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# CNB's Forecast

## (6th Situation Report on Economic and Monetary Developments, September 2026)

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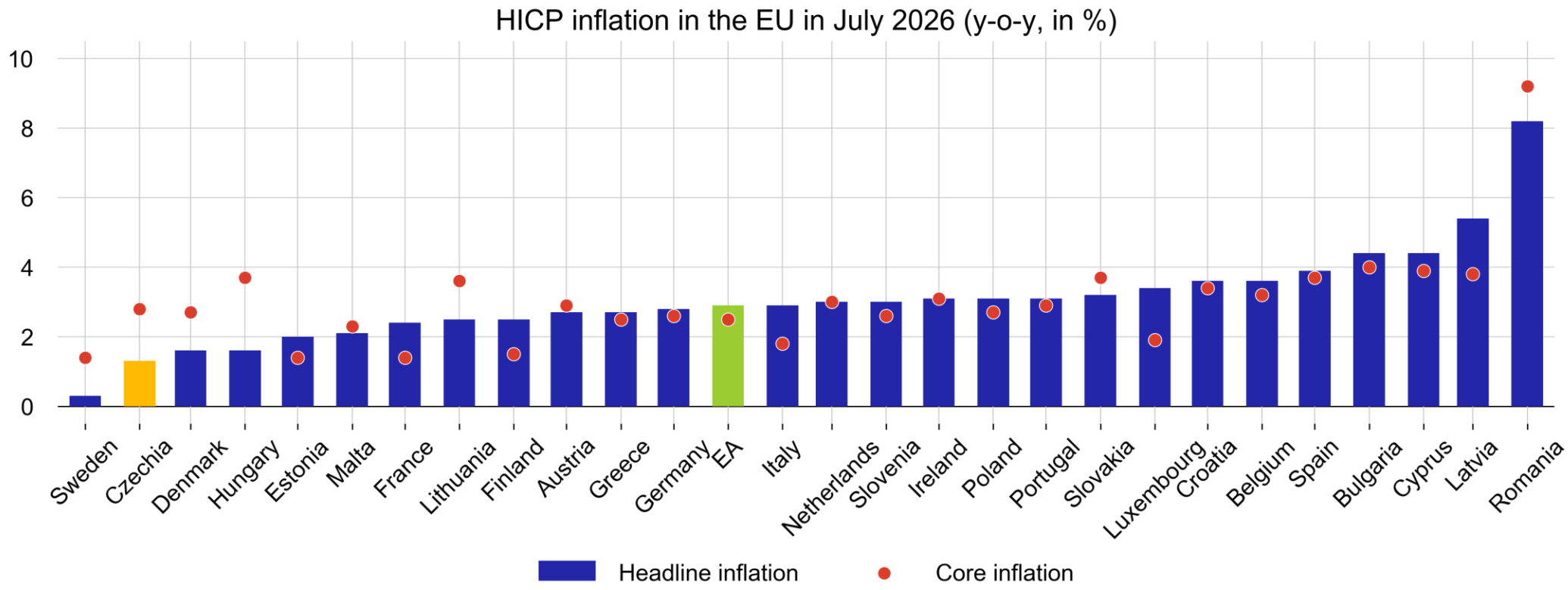
# 1

# New data

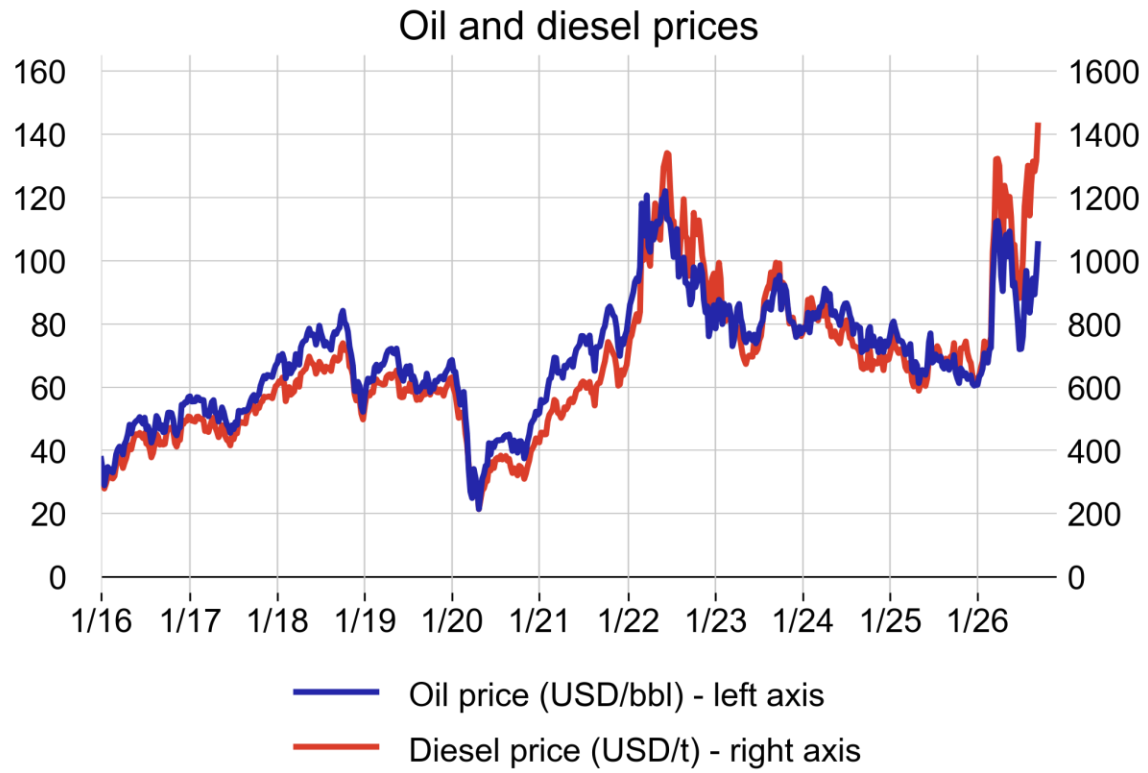
# Current inflation picture in the EU

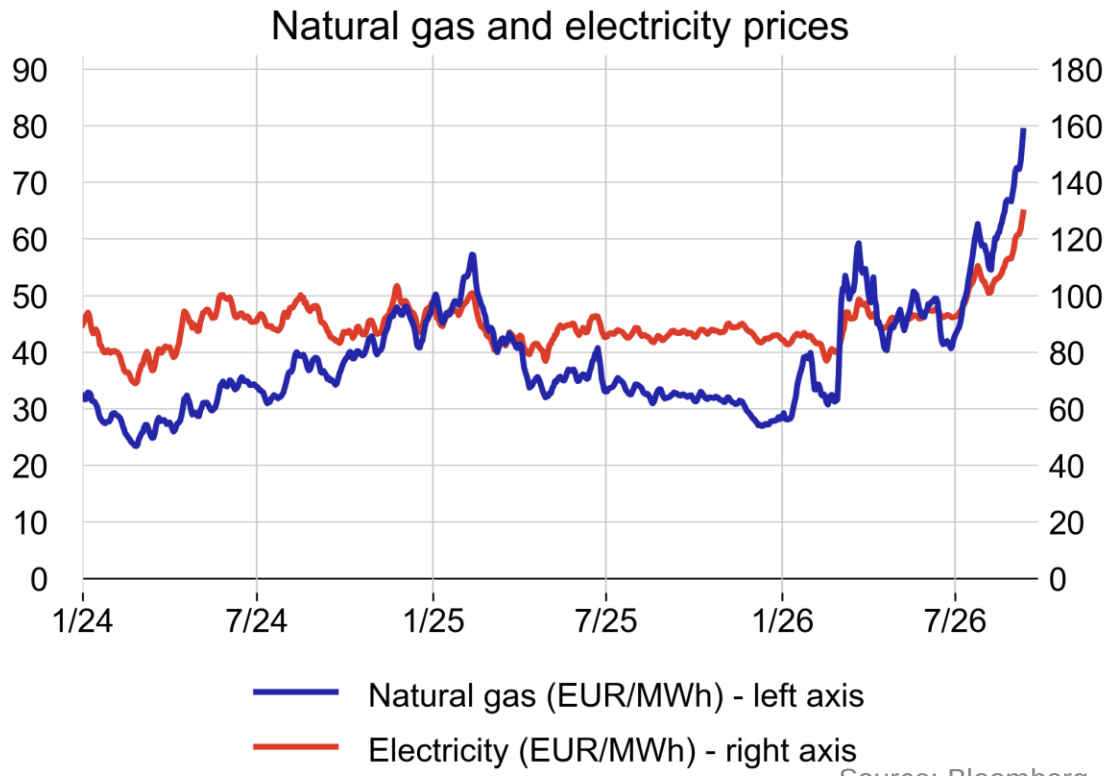



Source: Eurostat

- In 2026, Inflation in Czechia remains among the lowest in the EU.
  - headline inflation 1.3%; core inflation 2.8%.
- Across the EU, headline inflation is mostly in the range of 2-4%, core inflation is around 3%.
  - the disinflation process has not yet been fully completed.

# Energy prices remain an inflationary risk



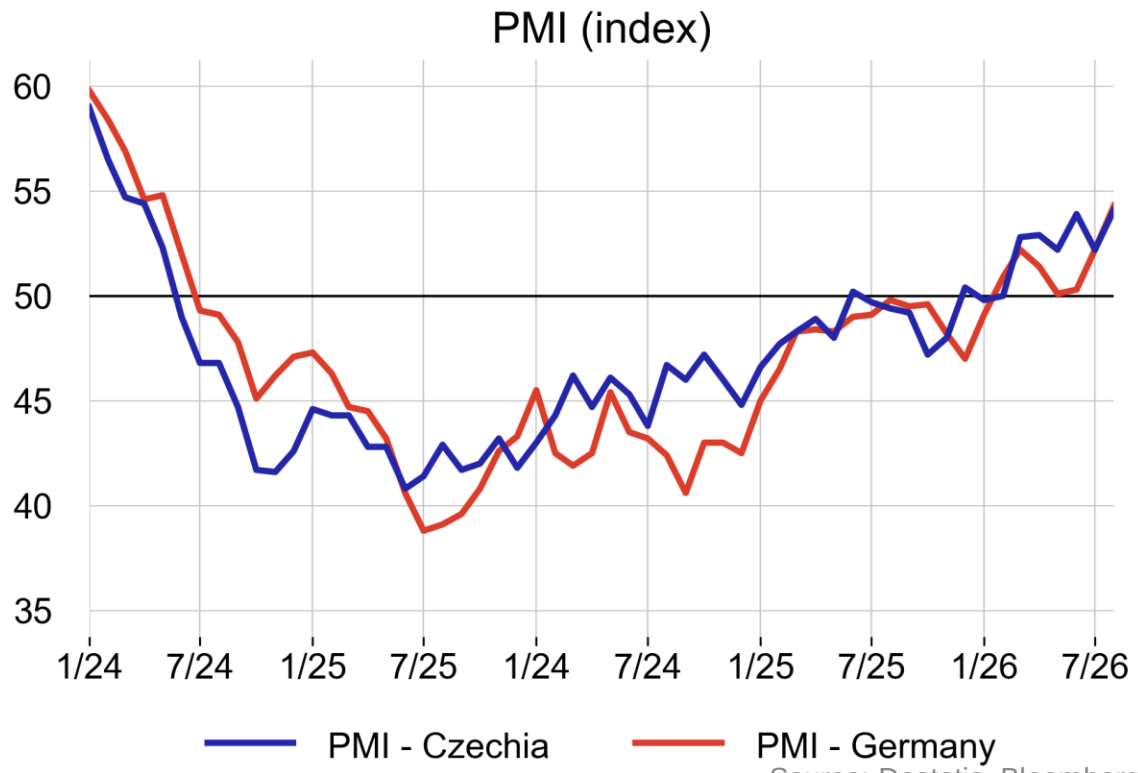

Source: Bloomberg

- Rising **oil prices** and **refining margins** are pushing diesel prices to record highs.

- **Natural gas prices have increased** to around EUR 80/MWh**.**
- In recent weeks, **electricity prices have started to increase as well.**

} ↑ administered prices in 2027–2028

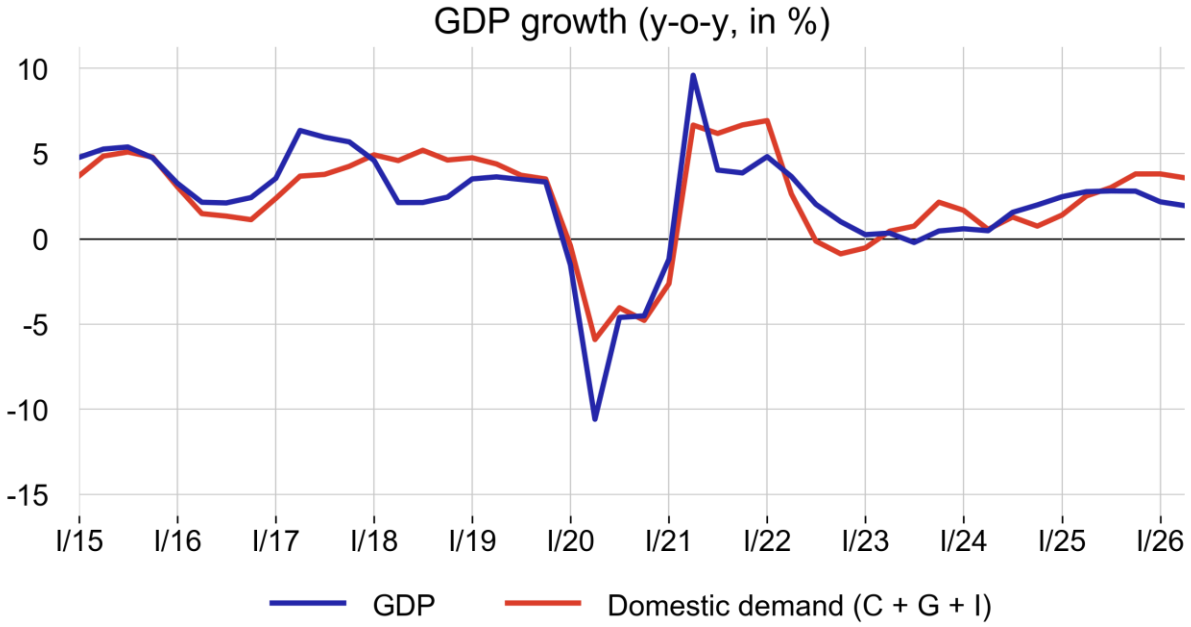
# Recovery in the German economy continues

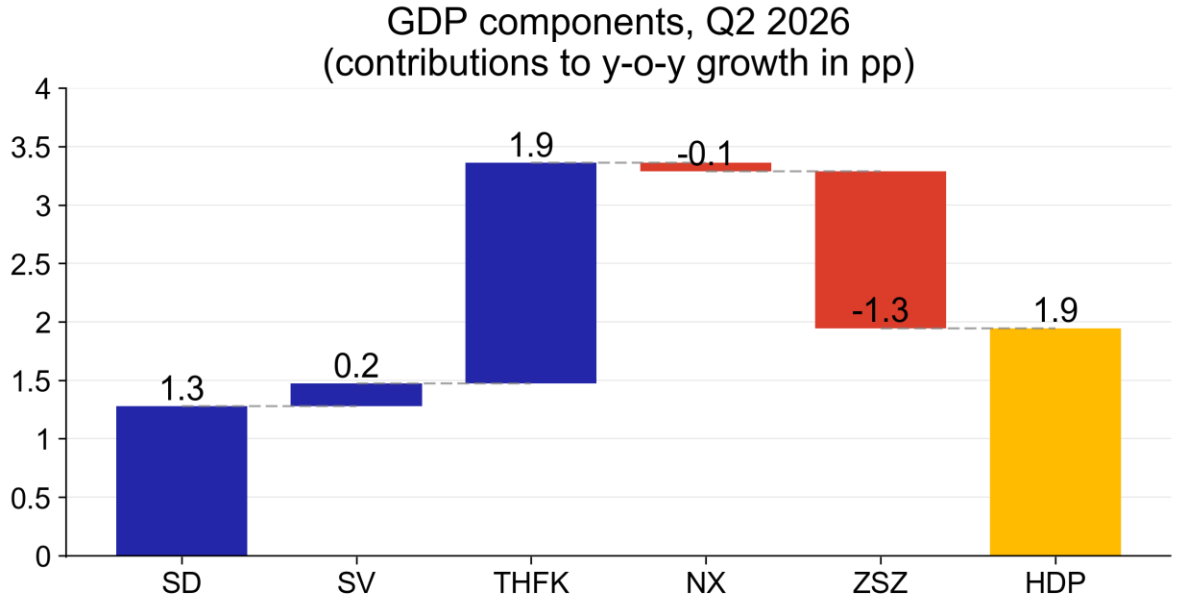



Source: Destatis, Bloomberg

- Despite a series of shocks, newly released data point to a continued recovery in the **German economy** Q2: 0.3% q-o-q; 1.0% y-o-y.
- Business sentiment in German industry has improved, meanwhile the outlook for Czech industry is also improving.

# Domestic GDP growth



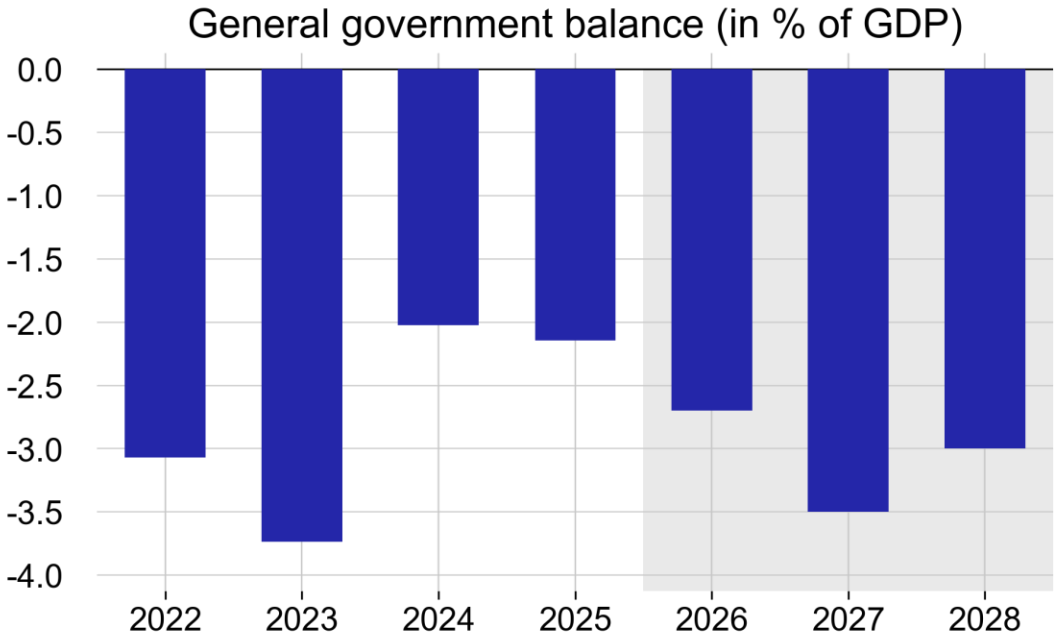




Source: CZSO

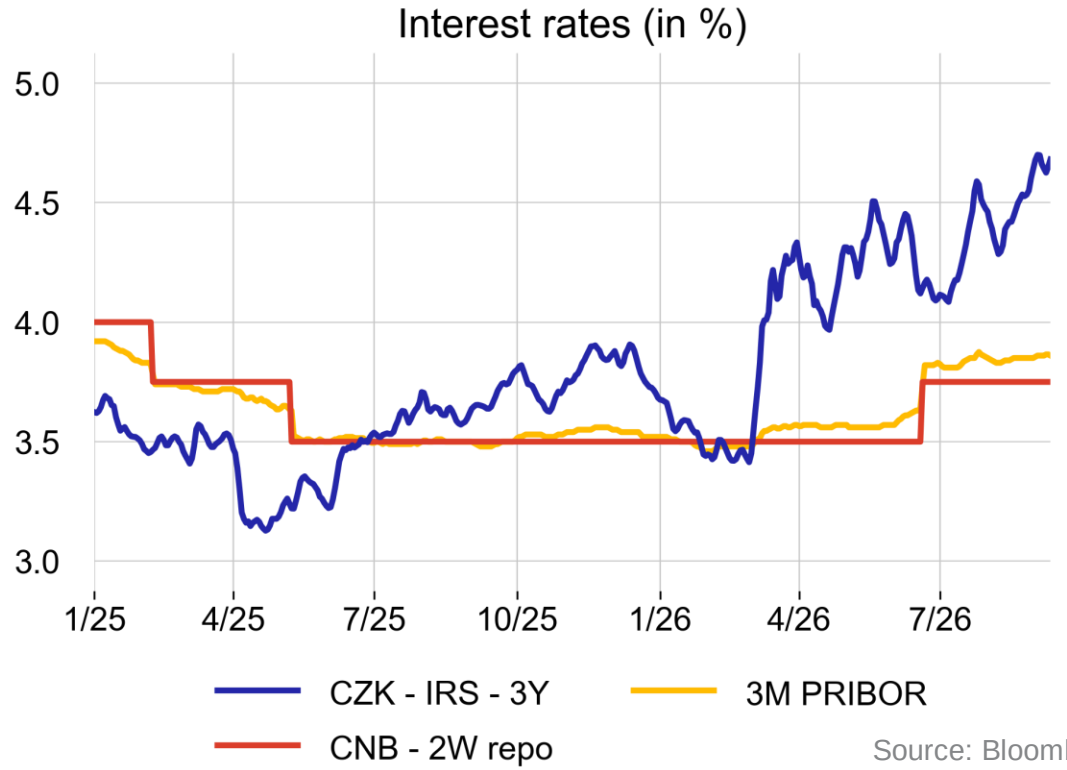
- Economic growth has moderated slightly this year, however domestic demand (consumption + fixed investment) has continued to grow solidly.

- Inventory movements dampened annual GDP growth in 2026q2, offsetting the increase in household consumption and fixed investment.

# Public deficits and interest rates




Source: CZSO, Ministry of Finance projection




Source: Bloomberg

- Fiscal policy is expected to become markedly more expansionary over the forecast horizon (government plans the largest widening of the deficit outside crisis years, additional 1.5% of GDP over 2026–2027).
- Financial conditions have tightened via higher long-term market interest rates, which indirectly reflect expectations of further increases in the central bank's policy rate.

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# Thank you for your attention!

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