

CEE MARKET INSIGHTS

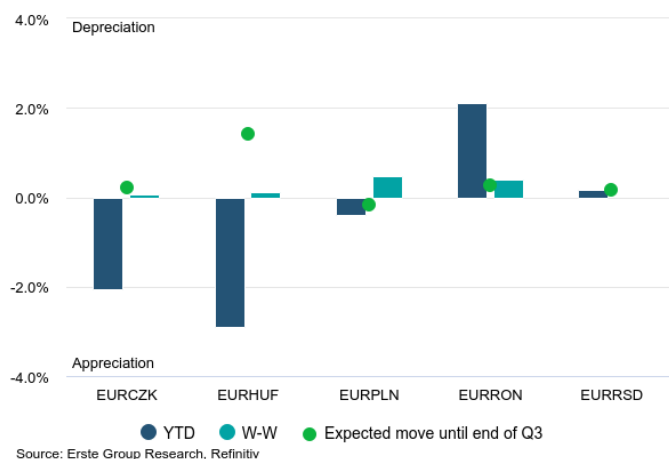
Mix of data in the region

This week in CEE

A mix of data will be released across CEE this week. Current account balances will be published in Poland, Romania, Serbia and Slovakia. Further, final inflation numbers for June will be released in Slovakia, Poland and Croatia. In Romania, industrial output growth in May is due Tuesday and that will allow us to summarize the performance of industry in the second quarter of 2025 in all CEE countries. Finally, wage growth and the unemployment rate will be released in Slovakia and producer prices growth in Czechia. On Friday, after market close, Moody's is scheduled to release its rating review for Czechia. We expect no change in the rating and outlook.

Monday	Tuesday	Wednesday	Thursday	Friday
RO: Current Account	SK PL HR: Inflation	CZ: Producer prices	RS: Current Account	SK: Current Account, Unemployment
SK: Wages	RO: Industry			
PL: Trade				
RO: 2028 2033 Bonds	HU: T-Bills	PL CZ: Bonds	RO: 2031 Bonds	
			CZ: T-Bills	

FX market



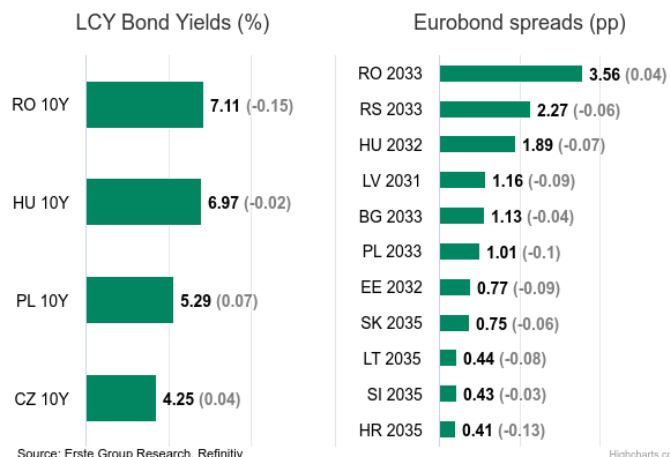
FX market developments

The FX market in the region was relatively stable throughout the week. The Polish zloty and Romanian leu remained marginally weaker against the euro.

On global markets, President Donald Trump said the US would begin levying a 50% tariff on copper imports from August. He also signed an executive order delaying increased tariffs until August 1. The European Union is trying to lock the tariffs at 10%.

Locally, we adjusted the interest rate outlook in Romania and Serbia (both central banks voted for stability of rates in July). In Romania, we see the first rate cut only in 2026, while in Serbia (given the surprising decision to keep the interest rate stable at 5.75% at July's meeting), we expect only one interest rate cut toward the end of the year. In Czechia, inflationary developments support a stability of rates scenario until the end of the year, and it was also communicated by the central bank that tight monetary conditions should prevail.

LCY yields, Eurobond spreads



Bond market developments

Romania's government passed the fiscal consolidation package that satisfied both investors (decline in yields and risk premium) and the European Commission, thereby sustaining the flow of EU funds (which could have been suspended in the event of disappointing fiscal measures). The government took the opportunity of the positive sentiment and tapped the international bond market, selling USD 5.6bn (dollar-denominated maturing in 2030 and 2036 and euro-denominated due in 2039) and enjoying strong demand from investors. Romania also issued local government papers maturing in 2030. Long-term yields in Romania continued to decline, while in other CEE countries, bond market performance was mixed. In Poland, the Ministry of Finance sold local currency papers, meeting strong interest from investors. Poland already has 80% of this year's financing needs completed. This week, Czechia, Romania and Poland will be active on the bond market. Czechia and Hungary plan to issue T-Bills as well.

In case you missed

CEE Bond Report: [More positive news on ratings](#)
 CEE Outlook | [Baltics](#) | [Recovery slowly coming to the Baltics](#)
[HU: Inflation increased to 4.6% y/y in June](#)
[HU: Volume of sales grew by 2.1% y/y in May](#)
[RO: August VAT hike could trigger July buying spree](#)
[RO: June CPI accelerates to 5.7% y/y, above market consensus](#)
[RS: NBS remains on hold](#)

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Erste Est.	Prev.	Comment
14. Jul		RO	Current Account Balance (monthly)	May		-10103.00	
	9:00	SK	Wages (y/y)	May		5.40%	
	14:00	PL	Trade Balance	May		-941.00	
15. Jul	8:00	RO	Industrial Production (y/y)	May	3.60%	-2.40%	We expect a negative monthly rate of change, but the base effect should push the annual rate into the positive territory.
	9:00	SK	CPI (y/y)	Jun	4.40%	4.10%	On a yearly basis, services are the most prominent driver (2.4pp), followed by food items including alcohol and tobacco (1.4pp).
	9:00	SK	CPI (m/m)	Jun	0.30%	0.50%	Inflation driven by services, accounting for 0.2 pp of the total m/m price growth.
	10:00	PL	CPI (y/y)	Jun F		4.10%	
	10:00	PL	CPI (m/m)	Jun F		0.10%	
	11:00	HR	CPI (y/y)	Jun F		3.70%	
	11:00	HR	CPI (m/m)	Jun F		0.30%	
16. Jul	9:00	CZ	PPI (y/y)	Jun		-0.80%	
17. Jul		RS	Current Account Balance (monthly)	May		-679.50	
18. Jul		SK	Unemployment Rate	Jun		4.82%	
	10:30	SK	Current Account Balance (monthly)	May		-458.90	

Source: Erste Group Research

Note: Past performance is not necessarily indicative of future results

Forecasts

LCY Government bond yields					
	Friday's close	2025Q3	2025Q4	2026Q1	2026Q2
Czechia 10Y	4.25	4.15	3.97	3.82	3.76
Hungary 10Y	6.97	6.64	6.57	6.51	6.45
Poland 10Y	5.29	5.30	5.10	5.00	4.90
Romania10Y	7.11	7.10	7.00	6.80	6.70
Serbia 10Y	5.21	5.00	4.90	4.80	4.60

Spreads vs. German Bunds (bps)					
Croatia 10Y	41.00	60.00	60.00	60.00	60.00
Slovakia 10Y	75.00	95.00	95.00	90.00	90.00
Slovenia 10Y	43.00	60.00	60.00	60.00	60.00
DE10Y yields	2.69	2.50	2.50	2.50	2.50

3M Money Market Rate					
	Friday's close	2025Q3	2025Q4	2026Q1	2026Q2
Czechia	3.49	3.57	3.50	3.32	3.32
Hungary	6.50	6.50	6.10	5.85	5.60
Poland	5.03	4.90	4.60	4.20	3.90
Romania	6.75	6.30	6.00	5.85	5.55
Serbia	4.68	4.40	4.46	4.25	4.04
Eurozone	2.03	1.98	1.99	2.01	2.02

Real GDP growth (%)				
	2023	2024f	2025f	2026f
Croatia	3.3	3.9	2.8	2.6
Czechia	0.1	1.0	1.9	2.2
Hungary	-0.8	0.5	0.8	3.0
Poland	0.1	2.9	3.2	3.1
Romania	2.4	0.8	1.3	3.1
Serbia	3.8	3.9	3.1	3.9
Slovakia	2.2	2.1	1.5	1.5
Slovenia	2.1	1.6	1.5	2.0
CEE8 avg	0.9	2.0	2.3	2.8

Public debt (% of GDP)				
	2023	2024f	2025f	2026f
Croatia	61.8	57.6	57.2	56.9
Czechia	42.5	43.6	44.2	44.8
Hungary	73.0	73.5	74.2	73.8
Poland	49.5	55.3	58.5	60.5
Romania	48.9	54.8	58.3	59.8
Serbia	48.4	47.5	47.1	46.9
Slovakia	55.6	59.3	61.1	62.1
Slovenia	68.4	67.0	66.8	66.4
CEE8 avg	52.0	55.6	57.8	58.9

Source: Bloomberg, Erste Group Research

FX					
	Friday's close	2025Q3	2025Q4	2026Q1	2026Q2
EURCZK	24.64	24.70	24.60	24.54	24.46
EURHUF	399.32	405.00	405.00	408.00	410.00
EURPLN	4.26	4.25	4.25	4.30	4.30
EURRON	5.08	5.09	5.10	5.12	5.15
EURRSD	117.02	117.20	117.30	117.30	117.20
EURUSD	1.17	1.15	1.16	1.17	1.17

Key Interest Rate (deposit facility in Eurozone)					
	Friday's close	2025Q3	2025Q4	2026Q1	2026Q2
Czechia	3.50	3.50	3.50	3.25	3.25
Hungary	6.50	6.50	6.00	5.75	5.50
Poland	5.00	4.75	4.50	4.25	4.00
Romania	6.50	6.50	6.50	6.25	6.00
Serbia	5.75	5.75	5.50	5.25	5.00
Eurozone	2.00	2.00	2.00	2.00	2.00

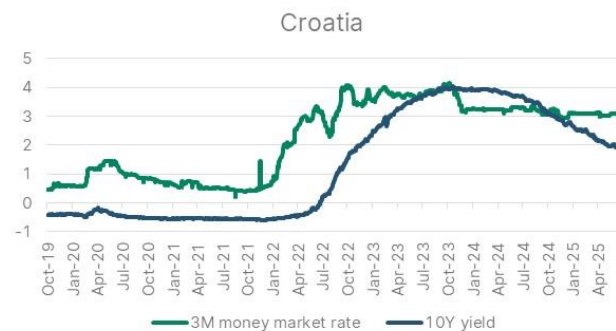
Average inflation (%)				
	2023	2024f	2025f	2026f
Croatia	8.1	3.0	3.2	2.5
Czechia	10.7	2.4	2.5	2.3
Hungary	17.6	3.7	4.7	4.1
Poland	11.4	3.6	3.6	2.6
Romania	10.5	5.6	6.3	5.6
Serbia	12.5	4.6	4.4	3.3
Slovakia	10.5	2.8	3.9	3.3
Slovenia	7.4	2.0	2.2	2.0
CEE8 avg	11.5	3.7	4.0	3.3

C/A (%GDP)				
	2023	2024f	2025f	2026f
Croatia	0.4	-1.2	-2.3	-2.7
Czechia	0.3	1.8	1.9	1.4
Hungary	0.3	2.2	1.9	1.7
Poland	1.8	0.2	-0.8	-1.0
Romania	-6.6	-8.3	-7.8	-6.8
Serbia	-2.4	-4.7	-5.6	-5.3
Slovakia	-0.9	-2.8	-3.0	-3.0
Slovenia	4.5	4.4	3.9	3.6
CEE8 avg	-0.3	-1.1	-1.5	-1.6

Unemployment (%)				
	2023	2024f	2025f	2026f
Croatia	6.1	5.0	4.7	4.5
Czechia	2.6	2.7	2.9	3.5
Hungary	4.1	4.4	4.2	4.0
Poland	5.1	5.1	5.2	5.1
Romania	5.6	5.5	5.6	5.5
Serbia	9.5	8.6	8.7	8.4
Slovakia	5.8	5.3	5.3	5.7
Slovenia	3.7	3.7	3.6	3.6
CEE8 avg	4.9	4.8	4.9	4.9

Budget Balance (%GDP)				
	2023	2024f	2025f	2026f
Croatia	-0.8	-2.4	-2.8	-2.5
Czechia	-3.8	-2.2	-2.4	-2.5
Hungary	-6.7	-4.9	-4.5	-4.5
Poland	-5.3	-6.6	-6.2	-5.0
Romania	-6.6	-9.3	-7.5	-6.4
Serbia	-2.1	-2.0	-3.0	-3.0
Slovakia	-5.2	-5.3	-4.5	-3.8
Slovenia	-2.6	-0.9	-2.1	-1.8
CEE8 avg	-5.0	-5.5	-5.2	-4.5

Appendix



Source: Bloomberg, Erste Group Research

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