

# The high inflation years in Slovakia and the CEE economies



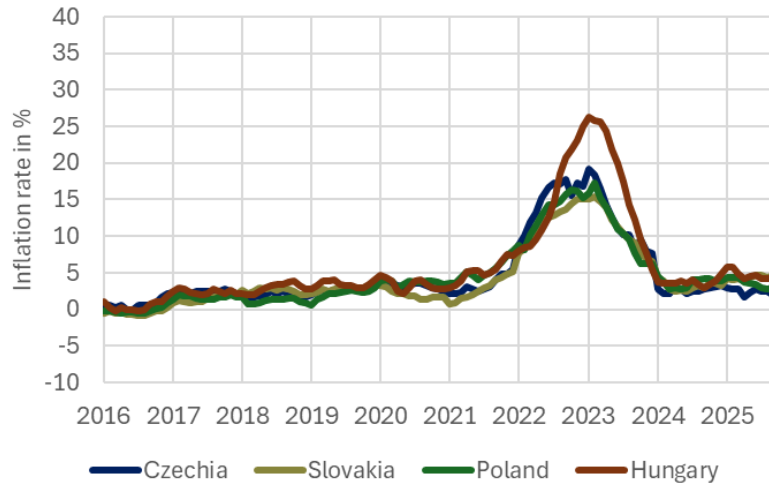
Michal Horváth



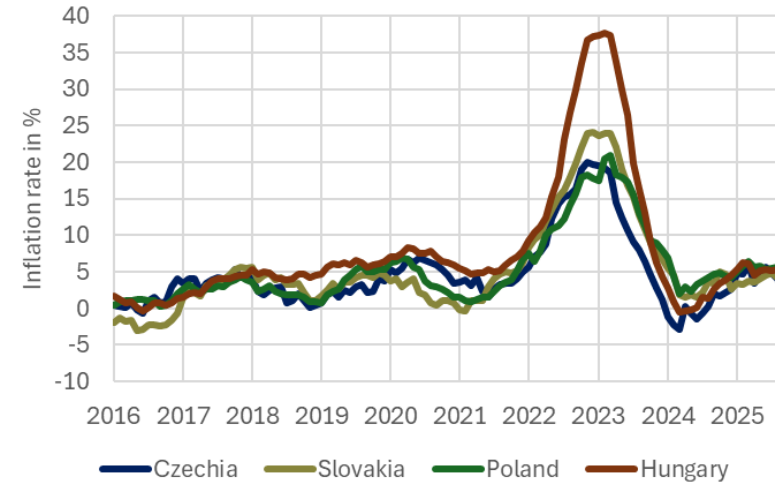
7 November 2025

# The inflation experience has been broadly similar across V4 economies

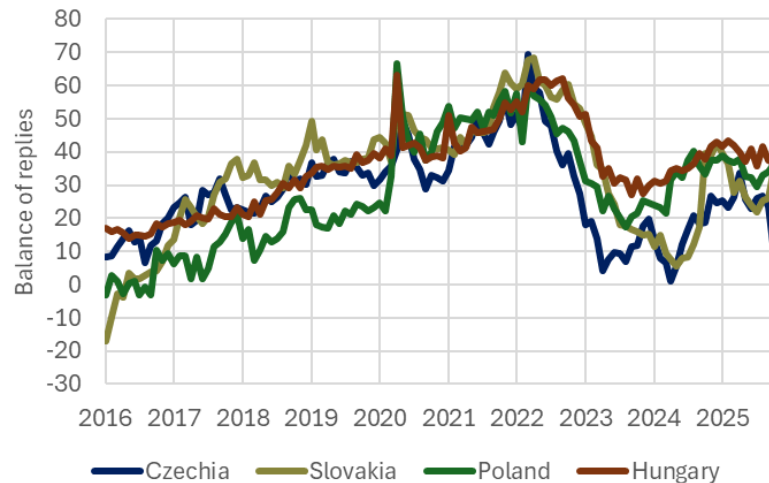
## HICP headline y-o-y inflation



## HICP Food y-o-y inflation



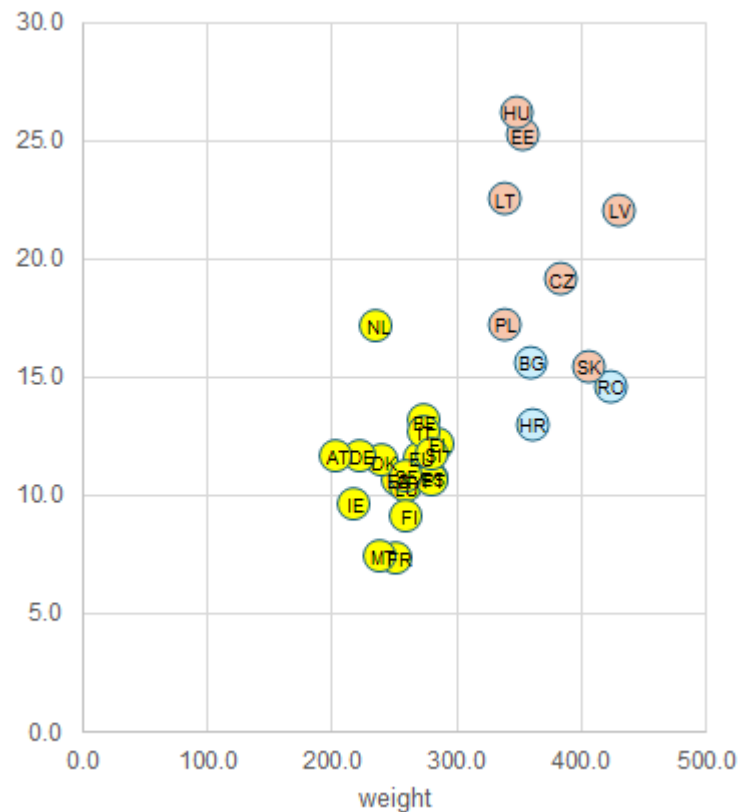
## Expected inflation (qualitatively)



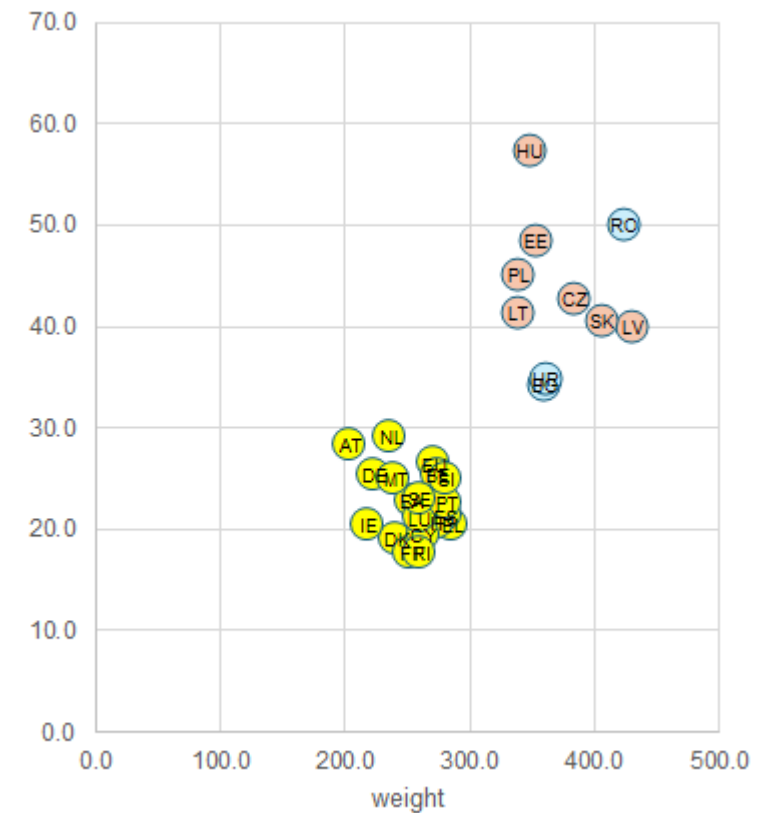
Source: European Commission – Harmonized Consumer Survey

# Higher weight of energy and food partly explains strong headline inflation response in CEE economies

Food+Elgas weight vs. HICP inflation peak



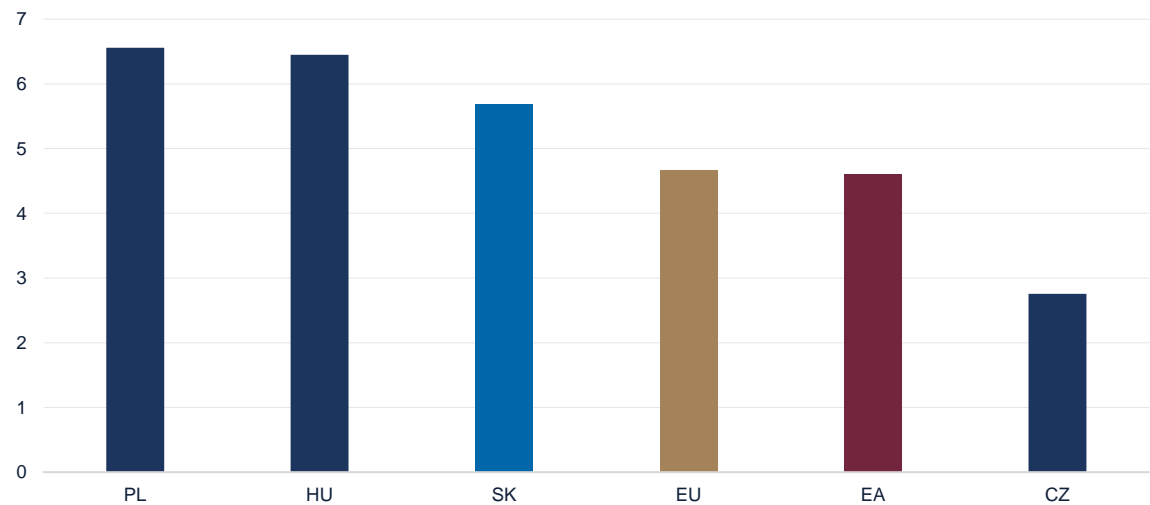
Food+Elgas weight vs. HICP cumulative increase





# CEE inflation also more sensitive to energy and earnings shocks

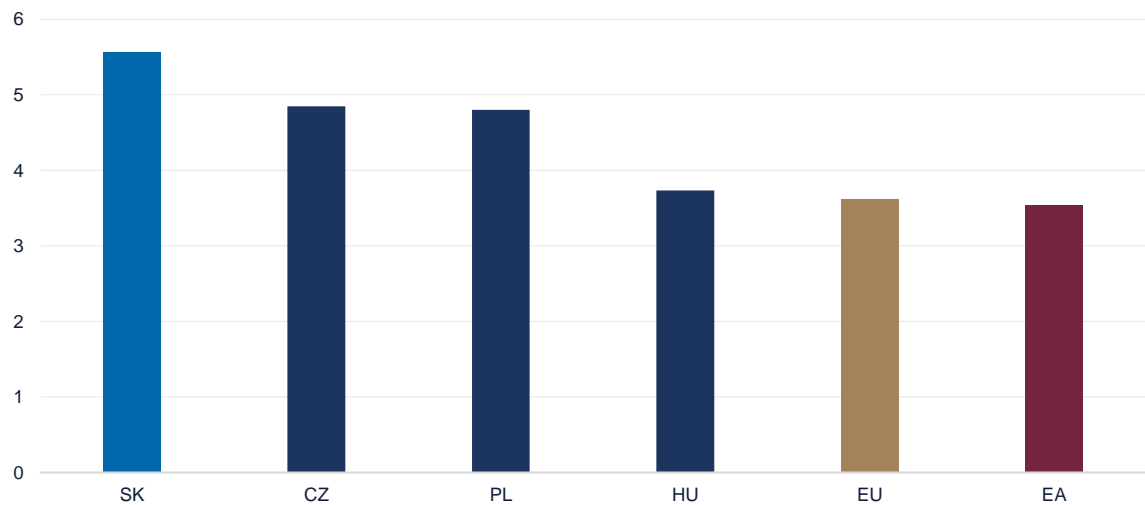
Change in CPI after 5 years since energy price shock (%)



Source: Oxford Economics Global Economic Model and NBS calculations

Note: Permanent shocks +50 % in oil price and + 250 % in natural gas price in Europe. Shocks size is similar to the energy crisis caused by the conflict in Ukraine.

Change in CPI after 5 years since earnings shock (%)

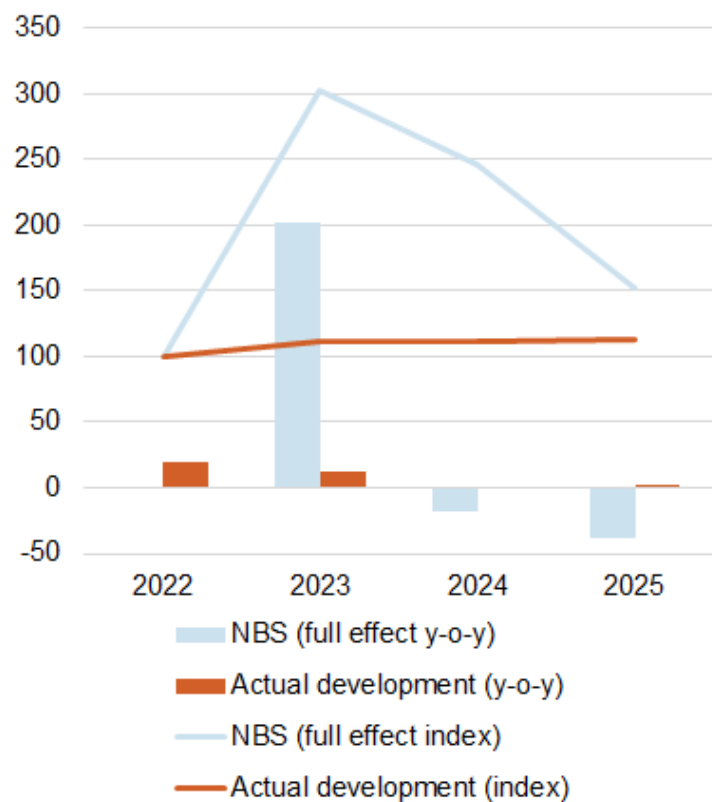


Source: Oxford Economics Global Economic Model and NBS calculations

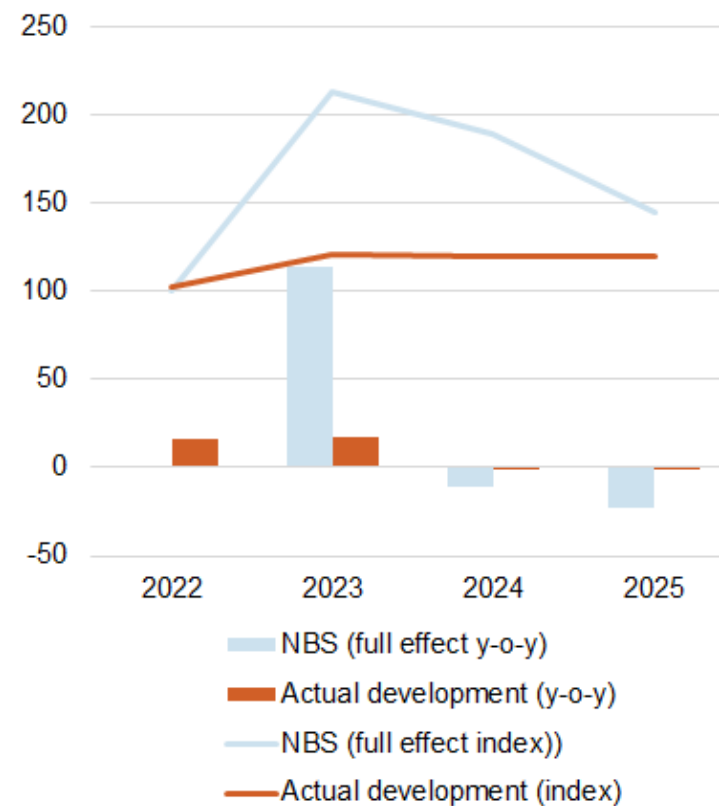
Note: Permanent shock +10 % in earnings in EU. Shock size is similar to the post-pandemic labour market tension in SK in 2023.

# Energy price cap for households played a key role in containing SK inflation

Estimated full-effect and actual gas prices

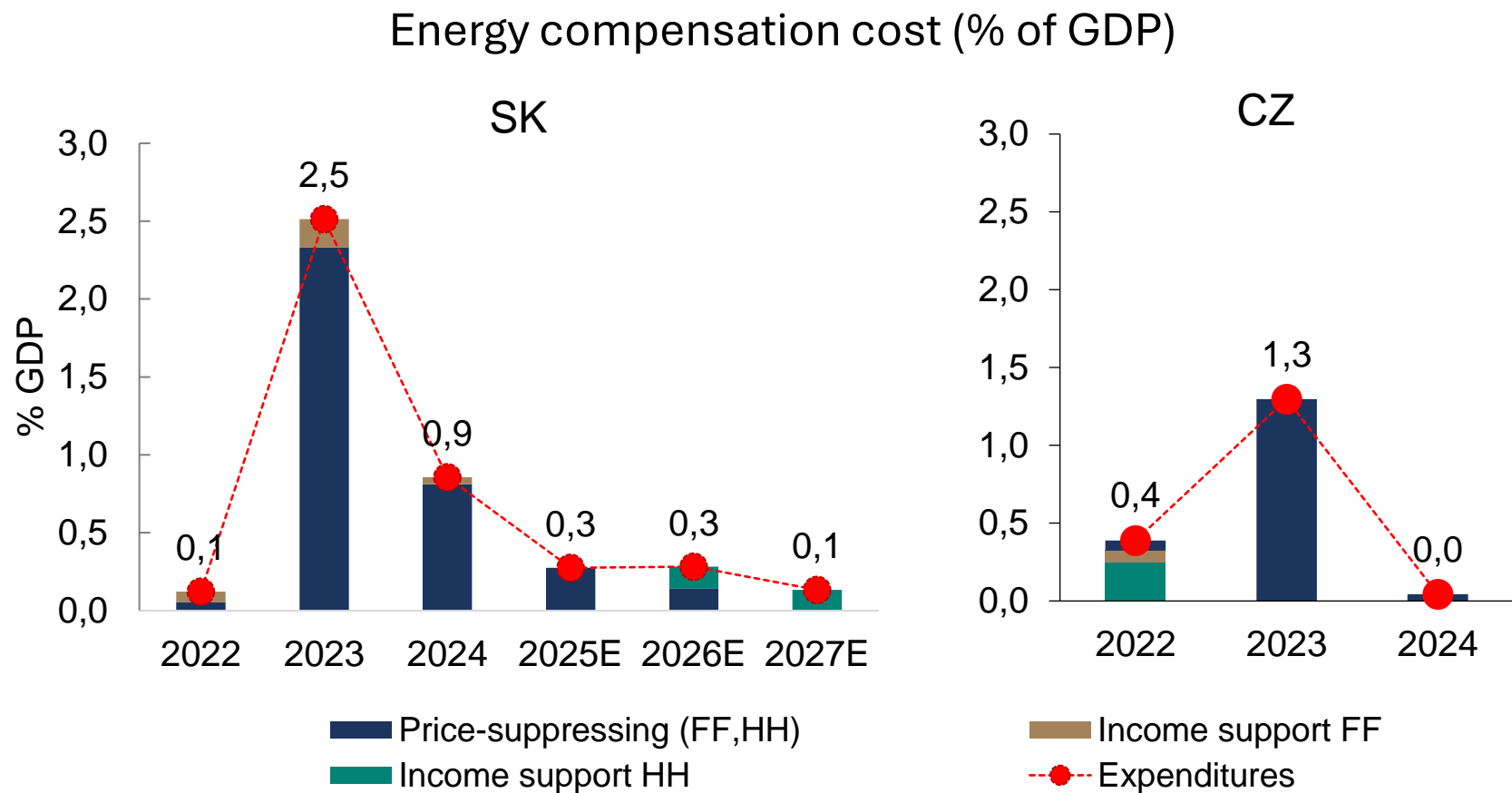


Estimated full-effect and actual heat prices



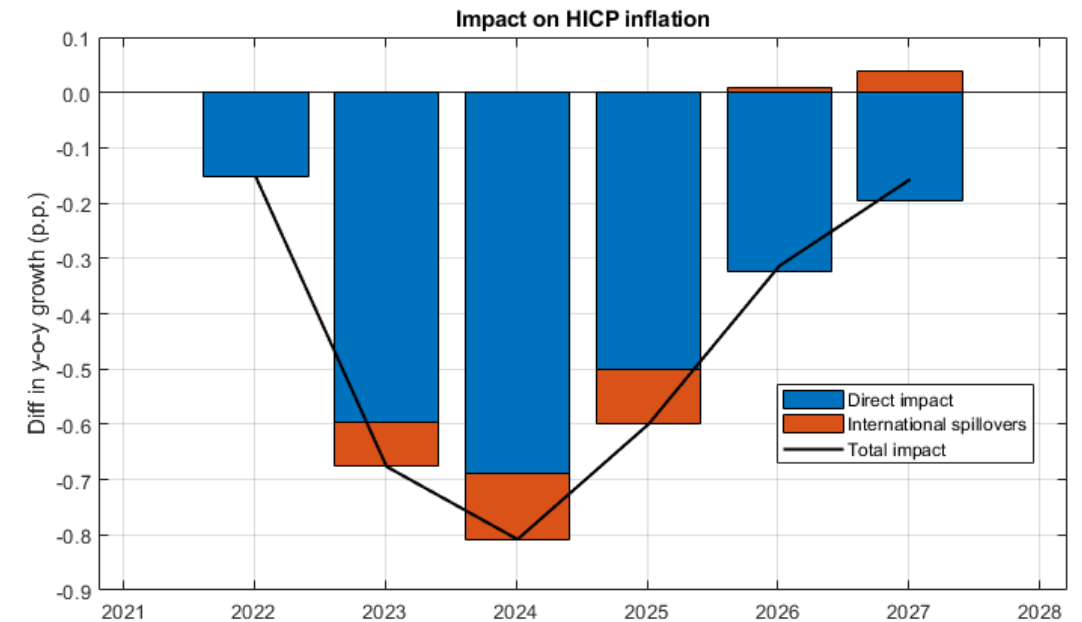
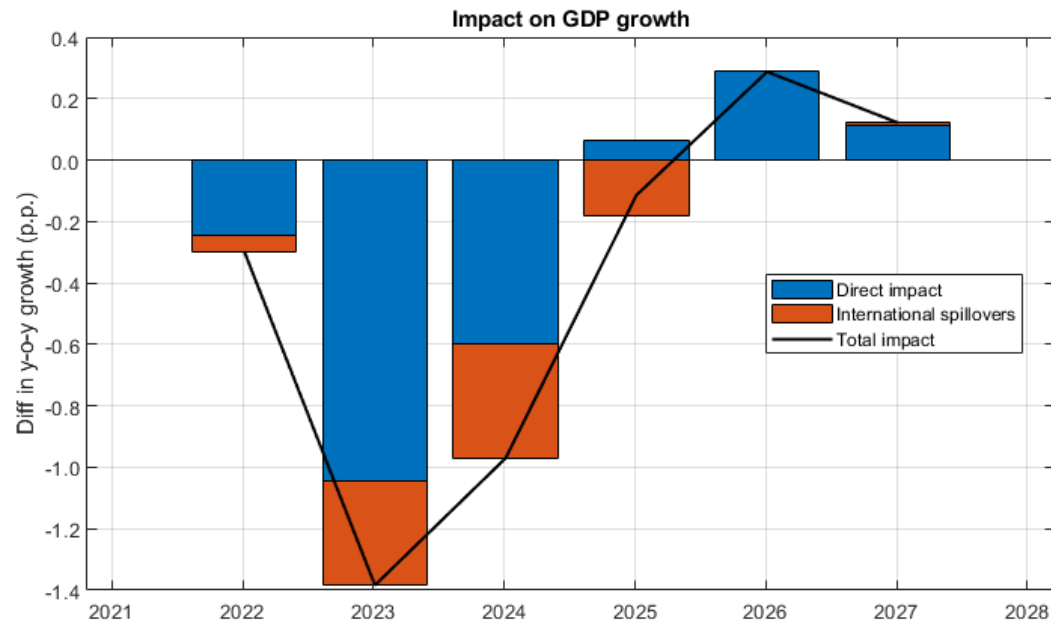
Source: NBS, Eurostat

# Energy price compensation cost a lot of money in Slovakia



Source: NBS, Eurostat  
 Note: FF – firms & vulnerable customers (schools, church, etc.), HH – households

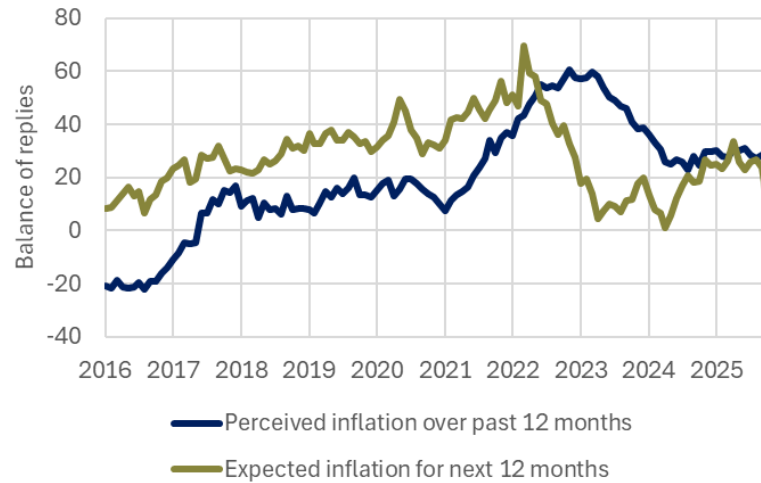
# Monetary policy also played a role in ensuring a return of inflation to moderate rates



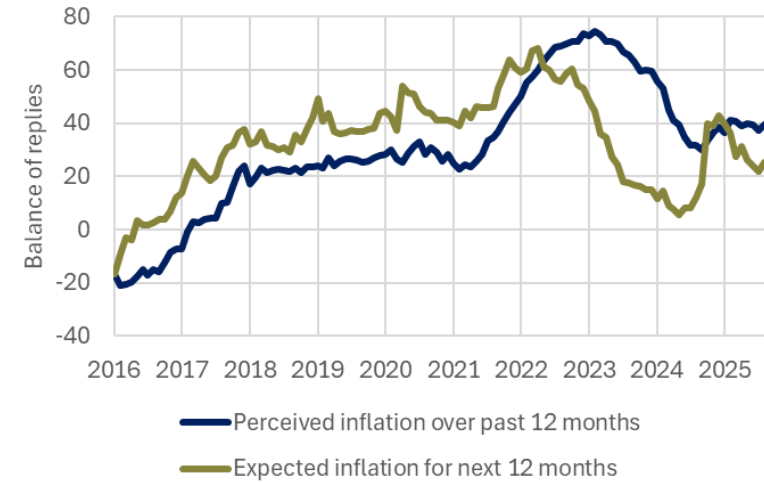
*Note: Estimates are based on NBS semi-structural model **under some strong assumptions**.*

# Household expectations stabilised in a remarkably similar way

## Czechia



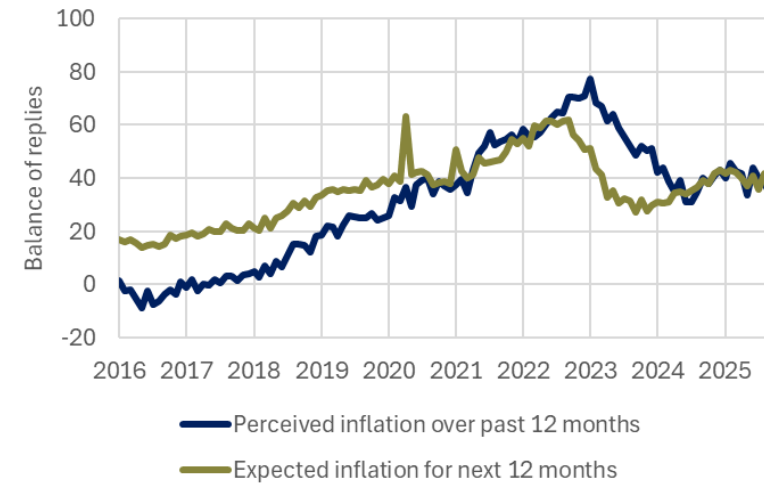
## Slovakia



## Poland



## Hungary

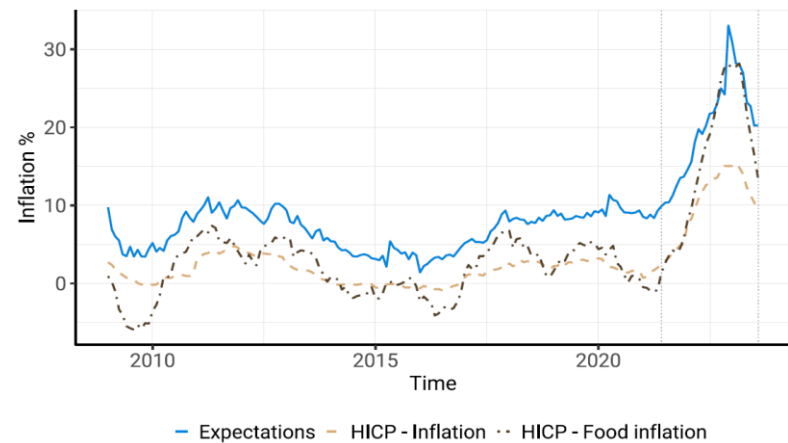




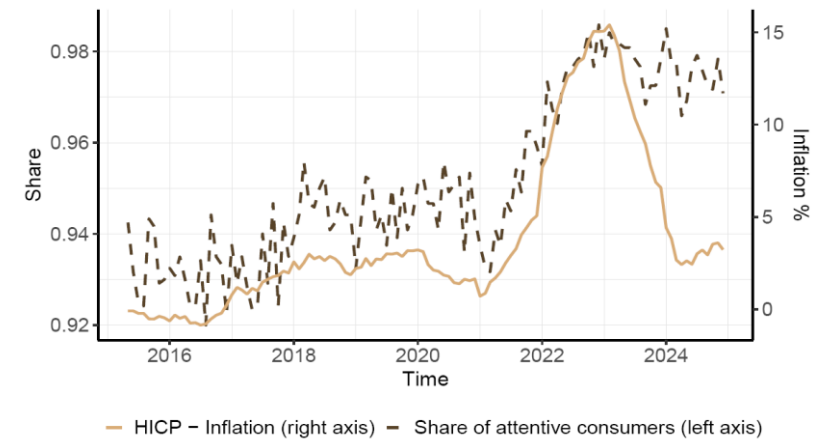
# Food prices drive inflation expectations – Evidence from Slovakia

Kusenda and Marenčák, NBS Working Paper 09/2025, Attention to Food Prices and the Upward Bias in Inflation Expectations

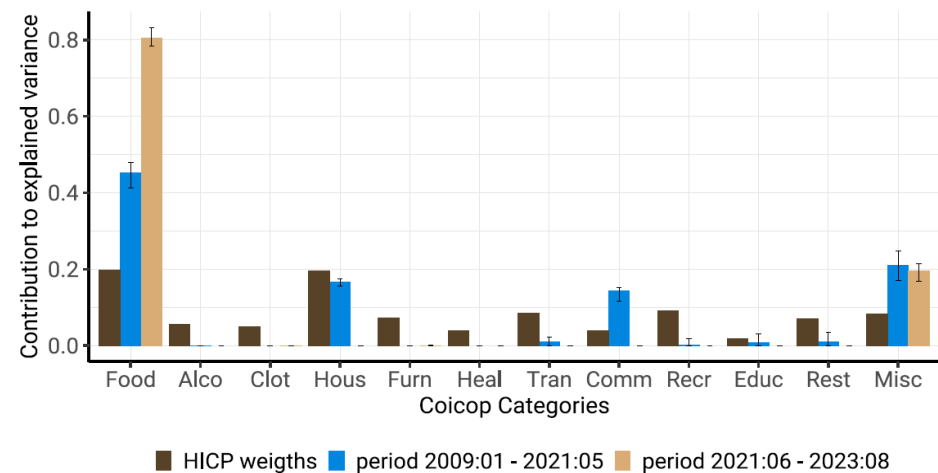
Expected inflation rose more than the headline inflation



Inflation attention rose with inflation and remained elevated

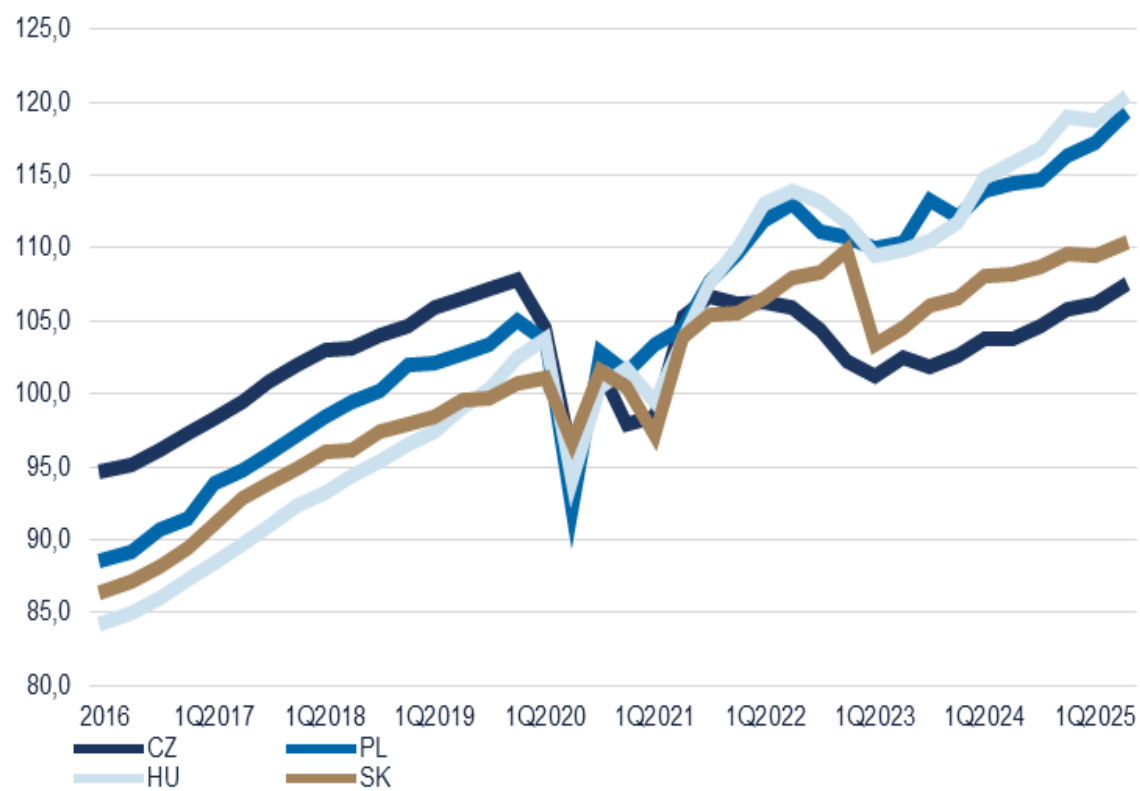


Variation in food inflation could explain a vast portion of variation in expected inflation



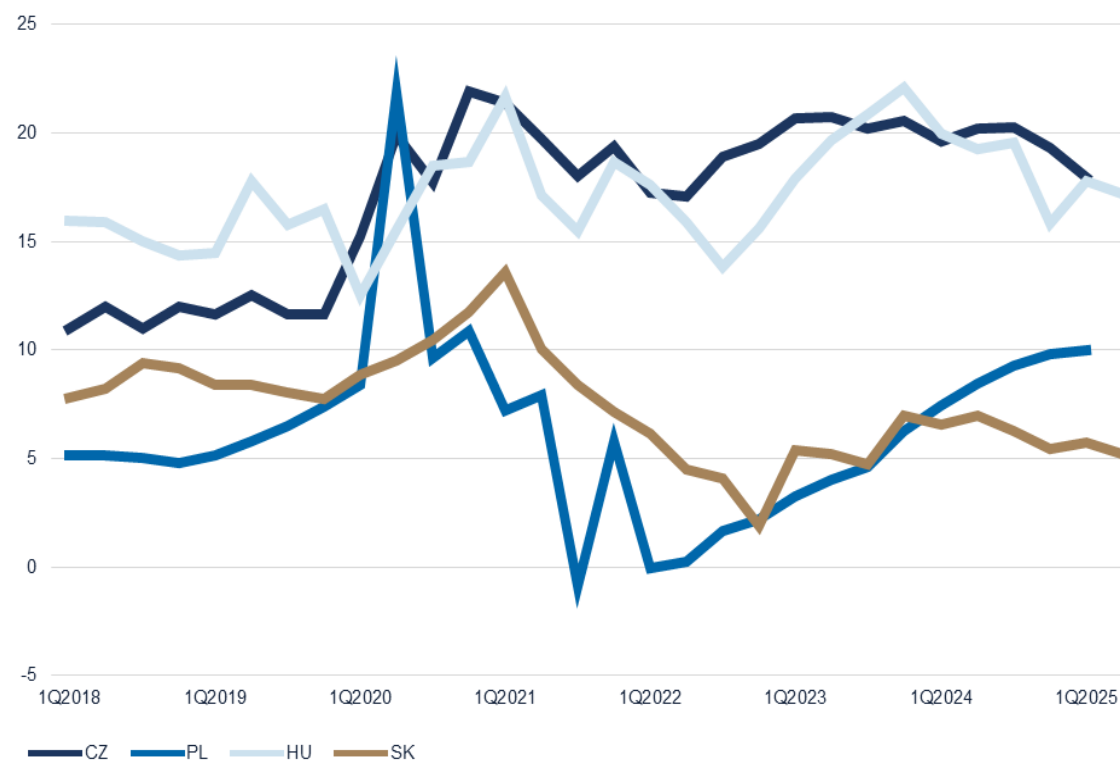
# The real side: are the differences due to policy or preferences?

Households Consumption  
(constant prices, index 2020=100)



Source: NBS, Eurostat, Macrobond

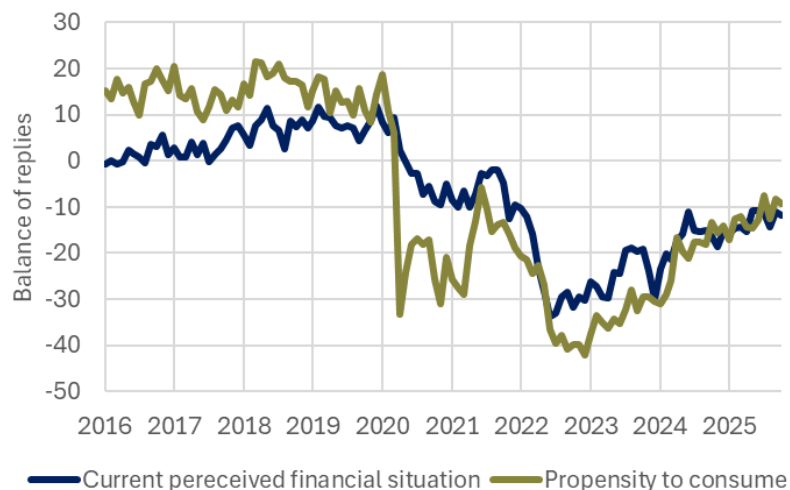
Savings rate (%)



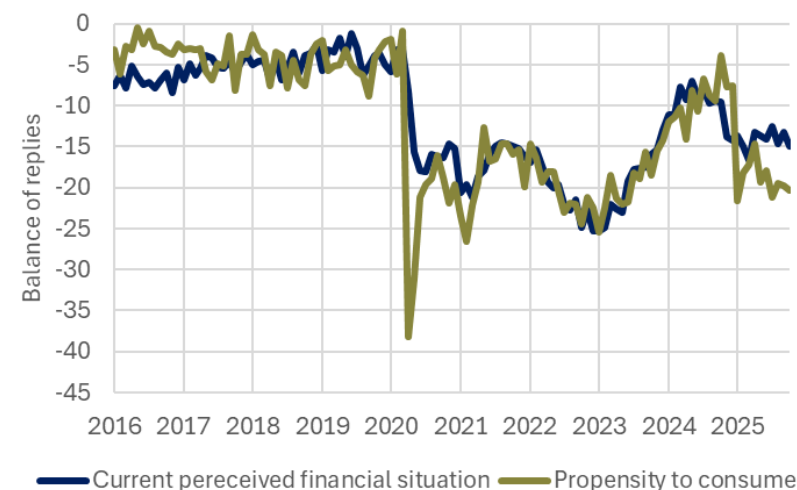
Source: NBS, Eurostat, Macrobond

# Consumption attitudes are driven by perceived financial situation

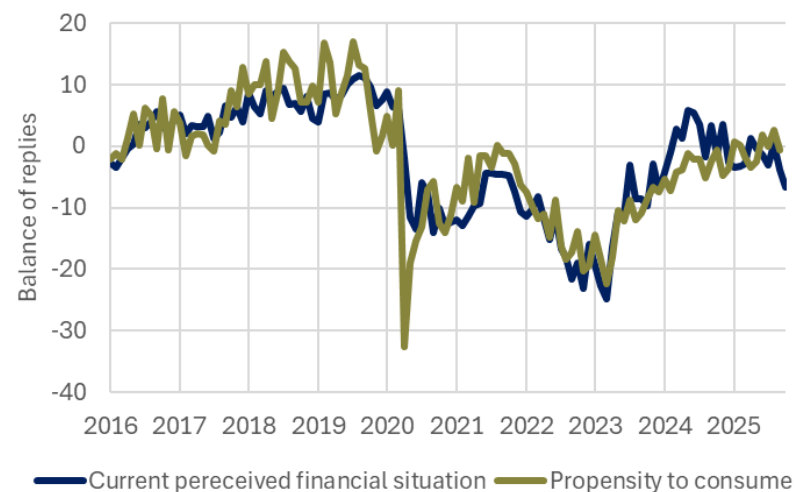
## Czechia



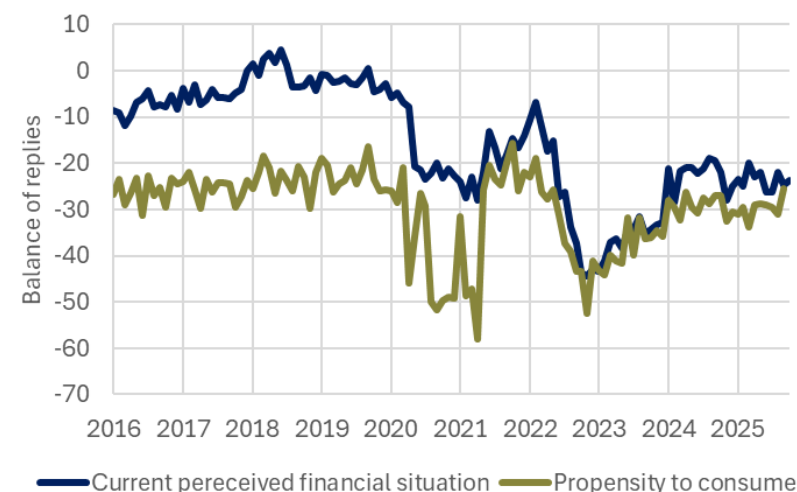
## Slovakia



## Poland



## Hungary





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