

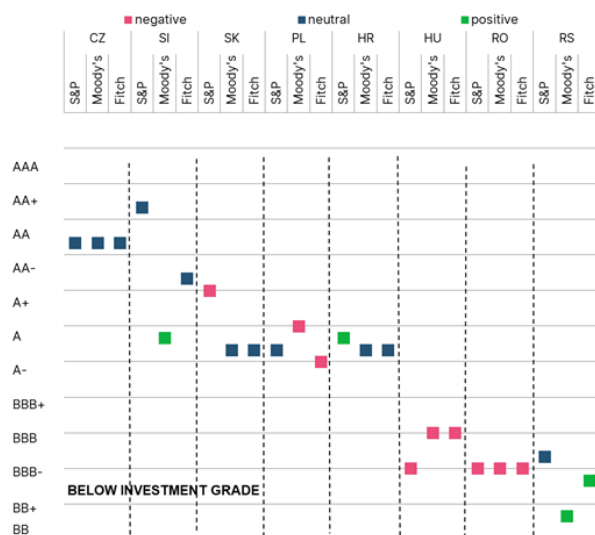
CEE MACRO AND FI DAILY

Fitch revises Hungary's outlook to negative

On the Radar

- Industrial output in Czechia (NSA) landed at 1.1% y/y in October, while trade surplus reached CZK 26 billion. Share of unemployed remained flat in November at 4.6%.
- In Serbia, producer prices grew 1.8% y/y in November.
- Today at 8.30 AM CET Hungary will publish inflation in November.
- At 9 AM CET, Slovakia releases trade balance in October.
- Croatia will publish producer prices growth in November and trade data in September at 11 AM CET.

Ratings in the region

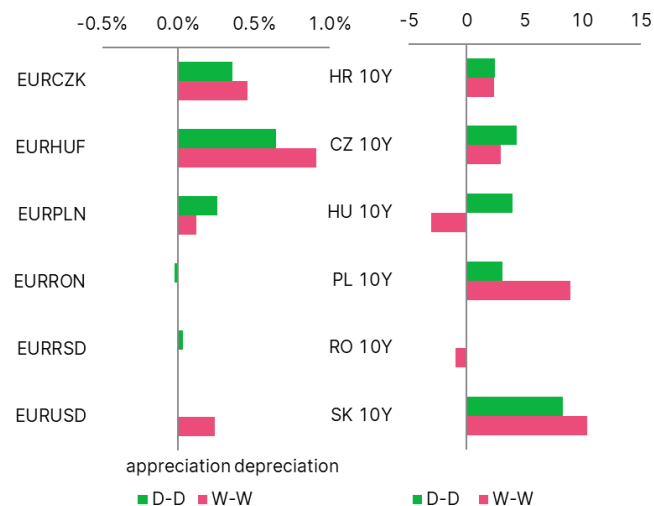


Source: Erste Group Research

Economic developments

Last Friday, Fitch Ratings affirmed Hungary's credit rating at BBB but revised the outlook to negative. The change reflects concerns over a widening fiscal deficit, which is expected to remain above 5% of GDP in both 2025 and 2026 due to pre-election spending and permanent fiscal easing. Public debt is projected to rise to around 74.6% of GDP by 2027, well above the BBB median. Economic growth remains weak, with GDP forecast to increase by only 0.3% in 2025 and recover gradually in subsequent years. Political uncertainty ahead of the 2026 elections and frequent budget revisions further undermine fiscal credibility. Fitch warns that without credible consolidation measures, a downgrade to non-investment grade is possible in the medium term. Other countries in the region that have recently received a Negative outlook—such as Slovakia and Poland—and earlier in 2025, Romania, also face fiscal challenges. Widening budget deficits and rising public debt are the main reasons behind these rating decisions. Poland and Romania are expected to record the highest budget deficits in the EU in 2025, and this situation is likely to persist into 2026. The rating downgrades, though a possibility given the negative outlook, are not our baseline scenario.

Market performance



Source: Erste Group Research

Market developments

Fitch's change of outlook to negative left its mark on Hungary's FX market, with EURHUF moving toward 384. The Czech koruna and Polish zloty also weakened against the euro at the beginning of the week, though to a lesser extent. Citizens rushed to buy euros (result of NIS troubles) which led to a weakening of the Serbian dinar. In Romania, elections for the mayor of Bucharest ended with a convincing victory for Ciucu, a candidate backed by Prime Minister Bolojan. This outcome is expected to strengthen Bolojan's negotiating position within the governing coalition. The Romanian banking system remained in a liquidity surplus with the central bank in November, amounting to approximately 22.5 billion lei (average daily stock), after recording a surplus of 22.8 billion lei in the previous month. Banks placed the entire amount in the central bank's deposit facility. The Ministry of Finance sold bonds worth PLN 12.0 billion at its main auction, meeting the upper end of its PLN 7-12 billion target, with demand reaching PLN 14.96 billion.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
09. Dec	08:30	HU	CPI (y/y)	Nov		3.8%	4.3%
	08:30	HU	CPI (m/m)	Nov		0.1%	
	09:00	SK	Trade Balance	Oct		350.00	428.30
	11:00	HR	PPI (y/y)	Nov			1.3%
10. Dec	08:00	RO	Trade Balance	Oct			-2483.40
	09:00	SK	Industrial Production (y/y)	Oct		-2.0%	0.9%
	10:30	SI	Industrial Production (y/y)	Oct		0.5%	-1.3%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.25	0.4	0.5
EUR/HUF	384.12	0.6	0.9
EUR/PLN	4.23	0.3	0.1
EUR/RON	5.09	0.0	0.0
EUR/RSD	117.26	0.0	0.0
EUR/USD	1.16	0.0	0.2

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.54	0	-1
HUF	6.50	0	0
PLN	4.07	-5	-15
RON	6.20	-1	-3
RSD	4.69	0	0
EUR	2.07	-1	1

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.58	4	3
HU 10Y	6.94	4	-3
PL 10Y	5.21	3	9
RO 10Y	6.90	0	-1
HR 10Y	3.07	2	2
SK 10Y	3.54	8	10

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