

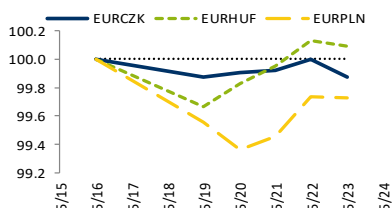
# Central Europe Friday



Moving forward  
together.

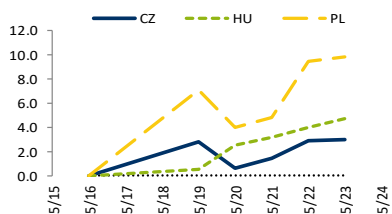
Friday, 23 May 2025

## Forex markets (index)



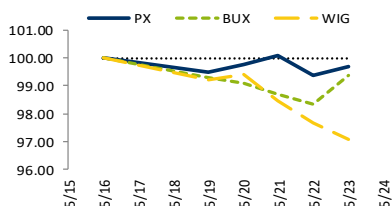
|        | LAST  | PREVIOUS | CHANGE (%) |
|--------|-------|----------|------------|
| EURCZK | 24.88 | 24.91    | -0.13      |
| EURHUF | 403.3 | 403.5    | -0.04      |
| EURPLN | 4.254 | 4.254    | -0.01      |

## Gov. bonds 10 Y (bps change)



|          | LAST  | PREVIOUS | CHANGE (bps) |
|----------|-------|----------|--------------|
| CZGB 10Y | 4.221 | 4.220    | 0.1          |
| HUGB 10Y | 7.00  | 6.99     | 0.1          |
| PLGB 10Y | 5.54  | 5.54     | 0.1          |

## Equity indices (index)



|     | LAST   | PREVIOUS | CHANGE (%) |
|-----|--------|----------|------------|
| PX  | 2184.0 | 2177.2   | 0.32       |
| BUX | 96473  | 95458    | 1.06       |
| WIG | 100140 | 100768   | -0.62      |

## Regional insights

### NBH's meeting review: on hold again

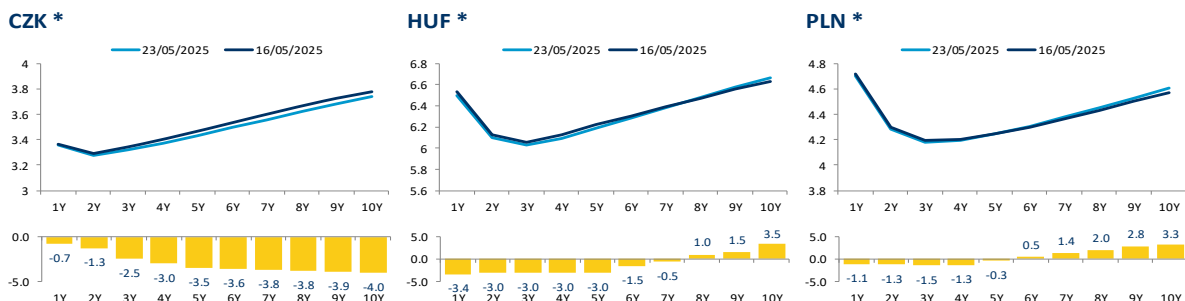
At its interest rate decision meeting on 27 May (next Tuesday), we expect that the National Bank (NBH) maintains the current base rate at 6.5%. This expectation is in line with market consensus and reflects the central bank's cautious approach amid persistent inflationary pressures and global economic uncertainties.

One reason for the cautious approach is that despite the gradual decline in inflation in recent months (the consumer price index decreased from 5.7% in February to 4.2% in April), the rate is still above the NBH's 2-4% target range. In addition, the reduction was greatly helped by the margin cap introduced for food prices, which reduced inflation in the short term, but probably do not solve the problems in the longer term. From mid-May, the measure was extended to a number of household items, which will be reflected in the June inflation figures. Despite all this, the average annual increase in consumer prices may be around 4.5% in 2026. The central bank emphasized that the fight against inflation is ongoing, which makes it necessary to maintain tight monetary conditions in order to effectively anchor inflation expectations.

Additionally external factors, such as trade tensions and geopolitical risks, contribute to a volatile economic environment. These uncertainties can impact inflation and economic growth, prompting the NBH to adopt a cautious stance to mitigate potential adverse effects.

Looking ahead, we confirm our view that the NBH may maintain the current base rate through the summer months. However, if the ECB continues its rate cut cycle and the Fed also moderates the benchmark rate it opens manoeuvring room for the NBH. So we maintain our view that there is potential for one or two 25 basis point rate cuts in the autumn. The biggest threat against that view are if HUF depreciates substantially (the NBH would like to maintain a stable, relatively strong exchange rate between 395-405 in our view), global risk taking willingness deteriorates or Hungarian fiscal policy becomes markedly looser than it looks like now (we expect 4.5% of GDP budget deficit for 2025).

## Interest-rate Swap Curves



## Calendar

| Country | Date  | Time  | Indicator                        |       | Period     | Forecast |     | Actual |     | Consensus |     | Previous |      |
|---------|-------|-------|----------------------------------|-------|------------|----------|-----|--------|-----|-----------|-----|----------|------|
|         |       |       |                                  |       |            | m/m      | y/y | m/m    | y/y | m/m       | y/y | m/m      | y/y  |
| HU      | 05/23 | 8:30  | Unemployment rate                | %     | 04/2025    |          |     | 4.40   |     | 4.3       |     | 4.3      |      |
| PL      | 05/23 | 14:00 | Money supply M3                  | %     | 04/2025    |          |     |        |     | 0.8       | 9.9 | 0.8      | 10.3 |
| PL      | 05/26 | 10:00 | Retail sales                     | %     | 04/2025    |          |     |        |     |           |     | 14.3     | -0.3 |
| PL      | 05/26 | 10:00 | Unemployment rate                | %     | 04/2025    |          |     |        |     |           |     | 5.3      |      |
| HU      | 05/27 | 14:00 | Policy rate                      | NBH   | 05/2025    | 6.50     |     |        |     |           |     | 6.50     |      |
| CZ      | 05/28 | 12:00 | CZ bond auction 2024-2033, 3.00% | CZK B | 05/2025    |          |     |        |     | 5         |     |          |      |
| CZ      | 05/28 | 12:00 | CZ bond auction 2022-2035, 3.50% | CZK B | 05/2025    |          |     |        |     | 4         |     |          |      |
| CZ      | 05/28 | 12:00 | CZ bond auction 2021-2037, 1.95% | CZK B | 05/2025    |          |     |        |     | 1         |     |          |      |
| HU      | 05/29 | 8:30  | Trade balance                    | EUR M | 04/2025    |          |     |        |     |           |     | 1768     |      |
| HU      | 05/30 | 8:30  | PPI                              | %     | 04/2025    |          |     |        |     |           |     | -0.7     | 7.3  |
| CZ      | 05/30 | 9:00  | GDP                              | %     | 1Q/2025 *P |          |     |        |     |           |     | 0.5      | 2.0  |
| PL      | 05/30 | 10:00 | CPI                              | %     | 05/2025 *P |          |     |        |     |           |     | 0.4      | 4.3  |
| CZ      | 05/30 | 10:00 | Money supply M2                  | %     | 04/2025    |          |     |        |     |           |     |          | 4.4  |
| HU      | 06/02 | 9:00  | PMI manufacturing                |       | 05/2025    |          |     |        |     |           |     | 50.2     |      |
| PL      | 06/02 | 9:00  | PMI manufacturing                |       | 05/2025    |          |     |        |     |           |     | 50.2     |      |

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