

Czech economy in 2024

The last inflation mile

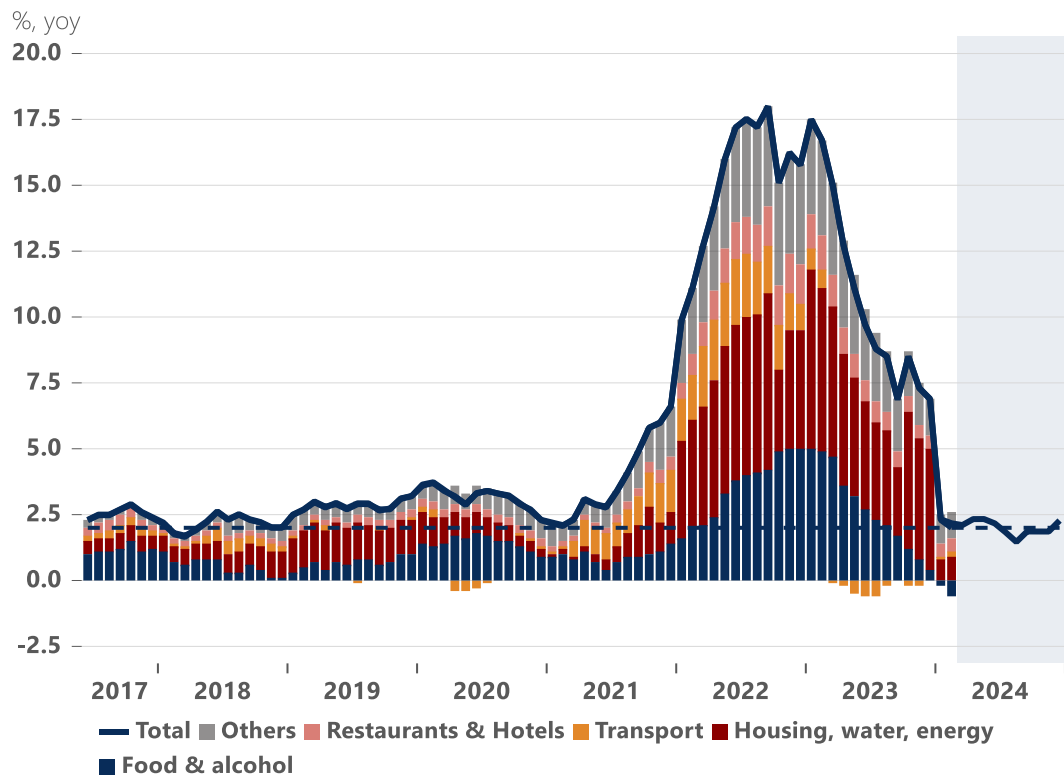
Dominik Rusinko | senior economist
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Inflation at 2% target, CNB to cut interest rates further

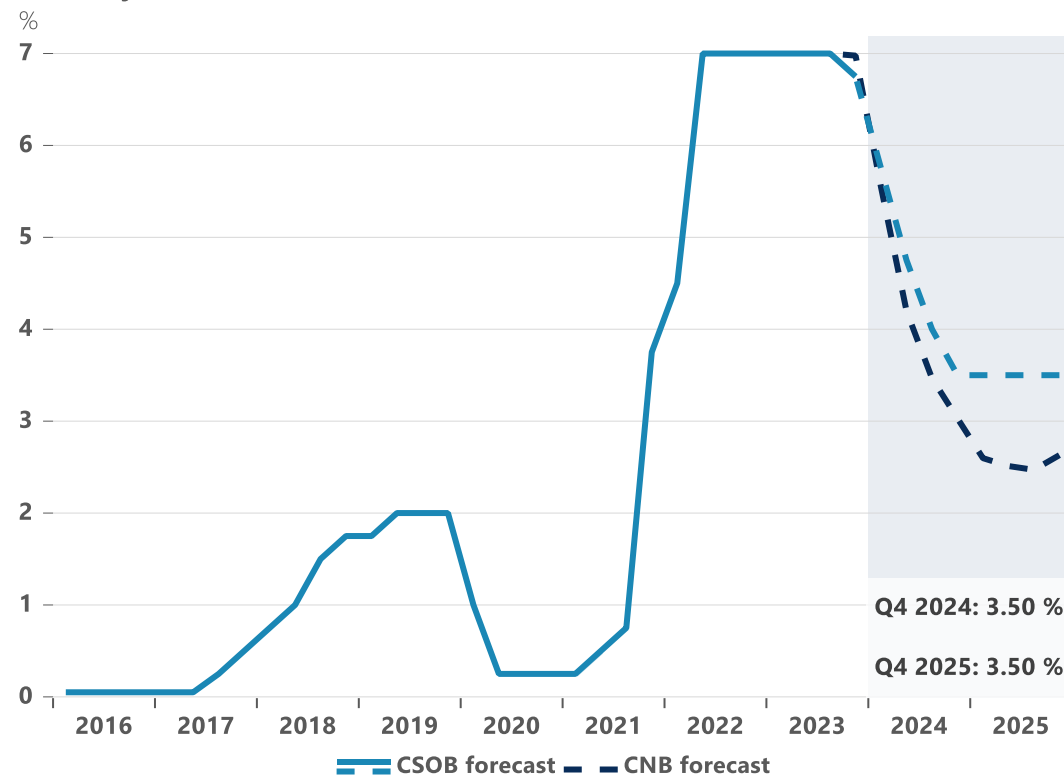
- In 2023 average annual inflation reached 10.8%. As a result of rapid disinflation, we expect inflation around 2% in 2024
- We forecast CNB's repo rate at 3.5% (neutral rate) by end-2024. The main risk to the interest rate path is koruna exchange rate

Headline inflation in Czechia



Source: Economic research CSOB, CZSO, CNB

CNB key interest rate

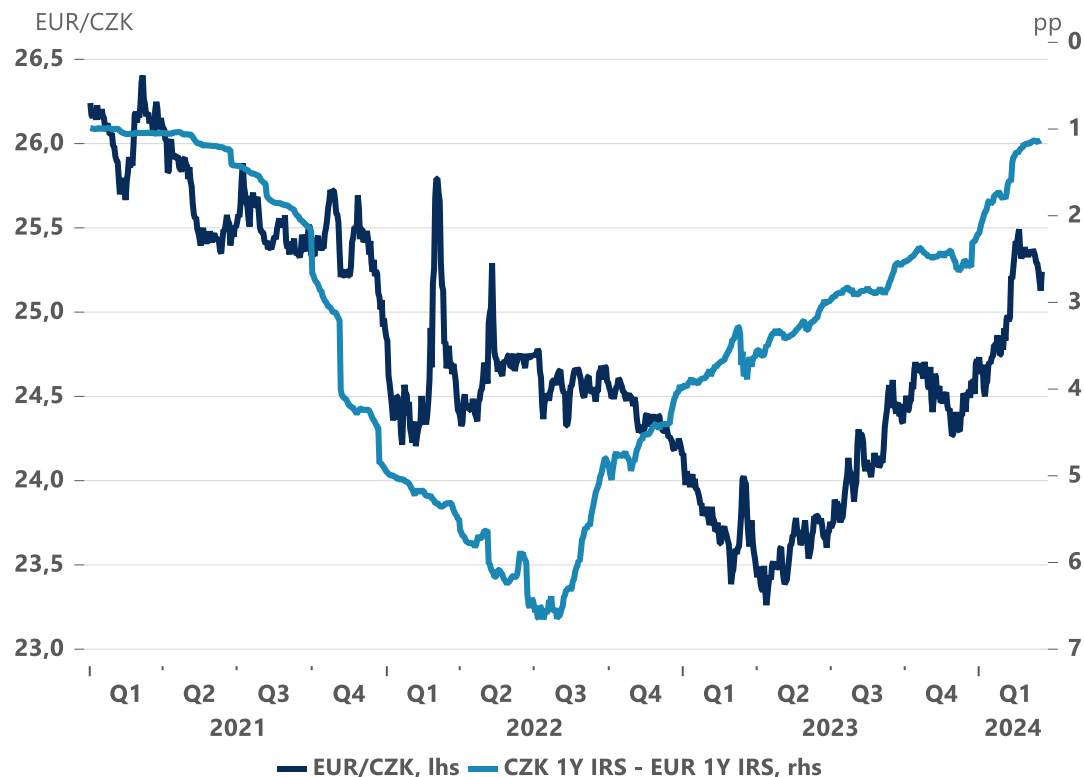


Source: Economic research CSOB, CNB

Koruna under pressure from narrowing IR differential

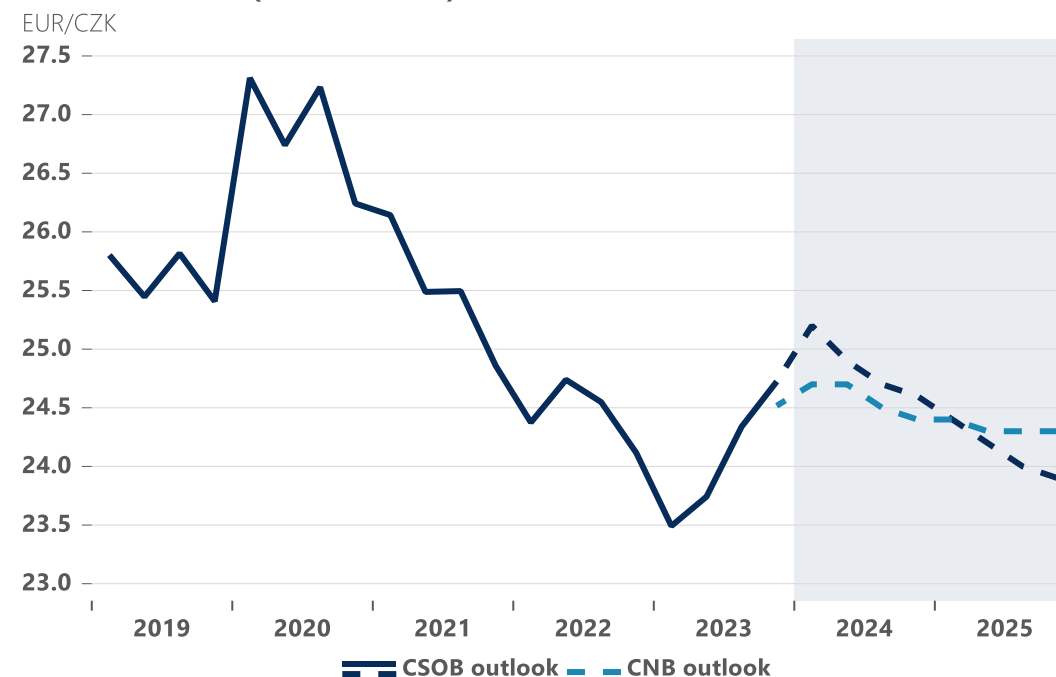
- Koruna has weakened significantly in the past year, largely driven by narrowing positive interest rate differential (CZ vs EUR)
- In the short term koruna might weaken further but over the medium- to long term we expect a gradual strengthening

Koruna vs interest rate differential



Source: Economic research CSOB, Macrobond

Koruna outlook (CSOB vs CNB)



Source: Economic research CSOB, CNB

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q4 2025
EUR/CZK	25,20	24,90	24,70	24,60	24,40	23,90
EUR/USD	1,07	1,07	1,08	1,10	1,10	1,12
USD/CZK	23,55	23,27	22,87	22,36	22,18	21,34

Odhady pro konce uvedených období
Zdroj: Ekonomický výzkum ČSOB

Czechia with €



Czechia without €



Thank you for your attention

Dominik Rusinko

+420 261 353 506, drusinko@csob.cz

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