

CEE MARKET INSIGHTS

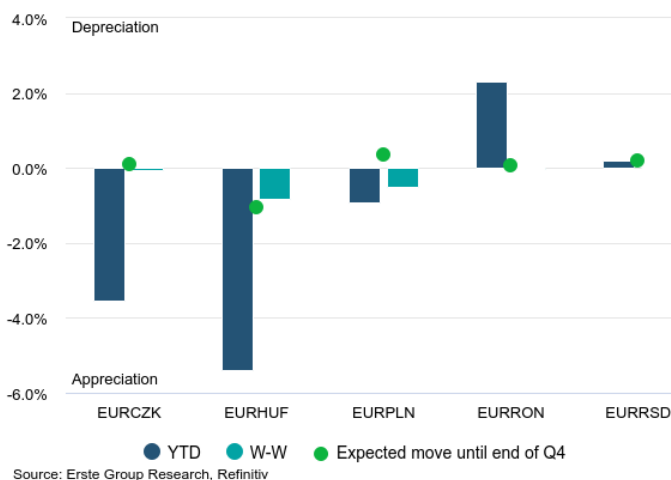
S&P to review Slovakia's rating

This week in CEE

The upcoming meeting of the Hungarian central bank will be a key event. We do not anticipate any changes to the key policy rate at this meeting. Recently, we revised our interest rate forecast for Hungary and now expect rate stability for most of 2026. Poland is also set to release a noteworthy set of data, including industrial output and retail sales growth for September. Several CEE countries will publish labor market data, such as the unemployment rate (Slovakia, Croatia, Hungary, and Poland) and wage growth (Poland, Croatia, and Serbia). In addition, producer price data will be released in Poland and Slovenia. S&P is scheduled to review Slovakia's credit rating and outlook; a downgrade cannot be ruled out given the current negative outlook.

Monday	Tuesday	Wednesday	Thursday	Friday
PL: Industry, Wages, Employment, Producer prices	HU: Central bank	PL: Retail sales	PL: Unemployment rate	RS: Wages
SK: Current Account, Unemployment	HR: Unemployment, Wages SI: Producer prices	HU: Unemployment rate		
SK: 2031 2035 2036 2047 Bonds	HU: T-Bills	HU: 2032 2041 Bonds, T-Bills	PL: Bonds	
RO: 2031 2038 Bonds		CZ: Bonds	RO: 2032 Bonds	CZ: T-Bills

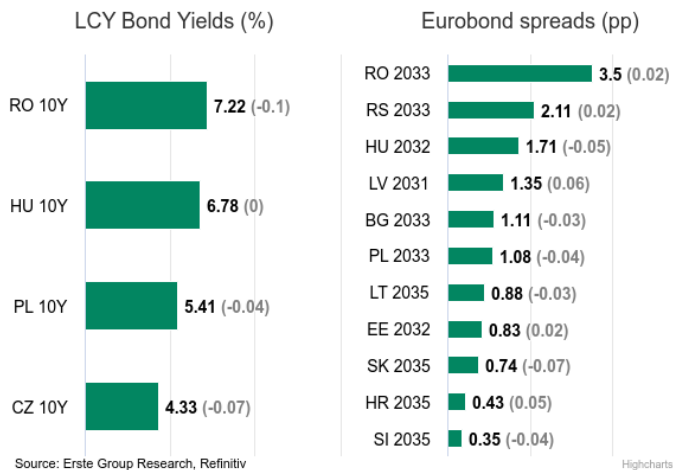
FX market



FX market developments

The Hungarian forint and the Polish zloty have appreciated against the euro over the past week. The EUR/HUF exchange rate has recently hovered around 390, ahead of the central bank meeting this week. We expect the policy rate to remain stable at 6.5%, with the central bank likely to maintain a relatively hawkish stance, downplaying expectations of monetary easing. In Poland, following the interest rate cut in October, central bankers are discussing the likelihood of further monetary easing before year-end. Kotecki stated that the October rate cut should be the last in 2025, with any additional reductions considered only in 2026. Dabrowski sees room for further monetary easing if the inflation trend does not change. Although a rate cut is not necessarily expected at the November meeting, he anticipates a terminal rate between 3.5% and 4% by the end of 2026. Additionally, data on business activity in the Eurozone's manufacturing and services sectors for October will be published, which may influence FX market developments in the region.

LCY yields, Eurobond spreads



Bond market developments

Long-term yields have declined across the region, with the exception of Hungary, where the bond market remained stable last week in anticipation of the central bank meeting, where rate stability is broadly expected. In Czechia, government coalition talks are ongoing, with a program being drafted by ANO and the two coalition parties, SPD and Motorists. In response to U.S. sanctions on Serbia's oil company NIS, which disrupted Serbia's energy supply chains, Croatia has halted supplies, while Hungary's MOL has increased oil exports to Serbia. We have published the Bond Report titled "Fiscal Slippage and Less Space for Monetary Easing", which discusses the relaxation of deficit targets in several countries and the trajectory of public debt across the region. This week, Slovakia plans to issue several government bonds. Additionally, Czechia, Poland, and Romania are scheduled to hold auctions. Finally, Slovakia will be reviewed by S&P, and a one-notch downgrade in its credit rating cannot be ruled out, given the negative outlook.

In case you missed

CEE Bond Report: [Fiscal slippage and less space for monetary easing in CEE](#)

RO: September CPI virtually flat at 9.9% y/y, marginally below expectations

RO: Industrial production back in red territory in August

SK: CPI rose slightly in September

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Erste Est.	Prev.	Comment
20. Oct		SK	Unemployment Rate	Sep		4.99%	
	10:00	PL	Industrial Production (y/y)	Sep		0.70%	
	10:00	PL	PPI (y/y)	Sep		-1.20%	
	10:00	PL	Wages (y/y)	Sep		7.10%	
	10:30	SK	Current Account Balance (monthly)	Aug		-484.11	
21. Oct	10:30	SI	PPI (y/y)	Sep		0.01	
	11:00	HR	Unemployment Rate	Sep	4.10%	4.10%	Unemployment rate expected to remain unchanged on monthly level in September
	11:00	HR	Wages (y/y)	Aug		0.06	
	14:00	HU	Central Bank Rate	Oct-25	6.50%	6.50%	No change in the key rate is expected
22. Oct	8:30	HU	Unemployment Rate	Sep	4.30%	4.40%	
	10:00	PL	Retail Sales (y/y)	Sep		3.00%	
23. Oct	10:00	PL	Unemployment Rate	Sep		5.50%	
24. Oct	12:00	RS	Wages (y/y)	Aug		6.20%	

Source: Erste Group Research

Note: Past performance is not necessarily indicative of future results

Forecasts

LCY Government bond yields					
	Friday's close	2025Q4	2026Q1	2026Q2	2026Q3
Czechia 10Y	4.33	4.27	4.16	4.08	4.04
Hungary 10Y	6.78	6.78	6.70	6.67	6.64
Poland 10Y	5.41	5.40	5.40	5.30	5.20
Romania 10Y	7.22	7.00	6.80	6.70	6.60
Serbia 10Y	4.98	5.10	5.00	4.80	4.60

Spreads vs. German Bunds (bps)					
Croatia 10Y	43.00	45.00	50.00	50.00	50.00
Slovakia 10Y	74.00	80.00	80.00	80.00	80.00
Slovenia 10Y	35.00	50.00	50.00	50.00	50.00
DE10Y yields	2.58	2.50	2.50	2.50	2.50

3M Money Market Rate					
	Friday's close	2025Q4	2026Q1	2026Q2	2026Q3
Czechia	3.52	3.55	3.56	3.56	3.57
Hungary	6.50	6.50	6.45	6.45	6.45
Poland	4.50	4.30	4.10	3.90	3.90
Romania	6.40	6.00	5.85	5.55	5.20
Serbia	4.68	4.67	4.67	4.67	4.04
Eurozone	2.01	1.99	2.01	2.02	2.02

Real GDP growth (%)				
	2023	2024f	2025f	2026f
Croatia	3.3	3.9	3.0	2.7
Czechia	0.2	1.1	2.3	2.2
Hungary	-0.8	0.5	0.5	2.3
Poland	0.2	2.9	3.4	3.2
Romania	2.4	0.8	1.3	2.1
Serbia	3.7	3.9	2.7	4.3
Slovakia	2.2	2.1	0.7	1.3
Slovenia	2.1	1.6	1.2	2.1
CEE8 avg	0.9	2.0	2.3	2.6

Public debt (% of GDP)				
	2023	2024f	2025f	2026f
Croatia	61.8	57.6	56.6	56.2
Czechia	42.5	43.6	44.2	44.8
Hungary	73.2	73.5	74.4	74.1
Poland	49.5	55.3	62.0	66.0
Romania	48.9	54.8	59.2	61.1
Serbia	48.4	47.5	47.7	47.1
Slovakia	55.6	59.3	61.5	62.8
Slovenia	68.4	67.0	66.5	65.9
CEE8 avg	52.1	55.6	59.3	61.4

FX					
	Friday's close	2025Q4	2026Q1	2026Q2	2026Q3
EURCZK	24.27	24.30	24.25	24.20	24.13
EURHUF	389.07	385.00	390.00	390.00	385.00
EURPLN	4.23	4.25	4.30	4.30	4.30
EURRON	5.09	5.09	5.10	5.10	5.15
EURRSD	117.06	117.30	117.30	117.20	117.10
EURUSD	1.17	1.20	1.20	1.22	1.22

Key Interest Rate (deposit facility in Eurozone)					
	Friday's close	2025Q4	2026Q1	2026Q2	2026Q3
Czechia	3.50	3.50	3.50	3.50	3.50
Hungary	6.50	6.50	6.50	6.50	6.50
Poland	4.50	4.25	4.00	3.75	3.75
Romania	6.50	6.50	6.25	6.00	5.50
Serbia	5.75	5.75	5.75	5.75	5.00
Eurozone	2.00	2.00	2.00	2.00	2.00

Average inflation (%)				
	2023	2024f	2025f	2026f
Croatia	8.1	3.0	3.8	3.2
Czechia	10.7	2.4	2.6	2.3
Hungary	17.6	3.7	4.6	4.0
Poland	11.4	3.6	3.7	2.8
Romania	10.5	5.6	7.3	6.5
Serbia	12.5	4.6	3.9	3.3
Slovakia	10.5	2.8	4.0	3.5
Slovenia	7.4	2.0	2.5	2.2
CEE8 avg	11.5	3.7	4.2	3.5

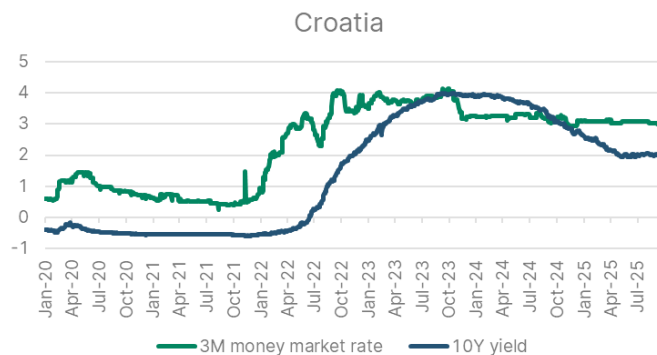
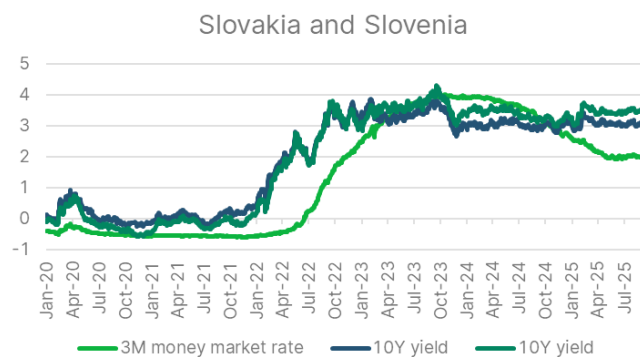
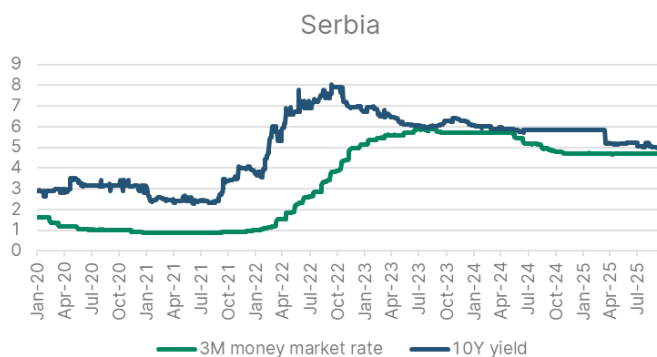
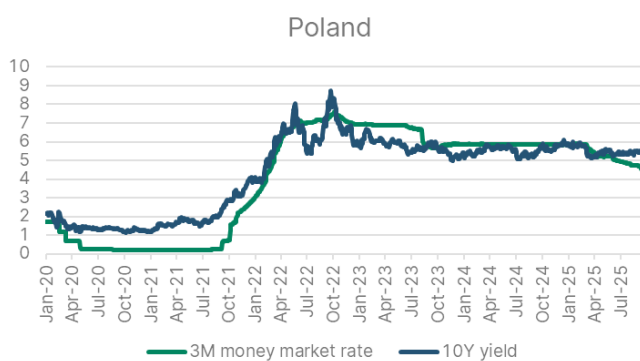
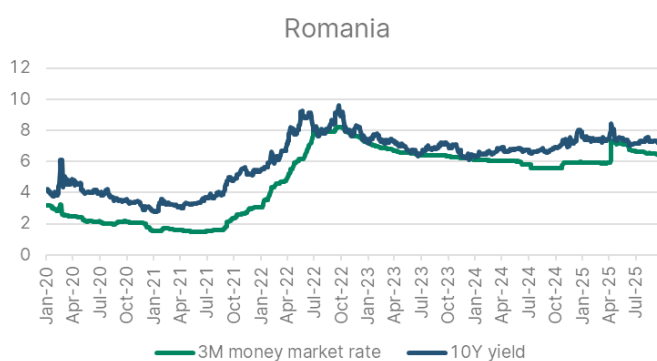
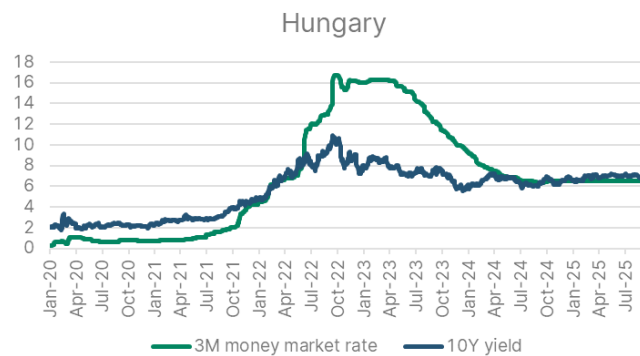
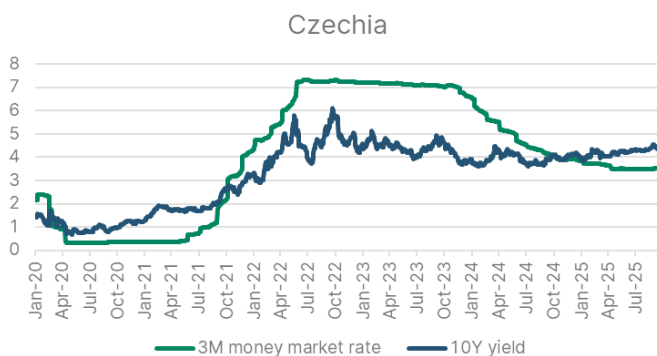
C/A (%GDP)				
	2023	2024f	2025f	2026f
Croatia	0.1	-2.2	-3.7	-3.8
Czechia	0.3	1.7	1.9	1.4
Hungary	-0.1	1.5	1.1	1.0
Poland	1.5	0.3	-0.5	-1.0
Romania	-6.6	-8.3	-7.8	-6.8
Serbia	-2.4	-4.7	-5.8	-5.6
Slovakia	-0.9	-2.8	-3.0	-3.0
Slovenia	4.8	4.6	3.4	3.2
CEE8 avg	-0.5	-1.1	-1.6	-1.7

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	4.3	4.1
Poland	5.1	5.1	5.3	5.2
Romania	5.6	5.5	5.9	5.7
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	5.0	5.0

Budget Balance (%GDP)				
	2023	2024f	2025f	2026f
Croatia	-0.8	-2.4	-2.8	-2.7
Czechia	-3.8	-2.2	-2.4	-2.5
Hungary	-6.8	-5.0	-4.7	-4.5
Poland	-5.3	-6.6	-7.0	-6.8
Romania	-6.6	-9.3	-8.4	-6.4
Serbia	-2.1	-2.0	-3.0	-3.0
Slovakia	-5.2	-5.3	-4.8	-4.3
Slovenia	-2.6	-0.9	-2.1	-2.9
CEE8 avg	-5.0	-5.5	-5.7	-5.3

Source: Bloomberg, Erste Group Research

Appendix



Source: Bloomberg, Erste Group Research

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