

Opinion | 2 March 2026

## Higher energy prices and delayed rate cuts: how the Middle East conflict is impacting CEE

The Middle East conflict is driving up energy prices, which in turn will push inflation higher in CEE. Oil and gas shocks hit import-dependent economies the hardest, delaying rate cuts. Markets turn risk off, pressuring FX and rates, with Hungary, Romania and Turkey the most exposed. Long positioning and the popularity of EM markets will be tested



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### Middle East conflict to drive up energy costs and inflation in CEE

The conflict in the Middle East is affecting the CEE region mainly through higher oil and gas prices due to its energy import-dependency and heavy price-taking factors. Although it is difficult to estimate the development of global energy prices at this point, it is clear that this will be a one-way street for the market at the opening.

For [energy markets](#), we expect an aggressive price response when markets open. ICE Brent

could trade in the region of \$80-90/bbl immediately, with risks of further strength towards \$100/bbl and ultimately \$140/bbl (worst-case scenario), if we are to see significant and extended oil supply disruptions. Meanwhile, European gas prices could potentially see more aggressive moves, given the risks to Qatari LNG flows and the market being relatively tighter. If LNG/gas markets start to price in an extended period of losses to Qatari LNG supply, TTF could potentially spike to EUR 80-100/MWh.

### Impact of higher oil prices on CEE economies

	Inflation pass-through (pp)	Net Energy imports (% of GDP)
Turkey	1.10	6.2%
Romania	0.50	2.6%
Hungary	0.45	4.6%
Poland	0.35	4.0%
Czech Republic	0.20	3.4%

Source: central banks estimates, Macrobond, ING

Note: Pass-through measured as the impact of a 10% increase in oil prices with an impact on CPI over a 6-12M horizon

### Higher oil prices: Turkey, Romania and Hungary most exposed

Regarding the sensitivity of inflation to higher oil prices, the CEE region is traditionally highly exposed due to its small size, dependence on energy imports, and less-anchored inflation expectations compared to developed markets.

We see Turkey as the most exposed (a 10% oil price increase translates into 1.10pp in CPI) due to its complete dependence on oil imports and weakening FX with high pass-through. The second most sensitive country is Romania (0.50pp), which has the lowest net energy imports in the region but a high second-round effect, with fuel prices feeding into food prices and other imported goods more than elsewhere in the region.

Hungary (0.45pp) also shows high sensitivity due to limited local fossil fuel resources and a high dependence on imports, as well as increased inflation expectations and FX volatility. On the other hand, we see Poland (0.35pp) and the Czech Republic (0.20pp) with less volatile FX and a more diversified energy mix.

### Central banks: all rate cuts postponed indefinitely

From the perspective of CEE central banks – most of which, except for Romania, are considering imminent rate cuts – it can be expected that they will prefer to wait for more clarity and any immediate decisions will be postponed. The first test will be the National Bank

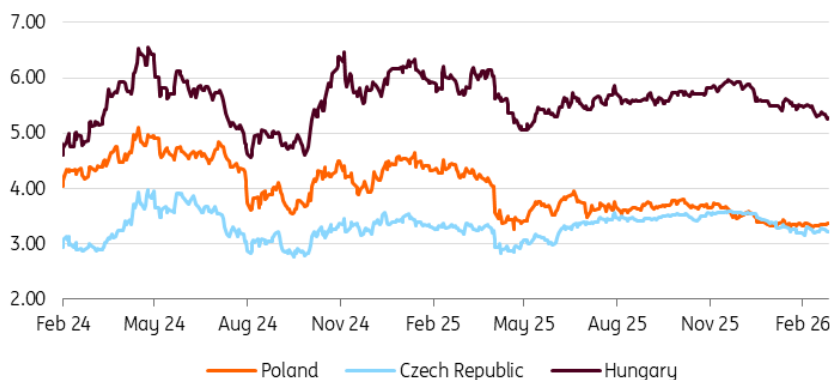
of Poland on Wednesday, where we had expected a rate cut of 25bp to 3.75% before the conflict began. A rate cut is growing more uncertain but remains baseline and will depend on developments in the coming hours. We can expect more cautious communication of the terminal rate and other central bank steps from here.

At the same time, we are approaching the start of the Czech National Bank blackout period ahead of the March meeting (19 March) and we could see comments from the bank board very soon, which is likely to ease its dovish tone.

The National Bank of Hungary cut rates last week for the first time since September 2024. However, inflation expectations remain elevated and a weaker forint and higher energy prices are likely to postpone another rate cut compared to our original forecast of a March rate cut. In Romania, a rate cut was not on the table for now, but our call for a May cut is at risk depending on the duration of the US-Iran conflict.

In Turkey, the Central Bank of Turkey (CBT) is indicating caution after the January inflation print surprised upwards, and we saw indications before the conflict that the next rate cut could be less than 100bp. Current developments point to a complete halt to rate cuts at the March meeting (12 March) with a focus on maintaining FX stability.

### Priced in terminal rate in CEE3 markets (%)



Source: Reuters, ING

### Markets: Long FX positioning and rates receivers come under pressure

We generally expect CEE currencies to come under pressure due to risk-off sentiment and rate receivers due to higher inflation expectations as a result of higher oil and gas prices and a stronger US dollar.

From the market perspective, perhaps more than the impact on the CPI and later on the economy, the current positioning will be important. Globally, the conflict has found the market

heavily long EM markets, which will deepen the market reaction. Within the region, we expect HUF and TRY to be under pressure as the most long currencies. The CBT already announced readiness on Sunday and also new intervention in the forward market, and at the same time it is entering the stress period with record FX reserves (\$206bn). Our estimates also showed some reduction in long TRY positioning in the past two weeks. Therefore, we expect USD/TRY to remain under the control of the central bank. EUR/HUF is likely to see the most upward pressure within the region after the market first built strong carry long positions in recent months and then transformed them into election pre-positioning. These positions will come under pressure, and we can expect a return above 380 EUR/HUF.

In rates, we have seen central banks turn dovish since the beginning of the year with the intention of cutting rates. This has been helped not only by favourable global factors but also by domestic reasons. The market is mostly receiving rates and long bonds currently, where January figures showed the first month in a while where foreign inflows exceeded domestic demand. Here we see HUF and TRY rates as the most exposed to repricing upwards, but we can expect pressure across the board given the rally in recent days. While short-term expectations will be repriced upwards due to the postponement of rate cuts, the long end may be more resilient due to the second-round impact of higher energy prices on output. Therefore, we expect a flattening of the curves as the market direction for the coming days.

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