

Article | 16 April 2026

CZECH REPUBLIC HUNGARY

CEE: Rates on hold as oil shock clouds outlook but avoids panic

CEE central banks remain cautious after the Middle East energy shock, but rate hikes are not imminent. Poland and the Czech Republic stay on hold as inflation risks remain manageable, while Hungary turns more hawkish amid weaker growth and delayed easing



A new Prime Minister in Hungary won't change near-term economic woes

Poland: NBP stays calm in the face of energy shock

Poland's central bank maintains a neutral rather than a hawkish stance in response to the Middle East energy shock. Not only did the National Bank of Poland cut interest rates by 25bp in March, after the Israeli/US attack on Iran, but it also delivered balanced communication following its April decision to hold rates flat. The NBP appears to share our view that this mainly constitutes a supply-side shock, while the 2019-23 CPI spike was a combination of supply and demand shocks with much more conducive conditions for inflation pass-through.

The NBP Governor stated that there is no risk of a significant increase in inflation from higher oil prices. Adam Glapiński noted that a supply-side shock raises inflation but may also dampen economic activity, thereby generating some disinflationary impulses. He also outlined a range of arguments indicating that Poland is not facing heightened inflation risks:

As a result, the central bank has shifted to a 'wait and see' approach. It is unlikely to resume rate cuts in the near term, but it also does not view rate hikes as necessary at this stage.

We expect NBP interest rates to remain unchanged this year, as the inflation outlook has deteriorated and become more uncertain.

Czech Republic: Higher inflation and slower growth remain manageable

Our perhaps optimistic scenario of the Middle Eastern conflict lasting roughly two months, with Brent Crude averaging above \$100/bbl until April and then gradually declining, remains a probable outcome. As the Czech economy entered the negative external supply shock in good shape, the anticipated upward effect on overall prices and downward effect on economic performance will still leave the economy insulated.

For sure, we expect noticeably higher inflation and slower economic expansion than before the attacks on Iran. Still, both variables would record a pace of around 2.2% this year, which would allow the Czech National Bank to do the right thing in this type of shock: wait with unchanged policy rates and see how all the forces come together.

Nevertheless, should the conflict drag on, with Brent above \$100/bbl until the end of the year, with repercussions for supply chains and global economic activity, we would enter a different world, where non-linearities and strong feedback loops kick in. In such a case, Czech real economic growth would ease to around 1.5% this year and the next, while headline inflation would average 2.8% this year and climb to above 3% on average the next year.

Hungary: A new government won't fix short-term economic woes

The ousting of Viktor Orbán in Hungary has dominated news headlines, but a change in government won't necessarily have a significant short-term impact on the real economy. That's because its structure and, of course, geopolitics, are still mostly shaping the outlook for the rest of the year. Based on the hard data, Hungary's economy was pretty mixed in the first quarter of the year. We still expect Hungary to achieve meaningful growth this year, though we have had to lower our expectations once again.

Geopolitical risks continue to pose a serious threat to Hungary's growth prospects. We have reduced our 2026 growth forecast from 1.7% to 1.6%. Based on the latest data for February, it appears that the strong economic momentum observed earlier is fading. However, retail sales remain the sole driving force and the last hope for growth.

Inflation has continued to show a surprisingly positive picture, standing at only 1.8% year-on-year. This demonstrates resilience in the face of the initial energy price surge, but further

inflationary pressures are on the way. Despite the low inflation rate, the National Bank of Hungary kept the base rate unchanged in March. However, the war in the Middle East has forced the bank to revise its macroeconomic projections and adopt a more hawkish stance. Forward guidance in the March press release indicates a hawkish bias, stating that maintaining price stability requires tight monetary conditions. We do not expect an interest rate cut in the coming months.

The ongoing war in the Middle East continues to put significant pressure on oil markets, particularly given Hungary's status as a net energy importer. Persistently high oil prices are hindering the normalisation of inflation and inflation expectations, and making it more difficult to break out of economic stagnation.

Author

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Rafal Benecki

Chief Economist, Poland

rafal.benecki@ing.pl

David Havrlant

Chief Economist, Czech Republic

420 770 321 486

david.havrlant@ing.com

Peter Virovacz

Chief Economist, Hungary

peter.virovacz@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

THINK economic and financial analysis

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.