

Short Note

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CEE Macroeconomic and Fixed Income Research

NBS left rates on hold, waits for ECB

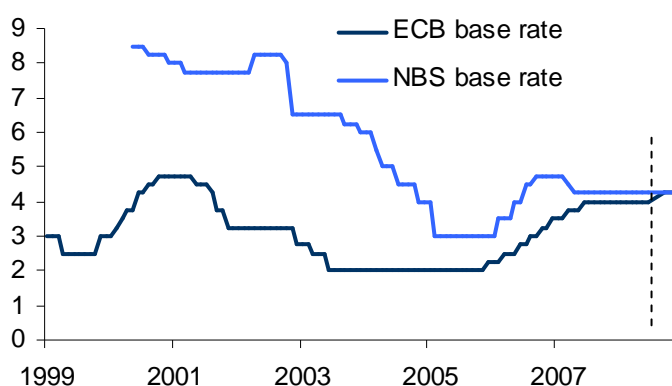
The Slovak central bank kept interest rates on hold. The 2W repo rate stays at 4.25%, as was widely expected. At the same time, the O/N rates were kept at 2.25/5.75%.

NBS is currently in a waiting mode, as the ECB is likely to hike its base rate to 4.25%, which would make it aligned with the NBS policy rate. General market consensus is that the ECB will hike rates by 25bp at the beginning of July to combat inflation. After that, Erste Bank expects no more rate adjustments by the year-end, even though risks are now skewed to the upside. Should the ECB deliver a hike again this year, we expect the NBS to mirror its moves. After January 1, Eurozone interest rates will be valid for Slovakia along with euro adoption.

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Interest rates: NBS and ECB



Source: Reuters, SLSP