

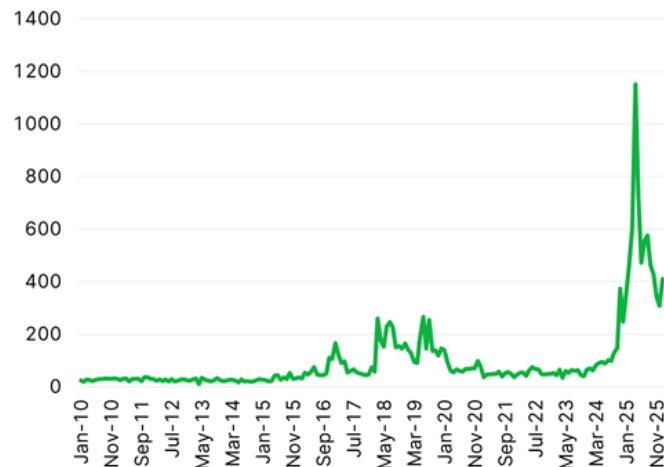
CEE MACRO AND FI DAILY

Trade uncertainty remains at high levels

On the Radar

- The ECB Governing Council left key interest rates unchanged at February meeting.
- Czechia's central bank kept the policy rate unchanged at 3.5%.
- December's retail sales declined in Romania by -2.0% y/y and in Slovakia by -5.0% y/y.
- In Hungary, retail sector expanded by 3.5% y/y while in Czechia retail sales (excluding Auto) grew by 1.8% y/y in December.
- Inflation rate in Czechia eased to 1.6% y/y in January.
- Today, December's industrial output growth is due in Hungary (8.30 AM CET) and in Czechia (9 AM CET).
- Czechia and Slovakia will publish trade data at 9 MA CET, while Croatia at 11 AM CET.

Trade Policy Uncertainty Index

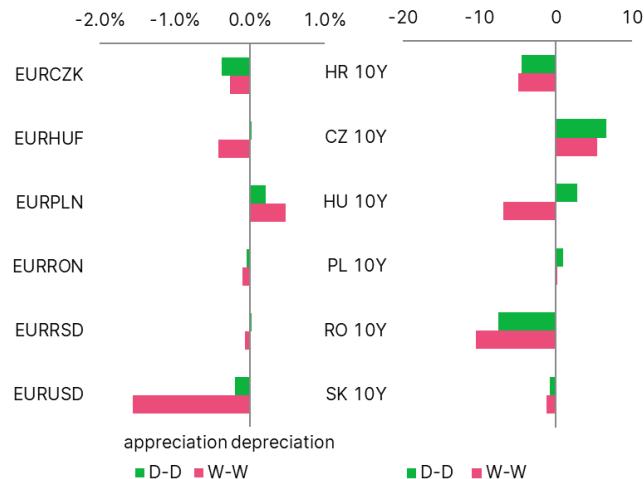


Source: Erste Group Research

Economic developments

Today we look again at Trade Policy Uncertainty Index that ticked up at the beginning of 2026. Although Trade Policy Uncertainty Index has eased visibly since the peak in April 2025, it remains elevated compared to historical levels. The recent development seems to confirm that heightened uncertainty is not solely associated with the tariff increases themselves (spike in early 2025), but also with the volatility in policy signaling, frequent revisions, and ongoing negotiations. The most recent uptick may be related to the (unmaterialized) threat of tariffs for several EU countries ramping up President Trump's push to make Greenland a part of the United States. Although President Trump reversed his position at the 2026 Davos conference, pledging not to use force or tariffs to annex Greenland, the uncertainty has risen again. All in all, trade policy uncertainty is likely to remain a salient macro financial risk factor over the near term.

Market performance



Source: Erste Group Research

Market developments

As expected, the ECB Governing Council left key interest rates unchanged at February meeting. The most important deposit rate in terms of monetary policy thus remains at 2%. Market expectations for the future level of key interest rates have fallen slightly in recent weeks. Further, despite easing inflation, Czechia's central bank decided to keep policy rate unchanged at 3.5% at the first meeting in 2026. Inflation in Czechia declined to 1.6% y/y in January, which is below the central bank's target. The Czech central bank presented a new forecast. According to it, inflation should average 1.6% this year and return to around 2% next year. At the press conference, Governor Michl stated that the Bank Board discussed the possibility of a rate cut today. In this regard, it was mentioned that the central bank would want to see a decline in core inflation. The EURCZK moved toward 24.26 while EURHUF was holding below 380. Romania was active at the bond market selling RON 2.23 billion of government papers maturing in 2027 and 2032. In Poland, The Ministry of Finance has priced four tranches of yen-denominated bonds (maturity of 3, 4, 10 and 20 years) with a total value of JPY 211.6 billion, marking its largest-ever transaction on the Japanese market. NBP Governor Adam Glapinski at his press conference stated that an interest rate cut in March is possible if the upcoming inflation projection (due in March) shows no disturbing signs.

Analyst:

Katarzyna Rzentalrewska
+43 5 0100 17356
katarzyna.rzentalrewska@erstegroup.com

Analyst:

Juraj Kotian
+43 (0)5 0100 17357
juraj.kotian@erstegroup.com

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
06. Feb	08:30	HU	Industrial Production (y/y)	Dec	-0.01	-1.50%	-5.40%
	09:00	SK	Trade Balance	Dec		180.00	504.80
	09:00	CZ	Industrial Production (y/y)	Dec		2.20%	5.70%
	09:00	CZ	Trade Balance	Dec		13.00	16.30

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.23	-0.4	-0.3
EUR/HUF	379.27	0.0	-0.4
EUR/PLN	4.22	0.2	0.5
EUR/RON	5.09	0.0	-0.1
EUR/RSD	117.26	0.0	-0.1
EUR/USD	1.18	-0.2	-1.6

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.47	1	1
HUF	6.35	-1	-4
PLN	3.89	0	-1
RON	5.87	0	-1
RSD	4.68	0	0
EUR	2.02	-2	0

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.36	7	5
HU 10Y	6.48	3	-7
PL 10Y	5.04	1	0
RO 10Y	6.53	-8	-11
HR 10Y	3.25	-5	-5
SK 10Y	3.37	-1	-1

Group Research

 Head of Group Research
 Friedrich Mostböck, CEFA®, CESGA®

+43 (0)5 0100 11902

+43 (0)50100 11303

CEE Macro/Fixed Income Research

 Head: Juraj Kotian (Macro/FI)
 Katarzyna Rzentalzewska (Fixed income)
 Jakub Cery (Fixed income)

 +43 (0)5 0100 17357
 +43 (0)5 0100 17356
 +43 (0)5 0100 17384

+43 (0)5 0100 85882

Croatia/Serbia
 Alen Kovac (Head)
 Mate Jelić
 Ivana Rogic

 +385 72 37 1383
 +385 72 37 1443
 +385 72 37 2419

+43 (0)5 0100 84340

Czech Republic
 David Navratil (Head)
 Jiri Polansky
 Michal Skorepa

 +420 956 765 439
 +420 956 765 192
 +420 956 765 172

+43 (0)5 0100 84983

Hungary
 Orsolya Nyeste
 János Nagy

 +361 268 4428
 +361 272 5115

+43 (0)5 0100 84652

Romania
 Ciprian Dascalu (Head)
 Vlad Nicolae Ionita
 Rares-Teodor Racovita

 +40 3735 10108
 +40 7867 15618
 +40 7305 19835

+43 (0)5 0100 84924

Slovakia
 Maria Valachyova (Head)
 Matej Hornak
 Marian Kocis

 +421 2 4862 4185
 +421 902 213 591
 +421 904 677 274

+361 237 8202

Major Markets & Credit Research
 Head: Rainer Singer
 Ralf Burchert, CEFA®, CESGA® (Sub-Sovereigns & Agencies)
 Hans Engel (Global Equities)
 Maurice Jiszda, CFA®, CFDS® (USA, CHF)
 Peter Kauffmann, CFA® (Corporate Bonds)
 Helko Langer (Financials & Covered Bonds)
 Stephan Lingnau (Global Equities)
 Maximilian Möstl (Credit Analyst Austria)
 Carmen Riefler-Kowarsch (Financials & Covered Bonds)
 Bernadett Povazsai-Römhild, CEFA®, CESGA® (Corporate Bonds)
 Elena Statilev, CFA® (Corporate Bonds)
 Gerald Walek, CFA® (Eurozone)

 +43 (0)5 0100 17331
 +43 (0)5 0100 16314
 +43 (0)5 0100 19835
 +43 (0)5 0100 19630
 +43 (0)5 0100 11183
 +43 (0)5 0100 85509
 +43 (0)5 0100 16574
 +43 (0)5 0100 17211
 +43 (0)5 0100 19632
 +43 (0)5 0100 17203
 +43 (0)5 0100 19641
 +43 (0)5 0100 16360

+420 224 995 511

CEE Equity Research
 Head: Henning Eßkuchen, CESGA®
 Daniel Lion, CFA® (Technology, Ind. Goods&Services)
 Michael Marschallinger, CFA®
 Nora Varga-Nagy, CFA® (Telecom)
 Christoph Schultes, MBA, CFA® (Real Estate)
 Thomas Unger, CFA® (Banks, Insurance)
 Vladimíra Urbanová, MBA (Pharma)
 Martina Valenta, MBA

 +43 (0)5 0100 19634
 +43 (0)5 0100 17420
 +43 (0)5 0100 17906
 +43 (0)5 0100 17416
 +43 (0)5 0100 11523
 +43 (0)5 0100 17344
 +43 (0)5 0100 17343
 +43 (0)5 0100 11913

+40 731 680 257

Croatia/Serbia

 Mladen Dodig (Head)
 Magdalena Basic
 Ivan Liseč
 Boris Pevalek, CFA®
 Marko Plastic
 Davor Spoljar, CFA®

 +381 11 22 09178
 +385 99 237 1407
 +385 99 237 2012
 +385 99 237 2201
 +385 99 237 5191
 +385 72 37 2825

+421 2 4862 5622

Czech Republic
 Petr Bartek (Head, Utilities)
 Jan Bystřický

 +420 956 765 227
 +420 956 765 218

+43 (0)50100 84432

Hungary
 József Míró (Head)
 András Nagy
 Tamás Pletser, CFA® (Oil & Gas)

 +361 235 5131
 +361 235 5132
 +361 235 5135

+49 (0)711 810400 5540

Poland
 Cezary Bernatek (Head)
 Piotr Bogusz
 Łukasz Jańczak
 Jakub Szopek
 Krzysztof Tkocz

 +48 22 257 5751
 +48 22 257 5755
 +48 22 257 5754
 +48 22 257 5753
 +48 22 257 5752

+43 (0)5 0100 84432

Romania
 Călin Rapanu
 Liviu-Mihai Bogdan

 +40 3735 10441
 +40 799 841 371

+40 7305 18635

Group Markets

 Head of Group Markets
 Oswald Huber

+43 (0)5 0100 84901

+43 (0)50100 84403

 Group Markets Retail and Agency Business
 Head: Martin Langer

+43 (0)5 0100 11313

+43 (0)5 0100 84119

 Markets Retail Sales AT
 Head: Markus Kaller

+43 (0)5 0100 84239

+43 (0)50100 84403

 Group Markets Execution
 Head: Kurt Gerhold

+43 (0)5 0100 84232

+43 (0)50100 84332

 Retail & Sparkassen Sales
 Head: Uwe Kolar

+43 (0)5 0100 83214

+420 224 995 512

Markets Retail Sales & PM SK

+421 911 891 098

+43 (0)50100 84333

 Markets Retail Sales HUN
 Head: Peter Kishzai

+36 1 23 55 853

+43 (0)50100 84250

 Markets Retail Sales CZ
 Head: Martin Vlcek

+420 956 765 374

+43 (0)50100 13049

Markets Retail Sales & PM CRO

+385 (0)72 37 1385

+43 (0)50100 14090

Head: Neven Radaković

+385 (0)72 37 2461

+43 (0)50100 14090

Markets Retail Sales & PM RO

+40 7852 47110

+43 (0)50100 14090

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Erste Group Bank AG
Group Research
1100 Vienna, Austria, Am Belvedere 1
Head Office: Wien
Commercial Register No: FN 33209m
Commercial Court of Vienna
Erste Group Homepage: www.erstegroup.com