

CEEMEA Week Ahead: NBH Rate Decision, South Africa Budget

20 February 2026, by Hiren Ravji and Krzysztof Kruk

Executive Summary:

- The National Bank of Hungary is expected to reduce the base rate for the first time since September 2024. The decisive CPI print for January came in below expectations, setting the stage for the beginning of the long-anticipated easing cycle.
- In South Africa, Enoch Godongwana will deliver the annual budget. The notably upbeat MTBPS raised the bar, increasing pressure on the government to meet investor expectations and demonstrate that it remains committed to stabilising the public finances.
- Polish retail sales data is due after the first batch of monthly macroeconomic statistics for January broadly undershot expectations.

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	Spot/Futures/Yield	Change (price), % or bps			One-month trend
		One-day	One-week	One-month	
EUR/USD	1.179	0.14%	-0.66%	0.55%	
EUR/PLN	4.2226	0.04%	0.30%	-0.01%	
EUR/HUF	379.69	0.11%	0.13%	-1.42%	
EUR/CZK	24.222	-0.09%	-0.18%	-0.44%	
USD/ZAR	16.0456	-0.61%	0.63%	-2.31%	
US 10yr	4.0903	2.3	4.2	-20.2	
Poland 10yr	4.978	3.5	4.6	-16.8	
Hungary 10yr	6.486	0.6	-4.1	-25.7	
Czech 10yr	4.382	2.4	-0.4	-19.2	
South Africa 10yr	8.123	-2.3	1.9	-30.2	
E-mini S&P	6900.5	0.34%	0.73%	1.04%	
EuroStoxx 50	6117	0.97%	1.97%	3.52%	
WIG	124589.17	-0.55%	0.04%	3.02%	
BUX	126363.05	-0.25%	-0.47%	4.19%	
PX	2711.7	0.71%	2.65%	2.31%	
FTSE/JSE All Share	123022.03	0.97%	2.02%	2.06%	
WTI	66.04	-0.59%	5.01%	9.41%	
Brent	71.19	-0.66%	5.08%	10.91%	
Gold	5051.57	1.11%	0.19%	6.05%	
Silver	82.4566	5.03%	6.51%	-12.83%	

20/02/26 Time (GMT): 15:49

Upcoming Data Releases/Political Events:

Monday 23rd

Poland January retail sales (Est: +3.1% Y/Y; Prior: +5.3% Y/Y)

- The first batch of monthly macroeconomic statistics for January broadly undershot expectations as wages corrected their bonus-driven December jump and frosty weather conditions weighed on economic activity. Retail sales data is set to provide more clarity on the impact of heavy snowfall and low temperatures on consumer spending patterns at the beginning of the year.

Bank of Israel rate decision (Est: 3.75%; Prior: 4.00%)

Tuesday 24th

Poland January unemployment rate (Est: 6.0%; Prior: 5.7%)

NBH rate decision (Est: 6.25%; Prior: 6.50%)

- The National Bank of Hungary is expected to reduce the base rate for the first time since September 2024. The decisive CPI print for January came in below expectations, setting the stage for the beginning of the long-anticipated easing cycle. Central bank officials have indicated in the past that services inflation in particular is important for the trajectory of monetary policy, so the soft reading for this component, as well as the plunge in the headline figure, should provide policymakers with the confidence to proceed with rate cuts – albeit the meeting-by-meeting approach is expected to be maintained for future decisions. See our preview [here](#).

Czechia February consumer and business confidence (Est: 100.6; Prior: 100.2)

Czechia February consumer confidence (Est: 108.5; Prior: 108.2)

Czechia February business confidence (Est: 99.0; Prior: 98.6)

South Africa December leading indicator (Prior: 118.4)

Wednesday 25th

Hungary February economic sentiment (Prior: -14.2)

Hungary February business confidence (Prior: -11.5)

Hungary February consumer confidence (Prior: -22.0)

Czechia January PPI (Est: -2.4% Y/Y; Prior: -2.1% Y/Y)

Russia January industrial production (Est: +1.0% Y/Y; Prior: +3.7% Y/Y)

South Africa Finance Minister Enoch Godongwana to present annual budget

- The particularly upbeat MTBPS raised the bar for Finance Minister Enoch Godongwana to deliver on investor expectations and prove that the government remains on track to stabilise public finances, but general sentiment around South Africa's slow and steady progress toward greater fiscal sustainability has been overwhelmingly positive. On the policy front, the Minister may unveil the details of the planned fiscal anchor.

Thursday 26th

🇹🇷 **Turkey January trade balance** (Est: -\$8.40bn; Prior: -\$9.30bn)

🇹🇷 **Turkey February economic confidence** (Prior: 99.4)

🇿🇦 **South Africa January PPI** (Est: +2.4% Y/Y; Prior: +2.9% Y/Y)

Friday 27th

🇭🇺 **Hungary January PPI** (Prior: -3.4% Y/Y)

🇭🇺 **Hungary January unemployment rate** (Est: 4.4%; Prior: 4.4% Y/Y)

🇹🇷 **Turkey January unemployment rate** (Prior: 7.7%)

🇿🇦 **South Africa January trade balance** (Est: ZAR5.3bn; Prior: ZAR23.2bn)

🇿🇦 **South Africa January budget balance** (Prior: ZAR38.4bn)

All estimates via the Bloomberg analyst survey, as of 20/02/26


Bond Auctions:

 Monday: Israel to sell ILS2bn of bonds

 Monday: Romania to sell RON600mn of 2033 bonds


 Tuesday: South Africa to sell ZAR1bn each of 2033, 2038, 2053 bonds

 Wednesday: Poland to sell bonds

 Wednesday: Czechia to sell CZK3bn of 2033, CZK5bn of 2037 and CZK1bn of 2044 bonds


 Thursday: Romania to sell RON400mn of 2034 bonds

Notable Option Expiries:

 Tuesday: USD/ZAR 15.90 (\$220mn), 16.23 (\$250mn)

 Wednesday: USD/ZAR 16.00 (\$345mn)

 Wednesday: EUR/HUF 388.00 (E903mn)

 Thursday: EUR/PLN 4.18 (E512mn), 4.23 (E638mn)

 Friday: USD/ZAR 16.25 (\$383mn)

Key Technical Levels:

 EUR/PLN: Cross remains in consolidation mode

- RES 2: 4.2532 Nov 21 high
- RES 1: 4.2330 Dec 29 high
- PRICE: 4.2240 @ 15:30GMT 20/02/26
- SUP 1: 4.1936 Jan 28 low and bear trigger
- SUP 2: 4.1704 76.4% retracement of Feb 27 - Apr 16 bull cycle

 EUR/HUF: Bear trend intact

- RES 3: 391.52 Dec 23/24 high
- RES 2: 382.08 50-day EMA
- PRICE: 379.71 @ 15:30GMT 20/02/26
- SUP 1: 376.34 1.764 projection of Jan 7 - Mar 21 - Apr 14 2025 price swing
- SUP 1: 371.70 2.000 projection of Jan 7 - Mar 21 - Apr 14 2025 price swing

 USD/ZAR: Trend condition remains bearish

- RES 2: 16.3092 50-day EMA
- RES 1: 16.0706 20-day EMA
- PRICE: 16.0845 @ 15:30GMT 20/02/26
- SUP 1: 15.6134 2.618 projection of Sep 4 - Oct 9 - Nov 5 price swing
- SUP 2: 15.5038 2.764 projection of Sep 4 - Oct 9 - Nov 5 price swing

MNI Macro Insights:

— POLAND: Analysts See January Data as Supportive of Rate Cut in March

Private-sector wage growth cooled significantly to +6.1% Y/Y in January, the lowest point since February 2021, as the latest set of macroeconomic indicators undershot expectations amid the aforementioned combination of calendar and weather effects. The Statistics Office attributed the 6.1% M/M drop in wages to the absence of Christmas and Miners' Day bonuses, as well as the generally smaller scale of bonuses compared to December. The outturn suggests that the upturn in wage growth toward end-2025 may have been a one-off and the underlying downtrend is intact, paving the way for an imminent resumption of monetary easing by the NBP.

- **ING** write that in the match between the weather and the economy, it was 1:0 for the weather. In their view, GDP growth in 1Q26 will be slightly slower than in 4Q25 (+4.0% Y/Y). They suggest that the weaker set of data opens up room for an interest-rate cut in March, although low inflation remains the key argument. Weaker economic activity in January may have been a result of weather and calendar, because other indicators suggest that the economy is accelerating, with ING pointing to the increase in export orders across Central Europe and the ongoing revival of public investments in Poland.
- **mBank** write that when they had looked at consensus forecasts and the weather, they thought that 'either the weather is wrong or consensus forecasts are. Given that the weather can't be wrong, consensus forecasts must have.' They describe the data as very weak and speculate that February will probably bring similar (weak) outturns. They note that the winter weighed on consumer activity, which will probably show in retail sales data as well, with only energy production standing out in industrial output data. In terms of wages, 'we are back to Earth', normalisation continues, and momentum for the past 12-months returns to +7% Y/Y from +9% Y/Y. According to mBank, considering a small minimum wage hike this year, the rate of wage growth will be converging with ~6%. They see no arguments against interest-rate cuts.
- **Pekao** write that the declines in industrial output were broad-based (21 out of 34 sectors), with only 'other transport equipment' and energy standing out. They point to a strong slowdown in wage growth caused by a high comparative base from December generated by year-end bonuses. In their view, wage growth may be heading towards +5.5% Y/Y this year. They dismiss employment data because of the annual change on the sample of surveyed enterprises.
- **PKO** write that the industry caught hiccups at the start of the year and the calendar effect (-1 working day Y/Y) does not fully explain the weak outturn. They speculate that some workplaces may have been closed on January 2 and 5 (a Friday and a Monday in the midst of what would otherwise be a long weekend). With regards to the wage data, PKO think that the December upturn was just a one-off incident, while real wages rose by just 3.8% Y/Y. In their view, this will support the MPC in its likely decision to cut interest rates in March.

— POLAND: Central Bank May Have Quietly Tweaked Its Method of Valuing Gold Reserves

The National Bank of Poland (NBP) may have quietly changed the way it calculates the value of its gold holdings, ditching the daily morning LBMA fixing as the sole reference price, according to analysts who reviewed recent updates on foreign reserves. Given that more than a third of its stash of the yellow metal is kept in New York, one hypothesis is that these holdings are now priced according to a local benchmark.

- A drop in the implied tonnage of the NBP's gold reserves triggered speculation that the central bank may have sold some of its reserves in January, despite the earlier aggressive purchases and its stated goal to boost its gold holdings to 700t. Tavex Head of Research Tomasz Gessner wrote that there may have been a correction to the tune of 7.7t, likely as a result of a tactical or clerical adjustment rather than a strategic shift.
- The estimate was arrived at by taking the value of gold holdings in the latest update on the NBP's foreign reserves \$88.7bn and dividing it by the reference price. The official update on the amount of gold in its reserves will only be published by the NBP on February 20, in the monthly report on 'International Reserves and Foreign Currency Liquidity'. In December 2025, the central bank held 17.69mn oz. of gold.

- Economist Rafał Mundry notes that applying the LBMA fixing as a reference price worked up until September 2025 but then started diverging. He adds that this method had been used to estimate the amount of gold held by the NBP prior to official updates for years. In his view, the NBP may have switched to a weighted average of local benchmarks, given that around 80% of its gold reserves are kept between London and New York.
- The NBP has been the top gold buyer among all central banks in the world for two years in a row now, boosting its holdings by almost 100t in 2025 alone to around 550t at the end of the year. The Management Board recently approved a proposal to further increase gold holdings to a target amount of 700t, replacing the earlier target of 30% of all foreign reserves.

— POLAND: PiS Leader Decides on PM Candidate Fanning Factional Infighting

Factional conflict within the main opposition Law and Justice (PiS) party continues to boil after its leader Jarosław Kaczyński told the catholic radio station Radio Maryja that a tentative choice of the candidate for Prime Minister has already been made and will be announced in March, following consultations with a wider circle of PiS officials. Several media outlets quickly reported that Tobiasz Bocheński was the front-runner to become the party's PM candidate ahead of the 2027 parliamentary elections.

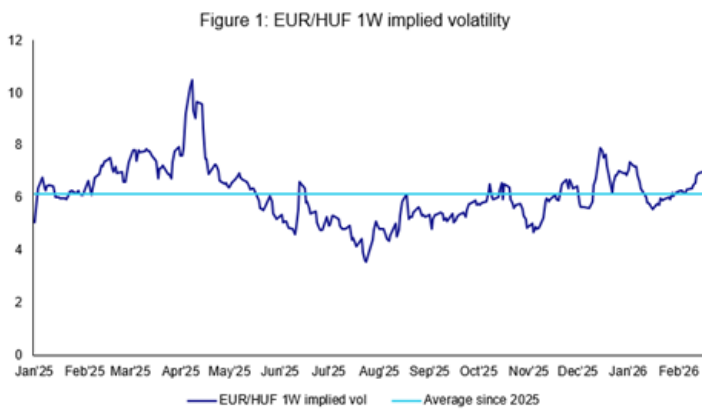
- These comments came amid a split between the rival factions of 'scouts' led by ex-Prime Minister Mateusz Morawiecki and 'butterers' including Bocheński. Infighting has been fuelled by Kaczyński's age and increasingly ailing health, which raise the prospect of a succession crisis once the founder and unrivalled leader of PiS leaves the party in coming years.
- Sources told PAP news agency that the short list of candidates includes four names. Apart from Bocheński, the list was said to include Head of the President's Chancellery Zbigniew Bogucki, ex-Education Minister Zbigniew Bogucki and PiS deputy leader (but a relatively unknown MP) Anna Krupka. All are below 50 years old and relatively conservative.
- Meanwhile, Zero.pl released a source report suggesting that Morawiecki was 'preparing to leave Law and Justice' amid his growing frustration with the dominance of the 'butterers' in party leadership. At this point, it is unclear if this would be an attempt to form a new party or merely create a credible threat and gain leverage in internal bargaining on the 2027 electoral lists.
- In relative terms, Morawiecki, previously a seasoned banking sector executive, and his faction of 'scouts' are more centrist, conciliatory and technocratic than the more conservative, revisionist and nationalist 'butterers'. The balance of power between these factions has implications for PiS' foreign policy stance, risk tolerance, and coalition-building capacity.
- The fracture of PiS represents a tail risk for the local political scene and would raise uncertainty around next year's elections. For the past two decades, Poland has had a 'two-and-a-half' or '2+2+1' party system, where PiS under the leadership of Jarosław Kaczyński was one of the key components, competing for power with the liberal Civic Platform (now Civic Coalition).
- The right wing of Polish political scene has already been undergoing fragmentation, with support for PiS dwindling for the ascendant benefit of ultra-right Confederation of the Polish Crown (KKP) and steady support for the conservative-liberal Confederation (K). The potential emergence of a new centre-right party would further complicate this picture.

— HUNGARY: Implied Vols Creep Higher as Key Domestic Risk Events Edge Closer

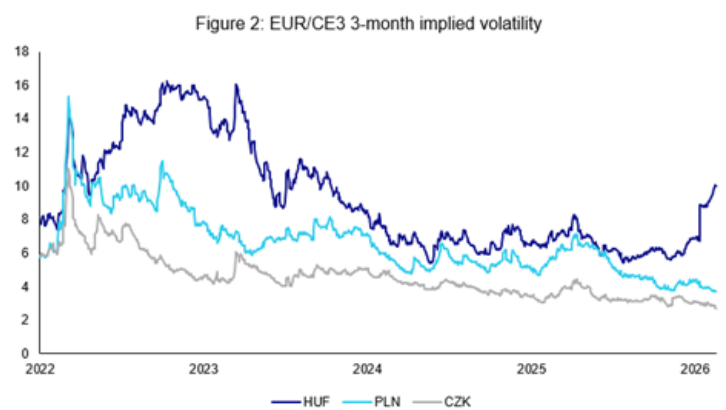
Whilst EURHUF will likely remain relatively range-bound ahead of next week's central bank meeting (barring any significant shocks), implied vols have begun to creep higher as we near what will be a pivotal shift in the NBH's monetary policy and, more importantly, the April 12 general election. Longer-dated maturities capturing the vote have spiked to multi-year highs, widening the HUF vol premium over that of PLN and CZK, while the increases in shorter-dated maturities are less pronounced. At the same time, 3-month EURHUF risk reversals are trading close to the lowest level since March last year,

mirroring the pullback in the spot rate and reducing the premium of EURHUF call vol over puts. Given the market's bias for a stronger HUF, any corrections lower could provide more attractive entry levels for new longs.

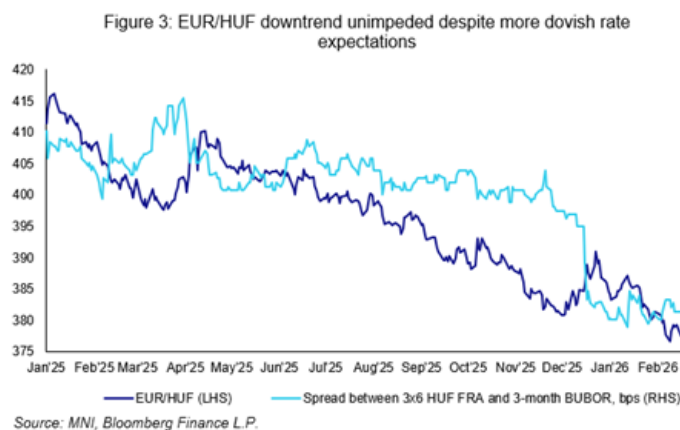
- Markets had already been pricing in a rate cut in Q1, so the soft January inflation data helped to bolster these expectations – the spread between the 3-month BUBOR and HUF FRAs indicates that more than one 25bp rate cut has been priced in over the next couple of months.
- Despite the convictive market pricing for policy easing, HUF continues to trade close to its recent cycle highs. The currency's resilience to easing prospects (due partially to its still-attractive carry returns relative to other regional peers) is likely to provide assurance to policymakers that long HUF positions will not be aggressively unwound once cuts are actually delivered (see figure 3 below).
- We also note that pre-election positioning remains a more important driver for the forint compared to NBH policy as the election nears. Polymarket continues to assign a near 60% chance of the opposition Tisza winning the vote. This would represent the most market-friendly outcome – at least on the surface level – given the prospect of closer EU-Hungary ties as well as the party's commitment to unlocking frozen funds.



Source: MNI, Bloomberg Finance L.P.



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Source: MNI, Bloomberg Finance L.P.

HUNGARY: EU Tones Down Criticism of Orban Pre-Election - FT

The FT reports that the "European Commission is toning down its criticism of Hungary's Viktor Orban and might even disburse fresh EU funds to his illiberal government ahead of elections". People familiar with the matter tell the FT that the Commission does not want to be seen to be interfering in the April election, nor give ammunition to Orban's right-wing populist Fidesz party in its frequent anti-Brussels messaging.

- The report notes that ~EUR2.4bln in new EU funding could be disbursed to Hungary before the election, but that the ~EUR17bln currently frozen due to investigations into potential rule of law violations would remain so.
- Relations with the EU are proving a prominent talking point in Hungary before the elections, with opposition leader Peter Magyar of the TISZA Party saying on 15 Feb that "Hungary's place is in Europe, not only because we need Europe but also because Europe needs us".

- US Secretary of State Marco Rubio has bolstered American ties with Budapest on Monday. After delivering his address to the Munich Security Conference on 14 Feb, Rubio travelled to Slovakia and then Hungary.
- In a press conference earlier on 16 Feb, Rubio said ties are "as close as I can possibly imagine it [sic] being". Rubio said US President Donald Trump's "extraordinarily close relationship" with Orban meant "your success is our success." With a nod to the upcoming election, Rubio said this would continue "as long as you're prime minister," and that the countries have "not even scratched the surface of what we can achieve together."

SOUTH AFRICA: Jan CPI Slightly Stronger-Than-Expected But Still Room for Rate Cuts

Headline inflation slipped to +3.5% Y/Y in January from +3.6% Y/Y in December, which SARB Governor Kganyago had earlier flagged as a likely cyclical peak. This fell marginally to the hawkish side of expectations (+3.4%), with core inflation ticking higher to +3.4% Y/Y from +3.3% prior. Despite the slightly above-forecast readings, convergence with the +3.0% Y/Y target resumed, leaving the SARB room to return to monetary easing in coming months. However, the data did prompt a minor hawkish correction in FRA markets, with the 2x5 FRA/3-month JIBAR spread narrowing to around 11bps (compared to ~15bps at the start of the day).

- **Goldman Sachs** maintain their forecast for inflation in 2026 at 3.2%, roughly in line with the SARB's forecast of 3.3%. Their near-term forecasts are now slightly above-consensus and the SARB's (through mid-2026), while their medium-term outlook remains significantly lower.
- **JP Morgan** believe transport as well as core goods inflation will decline further in the coming months, mitigating the gentle rise in services inflation. From mid-year, food inflation may also soften once the foot and mouth vaccine program is well underway. The main risk to the March repo rate cut is, in their view, the 1Q inflation expectation report, released in early March. A softening in expectations to 3.5% or below should demonstrate sufficient progress towards better anchoring the lower inflation target, while the February inflation report likely reflects CPI inflation very close to 3%.
- **Nedbank** forecast inflation to trend moderately higher in the next two months, peaking at around 3.7%. This temporary rise largely reflects the normalisation of last year's low base, particularly within the food and fuel components. Overall, they expect inflation to average 3.4% in 2026 before declining towards 3.1% in 2027. Nedbank believe that the benign inflation outlook, together with subdued growth outcomes, should persuade the SARB to resume its cutting cycle in the second quarter. They forecast two 25bp cuts in May and July.

TURKEY: Rising Concerns About the Competitiveness of Turkish Exporters

- The President of the Izmir Industrialists and Businessmen Association said that high inflation, commercial loan rates exceeding 50% and difficulties in accessing financing will continue in 2026, adding that the failure to update the EU customs union and increasing global competition pose serious risks for exporters.
- The remarks follow similar comments from the head of the Turkish Exporters Assembly earlier in the week, who said many sectors have lost competitiveness due to increasing costs and the exchange rate-inflation imbalance. He called for increased support and an acceleration of production-oriented policies.

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