CEE Macro Weekly

Macro Research

8 May 2026

Bank Polski | Centrum Analiz

The hawks are circling overhead

TOP MACRO THEME(S):

- **Hawkish signals from CNB and NBP (p.3) –** Governors of both the CNB and NBP struck a hawkish tone at their press conferences, signaling that the next move could be a rate hike. This is still not our base-case scenario.

WHAT ELSE CAUGHT OUR EYE:

- **ROM: The government was dismissed after a motion of no confidence passed. The motion was filed by the senior ruling party, the PSD, together with the nationalist AUR.** President N.Dan is expected to invite parties for consultations in an effort to preserve the pro-European coalition under a new Prime Minister, who must be nominated within the next 10 days. The president may make two consecutive nominations for prime minister within a maximum period of 60 days. Only if both fail to secure a vote of confidence can he dissolve parliament and call early elections. At this stage, the most likely scenario appears to be a minority government led by the PSD. Previously there was a chance for the continuation of the ruling coalition under a Prime Minister other than I.Bolojan, but still from the PNL, but became much less probable as the PNL has moved into opposition. Since the domestic turmoil began, the RON has depreciated by nearly 3% and breached 5.20 against the euro.
- **HUN: According to P.Magyar, the fiscal deficit could reach 6.8% of GDP in 2026, compared with the currently planned 5% and the initial target of 3.9%.** The potentially larger budget gap was identified in documents received from the outgoing government, which had allegedly planned to spend as much as possible before the end of its term and had also committed to new expenditure. P.Magyar threatened legal action if the government failed to limit spending to what is necessary for the smooth functioning of the state. The higher deficit increases the risk of stricter measures by the European Commission under the Excessive Deficit Procedure. In February, the EC recommended that Hungary correct its excessive deficit by 2026.
- **CZE: Prime Minister A.Babiš announced that the deficit could widen in 2027 due to increased investment in healthcare and transport infrastructure.** At the same time, the government is working on excluding selected investments, such as roads, railways and nuclear power, from fiscal rules. Prime Minister suggested that fiscal consolidation may only take place in 2028, once major investment projects are under way.

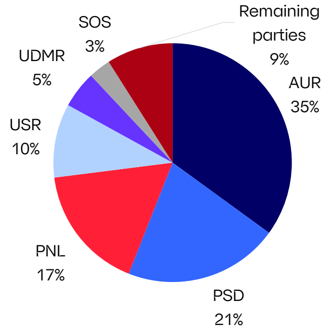
THE WEEK AHEAD:

- **Today, S&P will announce its rating decision on Poland**. It is the only agency that has not revised the outlook on Poland's rating to negative so far.
- **The next week will bring a range of interesting data and policy decisions**. The NBR will announce its interest rate decision on Friday. Given the domestic political turmoil, which has already affected the exchange rate, we do not expect any change in rates. Among economic data from CEE, the key focus of attention will be on preliminary GDP data for Romania (on Wednesday) and Poland (on Thursday). In case of Romania, we expect annual growth rate to slip into the negative territory, to around -0.3%. As for Poland, we expect growth to slow to 3.4% from over 4% in the final quarter of 2025.

Macroeconomic Research Bureau
pkoresearch@pkobp.pl
𝕏 @PKO_Research
centrumanaliz.pkobp.pl

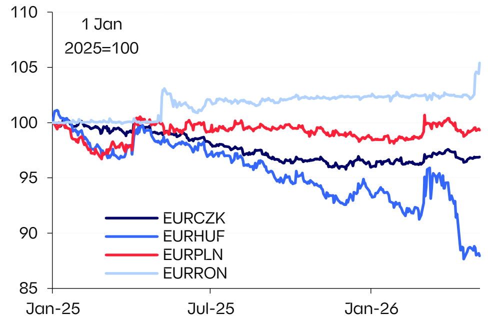
Chart(s) of the week:

National Parliament voting intentions in Romania*



Source: Poll of Polls, Politico, PKO Bank Polski. *As of May 1.

FX development in CEE

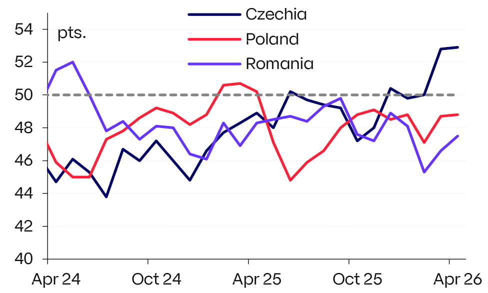


Source: Macrobond, PKO Bank Polski.

CEE macro review

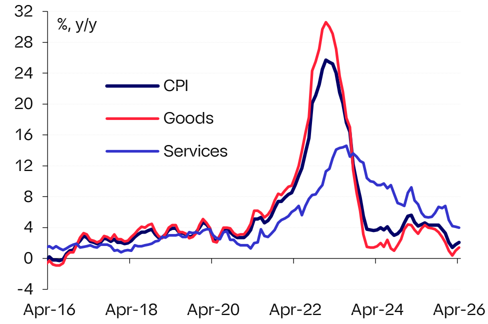
- **CEE: PMI indicators for April pointed to a continued downturn in Poland and Romania, while in Czechia the index has signalled expansion for three consecutive months. A common denominator in the April readings was elevated cost pressure due to the global geopolitical situation**. In April, the **Czech** PMI rose to 52.9 from 52.8 in March, reaching its highest level in four years and highlighting the imperfections of this indicator. The index was boosted by input purchases linked to the war in Iran and by longer delivery times. The logic behind the latter component is that longer delivery times reflect stronger demand, rather than the supply disruptions currently being observed. A more reliable reflection of the impact of the conflict in the Middle East is visible in price trends, with input prices rising at the fastest pace since May 2022. On a positive note, both output and new orders continued to grow, which the data commentary attributed to nearshoring effects. In **Poland**, the manufacturing PMI edged up slightly to 48.8 from 48.7 in March, in line with expectations. As in the rest of the region, the monthly increase in the index was driven by a frontloading effect. On the demand side, the picture for the sector remains weak. New orders have been declining for 13 consecutive months, and the pace of contraction has accelerated. Firms point to market uncertainty, high raw material prices and the impact of geopolitical tensions. Output also remains on a downward trend, while the labour market continues to be under pressure. Inflation in material and transport costs accelerated further, reaching its highest level since 1h22. In **Romania**, the PMI increased for the second consecutive month, to 47.5 from 46.6 in March, indicating an easing of the downturn. Four of the five PMI components made a positive contribution to the increase, with stocks of purchases the only exception. Input costs rose sharply, posting one of the strongest increases on record. **We expect sentiment in regional industry to deteriorate in the coming months, although, due to the construction of the PMI index, headline readings may present a more positive picture.**
- **HUN: Inflation accelerated to 2.1% y/y in April from 1.8% y/y in March, coming in only slightly below expectations**. Services inflation remained broadly in line with previous months, at 4.0% y/y, while the main acceleration was observed in prices of goods, which rose to 1.3% y/y from 1.0% y/y in March. Fuel prices increased by 0.1% y/y, reversing the declines recorded in previous months. Food price inflation also accelerated markedly, although this was partly driven by a low base effect and is unlikely to reflect the impact of the conflict in the Middle East at this stage.
- **HUN: Industrial production increased by 6.7% y/y in March, compared with a contraction of 0.9% y/y in February.** Based on working-day adjusted data, production rose by 3.7% y/y. Among the highest-weighted categories, the strongest increases were recorded in electronics, electrical equipment and food production. In the first quarter, industrial output was 1.0% higher than in the corresponding period of 2025. The data came in stronger than expected. Solid industrial performance continues to be supported by the opening of new production capacities, although the effects of the conflict in the Middle East may weigh on activity in the coming months.
- **CEE: March marked the end of producer price deflation in Hungary and brought an acceleration of producer price growth in Romania.** In the former PPI inflation increased to 1.2% y/y from -3.3% y/y in February. In Romania PPI inflation accelerated to 7.0% y/y from 3.0% y/y in February. In both cases acceleration came mainly on the back of strong energy inflation, in particular fuel price growth due to the war in Iran.
- **POL:** The MPC has changed the date of its next meeting from 9–10 June to 1–2 June. A.Glapinski's press conference will take place on 3 June.

Manufacturing PMIs for major CEEs



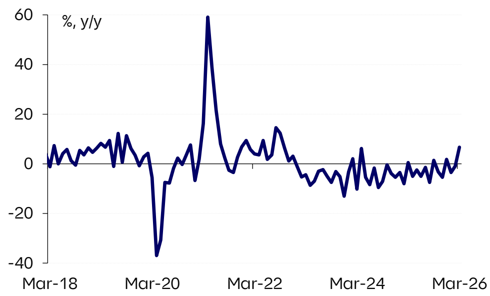
Source: Macrobond, PKO Bank Polski.

CPI inflation in Hungary



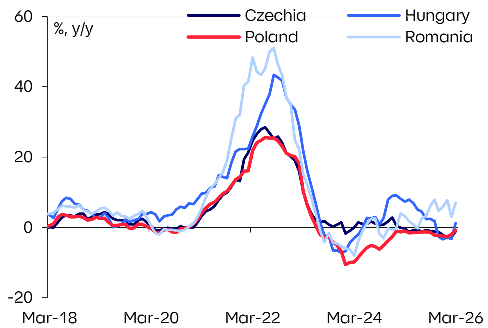
Source: Macrobond, PKO Bank Polski.

Industrial production growth in Hungary



Source: Macrobond, PKO Bank Polski.

PPI inflation in CEE region



Source: Macrobond, PKO Bank Polski.

Hawkish signals from CNB and NBP

- **The past week brought monetary policy meetings in Czechia and Poland, with interest rates kept on hold in both cases. However, the post-meeting press conferences by the governors of both institutions struck a hawkish tone, signalling that the next move in monetary policy could be a rate hike.**
- **For both Czechia and Poland, we assume that a temporary rise in inflation above the central banks' targets will not trigger a policy response. However, should inflationary pressures prove more persistent, a rate hike would appear to be the most likely course of action.**

As expected, the CNB left interest rates unchanged at its May meeting, with the two-week repo rate remaining at 3.50%. In explaining its decision, the central bank highlighted elevated geopolitical uncertainty, which is contributing to persistently high fuel prices, as well as accelerating credit growth, a tight labour market and still-elevated wage dynamics, all of which are exerting inflationary pressure.

Referring to its latest macroeconomic projection, the CNB assessed that, due to higher fuel prices, **inflation is likely to remain in the upper half of the tolerance band around the target, at 2–3%, through the end of the year.** In particular, inflation is expected to be close to 3% in late 2026 and early 2027, before returning to the target during 2027. Average inflation is projected at 2.2% in 2026 and 2.4% in 2027, representing upward revisions of 0.6pp and 0.3pp, respectively, compared with the previous forecast.

At the same time, the central bank expects weaker economic growth, forecasting GDP expansion of 2.5% in 2026 and 2.7% in 2027, slower by 0.4pp and 0.2pp, respectively, compared with the previous forecast. The economy is therefore expected to continue expanding at around its potential growth rate. The balance of risks to the outlook remains skewed to the upside for inflation. Nevertheless, the CNB emphasised that the Czech economy is entering the current crisis from a relatively strong starting position, with inflation having remained under control for nearly two years. The full forecast presentation will be available on Monday.

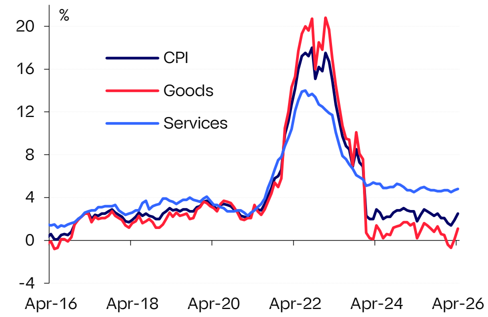
During the press conference, Governor Aleš Michl stated that at the next meeting in June the CNB would debate whether to keep rates unchanged or raise them. At the same time, he pointed to factors supporting both scenarios: on the one hand, a potential recession triggered by the conflict in the Middle East, and on the other, an inflationary shock related to rising commodity prices. Slightly hawkish signals had also emerged from comments by Board members ahead of the meeting. Nevertheless, both Vice-Governor E.Zamrazilová and J.Frait emphasised the absence of any immediate pressure to act. **As a result, we interpret the hawkish tone primarily as an attempt to prevent a further build-up in inflation expectations, while maintaining a preference for a wait-and-see approach. We therefore expect interest rates to remain unchanged through year-end.**

According to the preliminary estimate, inflation in Czechia accelerated to 2.5% y/y in April from 1.9% y/y in March. The main driver of the acceleration was energy prices, which increased by 2.3% m/m, pushing inflation in this category up to 1.5% y/y from a 1.7% y/y decline in March. So far, the data do not show any second-round effects or spillovers from higher fuel prices into the broader economy.

Meanwhile, the MPC in Poland also left interest rates unchanged (reference rate at 3.75%). The MPC judged that maintaining rates at their current level was appropriate under the present economic conditions and in light of uncertainty surrounding geopolitical developments and their impact on the economy.

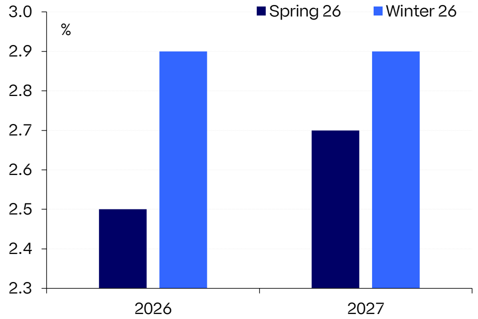
At the post-meeting press conference, NBP Governor A.Glapinski struck a relatively hawkish tone. Among other things, he acknowledged that the probability of rate hikes had increased compared with the April meeting. At the same time, the prospect of rate cuts appears very unlikely, while rate hikes are possible. A.Glapinski assessed that the March rate cut had been justified and was

CPI inflation in Czechia



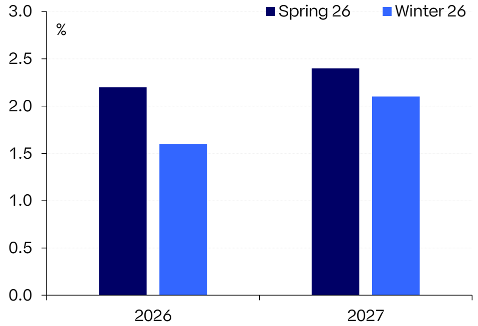
Source: Macrobond, PKO Bank Polski.

CNB's GDP growth forecast



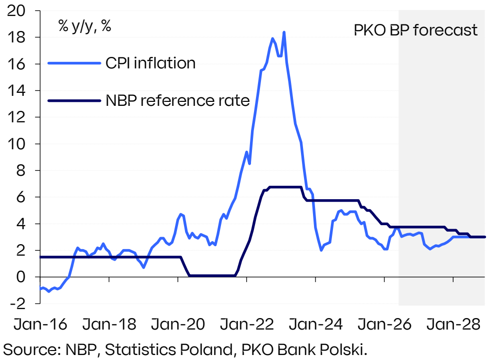
Source: CNB, PKO Bank Polski.

CNB's inflation forecast



Source: CNB, PKO Bank Polski.

CPI inflation and reference rate in Poland



Source: NBP, Statistics Poland, PKO Bank Polski.

not premature, although the Council now stresses that it will not hesitate to raise rates if warranted by the situation.

The MPC Chair stated that an acceleration of CPI inflation above the NBP's target range (2.5% ± 1pp), combined with forecasts indicating that inflation will remain persistently elevated – or even forecasts showing rising inflation while current inflation is still below 3.5% y/y – would justify an increase in interest rates. According to our estimates, CPI inflation will exceed 3.5% already in May, while average annual inflation will amount to around 3.2–3.3% in 2026.

The NBP Governor also noted the increase in core inflation (we estimate that inflation excluding food and energy accelerated to 2.9% y/y in April from 2.7% y/y in March), which in his view may have been linked to the pass-through of higher fuel prices into other components of the basket. He also listed factors limiting the risk of a strong and persistent acceleration in inflation, in contrast to the situation in 2021–2022: the absence of rapidly accelerating demand, a cooler labour market, smaller increases in gas and coal prices than at that time, and the lack of disruptions in global supply chains (for goods other than commodities and fuels).Among the factors seen as crucial for inflation, he pointed to developments in commodity prices, government regulatory decisions, and the extent to which higher fuel prices feed through into other price categories.

At this stage, we assume that the reference rate will remain unchanged through the end of 2026, although the risk of a rate hike has increased materially and such a move could come as early as July.

Weekly economic calendar

Indicator	Time (UK)	Unit	Previous	Consensus*	PKO BP	Comment
Monday. 11 May						
CHN: PPI inflation (Apr)	2:30	% y/y	0.5	1.8	--	--
CHN: CPI inflation (Apr)	2:30	% y/y	1,0	0.9	--	--
ROM: Trade balance (Mar)	7:00	EUR bn	-2.4111	--	--	--
USA: Existing home sales (Apr)	15:00	m	3.98	4.06	--	--
Tuesday. 12 May						
GER: CPI inflation (Apr. final)	7:00	% y/y	2.7	2.9	--	--
GER: HICP inflation (Apr. final)	7:00	% y/y	2.8	2.9	--	--
CZE: Unemployment Rate (Apr)	9:00	%	5,0	4.8	--	--
GER: ZEW Economic Sentiment (May)	10:00	pts.	-17.2	--	--	--
USA: CPI inflation (Apr)	13:30	% y/y	3.3	3.7	--	--
USA: Core inflation (Apr)	13:30	% y/y	2.6	2.7	--	--
Wednesday. 13 May						
ROM: CPI inflation (Apr)	7:00	% y/y	9.87	10.65	10.6	--
ROM: Industrial Output (Mar)	7:00	% y/y	-1.5	--	--	--
ROM: Wages (Mar)	7:00	% y/y	3.8	--	--	--
ROM: GDP growth (1q)	7:00	% y/y	0.2	0,0	--	--
CZE: CPI inflation (Apr. final)	8:00	% y/y	1.9	2.5	2.5	--
EUR: GDP growth (1q)	10:00	% y/y	1.2	0.8	--	--
EUR: Industrial production (Mar)	10:00	% y/y	-0.6	-1.7	--	--
EUR: Employment (1q)	10:00	% y/y	0.7	--	--	--
USA: PPI inflation (Apr)	13:30	% y/y	4	5	--	--
Thursday. 14 May						
POL: GDP growth (1q)	**8:30**	**% y/y**	**4,0**	**3.6**	**3.4**	**Growth is expected to slow, but remain solid relative to the CEE region.**
USA: Initial Jobless Claims ()	13:30	k	200	205	--	--
USA: Retail sales (Apr)	13:30	% m/m	1.7	0.5	--	--
USA: Retail sales excl. autos (Apr)	13:30	%. m/m	1.9	0.6	--	--
Friday. 15 May						
POL: CPI inflation (Apr. final)	**8:30**	**% y/y**	**3,0**	**3.2**	**3.2**	**In light of the negative surprise in the flash estimate, we do not rule out a slight downward revision to inflation.**
CZE: C/A balance (Mar)	9:00	CZK bn	17.37	--	--	--
POL: Current account balance (Mar)	**13:00**	**EUR m**	**-990**	**-1050**	**-1275**	**A deterioration in the trade balance amid rising prices of imported commodities is expected to weight on the current account balance.**
POL: Exports (Mar)	**13:00**	**% y/y**	**1.9**	**8.1**	**8.9**	
POL: Imports (Mar)	**13:00**	**% y/y**	**3.3**	**6.5**	**8.3**	
USA: Industrial production (Apr)	14:15	% m/m	-0.5	0.2	--	--
ROM: Central bank meeting	--	%	6,50	6,50	6,50	--

Source: GUS, NBP, Parkiet, PAP, Bloomberg, Reuters, PKO Bank Polski. Parkiet for Poland, Bloomberg, Reuters for others.

Monetary policy monitor

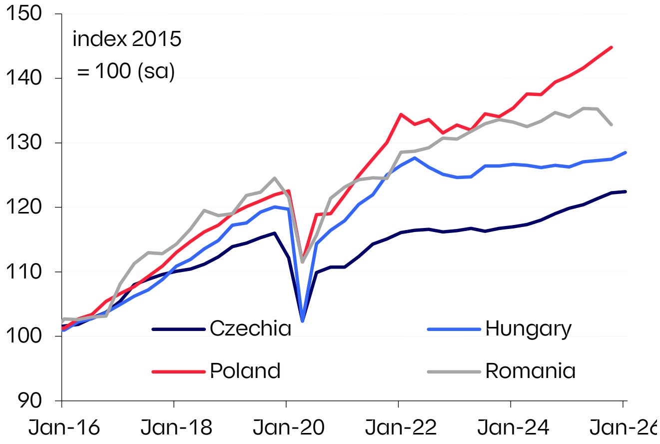
MPC Members	Hawk-o-meter*	Recent policy indicative comments^
J. Tyrowicz	4.9	"I never vote on how much to raise rates; I vote on where they should be. They should be at 4.75%." (24.03.2026, PAP BIZNES)
I. Dabrowski	3.1	**"Under these circumstances, the likelihood of interest rate cuts drops dramatically" (30.04.2026, Bloomberg)**
A. Glapinski	2.9	**"A rate cut cannot be said to be entirely ruled out, but it is highly unlikely. Rate hikes are a plausible scenario, although they may not materialize, as inflation remains within the target range.." (7.05.2026, PAP Biznes)**
M. Zarzecki	2.9	"In my view, the most likely scenario is that rates will remain unchanged for an extended period. (...) However, depending on incoming data, I don't rule out the possibility of a rate hike in the future." (23.04.2026, Bloomberg)
G. Maslowska	2.9	"The decision to raise interest rates would have to be based on an assessment of the situation that would indicate a sustained upward trend in inflation in Poland and globally. (...) Sustained, meaning not a one-off occurrence, not lasting just one or two quarters." (13.03.2026, Bloomberg)
I. Duda	2.8	"Currently, the situation is so favorable in terms of inflation that both scenarios — a rate cut in February or March — seem likely to me. Low inflation is a fact, and everything indicates that the slowdown in price growth that we're seeing will be long-lasting." (23.01.2026, Bloomberg)
H. Wnorowski	2.8	"I currently see the stabilization of interest rates over a longer time horizon, which may be clarified after the July projection." (17.04.2026, PAP Biznes)
W. Janczyk	2.8	"Poland will likely keep interest rates unchanged in coming quarters as inflation is set to stay within the central bank's tolerance range despite pressures from the Iran war." (13.04.2026, Bloomberg)
P. Litwiniuk	2.3	"Rate cuts should not be expected in the near future." (2.04.2026, Radio Zet via PAP Biznes)
L. Kotecki	2.2	**"All the forecasts we have seen over the last two days indicate that inflation will remain on target" (8.05.2026, Tok FM via PAP Biznes)**

*The higher the indicator the more hawkish views. The positioning has been made based positively on PAP survey conducted among economists at banks in Poland (scale 1-5). **^Quotes in bold** have been modified in this issue of Poland Macro Weekly.

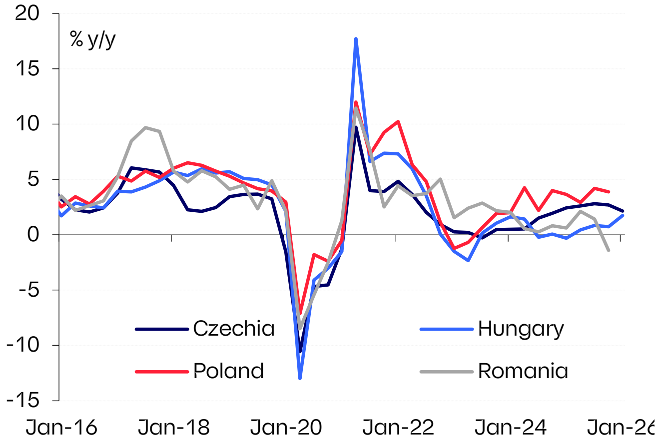
Selected comments from central bankers in other CEEs	
CNB	**"Now it seems that the next step with rates would more likely be in an upward direction (...) But we are in a comfortable situation now and there is no reason to act quickly." Deputy Governor E.Zamrazilová (30.04.2026, CNB)**
MNB	**"Although the impact of the Iranian conflict on domestic prices did raise inflation, the stronger forint and price restriction measures were slowing down the rate of price increases." Governor M.Varga (5.05.2026, MNB)**
NBR	"The next strategic objective will be the adoption of the euro—after balancing the economy and reducing the high fiscal deficit." Governor M.Isarescu (2.04.2026, Profit.ro)

CEE macro chartbook

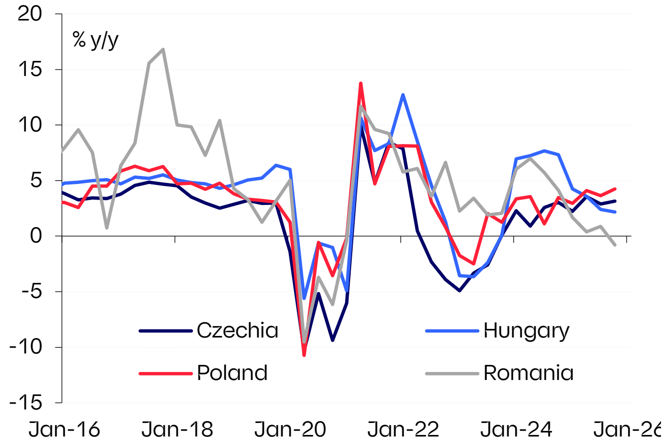
GDP level



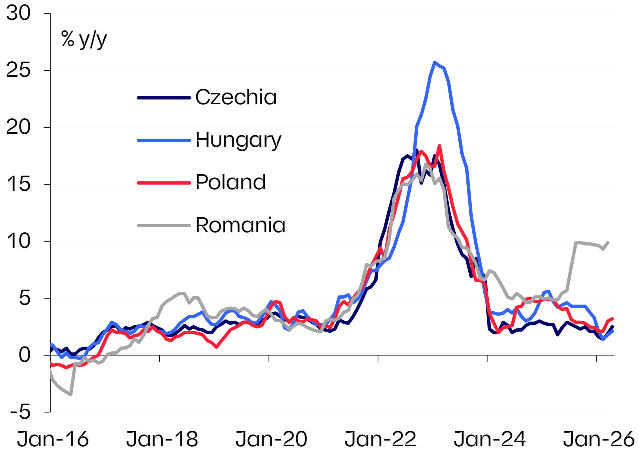
GDP growth



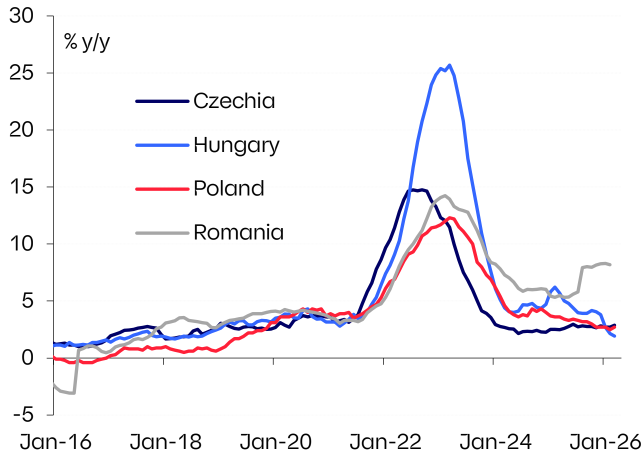
Private consumption growth



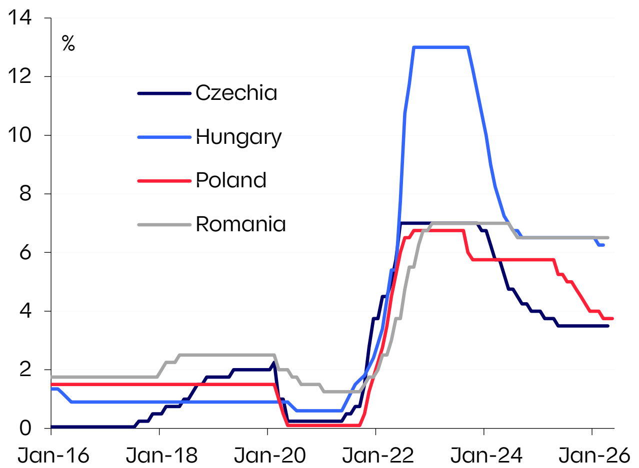
CPI inflation



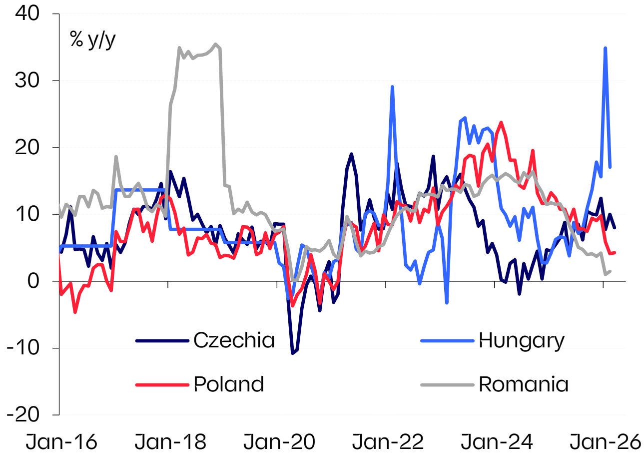
Core CPI inflation



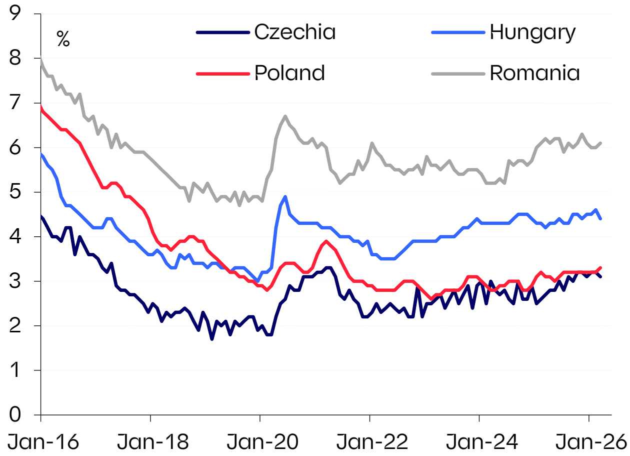
Interest rates (policy rates)



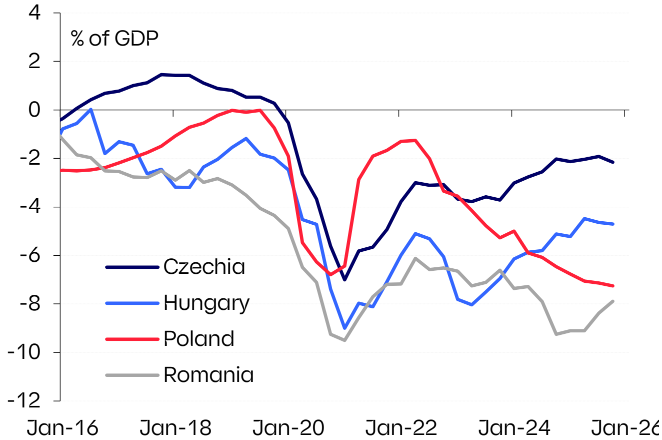
Wages*



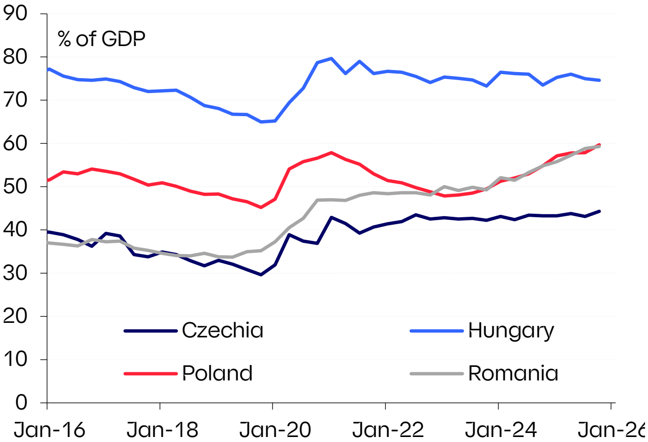
Harmonised unemployment rate



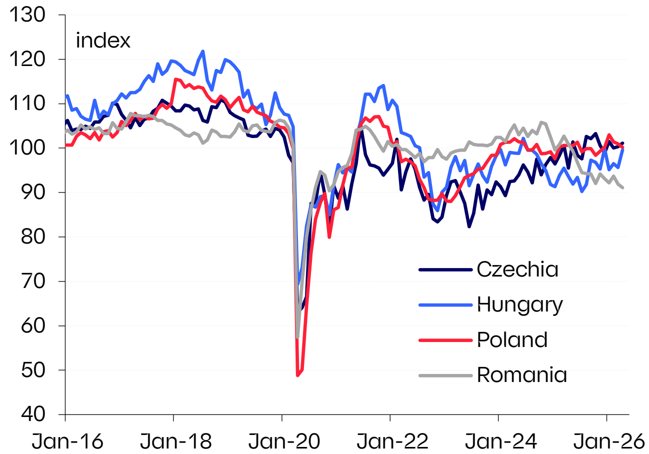
Fiscal deficit (ESA)



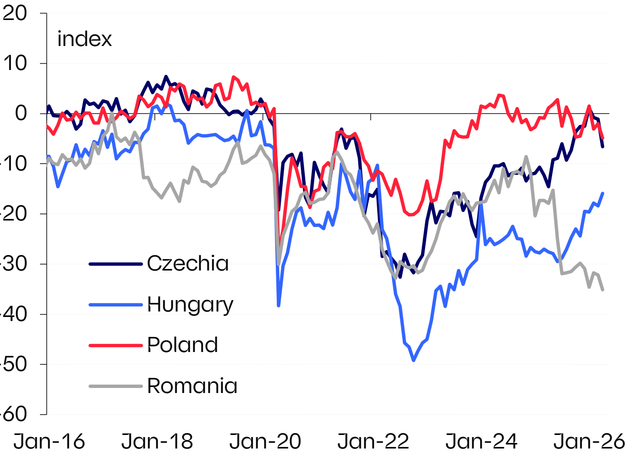
Public debt



ESI



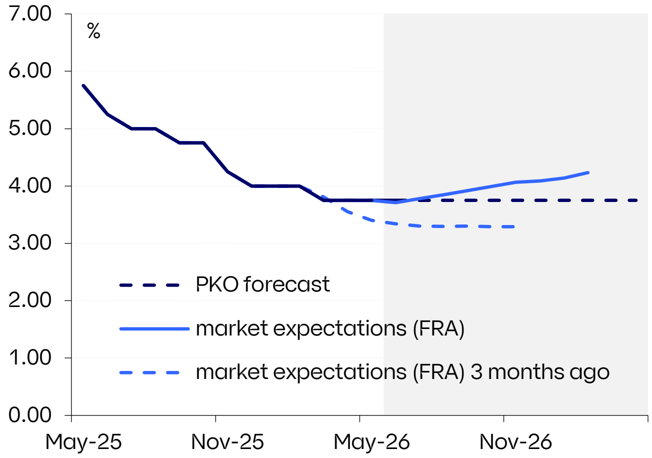
Consumer confidence ESI



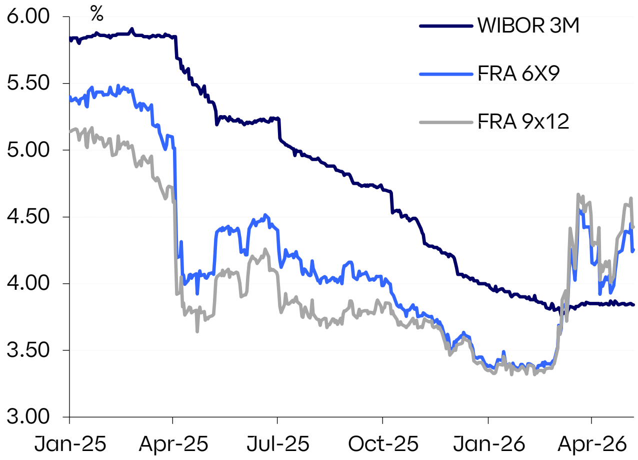
Source: Macrobond, GUS, INSSE, CZSO, KSH, PKO Bank Polski. *for Czechia wages in industry, for Hungary – national economy, Poland and Romania – enterprise sector.

Poland macro chartbook

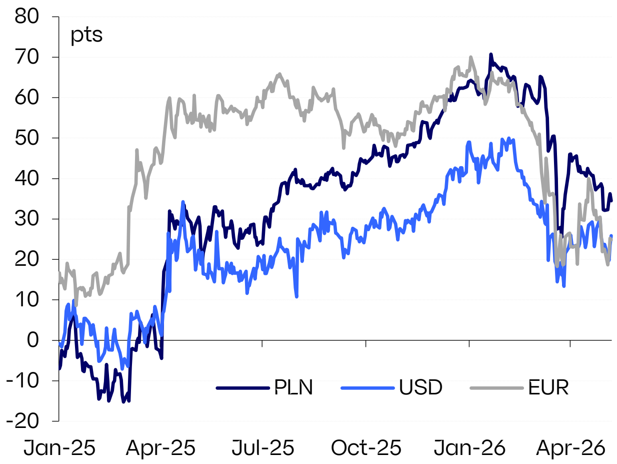
NBP policy rate: PKO BP forecast vs. market expectations



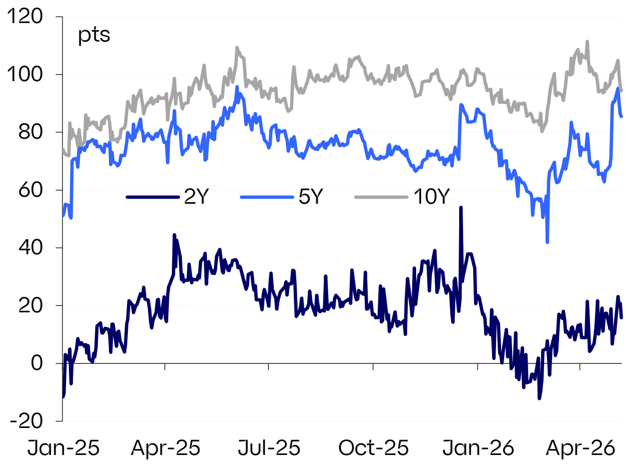
Short-term PLN interest rates



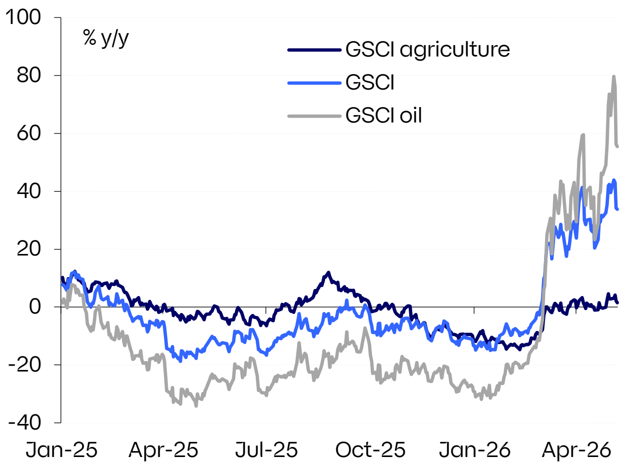
Slope of the swap curve (spread 10Y-2Y)*



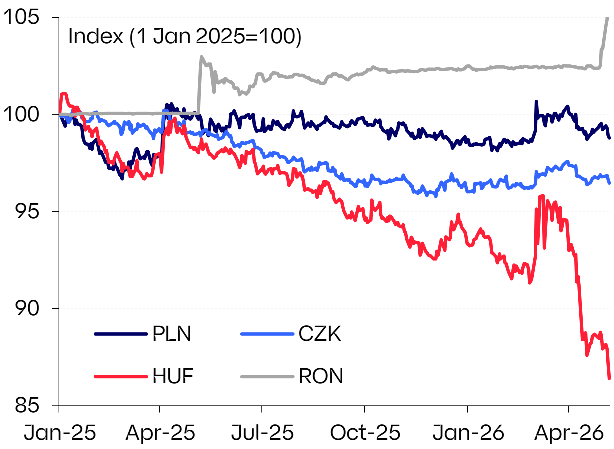
PLN asset swap spread



Global commodity prices (in PLN)

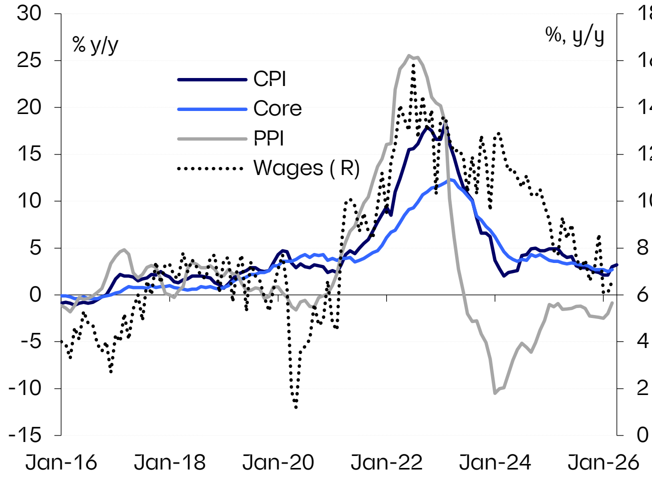


Selected CEE exchange rates against the EUR

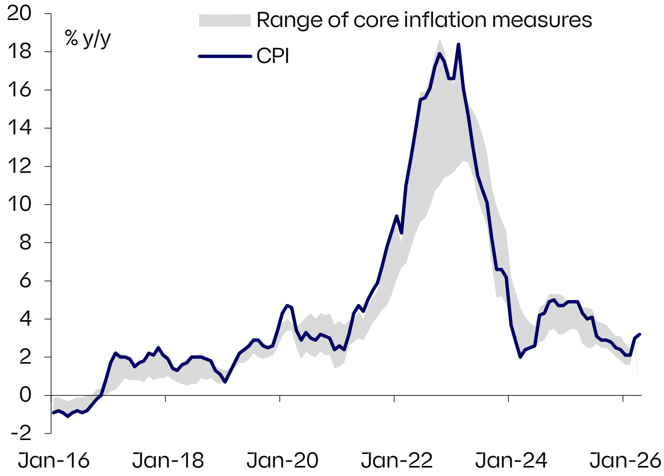


Source: Datastream, NBP, PKO Bank Polski. *for PLN, and EUR 6M, for USD 3M.

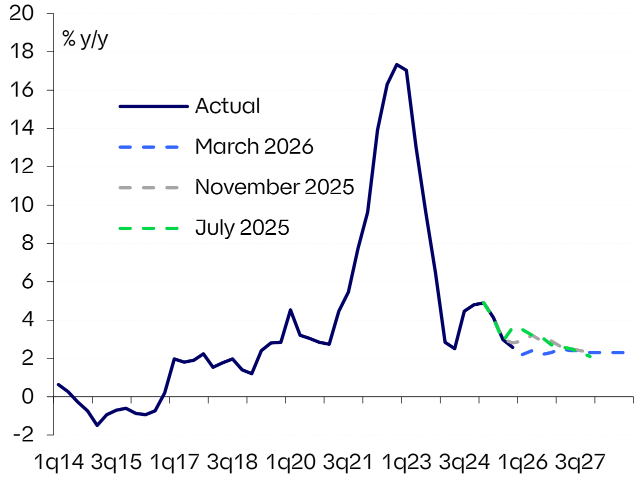
Broad inflation measures



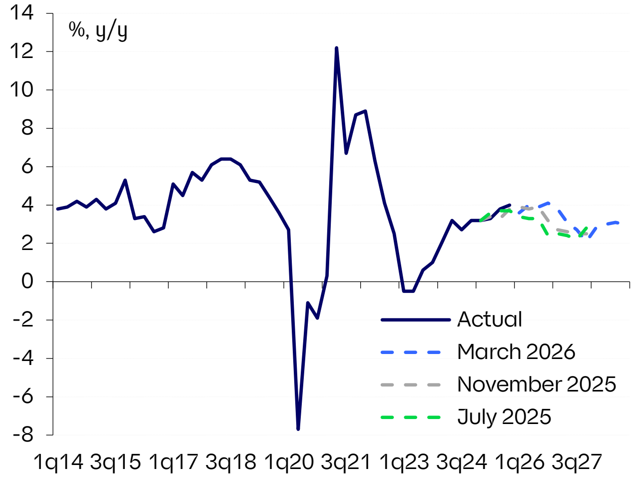
CPI and core inflation measures



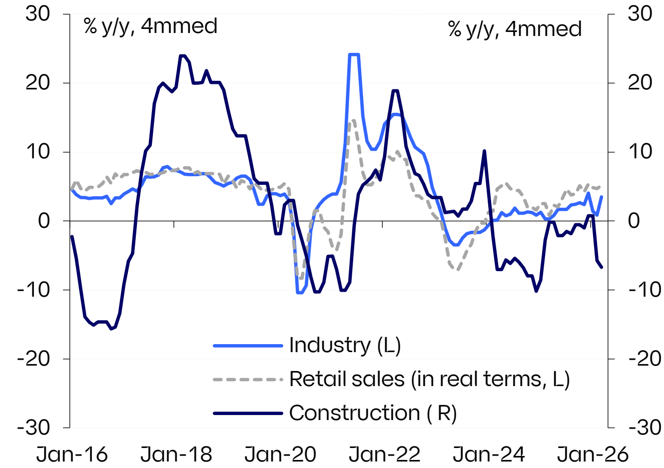
CPI inflation – NBP projections vs. actual



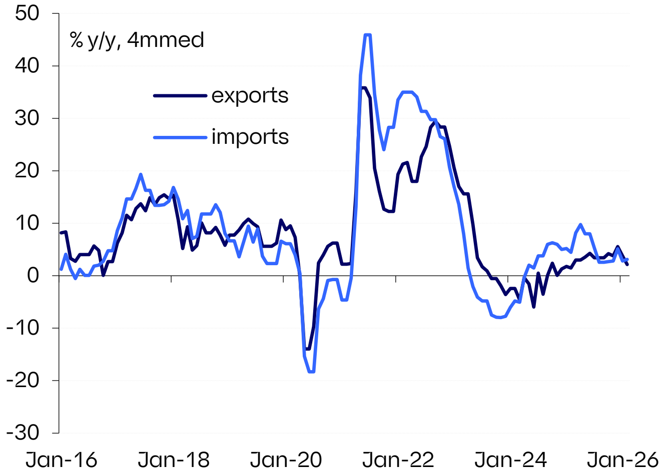
Real GDP growth – NBP projections vs. actual



Economic activity indicators



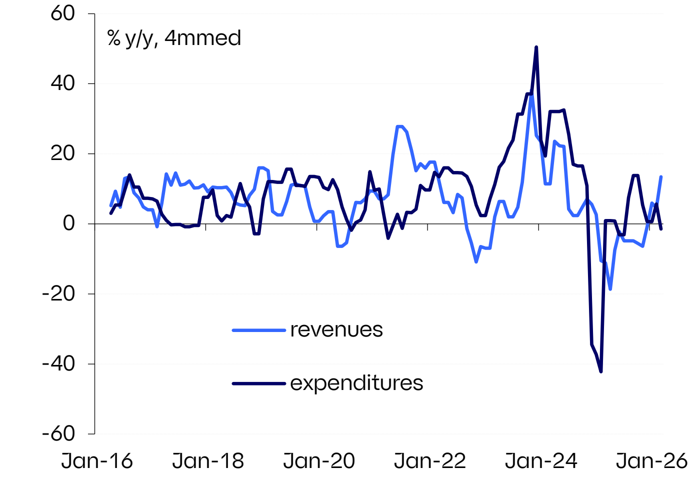
Merchandise trade (in EUR terms)



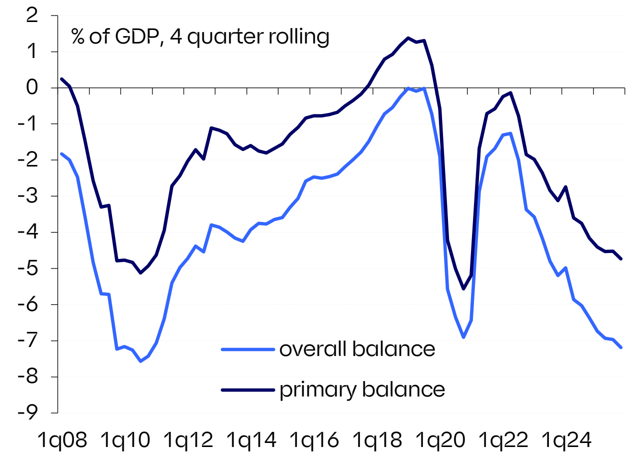
Source: Datastream, GUS, EC, NBP, PKO Bank Polski.

Bank Polski

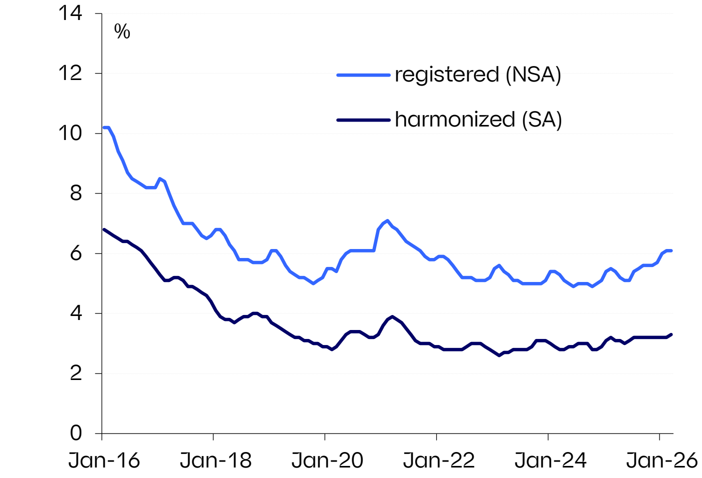
Central government revenues and expenditures*



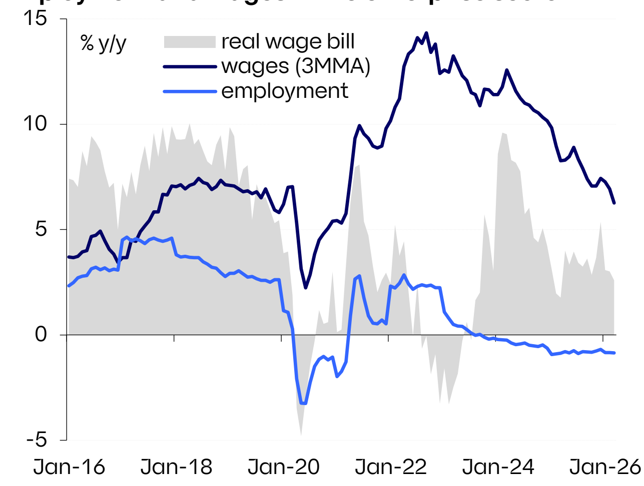
General government balance (ESA2010)



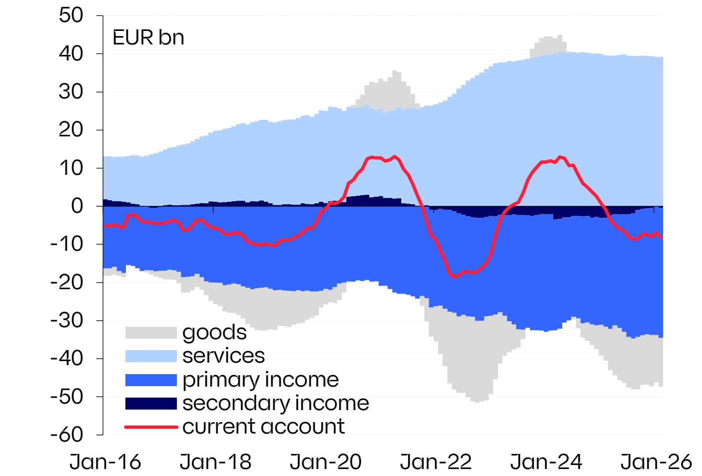
Unemployment rate



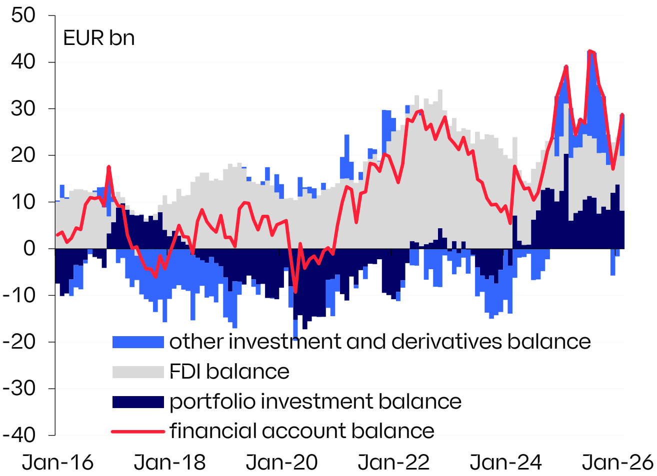
Employment and wages in the enterprise sector



Current account balance



Financial account balance



Source: NBP, Eurostat, GUS, MinFin, PKO Bank Polski. *break in series in 2010 due to methodological changes.

Previous issues of CEE Macro Weekly:

- Swinging moods in the CEE (Apr 24, 2026)
- Wind of change in Hungary (Apr 17, 2026)
- Hungary at the crossroads (Apr 10, 2026)
- Divergent fiscal paths in the CEE (Apr 2, 2026)
- Inflation up, GDP growth down (Mar 27, 2026)
- Small tweaks to the CEE macro scenario (as for now) (Mar 20, 2026)
- Central banks in the grip of (geo)politics (Mar 13, 2026)
- NBP rate cut despite global turbulence (Mar 6, 2026)
- Romania's road from austerity to innovation (Feb 27, 2026)
- Polish economy in a deep freeze – but just temporarily (Feb 20, 2026)
- Ambiguous inflation in the region (Feb 13, 2026)
- Inflation below target does not always imply rate cuts (Feb 6, 2026)
- The consumer was calling the shots last year (Jan 30, 2026)
- A golden outlook ahead (Jan 23, 2026)
- The Year of a Fiery Economy (Jan 16, 2026)
- Prosperous New Year! (Jan 9, 2026)
- Economic harmony with one dissonance (Dec 19, 2025)
- Monetary policy calm in CEE (Dec 12, 2025)
- 175 bps in 8 months (Dec 5, 2025)
- A month full of surprises (Nov 28, 2025)
- Divergent forecasts (Nov 21, 2025)
- CEE at different stages of the business cycle (Nov 14, 2025)
- Industry is shying away from expansion (Nov 7, 2025)
- October inflation treat – CPI falls again (Oct 31, 2025)
- Poland's acceleration on the final stretch of 3q25 (Oct 24, 2025)
- Poland as the region's growth engine (Oct 17, 2025)
- Divergent appetite for rate cuts (Oct 10, 2025)
- Nobody wants to consolidate (Oct 3, 2025)
- The devil is in the details (Sep 26, 2025)
- Unsettled skies in August (Sep 19, 2025)
- Defence spending justified despite fiscal challenges (Sep 12, 2025)
- Poland's MPC keeps adjusting rates (Sep 5, 2025)
- If not inflation, the fiscal policy is a challenge (Aug 29, 2025)
- Third quarter in Poland had a good start (Aug 22, 2025)
- Lending rebound ahead (Aug 8, 2025)
- Looking for signs of turning point in economic sentiment (Aug 1, 2025)

Economic Research Department

PKO Bank Polski S.A.
Swietokrzyska 36, 00-116 Warszawa
email: pkoresearch@pkobp.pl

Chief economist

Piotr Bujak	piotr.bujak@pkobp.pl	+48 693 333 127

Macroeconomic Research Bureau

Marta Petka-Zagajewska (Head of Bureau)	marta.petka-zagajewska@pkobp.pl	+48 691 335 426
Urszula Krynska	urszula.krynska@pkobp.pl	+48 722 060 794
Szymon Fabianski	szymon.fabianski@pkobp.pl	+48 722 051 585
Kamil Pastor	kamil.pastor@pkobp.pl	+48 723 670 836
Agnieszka Pierzak	agnieszka.pierzak@pkobp.pl	+48 666 823 657
Michał Reczek	michal.reczek@pkobp.pl	+48 783 552 546
Anna Sznajderska, PhD	anna.sznajderska@pkobp.pl	+48 722 050 645
Anna Wojtyniak-Stefanska	anna.wojtyniak-stefanska@pkobp.pl	+48 698 635 126

Are you interested in receiving research notes of PKO Bank Polski?
Please subscribe at: centrumanaliz.pkobp.pl/subskrypcja

You can also find us on X/Twitter and on our website Centrum Analiz PKO Bank Polski

𝕏 @PKO_Research   Bank Polski | Centrum Analiz