

Institutional Investor Survey Results



Investment outlook on Hungary

A combined 70% of respondents expect EUR/HUF to trade between 380 and 400 over the next three months. Hungary's headline inflation eased to 1.4% in February. Based solely on the latest incoming data, OTP's macro analysts would have revised their 2026 inflation forecast of 2.9% down by 0.3 percentage points. However, recent movements in global energy prices have offset this downward pressure, keeping the forecast unchanged at 2.9%. This stands in contrast with the survey results: a clear majority of respondents expect higher inflation in 2026, with most placing the annual average between 3.5% and 4.0%, and some even anticipating inflation above 4%. While energy prices have the strongest and fastest impact on inflation through fuel and energy prices, OTP analysts believe the current environment differs significantly from the 2022 energy crisis.

Figure 1. What is your expectation for EUR/HUF in the next 3 months?

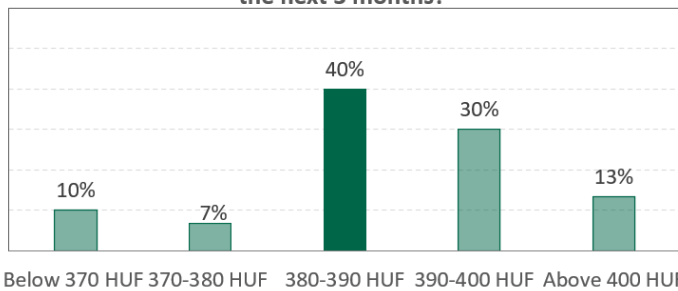
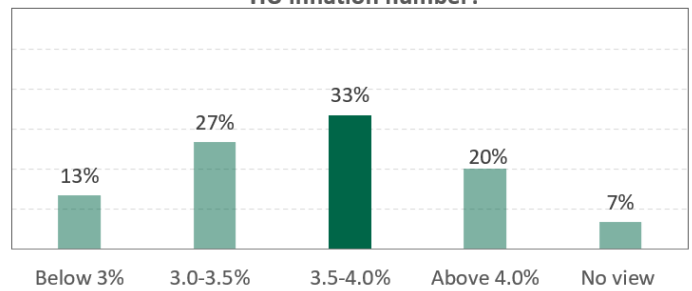
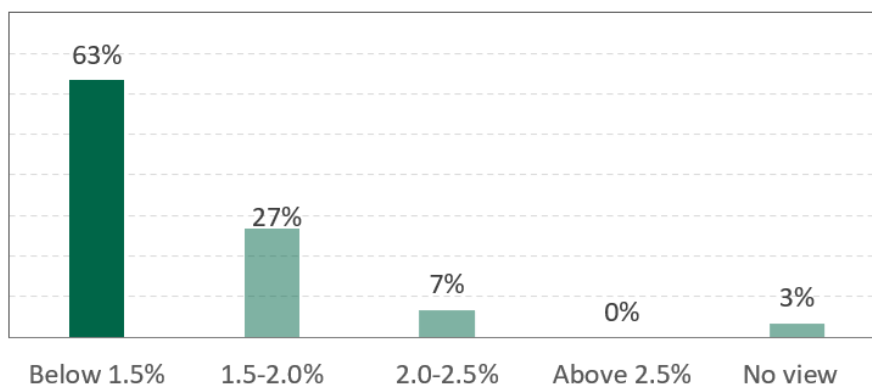


Figure 2. What is your expectation for 2026 avg YoY HU inflation number?



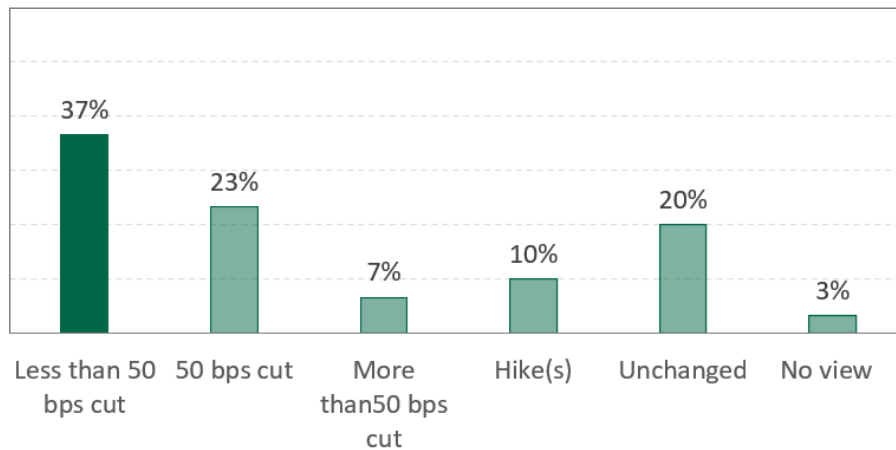
A majority of respondents (63%) now expect 2026 GDP growth to fall below 1.5%, which stands in contrast to OTP analysts' 2.3% forecast published in their March 4, 2026 note. However, OTP analysts also acknowledge that downside risks have increased. The main downside risks are: a prolonged war in Iran, which could increase inflation, decelerate real wage growth, and negatively affect sectors reliant on hydrocarbons as key inputs; post-election fiscal adjustments, as the government may need to tighten the budget to meet its deficit targets; and weakening employment and rising labour-market uncertainty, which could restrain consumer spending, the main engine of economic growth.

Figure 3. What is your expectation for 2026 YoY HU GDP number?



The survey shows a highly divided expectation profile for the NBH over the next 12 months. This distribution reflects rising macro uncertainty, especially compared to the previously more straightforward easing narrative. Respondents see the NBH as increasingly constrained by FX stability concerns. This explains why a substantial 20% expect no change, and 10% even expect a hike, however the majority (67%) still expect cut(s).

Figure 4. What is the most likely move for NBH in the next 12 months?



Fixed Income

The survey indicates a decisive shift in investor sentiment along the Hungarian government bond yield curve. Respondents identified the ultra-long end (10+ years) as the least attractive segment of the curve. Market pricing has pushed ultra-long benchmark bonds to levels where their yields have essentially converged with shorter maturities, which now offers limited relative value. The 7-10-year segment offers better risk-adjusted upside, remaining the most attractive part of the curve based on the survey, even though its share declined from 33% to 20%.

Survey results show that market participants' views on Hungary's neutral interest rate remain broadly unchanged, which is appropriate given that the neutral rate is a structural, slow-moving concept. The majority still places it in the 5-6% range, while the share expecting a level above 6% has increased notably. This slight upward shift likely reflects the recent move higher in both domestic and global rate expectations, driven by elevated geopolitical uncertainty and the resulting rise in global and local yield levels. Overall, perceptions have edged higher, but the fundamental view on the neutral rate remains stable.

Figure 5. What segment of the Hungarian yield curve do you find the least attractive?

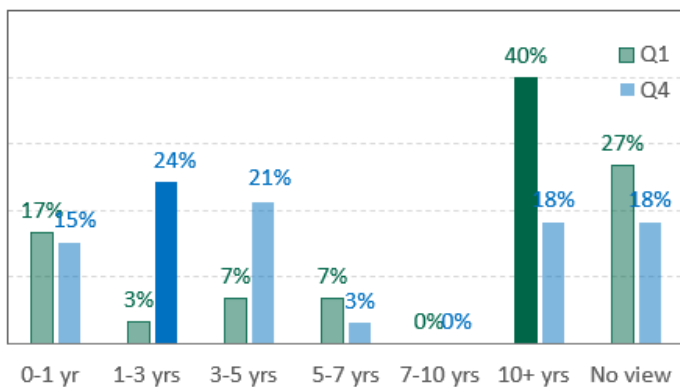


Figure 6. What segment of the Hungarian yield curve do you find the most attractive?

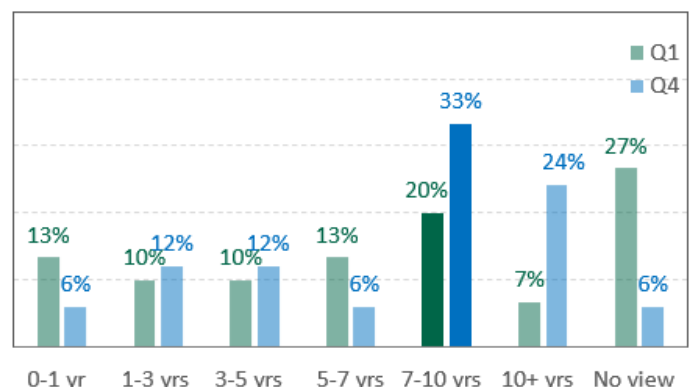


Figure 7. How do you assess the level of the neutral rate of interest in Hungary?

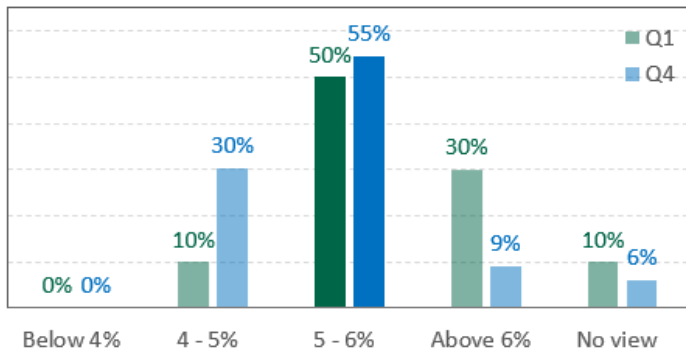


Figure 8. How do you expect the Hungarian yield curve to change in the next 3 months?

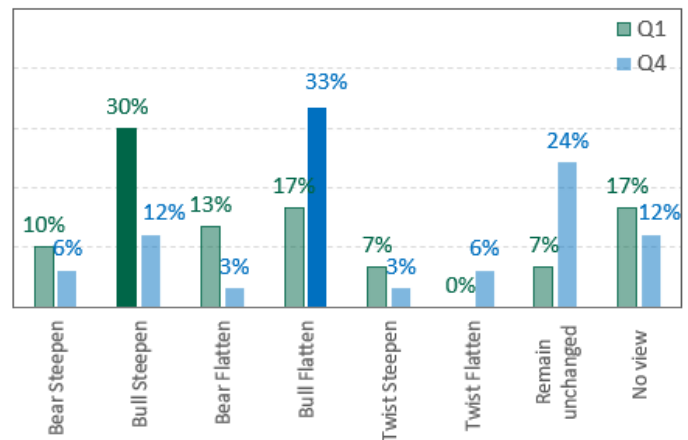


Figure 9. Would you be underweight or overweight Max Index on a duration basis in the next 3 months?

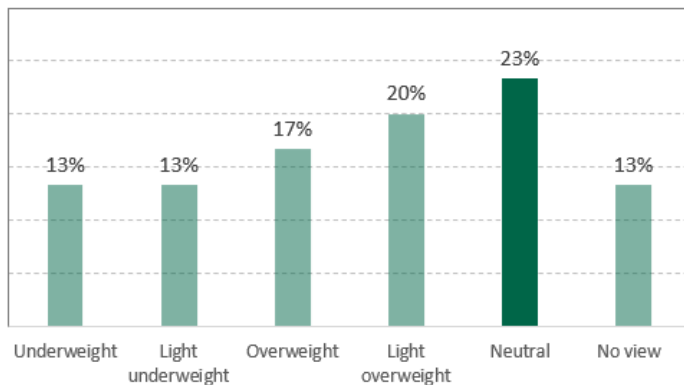
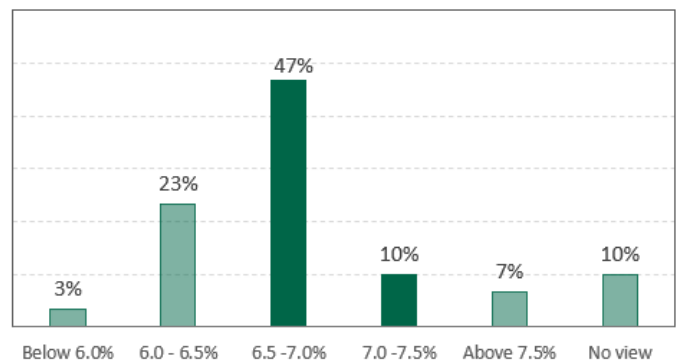


Figure 10. Where do you see HGB BM 10yr yield at the end of the year?



FX

Institutional investors' expectations for regional currency performance have shifted meaningfully from late 2025 to early 2026. The results show rising dispersion, greater uncertainty, and a notable re-pricing of Hungary's risks, largely reflecting the new geopolitical environment and the sharp moves in EUR/HUF. In late 2025, investors were clearly positioned for further forint strength, supported by a still-hawkish NBH stance, high real rates, improving inflation dynamics, the upcoming election and EUR/HUF trading close to multi-year highs for the HUF. By early 2026, that conviction weakened meaningfully: EUR/HUF is back to 390-395, reducing confidence in further appreciation. Sharp oil price increases and geopolitical escalation increase HUF vulnerability.

PLN is now tied with HUF as expected top performer (both 30%) as Poland's macro framework is perceived as more resilient to external shocks. HUF is now viewed as both the most likely outperformer and the most likely underperformer. It signals high uncertainty, elevated volatility expectations and polarization of views among institutional investors. RON has improved in perceived relative performance (underperformer expectations drop from 24% to 10%). Increase in "No view" (33% → 43%) tells us that FX visibility in CEE has collapsed after the energy shock and geopolitical escalation.

Figure 11. Which currency will outperform the most vs EUR in the region?

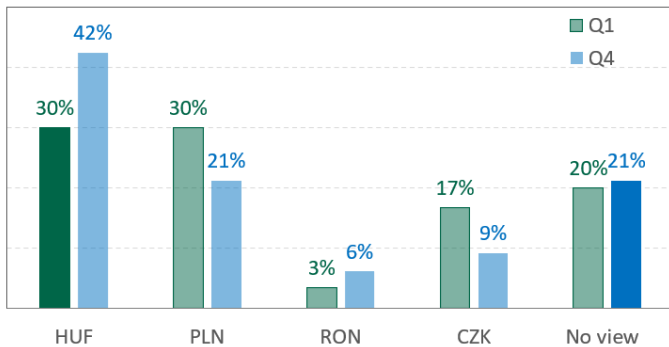
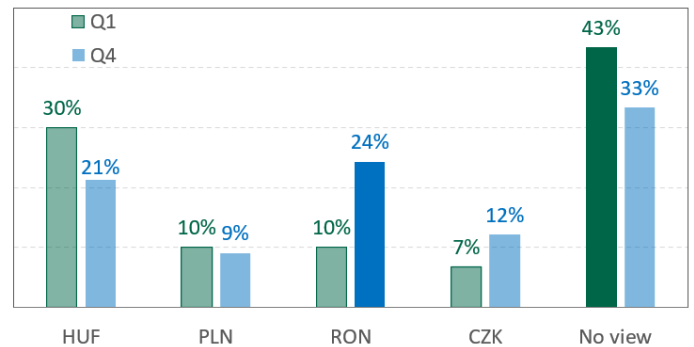


Figure 12. Which currency will underperform the most vs EUR in the region?



Investment outlook for the region

BUX sentiment has materially cooled: slightly bullish expectations dropped sharply from 42% to 23%, while neutral views increased from 24% to 33%, and combined bearish + slightly bearish sentiment rose from 15% to 34%. This shift reflects mounting concerns about energy-driven inflation risks and external shocks feeding into Hungarian risk premium, as well as reduced conviction in Hungarian assets amid heightened HUF volatility and uncertainty around oil prices.

The CETOP Index remains marginally more favored than the BUX, yet the change from 2025Q4 is similarly pronounced. The results indicate a region-wide repricing of geopolitical and macroeconomic risk, with sentiment shifting from previously optimistic to more measured. The prior valuation discount in CETOP has largely disappeared, normalizing back to pre-Russia-Ukraine war levels. At the same time, the perceived likelihood of a near-term peace agreement has diminished. The CETOP outlook is now more balanced, but not optimistic. Investors foresee muted to modest gains, but with rising downside risks particularly from external shocks.

Figure 13. What is your view on BUX Index in the next 3 months?

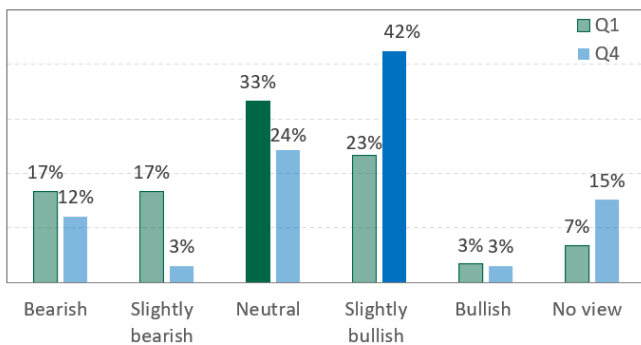
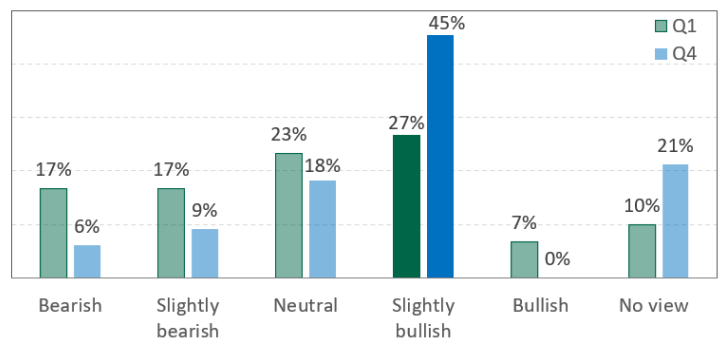


Figure 14. What is your view on CETOP Index in the next 3 months?



Poland stands out as the strongest expected outperformer in the CEE region, reflecting its perceived macro resilience, while Hungary and Romania are seen as the most likely underperformers. A clear majority of respondents anticipate that the US-Iran conflict will weigh on the region's outlook: 63% expect a moderate negative impact, while 27% foresee a significant negative impact. The conflict amplifies risks through rising energy prices, increased FX volatility, and weaker investor sentiment – all of which put pressure on corporate earnings and elevate equity risk premium.

Figure 15. Which CETOP country will outperform most in the next 3 months?

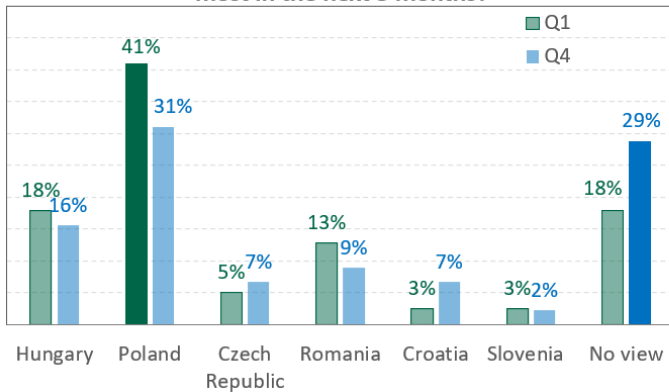


Figure 16. Which CETOP country will underperform most in the next 3 months?

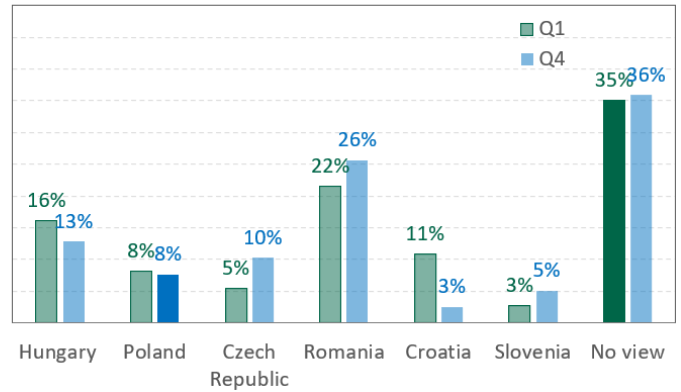
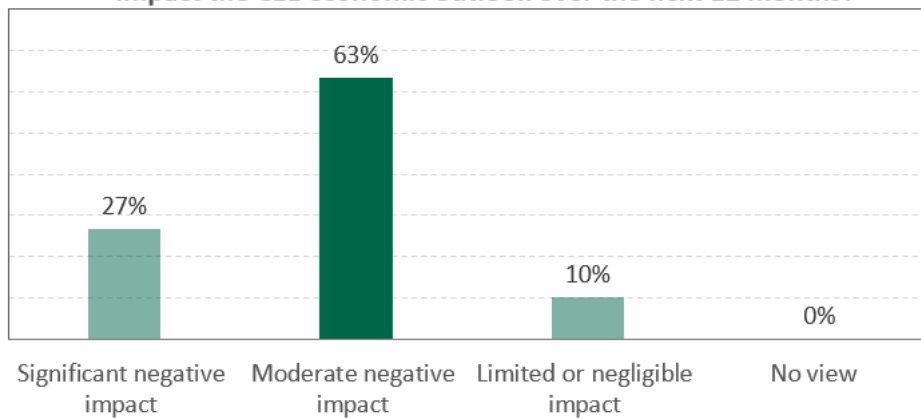


Figure 17. How do you expect the Iran–US–Israel conflict to impact the CEE economic outlook over the next 12 months?



Investor sentiment shows Financials remain the clear favorite (23%), while Utilities gain interest, which is consistent with the region's growing risk aversion. Energy is no longer seen as an underperformer, however, its attractiveness remained unchanged at 8%, suggesting that while downside risk has faded, conviction in upside potential is not strong either. Consumer discretionary, Real estate, Consumer staples and Technology emerge as underperformers signaling investors' skepticism toward rate-sensitive, cyclical, and valuation-dependent industries.

Figure 18. Which sector(s) are attractive in the region?

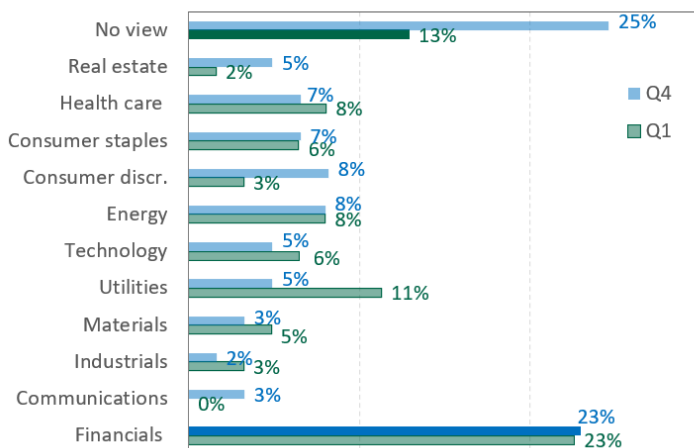
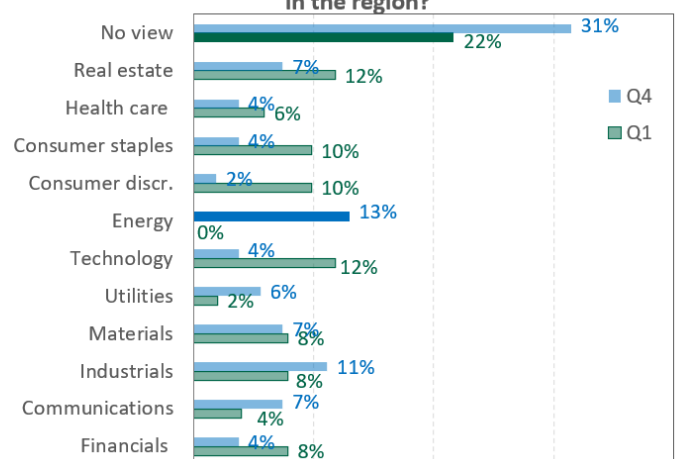


Figure 19. Which sector(s) do you think will underperform in the region?



Global investment outlook

Across all regions, investors show a cautious-to-neutral bias, with a clear preference for hold rather than taking strong directional positions. The distribution of responses indicates elevated uncertainty, limited conviction, and selective risk-taking. CEE Equities has the highest buy share (33%) among all regions despite geopolitical headwinds.

Compared with last quarter, institutional investors have clearly reduced their overall risk appetite. The share of respondents taking higher-than-benchmark risk fell sharply from 33% to 20%, while those running lower risk doubled from 15% to 30%. The rising preference for lower-risk positioning, combined with a modest increase in "similar risk" allocations, suggests that investors are now prioritizing capital preservation over upside capture. This shift reflects the deterioration in the macro and geopolitical backdrop.

Figure 20. Current investment outlook (next 3 months)

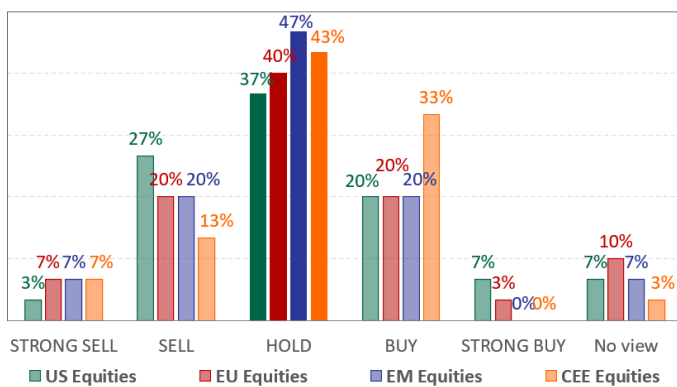
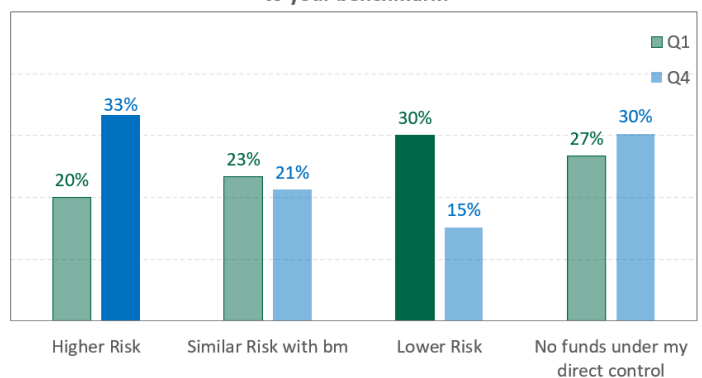


Figure 21. What level of risk are you currently taking relative to your benchmark?



Institutional investors have meaningfully scaled back their expectations for USD weakness and Fed easing. At the end of last year 85% of the respondents expected 50-100 bps cuts, whereas now 43% assume less than 50 bps cut, 30% sees no cuts at all and 3% even expect hike(s). The Fed's dot plot shows a median projection of just one 25bp cut in 2026, while the market is pricing in 0-1 cuts for all of 2026. The majority still see the EURUSD between 1.15-1.20, however the share expecting 1.10-1.15 has increased significantly (from 16% to 33%). Geopolitical escalation surrounding the US-Iran conflict has increased global risk aversion, typically supporting the USD as a safe-haven currency and higher energy prices can disproportionately hurt the Eurozone growth outlook.

Figure 22. What is your expectation for EURUSD at the end of the next 3 months?

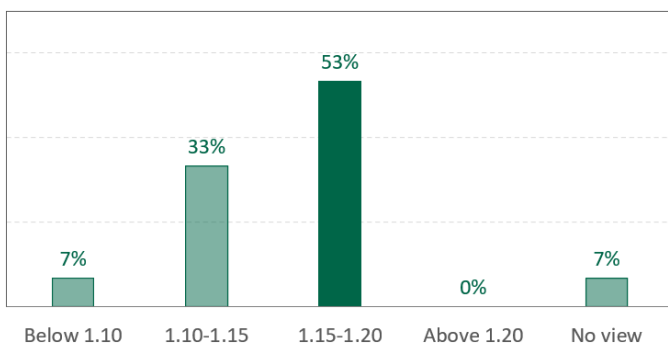
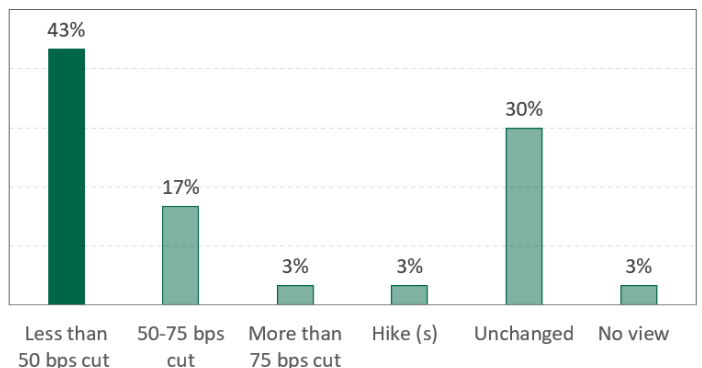


Figure 23. How many Fed cuts/hikes do you expect for the next 12 months?



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Over 30 financial professionals, active in CEE markets, with above EUR 6.5bn assets under direct control, contributed to our survey, which was closed by March 20, 2025, 17:00 (CET).

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