

Global Challenges and Regional Resilience: Key Takeaways from UniCredit's 20th Financial Breakfast

At the 20th anniversary Financial Breakfast of UniCredit Bank, which has been connecting clients and experts in the discussion of current economic and financial challenges since 2006, speakers once again focused on the macroeconomic situation and developments in the financial markets, which were shared by representatives of the UniCredit Group – Mauro Giorgio Marrano, Gianluca Barranci and Lorenzo Cetrullo. The keynote speaker, Anne Laure Giret, Head of Google Cloud AI GTM for the EMEA South, presented a view of the future with artificial intelligence and emphasized its potential to create tangible business value, from a better user experience to the transformation of key business processes.

Mauro Giorgio Marrano presented the key findings of the Investment Institute, which operates under the auspices of the UniCredit Group, as part of the macro review. The global economic situation is facing a period of increased uncertainty, which is closely related to geopolitical tensions and their impact on energy markets and economic activity in various regions.

Global Economy

In their new baseline scenario – which anticipates a prolonged conflict in Iran with substantial de-escalation after June – UniCredit analysts expect US economic growth to remain resilient, with growth at around 2%, and they have lowered their euro area GDP growth forecast for this year to below 1%. They assess that Europe is more exposed to the energy-price shock than the US and China. They expect energy prices to start to decline gradually in the second half of the year, although by the end of the forecast horizon they will probably remain above the pre-war level.

United States

Analysts project stable growth of around 2% this year and next. The US is a net energy exporter and therefore more insulated from disruption in the Middle East. Demand will be supported by fiscal support and ongoing investment. They still expect the Fed to cut rates once this year, albeit delayed until the fourth quarter of 2026.

Euro Area

For the euro area, they forecast GDP growth of 0.8% for this year and 1.1% for 2027. Above-target inflation is likely to trigger two 25bp rate increases by the ECB this year, probably in June and September. One of these hikes might be reversed in the third quarter of 2027 as the inflation shock subsides.

Central and Eastern Europe (CEE) Region

Analysts describe the CEE region as relatively resilient economically, but at the same time highly exposed to energy-related risks. If the energy-price shock eases, the region could maintain growth in most countries, although risks remain predominantly tilted to the downside. The region, like the EU as a whole, is heavily dependent on oil and gas imports, which increases vulnerability under the current circumstances. In the baseline scenario, growth in most countries is expected to range between 2% and 3%, while in the adverse scenario – with a longer-lasting energy shock – it could fall to between 0% and 2% in 2026 and 2027.

Fiscal outlooks indicate that room for measures to mitigate the impact of higher energy prices is limited. The energy-price shock linked to the conflict in the Middle East is hitting the region at a time when fiscal space is already significantly constrained. In the baseline scenario, the fiscal impact of regulated prices and announced temporary caps appears manageable, while in the adverse scenario fiscal space for large-scale support packages to cushion the economy seems limited. This also implies increased fiscal risk for countries with high budget deficits.

Inflation and interest-rate outlooks suggest that rate cuts will be postponed until the energy-price shock subsides. Regulated utility prices and low inflation may allow the Polish NBP to avoid rate hikes and instead react by delaying rate cuts. The Czech National Bank CNB is expected to raise rates in line with the ECB, with such increases potentially

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being reversed in the second half of 2027. Romania's NBR may postpone rate cuts and support the leu (RON) by increasing the interbank rate through liquidity tightening.

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