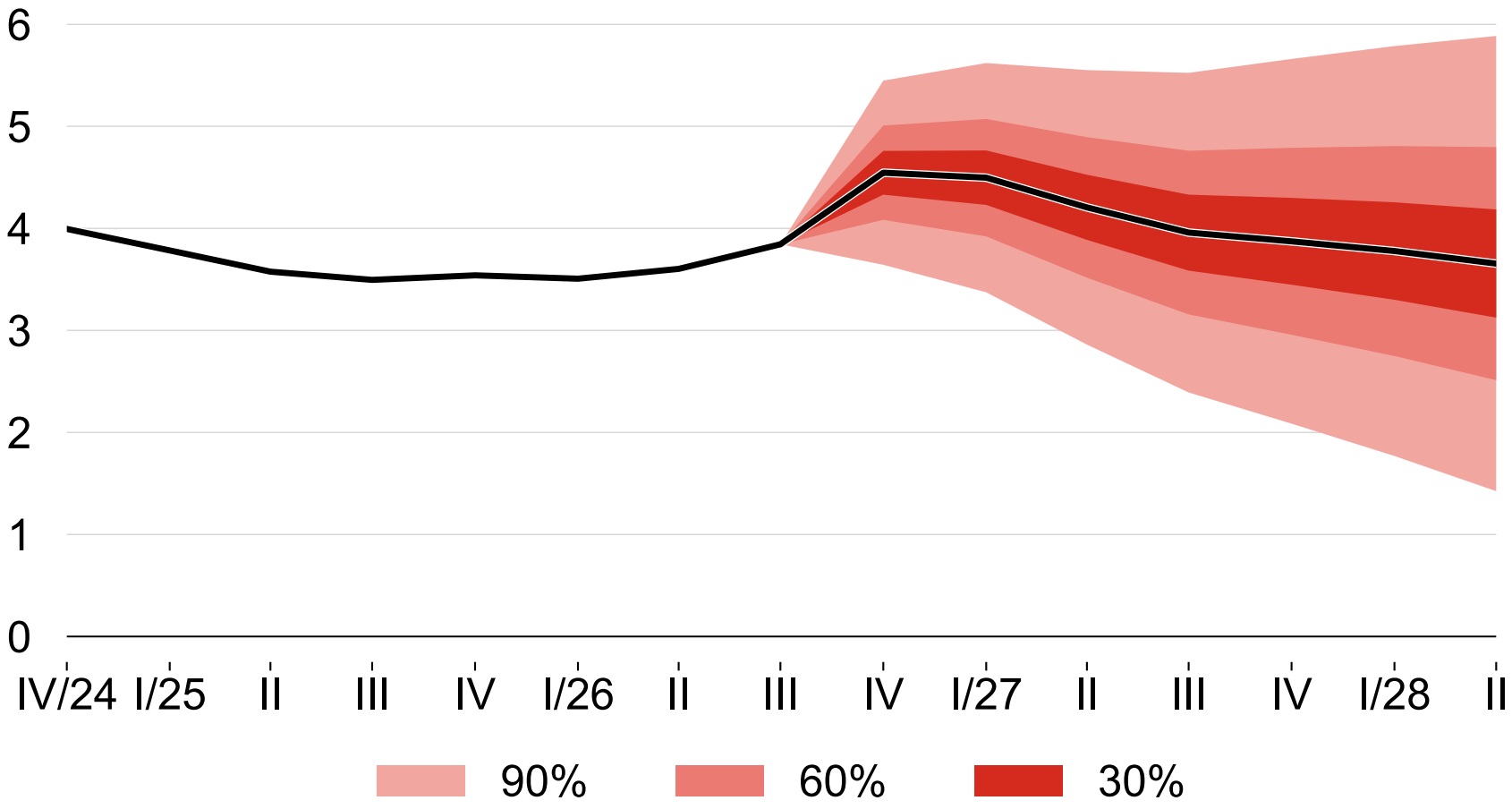
Note: y-o-y changes in %; prices of 2020 (chain-linked); seasonally adjusted.

Inflation forecast

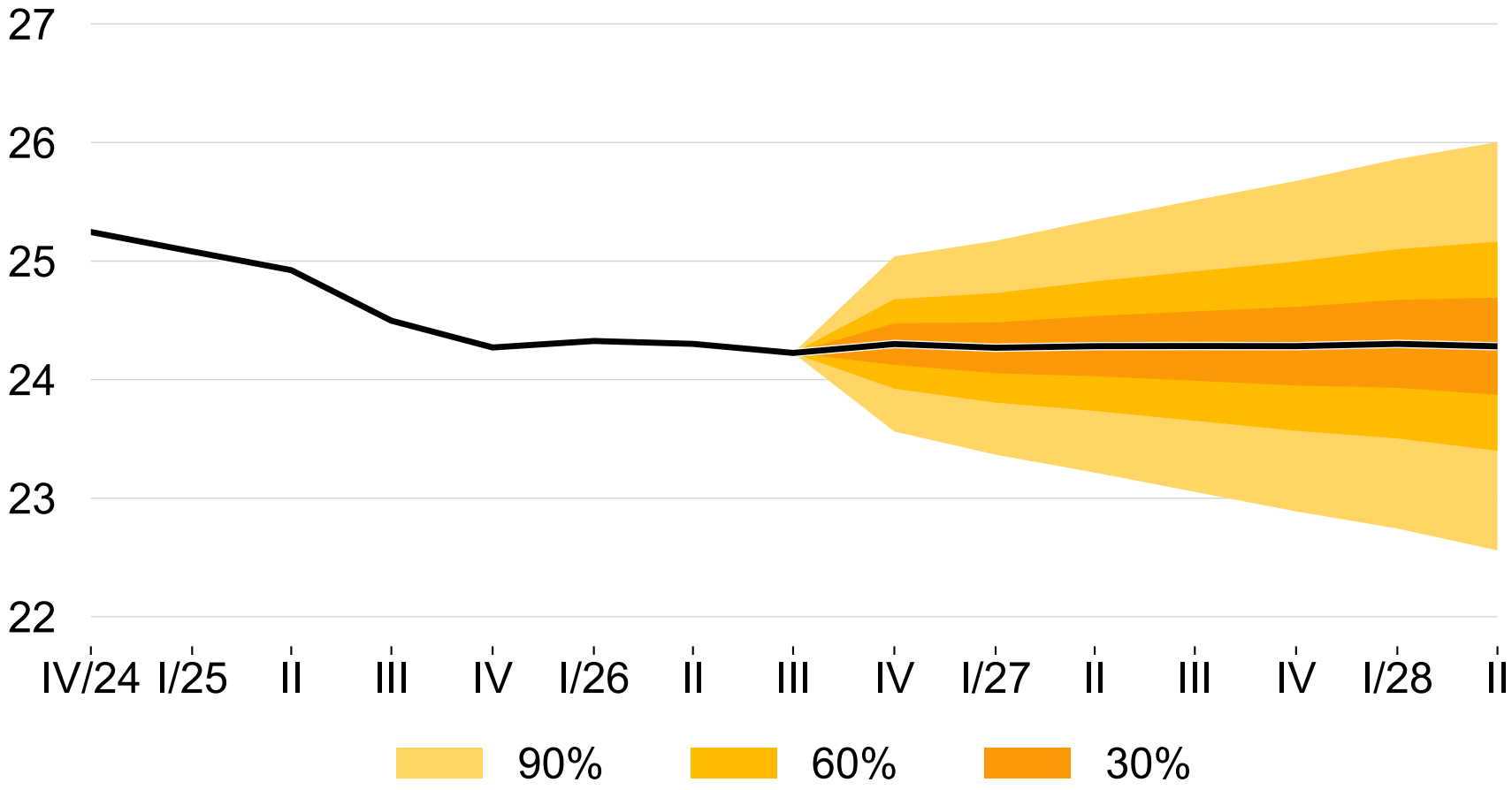


Note: year on year in %.

Interest rate forecast (3M PRIBOR)



Exchange rate forecast (CZK/EUR)



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 increased lending to households and general government
- continued rapid wage growth related to persistent tightness in the labour market

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

The Bank Board will continue to closely monitor the macroeconomic impacts of the conflict in the Middle East.

Statutory mandate

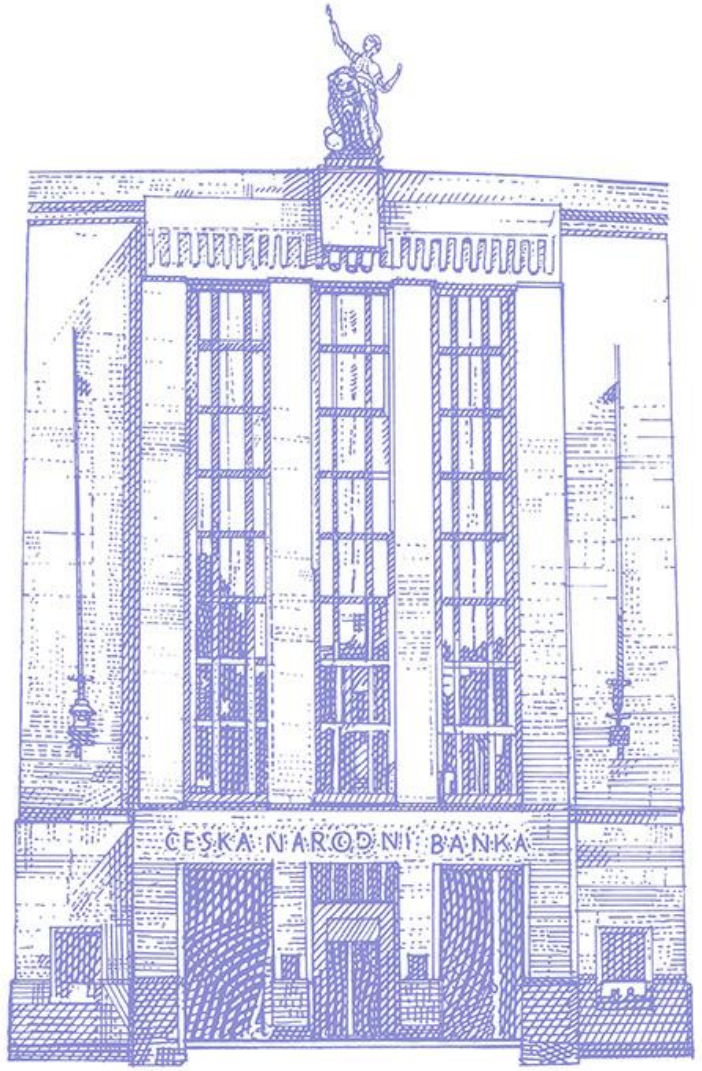
- The Bank Board assures the public that the CNB's actions will be sufficient to maintain price stability in accordance with its statutory mandate.
- In addition, the Bank Board is ready to react appropriately to any materialisation of the risks of the outlook for the fulfilment of the inflation target.

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More information about the forecast can be found at
https://www.cnb.cz/en/monetary-policy/forecast/
and in Monetary Policy Report − Autumn 2026.

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

The whole Report will be published on 13 November 2026.



Decision in a nutshell



Consistent with the 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.



The Bank Board increased the key interest rate (2W repo) by 25 basis points to 4.00%.



Four members voted in favour of this decision.