

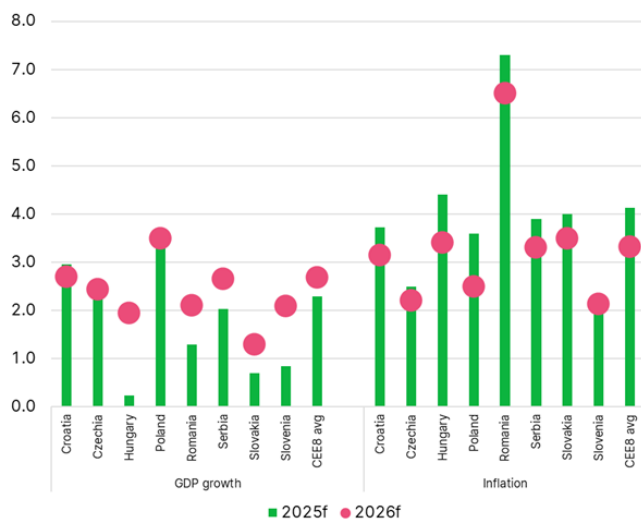
CEE MACRO AND FI DAILY

Higher growth and lower inflation expected for 2026

On the Radar

- We wish all our readers successful year ahead!
- Today at 8.30 AM CET Hungary will publish unemployment and producer prices.
- At 9 AM CET Czechia will publish inflation rate, while Croatia at 11 AM CET.

GDP and inflation forecast for 2026, %

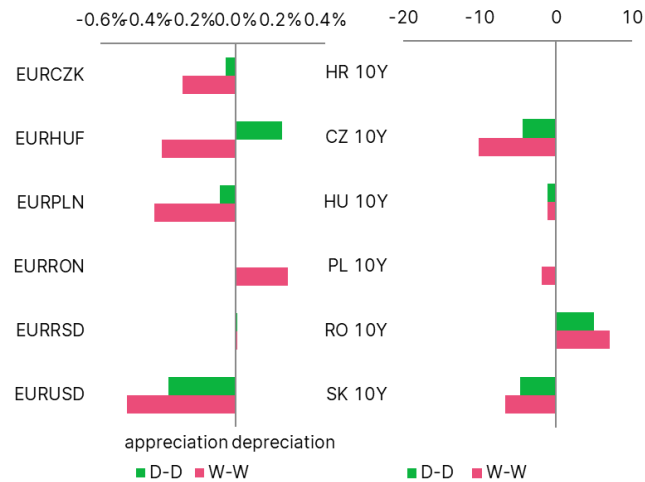


Source: Erste Group Research

Economic developments

We begin the 2026 CEE FI and FX Daily publications with a short reminder of our growth and inflation forecasts, as well as prospects for monetary policy. We believe that economic growth will slightly accelerate this year compared to 2025. Poland is likely to remain the growth leader in the region, as we expect its economy to expand by more than 3%. All other CEE countries should experience growth between 2% and 3%, with the only exception being Slovakia, where growth is projected at 1.3% in 2026. The most notable recovery is expected in Hungary with growth projected close to 2% after few years of contracting or mostly stagnating economy. At the same time, we see inflation easing further. Average inflation is expected to range between 2% and 3.5% in all CEE countries except Romania, where inflation is forecast at 6.5% due to the persisting effects of fiscal consolidation and tax hikes. Disinflation should accelerate in the second half of the year as statistical effects fade out. Declining inflation should support a monetary easing scenario in 2026 across most of the region. At this point, only Czechia is expected to keep the key policy rate stable. Otherwise, we anticipate interest rates will decline, with risks skewed to the downside—i.e., if inflation turns out lower than currently predicted, monetary easing may be more extensive.

Market performance



Source: Erste Group Research

Market developments

At the beginning of the year, EURCZK is at 24.26, EURHUF holds close to 384, and EURPLN is at 4.21. In 2026, we expect CEE currencies to remain relatively strong. Long-term yields have declined since the beginning of the week, most significantly in Croatia, Czechia, and Slovakia by around 10 basis points. Regarding our expectations for bond market developments in 2026 and the fiscal stance of CEE countries, we will release a detailed Bond Market Report on Monday, January 12. In general, however, we see long-term yields slightly lower at the end of 2026, supported by monetary easing. As for other recent news - according to Prime Minister Orban, Hungary continues talks with the US on the financial shield. Hungary has entered the last stage of its political campaign ahead of parliamentary elections scheduled for April 2026. The Czech Republic's budget deficit exceeded the target for 2025, and Prime Minister Babis' administration is now working on proposals for 2026. December's PMI indices improved in Czechia, Hungary, and Romania, while in Poland sentiment deteriorated at the end of 2025.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
07. Jan	08:30	HU	Unemployment	Nov			4.40%
	08:30	HU	Producer prices	Nov			1.80%
	09:00	CZ	CPI (y/y)	Dec P		2.40%	2.10%
	09:00	CZ	CPI (m/m)	Dec P		0.00%	-0.30%
	11:00	HR	CPI (y/y)	Dec P			3.80%
	11:00	HR	CPI (m/m)	Dec P			0.60%
08. Jan		CZ	Industrial Production (y/y)	Nov		2.50%	1.10%
		HU	CPI (y/y)	Dec			3.80%
		HU	CPI (m/m)	Dec			0.10%
		RO	PPI (y/y)	Nov			8.00%
		RO	GDP (q/q)	3Q F		-0.20%	-0.22%
		RO	GDP (y/y)	3Q F		1.60%	1.64%
	12:00	RS	PPI (y/y)	Dec			1.80%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.15	0.0	-0.2
EUR/HUF	384.44	0.2	-0.3
EUR/PLN	4.20	-0.1	-0.4
EUR/RON	5.09	0.0	0.2
EUR/RSD	117.19	0.0	0.0
EUR/USD	1.17	-0.3	-0.5

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.52	0	0
HUF	6.46	-1	-1
PLN	3.95	-2	-5
RON	6.14	0	-3
RSD	4.68	0	0
EUR	2.03	-1	1

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.40	-4	-10
HU 10Y	6.76	-1	-1
PL 10Y	5.11	0	-2
RO 10Y	6.80	5	7
HR 10Y	3.21	0	0
SK 10Y	3.45	-5	-7

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Group Markets

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