

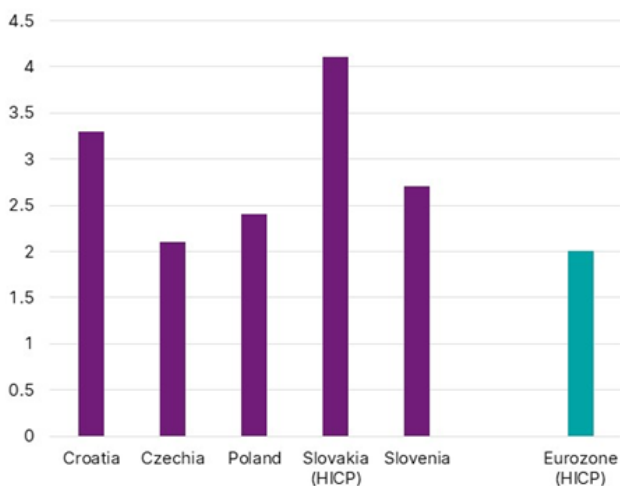
CEE MACRO AND FI DAILY

# Euro area inflation exactly at the target

## On the Radar

- Unemployment rate in Hungary remained at 4.4% in November, while producer prices declined by -2.7% y/y.
- December's inflation eased in Czechia (2.1% y/y) and in Croatia (3.3% y/y).
- Today, Romania releases unemployment rate and producer prices at 8 AM CET.
- At 9 AM CET Czechia will publish industrial output growth in November.
- At noon, Serbia release producer prices growth in December.

## December's flash inflation, % y/y

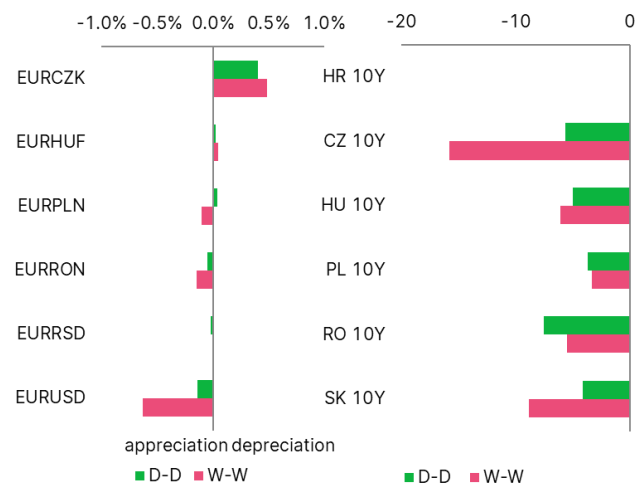


Source: Erste Group Research

## Economic developments

Euro area annual inflation is expected to be 2.0% in December 2025, down from 2.1% in November, mainly due to falling energy and commodity prices. Year-end inflation rates in several CEE countries have also been released. December's inflation eased in Czechia (2.1% y/y), Croatia (3.3% y/y), and Poland (2.4% y/y). Moreover, inflation in Czechia and Poland surprised to the downside and is close to target. Current data from neither Czechia nor Poland indicate a significant increase in the near future. In Poland, with inflation now aligned with the central bank's target and few domestic inflationary drivers—aside from potential adjustments to excise taxes—we project 2026 inflation to remain anchored around the 2.5% target. In Czechia, average inflation in 2026 should be only slightly above target. On the other hand, December's inflation in Slovenia and Slovakia rose to 2.7% y/y and 4.1% y/y, respectively. In Slovakia, prices were 0.3% lower compared to November, but year-on-year growth accelerated due to the base effect from the end of last year. As in recent years, the primary risks to the inflation outlook remain global volatility in energy and commodity markets.

## Market performance



Source: Erste Group Research

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## Market developments

EURPLN moved down toward 4.20, while the Czech koruna and Hungarian forint remain slightly weaker against the euro this week. Positive global sentiment supports CEE currencies, and a longer consolidation of EURPLN around 4.20 is likely. Long-term yields remain lower this week as well. Hungary sold EUR 3 billion in Eurobonds. The debt sale comprises EUR 2 billion in bonds due 2033, priced at 160 basis points above midswaps, and a EUR 1 billion green note maturing in 2038 at a yield of 195 basis points over midswaps. Hungary enjoyed strong demand in the auction. In Poland, the Ministry of Finance will offer bonds worth PLN 8–12 billion at an auction on January 9.

## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
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%
09. Jan		SK	Industrial Production (y/y)	Nov			-3.60%
	09:00	SK	Retail Sales (y/y)	Nov			0.60%
	09:00	SK	Trade Balance	Nov			560.20
	10:30	SI	Industrial Production (y/y)	Nov			-2.00%

## FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.25	0.4	0.5
EUR/HUF	384.55	0.0	0.0
EUR/PLN	4.21	0.0	-0.1
EUR/RON	5.08	0.0	-0.1
EUR/RSD	117.17	0.0	0.0
EUR/USD	1.17	-0.1	-0.6

## 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.51	-1	-1
HUF	6.44	-2	-3
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	4.34	-6	-16
HU 10Y	6.71	-5	-6
PL 10Y	5.07	-4	-3
RO 10Y	6.73	-8	-6
HR 10Y	3.21	0	0
SK 10Y	3.41	-4	-9

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