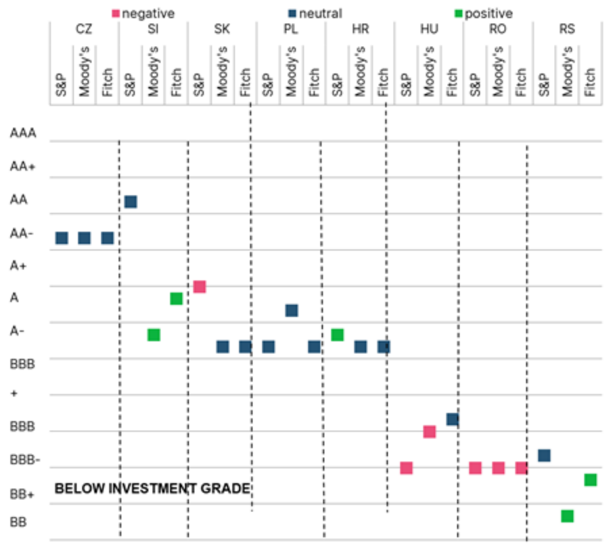
CEE MACRO AND FI DAILY

Fitch affirms Romania’s rating and outlook

On the Radar

- Fitch affirmed Romania’s rating and sustained negative outlook.
- Today, at 9 AM CET Czechia will publish producer prices.
- In the afternoon, at 2 PM CET, Poland releases core inflation data in July.

Sovereign ratings in CEE

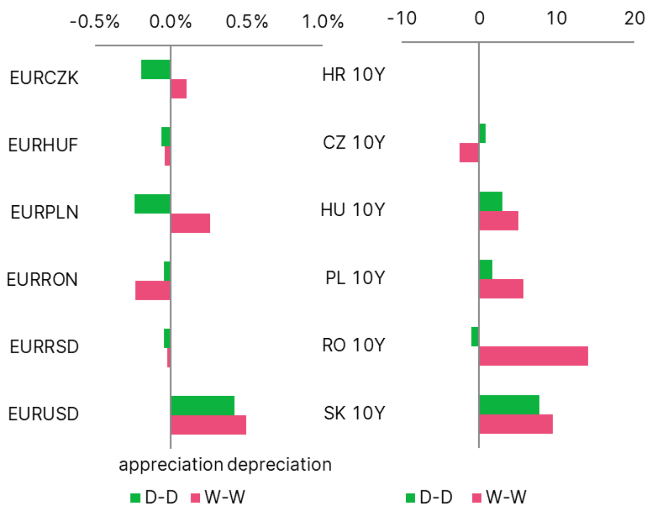


Source: Erste Group Research

Economic developments

Romania managed to keep the lowest investment grade score by all three agencies so far. On Friday, Fitch affirmed Romania’s rating at BBB- and kept the negative outlook. According to Fitch Rating, Romania's 'BBB-' rating is supported by EU membership and related capital inflows that support income convergence and external finances. On the other hand, the large and persistent budget and current account deficits, rapidly increasing public debt, political polarization and fairly high net external debt weigh negatively on Romania’s assessment. The fiscal consolidation plan helped to avoid the downgrade not only by Fitch Ratings but earlier by S&P. As long as public finances do not improve in a more sustainable way, we expect the negative outlook to remain. As Fitch Ratings put it, the significant deterioration of Romania's public finances, demonstrated by a large fiscal deficit and rapidly rising government debt/GDP are key reasons behind the negative outlook. While fiscal austerity is necessary in Romania, it will weigh on economic performance this year and in 2026, at the top of negative impact stemming from global developments.

Market performance



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Market developments

The FX market was quite stable throughout the week. The key development was the publication of US inflation for July. EURCZK is at 24.47, EURHUF at 394 while EURPLN holds at 4.25 on Monday. EURRON oscillates around 5.06. On the bond market, we will get to see if Romania experiences decline of long-term yields after Fitch Ratings confirmed Romania's rating at BBB-. Otherwise, we have removed the previously expected 25bp rate cut in September from our forecast of Hungary's interest rates. We now see rate stability as increasingly likely scenario, with a moderate chance of a single 25bp cut in Q4 2025.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
18. Aug	**09:00**	**CZ**	PPI (y/y)	Jul		-1.2%	-0.7%
19. Aug	**10:30**	**SK**	Current Account Balance (monthly)	Jun			-77.02
20. Aug		**SK**	Unemployment Rate	Jul		4.9%	4.9%
	11:00	**HR**	Unemployment Rate	Jul			3.8%
	11:00	**HR**	Wages (y/y)	Jun			6.5%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.42	-0.2	0.1
EUR/HUF	394.87	-0.1	0.0
EUR/PLN	4.25	-0.2	0.3
EUR/RON	5.06	0.0	-0.2
EUR/RSD	117.01	0.0	0.0
EUR/USD	1.17	0.4	0.5

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.50	0	-1
HUF	6.50	0	0
PLN	4.88	0	-4
RON	6.60	0	0
RSD	4.68	0	0
EUR	2.03	-1	1

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.30	1	-3
HU 10Y	7.00	3	5
PL 10Y	5.36	2	6
RO 10Y	7.30	-1	14
HR 10Y	3.09	0	0
SK 10Y	3.56	8	10

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