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## End of the Rusnok revaluation?



Many analysts are expecting the Czech National Bank to cut its benchmark interest rate on Thur. by 50 basis points, to 6.25%, and the currency markets are reacting. The CNB's fix for the crown broke through Kč 25/euro yesterday for the first time since [May 10, 2022](#), to [Kč 25.005](#). The Financial Times wrote late last week that the Federal Reserve, the European Central Bank and the Bank of England are [gearing up for interest-rate cuts](#) but are in no rush to say when they will begin. The Czech currency has benefited from an interest-rate differential for most of the past seven years, but faster rate cuts at the CNB than at the Fed or ECB would mean lower profits from this and a weaker crown. Then-CNB Gov. Jiří Rusnok's policy of revaluing the Czech currency by raising interest rates, which we first identified in [June 2018](#), could be coming to an end. What the exit from the revaluation might mean for businesses and individuals is more relevant now than a debate about adopting the euro.

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