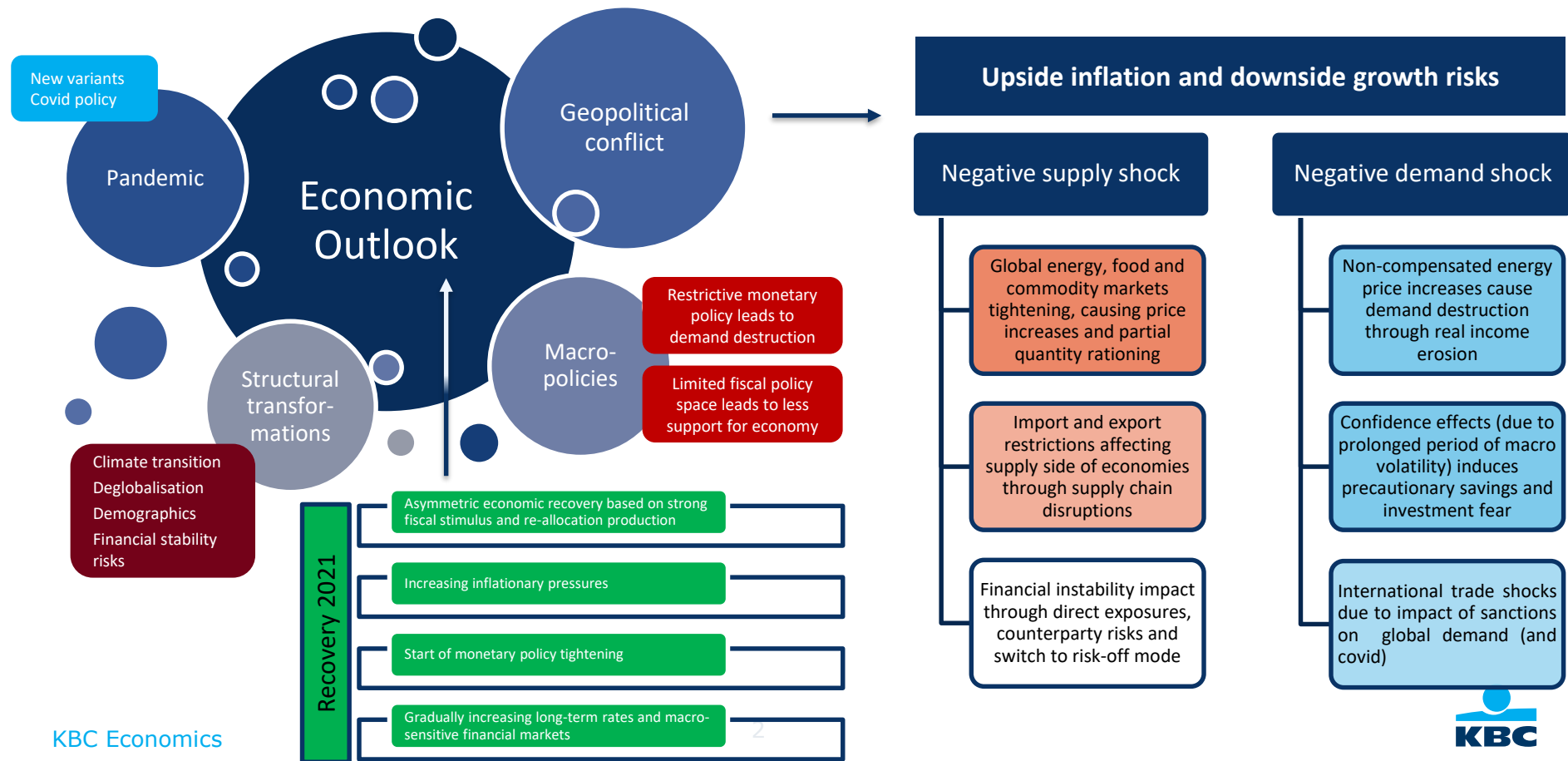


The economy amidst icebergs



An era of elevated macroeconomic and policy uncertainty

It's complicated! - Russian war impact compounds with ongoing crises against a backdrop of more limited macro policy space and structural growth risks



Scenarios for the European economy

5%

60%

35%

Definitions	‘Ceasefire’ scenario	‘Mild recession’ scenario	‘Deep recession’ scenario
Approach	This scenario distinction, from a European perspective, is mainly based on the possible further evolution of the Russian-Ukrainian war. There is an interaction with, and amplification of, the late-pandemic economic dynamics (the war started in a late-cyclical phase of the global business cycle). Other risks may be important drivers in other major economies		
Military and political evolution	<ul style="list-style-type: none"> Near-term sustainable military ceasefire based on a political compromise 	<ul style="list-style-type: none"> Duration of conflict: at least several more quarters Scope: geographically contained No direct military confrontation between Russia and NATO Eventual outcome: ‘frozen conflict’ or fragile cease fire. Segregation of the global economy between the West and a Russian bloc (possibly including China) 	<ul style="list-style-type: none"> Escalation of the war, triggered by even more extreme military activity, triggering additional and more far-reaching Western sanctions An escalation of the war beyond the territory of Ukraine, which could trigger a direct involvement of NATO (and possibly China), is considered a tail risk (World War III ?)
Economic impact	<ul style="list-style-type: none"> High energy, general commodities and food prices, would decrease from current levels, taking some pressure off current very strong headline inflation pressure. The euro area economy would relatively quickly resume its late-pandemic dynamics (growth and inflation) from before the outbreak of the war. Compared to the growth path in the base scenario, the optimistic scenario assumes an impact on the ‘slope’ of the recovery path, but virtually none on the ‘intercept’. In other words, there is less scarring of the economy compared to the base and the pessimistic scenario. 	<ul style="list-style-type: none"> Sustained negative supply shock (price shock of energy, general commodities and food). Critical energy deficits with rationing and/or sectoral shutdowns can be avoided in the coming winter (2022-23), as well as in the winters of the years ahead. Negative impact on consumer and producer sentiment Markedly lower real GDP growth. The main part of this growth impact occurs in 2022, with spill-overs and scarring into 2023-2024. Higher headline inflation, but also core inflation as spill-overs into inflation expectations and wage formation occur Permanently higher levels of short and long term interest rates 	<ul style="list-style-type: none"> Even more unprecedented energy, commodity and food price shock, leading to very high inflation rates and energy/commodity rationing and some sectoral shutdowns. Dramatic decrease of consumer and producer sentiment Negative real GDP growth, in combination with high inflation (i.e. stagflation). Compared to the growth path in the base scenario, the pessimistic scenario assumes both an impact on the ‘intercept’ (additional shock) and the ‘slope’ (impact on recovery pace). The scarring of the economy in subsequent years will be significantly higher than in the base scenario.
Economic policy reaction	<ul style="list-style-type: none"> Near-term easing of (some) economic/political Western sanctions Some structural policy ‘lessons learned’ would however be permanent: more prominent and less constrained role for fiscal policy to provide perceived ‘public goods’ (accelerated green (energy) transition and energy autonomy, military capacity) The ECB can afford to tighten their monetary policy stance faster and more pronounced than in the base scenario, given the more favourable growth environment 	<ul style="list-style-type: none"> Extended Western trade, financial and political sanctions against Russia These sanctions remain in place during the whole forecast horizon, possibly with a gradual easing However, ‘self-sanctioning’ behaviour of Western firms continues Expansionary Western fiscal policy response (military spending, green transition, looser EU fiscal budget rule framework, extension and permanent EU fiscal and bond issuing capacity) Normalising monetary policy continues 	<ul style="list-style-type: none"> Russia retaliates by banning parts or all exports to the EU (energy, commodity and food) Virtually unconstrained government spending (‘whatever it takes’) on defence and ‘strategic autonomy’ will to some extent cushion the negative impact on real GDP growth An extension of the ‘escape clause’ relating to EU fiscal budget rules is possible ECB monetary policy will tighten more slowly and to a lower peak-cycle rate than in the base scenario in order to avoid unwarranted monetary fragmentation within the euro area. Given these financial stability considerations, inflation targeting is no longer the top policy priority for the ECB.
Recovery pattern	<ul style="list-style-type: none"> Resumption of late-pandemic business cycle path with real GDP growth declining towards its potential rate 	<ul style="list-style-type: none"> Acceleration of late-pandemic slowdown already in place at the outbreak of the war (slowing growth below potential growth rates, higher inflation, tightening monetary policy) 	<ul style="list-style-type: none"> Very sharp stagflationary drop in economic activity (negative real GDP growth), followed by a partial and incomplete government expenditure-led stabilisation and recovery (i.e. severe medium term scarring of the economy)

'Mild recession' scenario for the European economy

60%

Definitions	'Mild recession' scenario
Military and political evolution	<ul style="list-style-type: none"> • Duration of conflict: at least several more quarters • No direct military confrontation between Russia and NATO • Eventual outcome: 'frozen conflict' or fragile cease fire. Segregation of the global economy between the West and a Russian bloc (possibly including China)
Economic impact	<ul style="list-style-type: none"> • Sustained negative supply shock (price shock of energy, general commodities and food). • Critical energy deficits with shutdowns can be avoided in the coming winter (2022-23). • Negative impact on consumer and producer sentiment • Markedly lower real GDP growth. The main part of this growth impact occurs in 2022. • Higher headline inflation, but also core inflation as spill-overs into inflation expectations and wage formation occur • Permanently higher levels of short and long term interest rates
Economic policy reaction	<ul style="list-style-type: none"> • Extended Western trade, financial and political sanctions against Russia • Expansionary Western fiscal policy response (military spending, green transition, looser EU fiscal budget rule framework, extension and permanent EU fiscal and bond issuing capacity) • Normalising monetary policy continues

1

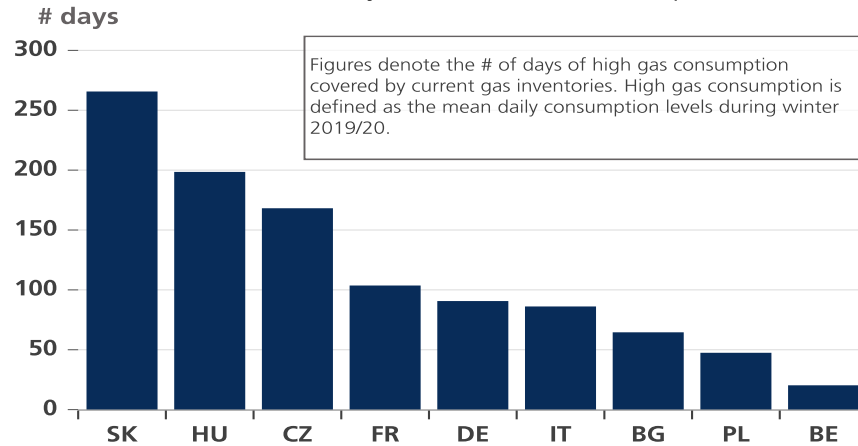
Geopolitical conflict continues to dominate macroeconomic outlook



European economies have been able to refill gas stocks but structural measures will be necessary to re-fill gas reserves in the next year(s). Dr. Fatih Birol/IEA

Natural gas - inventories and consumption

current inventory over winter consumption



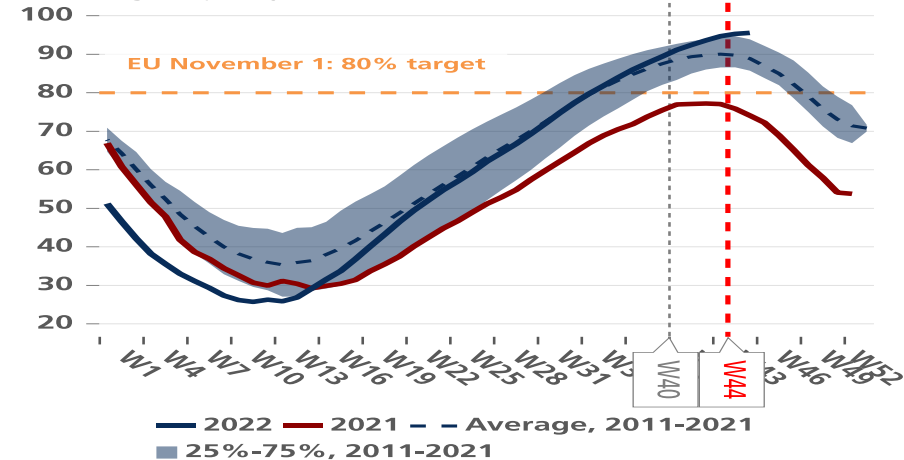
Source: KBC Economics based on Gas Infrastructure Europe (GIE), Eurostat

Protracted military conflict, assessment of NATO

Substitution of Russian gas by other energy sources e.g. coal, nuclear, LNG, renewable, hydropower; from 45% through 15% to 0.

EU: Natural Gas Storage

% storage capacity



Source: KBC Economics based on Gas Infrastructure Europe (GIE)

Reduction of gas consumption in households and industry – regulation and price effects

Integrated European gas markets requires eliminating existing regulatory and physical bottlenecks

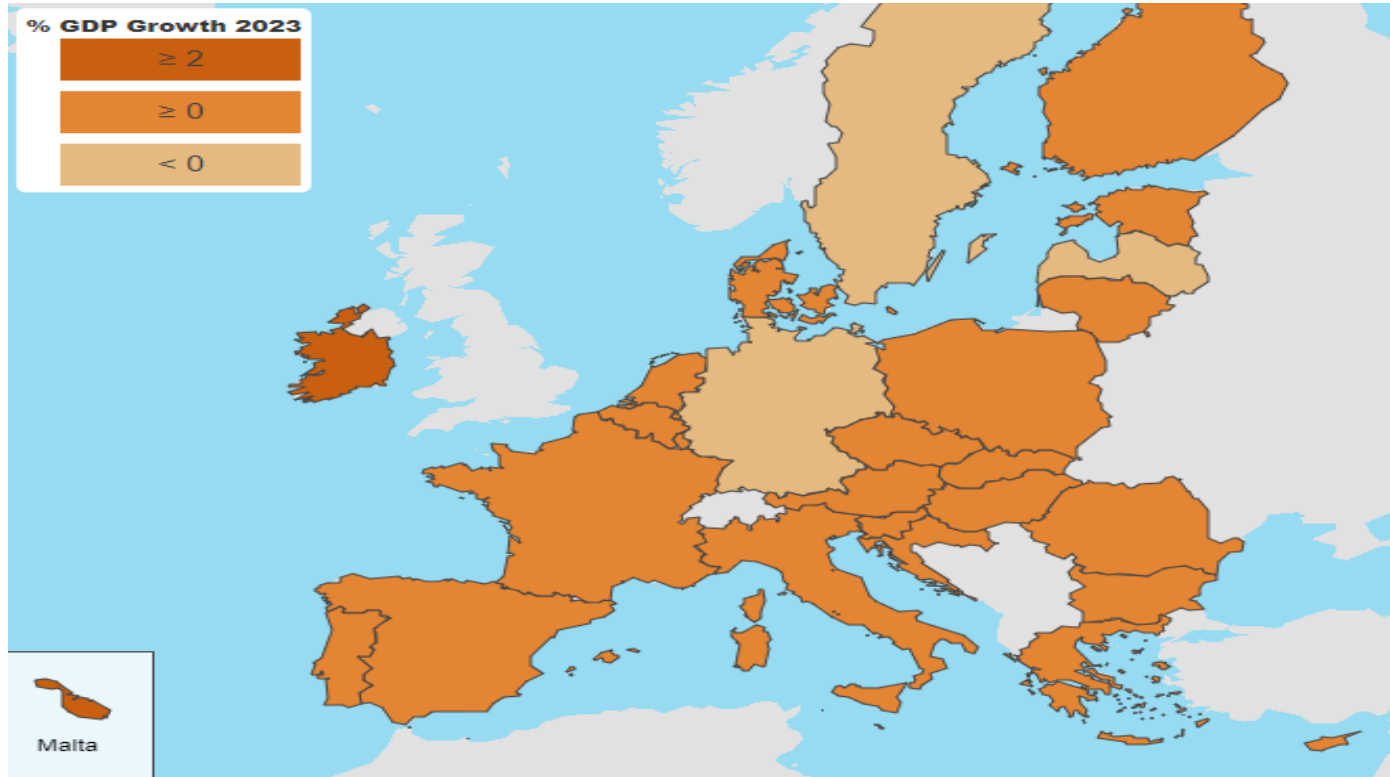
2

Stagnation with increasing
(mild) recession risks



Macroeconomic outlook – subject to uncertainty and high risk

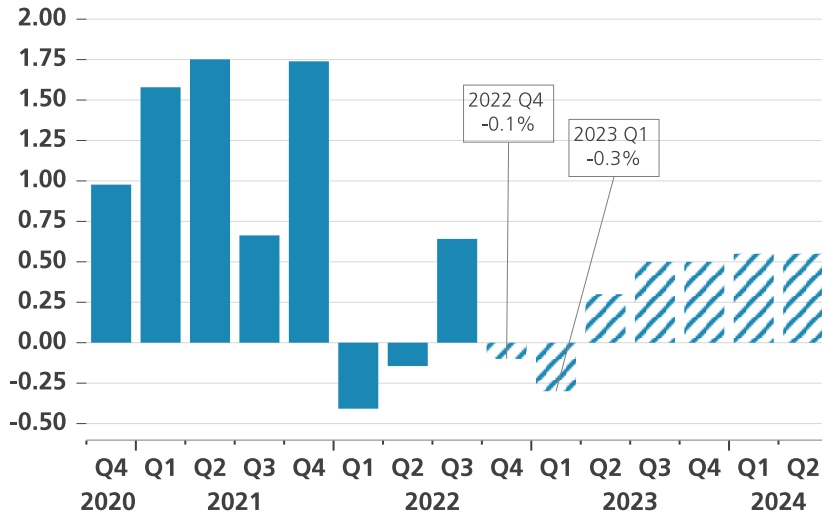
A crisis with major growth and inflation impact – European Commission Autumn projections pencil in a broad-based slowdown (with technical recessions)



Macroeconomic outlook – subject to uncertainty and high risk

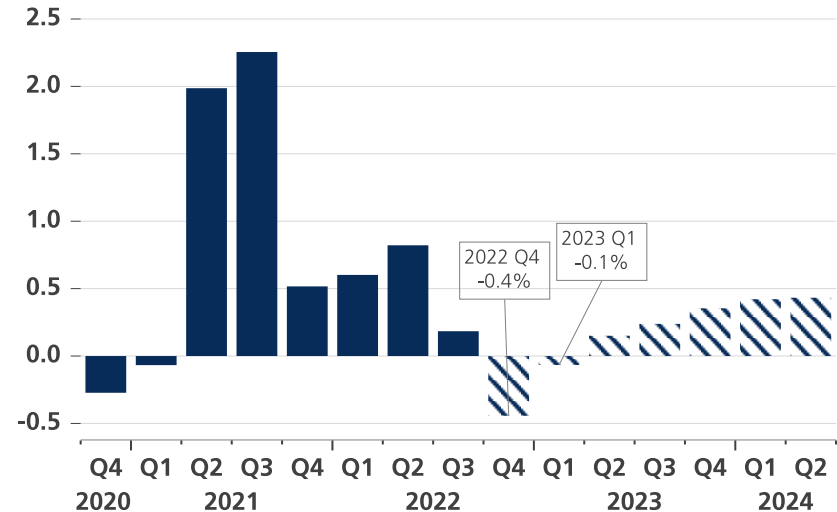
A crisis with major growth and inflation impact, especially in energy-dependent European economies – growth headed for transitory stagnation and mild recession

US - actual and projected GDP growth
growth, qoq in %



Source: KBC Economics

Euro area - actual and projected GDP growth
growth, qoq in %



Source: KBC Economics

Macroeconomic outlook – subject to uncertainty and high risk

A crisis with major growth and inflation impact, especially in energy-dependent European economies – growth headed for transitory stagnation and mild recession

KBC Economics - update 2022 November

GDP growth (in %)	2019	2020	2021	2022	2023	2024	2025
Euro area	1,6	-6,3	5,3	3,2	0,2	1,5	1,4
US	2,3	-2,8	5,9	1,8	0,5	2,1	2,1
China	6,0	2,3	8,1	3,2	4,5	4,7	4,3
UK	1,6	-11,0	7,5	4,1	-0,3	1,5	1,7

Source: KBC Economics

KBC Economics - update 2022 November

GDP growth (in %)	2019	2020	2021	2022	2023	2024	2025
Euro area	1,6	-6,3	5,3	3,2	0,2	1,5	1,4
Belgium	2,2	-5,4	6,1	2,9	0,2	1,4	1,2
Bulgaria	3,9	-4,0	7,1	2,8	0,7	3,5	3
Czech Republic	3,0	-5,5	3,5	2,5	0,8	2,7	2,6
Hungary	4,9	-4,8	7,1	5,5	0,0	3,6	3,6
Slovakia	2,5	-3,4	3,0	1,4	0,6	2,8	3,5

Source: KBC Economics

Macroeconomic outlook – subject to uncertainty and high risk

A crisis with major growth impact – KBC projections versus other forecasts

Annual GDP forecasts GEM (periode average in %)

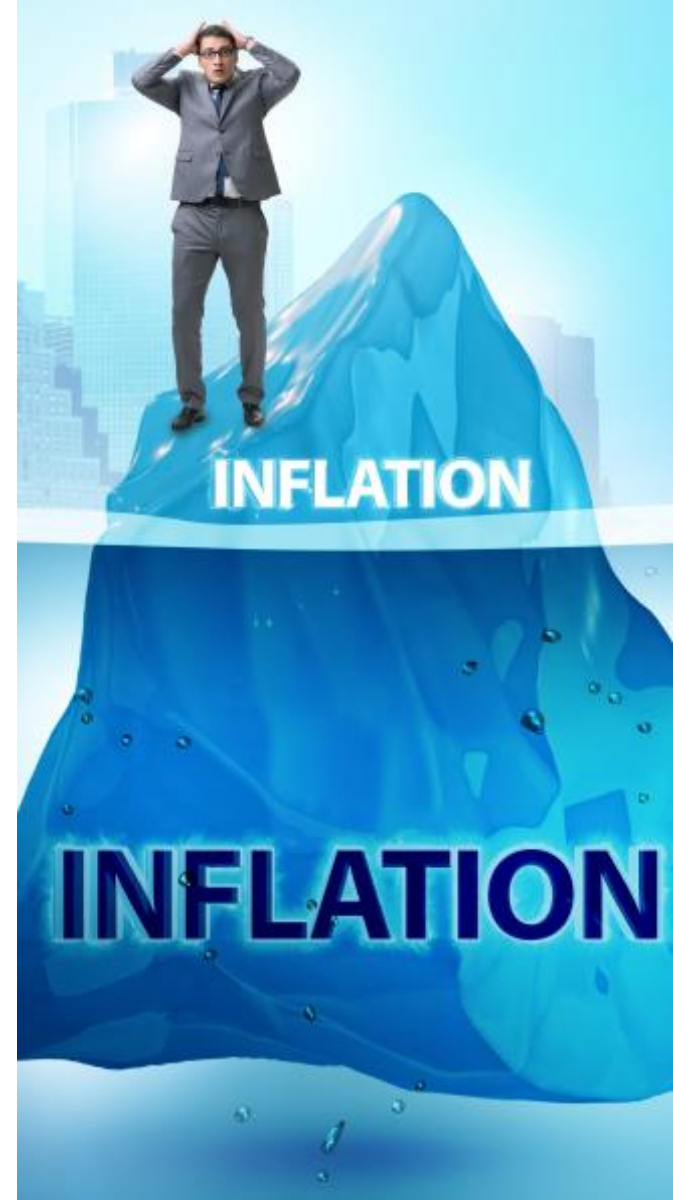
	KBC				IMF		Consensus		EC	
	2022	2023	2024		2022	2023	2022	2023	2022	2023
Euro Area	3.2	0.2	1.5		3.1	0.5	3.0	0.0	3.2	0.3
United States	1.8	0.5	2.1		1.6	1.0	1.7	0.2	1.8	0.7
Belgium	2.9	0.2	1.4		2.4	0.4	2.4	0.8	2.8	0.2
Czech Republic	2.5	0.8	2.7		1.9	1.5	2.4	0.4	2.5	0.1
Slovakia	1.4	0.6	2.8		1.8	1.5	1.7	1.1	1.9	0.5
Hungary	5.5	0.0	3.6		5.7	1.8	4.9	0.1	5.5	0.1
Bulgaria	2.8	0.7	3.5		3.9	3.0	2.9	1.6	3.1	1.1

Last release IMF: 11/10/2022

Source: KBC Economics based on IMF WEO, Consensus Economics October 2022 and own forecasts

3

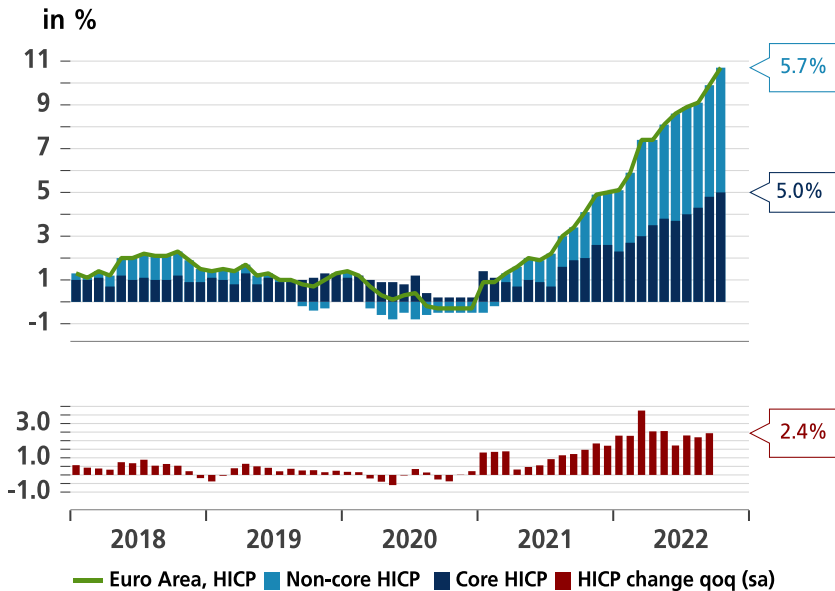
Excessive inflation broadening -
is peak in reach?



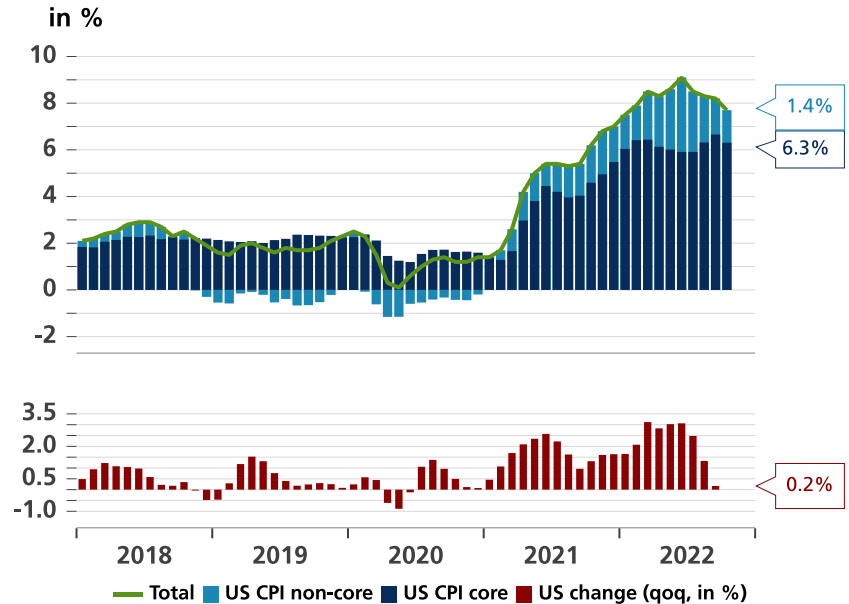
Macroeconomic outlook – inflation broadens and remains high

Is a peak close? - EA inflation broadens and strengthens while US (core) inflation remains high despite recent deceleration

Euro area inflation: headline and core HICP



US inflation: headline and core CPI

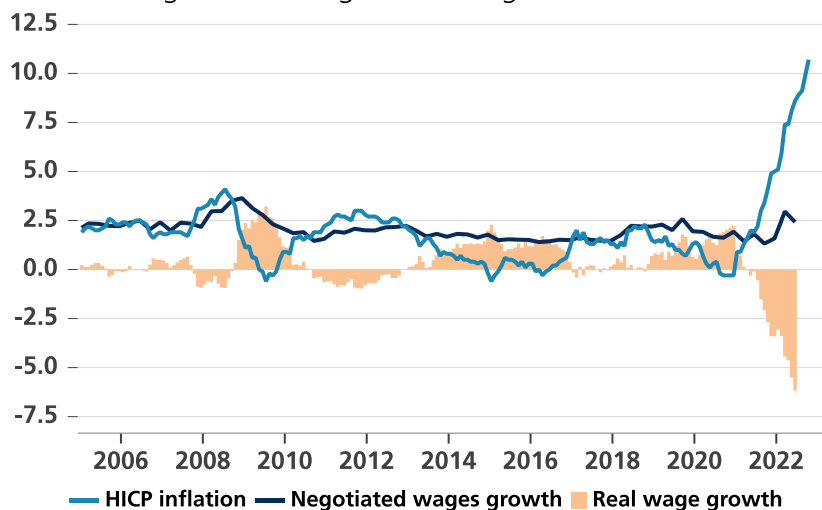


Macroeconomic outlook – inflation broadens and remains elevated

Is a peak close? – ... and strong wage price spirals did not (yet?) take of in Europe despite tight labour markets

Euro area - real and nominal wage growth

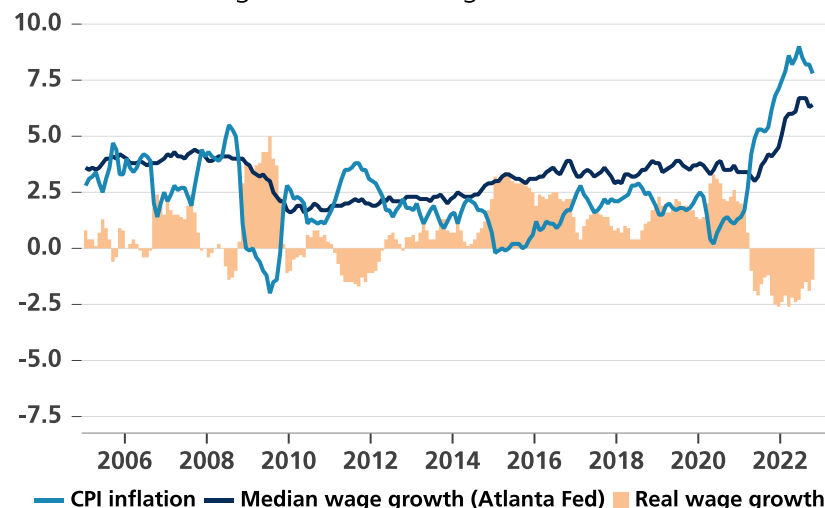
% growth in negotiated wages and inflation



Source: KBC Economics

United States - real and nominal wage growth

% change in median wage and CPI inflation



Source: KBC Economics

Macroeconomic outlook – subject to uncertainty and high risk

A crisis with major inflation impact – KBC projections versus other forecasts

Annual GDP forecasts Inflation (periode average in %)

	KBC			IMF		Consensus		EC	
	2022	2023	2024	2022	2023	2022	2023	2022	2023
Euro Area	8.5	6.1	1.8	8.3	5.7	8.3	5.8	8.5	6.1
United States	8.1	4.0	2.2	8.1	3.5	8.0	3.9	7.9	3.4
Belgium	10.9	6.2	2.3	9.5	4.9	9.4	5.2	10.4	6.2
Czech Republic	14.5	7.5	3.0	16.3	8.6	15.6	8.7	15.6	9.5
Slovakia	11.5	13.0	3.0	11.9	10.1	12.0	8.9	11.8	13.9
Hungary	14.0	14.3	4.5	13.9	13.3	13.8	13.6	14.8	15.7
Bulgaria	13.5	10.5	3.5	12.4	5.2	14.3	8.2	12.8	7.4

Last release IMF: 11/10/2022

Source: KBC Economics based on IMF WEO, Consensus Economics October 2022 and own forecasts

4

Macro policy at the crossroads – the end of the Divine Coincidence

“We will *keep at it* until we are confident the job is done”
Fed Powell, Jackson Hole 26 August 2022

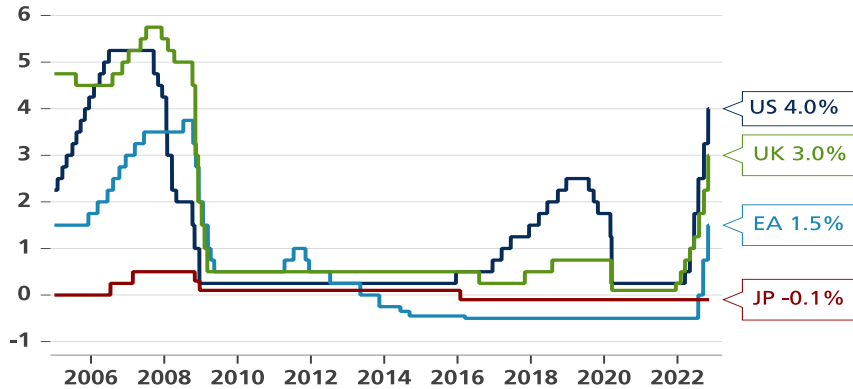


Macrofinancial outlook – central banks at a crossroads

Central banks tighten monetary policy and face very different challenges as policy trade-offs appear in different guises

JAPAN	UK
EMU	US

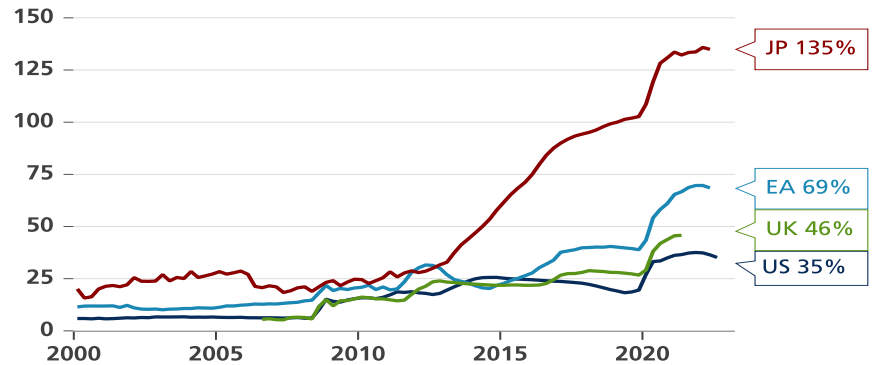
Monetary policy rates



Source: KBC Economics

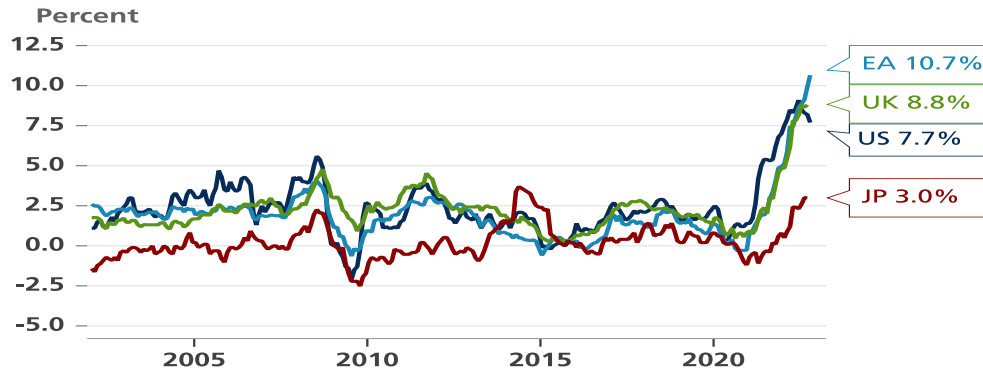
Central bank balance sheets

in % GDP



Source: KBC Economics

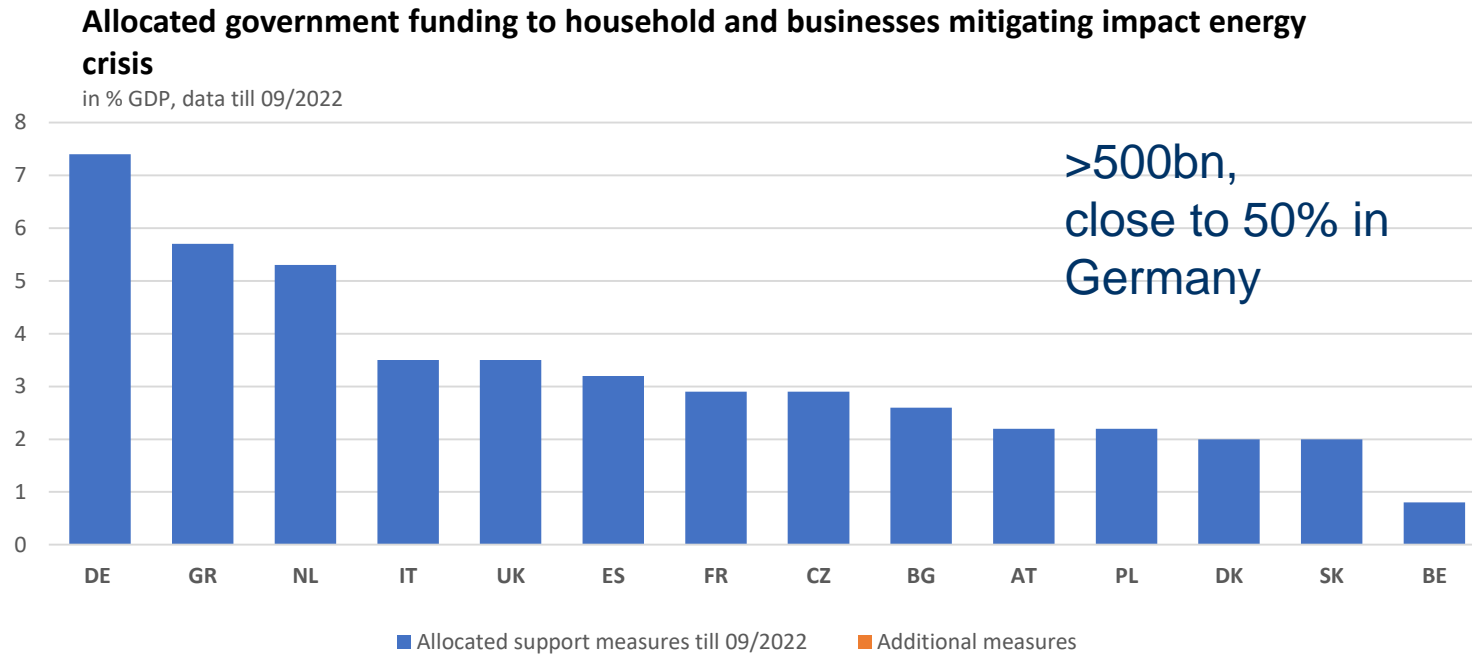
Inflation - CPI and HICP



Source: KBC Economics based on IMF, BLS

Macrofinancial outlook – fiscal support and savings buffers

Macro-policy 'space' has narrowed substantially – with monetary policy fighting inflation, the crux of macro support falls on fiscal policy (and existing saving buffers)

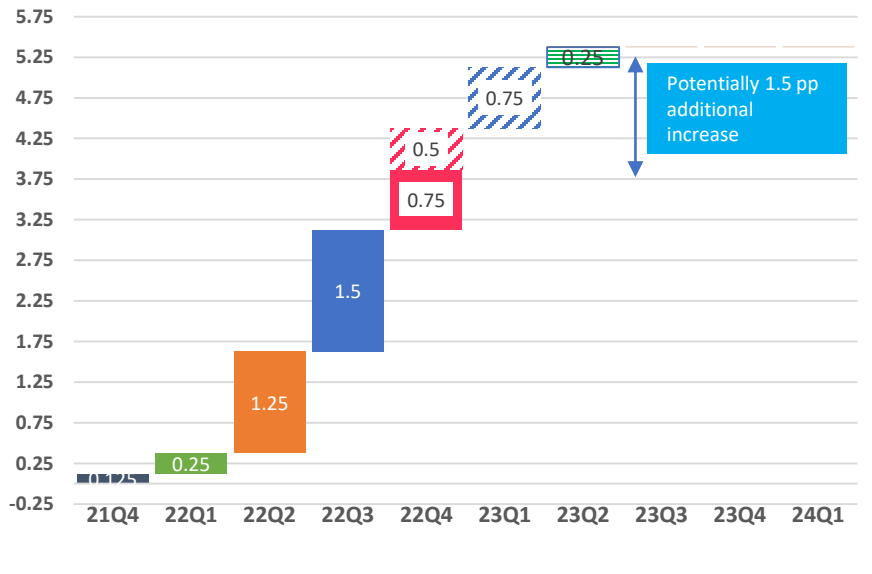


Macrofinancial outlook – central banks at a crossroads

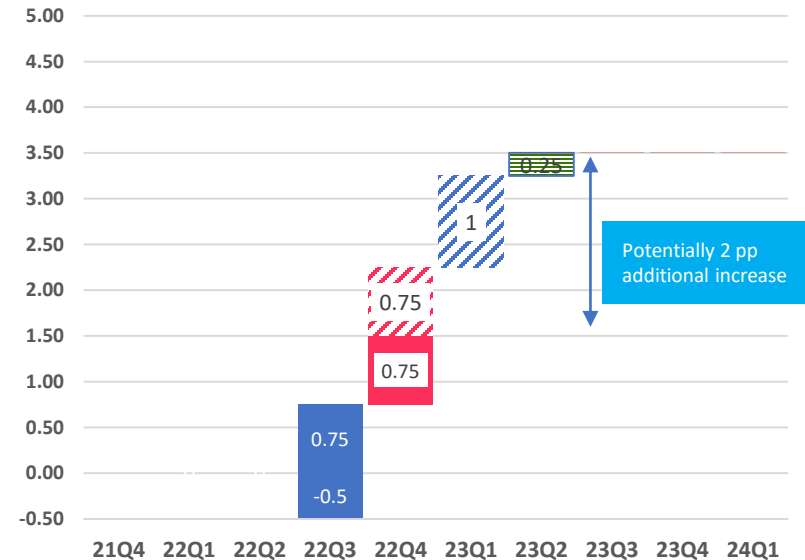
Central banks tighten monetary policy – Fed and ECB policy rates to peak in 2023 H1, with the Fed in restrictive territory and the ECB moving above neutral

TLTRO III
> 2trn EUR

Projected FED policy rate hikes (in %)



Projected ECB policy rate hikes (in %)



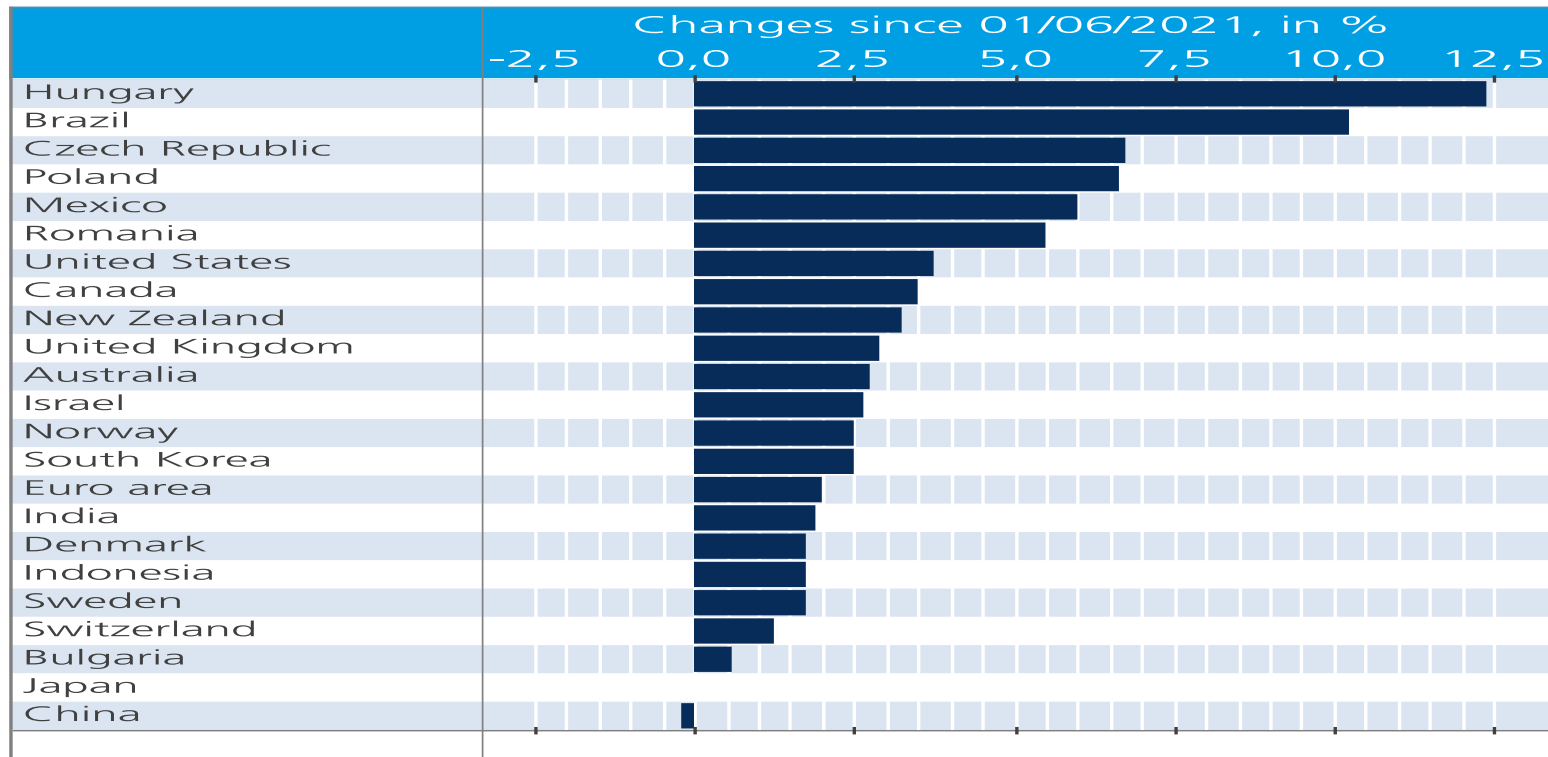
"None of the post-war expansions died of old age. They were all murdered by the Fed."

Rudi Dornbusch, famous MIT economist

Macrofinancial outlook – central banks at a crossroads

Central banks tighten monetary policy – inflation scares make central banks across the world to tighten monetary policy at unprecedented pace

Monetary policy rates in major economies



Source: KBC Economics



Czech Republic
Hungary
Slovakia

Lessons so far

CEE countries – some heads-up for BG

Country	Policy rate(%)			Inflation(%)		
	2022	2023	2024	2022	2023	2024
Czech Rep	7.0	5.8	3.5	14.5	7.5	3.0
Hungary	13.0	8.3	6.3	14.0	14.3	4.5
Slovakia	2.25	3.5	3.5	11.5	13.0	3.0

- New loans contraction – CZ, HU, slowdown in SK
- High pass-through rates – CZ, HU, partially in SK
- FX Reserves under pressure – CZ, HU
- Higher borrowing cost – CZ, HU, light increase in SK
- Increasing NPL – first indications in HU

Scenarios for the European economy

5%

60%

35%

'Ceasefire'

'Mild recession'

'Deep recession'

"If trivial pursuit were designed by economists, it would have 100 questions and 3,000 answers"

Ronald Reagan



Thank You

Executive summary - macroeconomic and financial outlook

December 2022

- **Economic and geopolitical uncertainty and risks remain extraordinarily high** against backdrop of an ongoing Russian invasion, an intensifying US-China stand-off, unprecedented monetary policy tightening and structural risks.
- **The global economy is headed for a significant slowdown of growth** with many major economies moving into technical recessions. Given the build-up of substantial gas reserves, the European economies are expected to 'get through winter', staving off protracted and critical energy shortages.
- **Risks to the growth outlook remain tilted to the downside.** Excessive monetary policy tightening (US), a broadening real estate crisis and Covid-policies (CN) and problems to refill gas stocks during 2023/2024 (EU) form major risks.
- **Near-term inflation remains excessively high, while the peak of inflation may be in reach** as monetary policy starts to bite. We expect global inflation to decelerate during 2023, although in many countries such deceleration may be very gradual.
- **Monetary policy is entering a new phase.** Early-moving CEE central banks are pausing or outright halting the tightening cycle, while major central banks announced a slowing of tightening pace. We expect Fed and ECB to move policy rates gradually above neutral before stabilizing during 2023 at 5.375% and 3.5%, respectively.
- **Risk to financial stability increase primarily in terms of liquidity and credit quality.**

Country forecasts

				Mild recession			
		2020	2021	2022	2023	2024	2025
Czech Republic	Annual GDP Growth	-5,5 (-5,5)	3,5 (3,5)	2,5 (2,1)	0,8 (0,8)	2,7 (3,0)	2,6 (2,6)
	Annual Headline HICP Inflation	3,2 (3,2)	3,6 (3,6)	14,5 (13,9)	7,5 (7,0)	3,0 (2,7)	2,1 (2,1)
	Unemployment rate, eop	3,1 (3,1)	2,1 (2,1)	2,8 (2,8)	3,3 (3,3)	2,9 (2,9)	1,9 (1,9)
	Government Budget Balance, % of GDP	-5,8 (-5,8)	-5,1 (-5,9)	-5,5 (-5,5)	-4,5 (-4,5)	-3,0 (-3,0)	-3,0 (-3,0)
	General Government Debt, % of GDP	37,7 (37,6)	42,0 (42,0)	45,1 (45,1)	46,9 (46,9)	47,5 (47,5)	n/a n/a
	Current Account Balance, % of GDP	2,0 (2,0)	-0,8 (-0,8)	-4,5 (-4,5)	-3,0 (-3,0)	-1,5 (-1,5)	-0,5 (-0,5)
	House prices, existing and new dwellings, annual %	8,4 (8,4)	19,7 (19,7)	17,5 (17,5)	0,5 (0,5)	2,5 (2,5)	3,5 (3,5)

Country forecasts

		Mild recession					
		2020	2021	2022	2023	2024	2025
Hungary	Annual GDP Growth	-4,8 (-4,8)	7,1 (7,1)	5,5 (5,5)	0,0 (0,0)	3,6 (3,6)	3,6 (3,6)
	Annual Headline HICP Inflation	3,4 (3,4)	5,2 (5,2)	14,0 (13,9)	14,3 (14,0)	4,5 (4,3)	3,0 (3,0)
	Unemployment rate, eop	4,3 (4,3)	3,7 (3,7)	4,1 (4,1)	4,4 (4,4)	3,8 (3,8)	3,3 (3,3)
	Government Budget Balance, % of GDP	-7,5 (-7,8)	-7,1 (-6,8)	-5,5 (-6,1)	-3,8 (-3,8)	-2,1 (-2,1)	-3,0 (-3,0)
	General Government Debt, % of GDP	79,3 (79,6)	76,8 (76,8)	74,7 (74,7)	73,9 (73,9)	71,3 (71,3)	69,9 (69,9)
	Current Account Balance, % of GDP	-1,1 (-1,1)	-3,6 (-3,6)	-8,0 (-8,0)	-4,0 (-4,0)	-2,1 (-2,1)	-0,2 (-0,2)
	House prices, existing and new dwellings, annual %	4,9 (4,9)	16,5 (16,5)	16,0 (9,5)	5,0 (3,5)	3,5 (3,0)	4,0 (4,0)

Macrofinancial outlook – central banks focus on inflation

Central banks normalize monetary policy – with both ECB and Fed strongly frontloading interest rate hikes

ECB monetary policy scenario																			
Blue color is meeting month	Meeting 9/6	Meeting 21/7		Meeting 8/9	Meeting 27/10		Meeting 15/12		Meeting 2/2	Meeting 16/3		Meeting 4/5	Meeting 15/6	Meeting 27/7		Meeting 4/9	Meeting 26/10		Meeting 14/12
	2022								2023										
Date	June	July	August	Sept.	Oct.	Nov.	Dec.	Jan	Feb	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.
Policy rate	-0,5	0	0	0,75															
Actual	-0,5	0	0	0,75															
projected	-0,5	0	0	0,75	1,5	1,5	2,25	2,25	2,75	3,25	3,25	3,5	3,5	3,5	3,5	3,5	3,5	3,5	3,5
proj. Rate hike				0,75	0,75	0	0,75	0	0,5	0,5	0	0,25	0	0	0	0	0	0	0
policy rate adverse																			
actual				0,75	1	1	1,25	1,25	1,75	1,75	1,75	1,75	1,75	1,75	1,75	1,75	1,75	2	2,25
projected				0,75	1	1	1,25	1,25	1,75	1,75	1,75	1,75	1,75	1,75	1,75	1,75	1,75	2	2,25
rate hikes				0,75	0,25	0	0,25	0	0,5	0	0	0	0	0	0	0	0	0,25	0,25
Implied 10 yr yield																			
end value	1,7	2	2	2	2,5	2,5	2,5	2,5	2,5	2,5	2,5	2,5	2,5	2,5	2,5	2,5	2,5	2,5	2,5
Time	31	30	29	28	27	26	25	24	23	22	21	20	19	18	17	16	15	14	13
	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107
Implied yield																			
Exp. Comp	1,99	2,23	2,25	2,26	2,66	2,67	2,68	2,68	2,68	2,68	2,67	2,67	2,66	2,65	2,64	2,63	2,63	2,62	2,61
Risk premium	-0,50	-0,50	-0,30	-0,30	-0,20	0,00	0,05	0,10	0,20	0,30	0,40	0,50	0,60	0,60	0,60	0,60	0,60	0,60	0,60
Proj. Yield	1,49	1,73	1,95	1,96	2,46	2,67	2,73	2,78	2,88	2,98	3,07	3,17	3,26	3,25	3,24	3,23	3,23	3,22	3,21
FRA-SOFR																			
FRA _SOFR	1x4	2x5	3x6	4x7	5x8	6x9	7x10	8x11	9x12	10x13	11x14	12x15	13x16	14x17	15x18	16x19	17x20	18x21	19x22
Market	#N/A	Stale	#N/A	Stale	#N/A	Stale	#N/A	Stale	#N/A	Stale	#VALUE!	#VALUE!	#N/A	Stale	#VALUE!	#VALUE!	#VALUE!	#N/A	Stale
Projected	2,416667	2,75	3,083333	3,333333	3,416667	3,5	3,5	3,5	3,5	3,5	3,5	3,5	3,5	3,5	3,5	3,5	3,5	3,5	3,5

Macrofinancial outlook – central banks focus on inflation

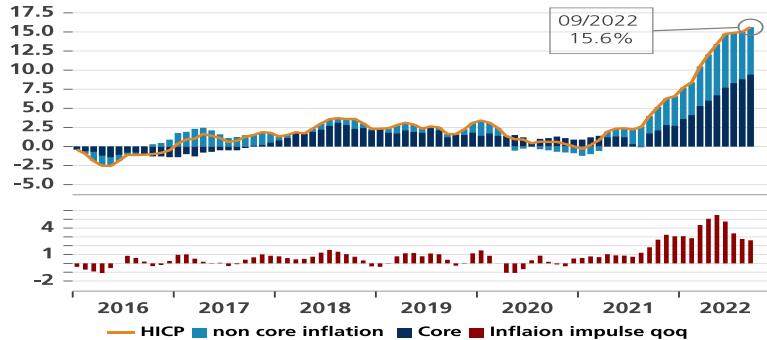
Central banks normalize monetary policy – with both ECB and Fed strongly frontloading interest rate hikes

Fed monetary policy scenario																			
Blue color is meeting month	Meeting 14/6	Meeting 26/7		Meeting 20/9		Meeting 1/11	Meeting 13/12	Meeting 31/1		Meeting 0 21/3		Meeting 2/5	Meeting 13/6	Meeting 25/7		Meeting 19/9	Meeting 31/10		Meeting 12/12
	2022							2023											
Date	June	July	August	Sept.	Oct.	Nov.	Dec.	Jan	Feb	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.
Policy rate	1,375	2,125	2,125																
Actual	1,375	2,125	2,125																
projected	1,375	2,125	2,125	3,125	3,125	3,875	4,375	4,875	4,875	5,125	5,125	5,375	5,375	5,375	5,375	5,375	5,125	5,125	4,875
proj. Rate hike				0,75	0	0,75	0,5	0,5	0	0,25	0	0,25	0	0	0	0	-0,25	0	-0,25
policy rate adverse																			
actual																			
projected																			
rate hikes																			
Implied 10 yr yield																			
end value	4	4	4	4	4	4	4	4	4	4	3,5	3,5	3,5	3,5	3,5	3,5	3,5	3,5	3,5
Time	31	30	29	28	27	26	25	24	23	22	21	20	19	18	17	16	15	14	13
	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107
Implied yield																			
Exp. Comp	4,07	4,09	4,10	4,12	4,13	4,13	4,14	4,13	4,13	4,12	3,70	3,68	3,67	3,65	3,64	3,62	3,60	3,59	3,58
Risk premium	-0,50	-0,50	-0,30	-0,30	-0,20	0,30	0,40	0,60	0,60	0,70	0,70	0,70	0,70	0,70	0,70	0,50	0,50	0,50	0,50
Proj. Yield	3,57	3,59	3,80	3,82	3,93	4,43	4,54	4,73	4,73	4,82	4,40	4,38	4,37	4,35	4,34	4,12	4,10	4,09	4,08
FRA-SOFR																			
FRA _SOFR	1x4	2x5	3x6	4x7	5x8	6x9	7x10	8x11	9x12	10x13	11x14	12x15	13x16	14x17	15x18	16x19	17x20	18x21	19x22
Market	#N/A Stale	#N/A Stale	#N/A Stale	#N/A Stale	#N/A Stale	#N/A Stale	#N/A Stale	#N/A Stale	#N/A Stale	#VALUE!	#VALUE!	#N/A Stale	#VALUE!	#VALUE!	#N/A Stale	#VALUE!	#VALUE!	#N/A Stale	#VALUE!
Projected	4,708333	4,958333	5,041667	5,208333	5,291667	5,375	5,375	5,375	5,291667	5,208333	5,041667	4,875	4,708333	4,541667	4,458333	4,291667	4,208333	4,091667	4,091667

Macroeconomic outlook – inflation broadens and remains high

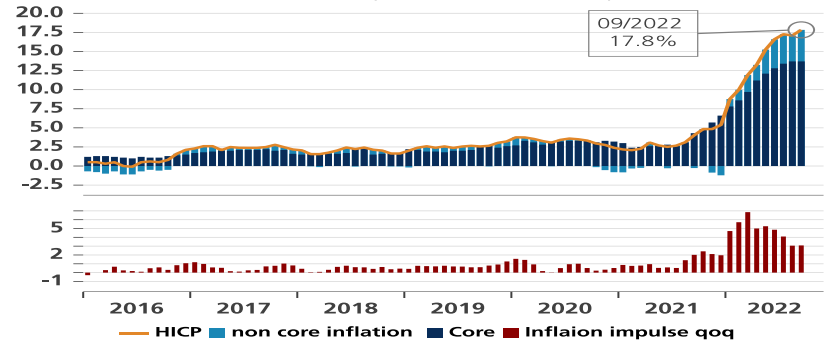
Is a peak close? – home markets inflation pressures remain high with core inflation as an important driver, especially in CEE markets

Inflation developments Bulgaria



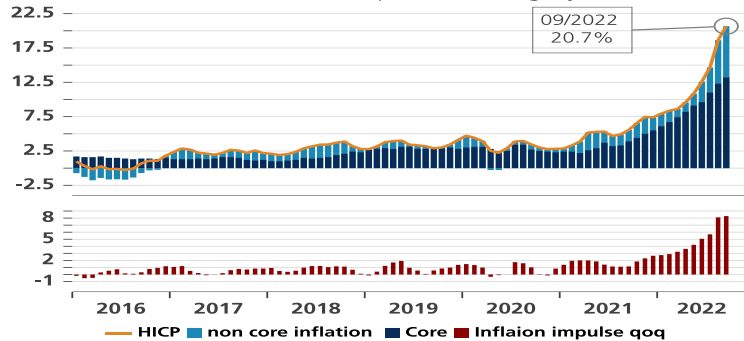
Source: KBC Economics based on IMF, OECD, Eurostat

Inflation developments Czech Republic



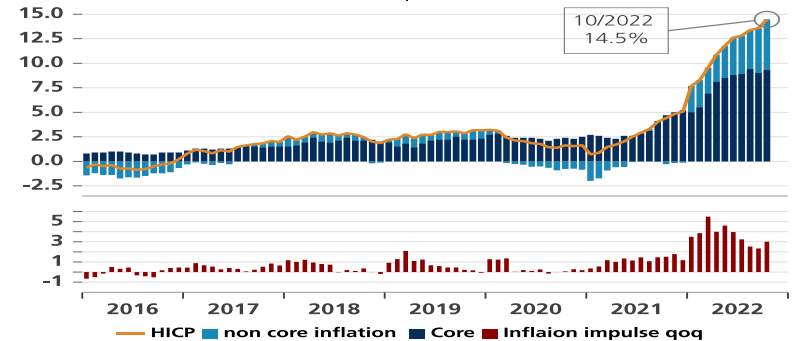
Source: KBC Economics based on IMF, OECD, Eurostat

Inflation developments Hungary



Source: KBC Economics based on IMF, OECD, Eurostat

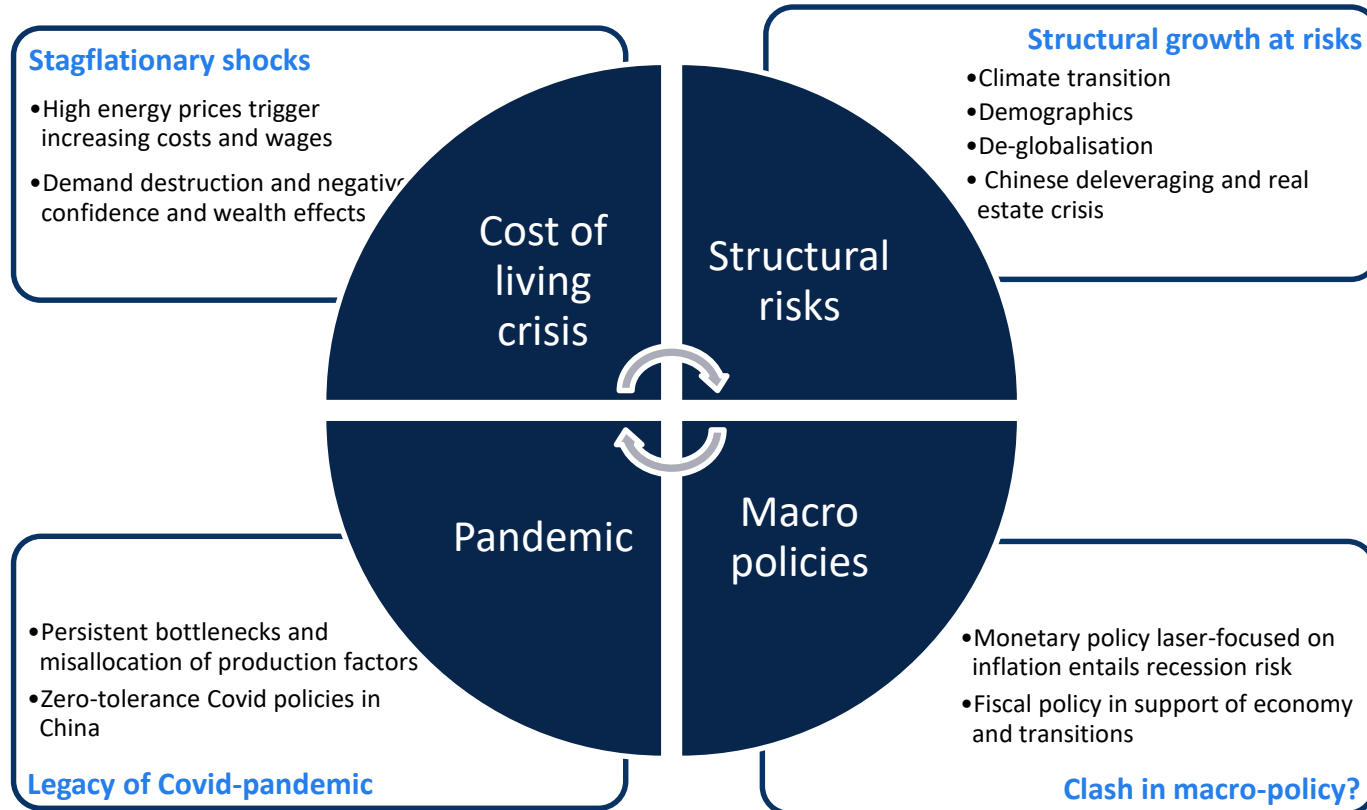
Inflation developments Slovakia



Source: KBC Economics based on IMF, OECD, Eurostat

An era of elevated macroeconomic and political uncertainty

Global economy faces comprehensive macro-financial stress test – with uncertain outcome

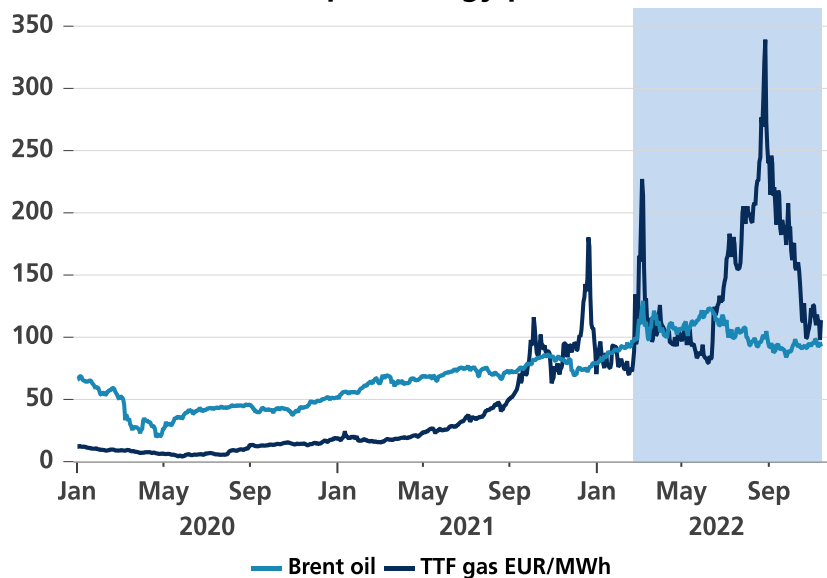


Geopolitical conflict continues to dominate macroeconomic outlook

European economies have been able to refill gas stocks against an increased LNG supplies and lower gas demand from Asian economies

Will European economies get through winter? - European economies refill(ed) gas reserves at record speed but the typical moment of net *use* of gas reserves (November) is approaching fast

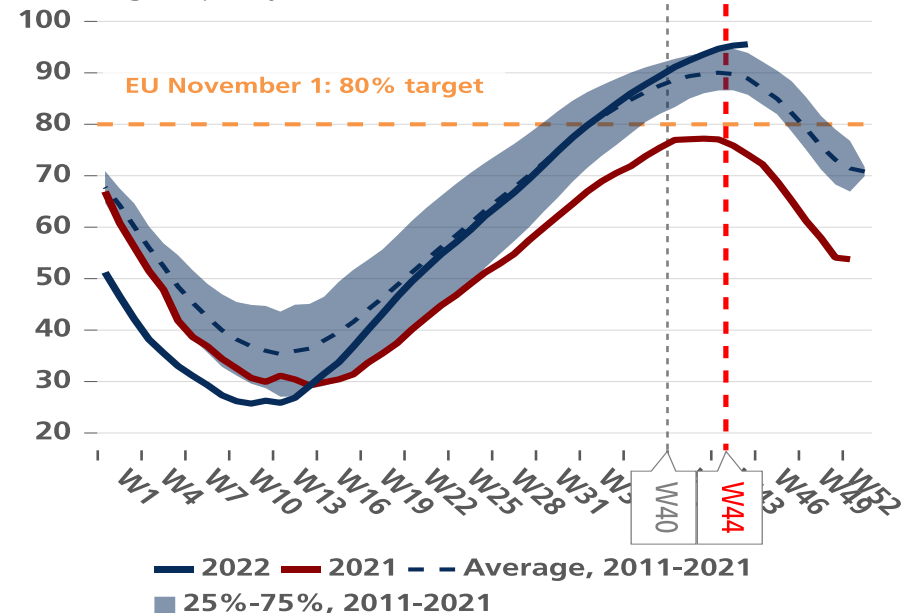
Europe - energy prices



Source: KBC Economics

EU: Natural Gas Storage

% storage capacity



Source: KBC Economics based on Gas Infrastructure Europe (GIE)