

CEE – Monthly Forecast Update

Macro Research

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Centrum
Analiz

Poland's macro in a nutshell

	2024	2025	2026	Comment
Real economy				
- real GDP (%)	3.0	3.6	3.5	Severe frosts at the beginning of the year temporarily reduced activity in the manufacturing sector, which in our view may lower GDP growth in 1q26 to around 3% y/y from 4.0% y/y in 4q25. Taking this into account, and incorporating the negative effects of the shock in oil and gas prices, we have revised down our GDP growth forecast for 2026 to 3.5% from 3.7%. In our view, investment will increase by 10.7% and consumption by 3.2% - in both components the forecast revisions were minor. Expenditure on fixed assets will, in our opinion, be boosted by funds from RRF and SAFE, which are independent of the global economic cycle. Savings accumulated in recent quarters will enable the smoothing of consumption, despite a slowdown in real income growth.
Prices				
- CPI inflation (%)	3.6	3.6	2.8	In March, as a result of a sharp increase in fuel prices (+15.4% m/m), inflation rose to 3.0% y/y, from 2.1% y/y in January and February. The introduction of government shielding measures (a maximum price for fuels, reductions in VAT and excise duty) will limit the scale of price increases in the coming months. We forecast that in 2026 average annual CPI inflation will amount to 2.8% compared with 3.6% in 2025. In our view, second-round effects of the sharp increase in energy prices will be limited due to the lack of demand pressure in the economy and the weaker bargaining position of employees. The increase in gas prices should not affect CPI inflation due to the regulation of the market by URE and the buffer resulting from the decline in contracts over the past year.
Monetary aggregates				
- loans / deposits (%)	5.0/9.7	5.0/9.2	6.9/5.8	Household lending continues to recover, although at the turn of the year we observed a temporary weakening in the momentum of housing loans. Corporate lending is accelerating. Deposit growth is gradually weakening.
External balance				
- current account balance (% GDP)	0.3	-0.9	-2.1	Higher oil and gas prices increase the value of imports, while the rise in the overall price level boosts export and import growth rates. Disruptions in supply chains and higher freight rates, combined with weaker economic conditions in trading partner economies, act to constrain trade volumes. The combined effect of these two factors is a widening of the current account deficit to 2.1% of GDP in 2026.
Fiscal policy				
- fiscal balance (% GDP)	-6.4	-7.2	-6.5*	The general government sector deficit as a share of GDP increased to 7.2% in 2025 from 6.4% in 2024. A worse starting point and the costs of shielding measures mean that the deficit in 2026 will be deeper than previously assumed.
Monetary policy				
- NBP reference rate (%)	5.75	4.00	3.75	Increased uncertainty and some deterioration in the inflation outlook prevent further rapid interest rate cuts. Despite the increase, inflation should remain within the tolerance band of deviations from the NBP target, and therefore we do not see a need for interest rate hikes (which are visible in market pricing).

Source: GUS, NBP, Eurostat, PKO Bank Polski. *under revision

CEE macro in a nutshell

	2024	2025	2026	Comment
Czechia				
- real GDP (%)	1.1	2.6	2.7	<p>In 2025, the Czech economy grew by 2.6%, slightly stronger than indicated by the preliminary estimate (2.5%). Growth in 4q25 alone amounted to 2.6% y/y compared with 2.8% y/y in 3q25, and the scale of the slowdown was smaller than indicated by the preliminary estimate (2.4% y/y). In 2026, we expect GDP growth to accelerate to around 2.7%, inter alia due to fiscal policy easing, which will support consumption and investment. A major question mark for the forecast is the scale of the economic recovery in the external environment amid the ongoing war in the Middle East. The ECB has revised down (by 0.3pp) its growth forecasts for the euro area for this year, although the recently announced temporary ceasefire between the US/Israel and Iran offers hope for the materialisation of a scenario assuming a short-lived conflict, which leads us to leave the growth forecast for Czechia unchanged. CPI inflation in March turned out slightly lower than expected and accelerated only to 1.9% y/y from 1.4% y/y in February. Under conditions of the introduction of a cap on fuel margins, we have slightly lowered the inflation forecast, to an average of 2.1% in 2026, which nevertheless remains higher than before the outbreak of the conflict. In the baseline scenario, we assume that CNB interest rates will remain unchanged until the end of this year. Currently, we see a non-zero probability of interest rate hikes with limited chances of further easing.</p>
- CPI inflation (%)	2.4	2.5	2.1	
Hungary				
- real GDP (%)	0.5	0.4	2.1	<p>Last year's GDP growth was confirmed at 0.4%, with the weakness of the economy largely driven by the negative contribution of net exports. In 4q25 alone, quarter-on-quarter growth amounted to 0.2% (sa) and, for the third consecutive quarter, remained above zero, pushing back the prospect of a recession. We assume that 2026 will bring a recovery in the Hungarian economy, with full-year GDP growth slightly exceeding 2.0%, although the risks to this forecast are tilted to the downside due to geopolitical tensions. The outcome of the parliamentary elections scheduled for 12 April, as well as the further course of the conflict in the Middle East, will be key for medium-term growth prospects. A potential victory of the TISZA party (as indicated by polls) may be associated with an improvement in relations with the EU and the unblocking of EU funds, which would support investment. At the same time, the party's programme envisages fiscal consolidation focused on improving expenditure efficiency. An escalation of the Middle East conflict poses a risk of lower GDP growth. CPI inflation in March accelerated to 1.8% y/y from 1.4% y/y in February. We expect inflation to rise further over the course of the year and to fall within the 3-4.5% range, despite the introduction of a cap on fuel prices. We currently assume that the resumption of monetary policy easing may occur no earlier than the summer, provided there is a de-escalation of the conflict and a normalisation of conditions in commodity and financial markets.</p>
- CPI inflation (%)	3.7	4.4	3.4	
Romania				
- real GDP (%)	0.9	0.7	0.8	<p>GDP growth in 2025 amounted to 0.7% and came in slightly below our forecast of 0.9%. In 4q25 economic growth slowed to 0.2% y/y from 1.7% y/y in 3q25. On a quarter-on-quarter basis, GDP at the end of the year declined by 1.9% (sca), although the high volatility of Romania's GDP data should be taken into account. According to the budget assumptions for this year, GDP growth is expected to reach 1%, driven by investment and a positive contribution from net exports. Our expectations are somewhat less optimistic, and in an environment of elevated geopolitical uncertainty the balance of risks to our forecast is tilted to the downside. Consumption will be negatively affected by fiscal consolidation – the beginning of the year brought an approximately 6% decline in retail sales (y/y), the weakest result since 2007. CPI inflation in February declined slightly to 9.3% y/y from 9.6% y/y in January. In 1h26, inflation will remain elevated, and towards the end of the year it will decline to around 4% y/y, inter alia due to the high base effect. On average, inflation in 2026 will exceed 7%, although this forecast is subject to higher uncertainty than previously. In our view, the prospect of interest rate cuts has been postponed until at least 2h26, and the scope for monetary policy easing is limited.</p>
- CPI inflation (%)	5.6	7.3	7.3	

Selected macroeconomic indicators: data and forecasts

	3q25	4q25	1q26	2q26	3q26	4q26	2023	2024	2025	2026
Economic activity										
Real GDP (% y/y)	3.8	4.0	3.1	3.4	3.4	3.9	0.2	3.0	3.6	3.5
Domestic demand (% y/y)	3.7	4.3	3.5	4.2	4.4	5.3	-3.0	4.5	4.1	4.4
Private consumption (% y/y)	3.5	4.2	3.5	2.8	3.5	3.0	-0.3	2.9	3.7	3.2
Gross fixed capital formation (% y/y)	7.1	4.7	6.5	10.1	11.5	12.4	12.7	-0.9	4.3	10.7
Inventories (pp)	-1.0	-0.6	-0.2	0.3	-0.2	0.1	-4.6	1.0	0.1	0.0
Net exports (pp)	0.3	-0.2	-0.3	-0.6	-0.8	-1.2	2.6	-1.2	-0.4	-0.7
Industrial output (% y/y)^	3.9	3.0	1.5	3.0	4.5	3.8	-2.1	1.1	2.1	3.2
Construction output (% y/y)^	-1.9	3.0	-8.9	2.0	7.5	4.6	4.8	-7.7	0.2	2.3
Retail sales (real. % y/y)^	4.7	4.6	5.1	2.9	3.0	1.4	-3.2	3.2	3.9	3.0
Nominal GDP (PLN bn)	970.6	1101.9	942.2	993.2	1037.9	1189.1	3415	3653	3894	4162
Labour market										
Registered unemployment rate‡(%)	5.6	5.7	6.0	5.5	5.6	5.6	5.1	5.1	5.7	5.6
Employment in enterprises (% y/y)	-0.8	-0.8	-0.8	-0.7	-0.4	-0.2	0.3	-0.4	-0.8	-0.5
Wages in enterprises (% y/y)	7.4	7.4	6.2	5.9	6.5	5.5	11.9	11.2	8.0	6.0
Prices^										
CPI inflation (% y/y)	3.0	2.6	2.4	3.1	2.8	2.8	11.4	3.6	3.6	2.8
Core inflation (% y/y)	3.2	2.8	2.6	2.7	2.5	2.7	10.1	4.3	3.3	2.6
15% trimmed mean (% y/y)	3.0	2.5	x	x	x	x	x	x	x	x
PPI inflation (% y/y)	-1.4	-2.4	-1.6	1.6	1.8	2.6	2.6	-6.7	-1.6	1.1
Monetary aggregates‡										
Money supply M3 (PLN bn)	2642.7	2737.7	2783.8	2842.7	2891.1	2970.1	2268.2	2479.8	2737.7	2970.1
Money supply M3 (% y/y)	11.1	10.4	10.7	9.9	9.4	8.5	8.5	9.3	10.4	8.5
Real money supply M3 (% y/y)	7.9	7.6	8.1	6.6	6.5	5.5	-2.6	5.5	6.5	5.6
Loans. total (PLN bn)	1552.7	1575.3	1605.5	1640.6	1659.1	1685.3	1428.1	1499.6	1575.3	1685.3
Loans. total (% y/y)	4.6	5.0	5.9	6.7	6.9	7.0	-0.1	5.0	5.0	7.0
Deposits. total (PLN bn)	2415.3	2474.1	2480.6	2511.6	2554.4	2619.2	2065.3	2266.0	2474.1	2619.2
Deposits. total (% y/y)	10.0	9.2	5.7	3.7	5.8	5.9	9.3	9.7	9.2	5.9
Balance of payments										
Current account balance (% GDP)	-1.0	-0.9	-1.0	-1.2	-1.6	-2.1	1.6	0.3	-0.9	-2.1
Trade balance (%GDP)	-1.5	-1.5	-1.4	-1.5	-1.8	-2.1	0.6	-0.7	-1.5	-2.1
FDI (% GDP)	1.4	1.2	0.9	0.8	1.0	1.8	2.9	1.1	1.2	1.8
Fiscal policy*										
Fiscal balance (% GDP)	-7.0	-7.2	-7.7	-7.5	-7.4	-6.5	-5.2	-6.4	-7.2	-6.5
Public debt (% GDP)	58.1	59.7	61.7	63.4	65.0	66.2	49.5	54.8	59.7	66.2
Monetary policy‡										
NBP reference rate (%)	4.75	4.00	3.75	3.75	3.75	3.75	5.75	5.75	4.00	3.75
NBP lombard rate (%)	5.25	4.50	4.25	4.25	4.25	4.25	6.25	6.25	4.50	4.25
NBP deposit rate (%)	4.25	3.50	3.25	3.25	3.25	3.25	5.25	5.25	3.50	3.25
WIBOR 3M ^x (%)	4.72	3.99	3.85	3.82	3.82	3.82	5.88	5.84	3.99	3.82
Exchange rates*‡										
EUR-PLN	4.27	4.23	4.29	4.28	4.27	4.26	4.35	4.27	4.23	4.26
USD-PLN	3.63	3.60	3.74	3.69	3.65	3.61	3.94	4.10	3.60	3.61
CHF-PLN	4.56	4.54	4.68	4.65	4.59	4.44	4.68	4.54	4.54	4.44
EUR-USD	1.18	1.17	1.15	1.16	1.17	1.18	1.10	1.04	1.18	1.18

Source: GUS, NBP, PKO Bank Polski.

^period averages for quarterly and yearly data.

‡period end values.

*under revision

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