

CEE MARKET INSIGHTS

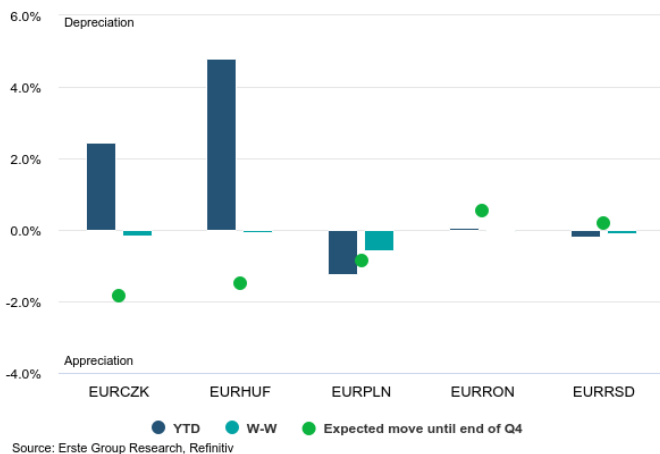
Final inflation numbers and trade data

This week in CEE

This week, September's inflation numbers will be published in several CEE countries. Flash estimates for September have already been released in Croatia and Poland; Slovakia has also published its HICP flash inflation figures. Based on these estimates, we do not expect the official data to deviate significantly. In addition to inflation, producer prices for September will be released in Czechia. Trade data and current account balances will also be published in numerous CEE countries, such as Romania, Poland, Serbia, and Slovakia. Finally, wage growth and unemployment rates for September will be reported in Slovakia.

Monday	Tuesday	Wednesday	Thursday	Friday
RO: Industry, Current Account	SK PL: Inflation	CZ: Producer prices	RS: Current Account	SK: Unemployment, Current Account
SK: Wages		HR: Inflation		
CZ: Current Account				
PL: Trade				
RO: 2027 Bonds	HU: T-Bills	CZ: T-Bills	RO: 2035 Bonds	

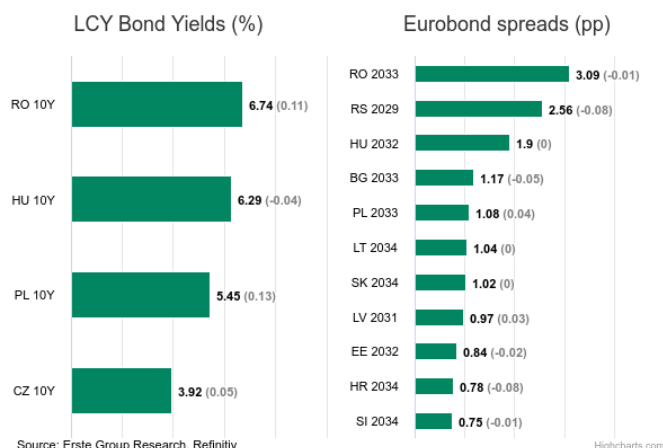
FX market



FX market developments

The Hungarian forint and Polish zloty showed signs of gaining momentum during the week, but ultimately continued to depreciate by the end of the week. The EURCZK, EURHUF, and EURPLN all remained higher. We believe that global factors are mostly behind these movements. These recent developments in the foreign exchange market will have implications for Hungarian monetary policy, in particular. Deputy Governor Virag has indicated that the volatility of the local currency may prompt the bank to pause monetary easing despite inflation easing in September. Higher levels of the EURCZK may also lead to a lower number of rate cuts in Czechia. Looking ahead, the key event this week will be the ECB decision. Since the September meeting, economic data has been released indicating the need for a further rate cut of 25bp at next week's meeting.

LCY yields, Eurobond spreads



Bond market developments

Last week, CEE government bond yields followed the increase in yields on major markets, which have seen upward movements since the beginning of the month. Czech and Polish 10Y yields jumped the most in the region, as the reaction of HGBs has been muted by earlier volatility. The Romanian MinFin faced good demand at the reopening of ROMGBs 2023, and placed about RON 570mn, so similar volume to the last reopening in September, but with a significantly higher bid-to-cover ratio this time (1.79). The Czech National Bank announced that, as of the beginning of next year, the minimum reserve requirements ratio, at which the central bank does not pay any interest, will be doubled to 4% from 2%. The Slovak Ministry of Finance announced that it plans to issue retail bonds in spring 2025. The volume should be relatively small and cover just 2.5% of 2025 gross financing needs. This week, Romania will reopen ROMGBs 2027 and 2035; Czechia will offer CZGBs 2032 and 2043. Hungary will sell T-bills along with the regular auction of T-bonds.

In case you missed

CEE Bond Market: [CEE is not finished with monetary easing, rates will fall further](#)

Czechia: [Inflation affected by food prices](#)

Czechia: [Retail sales growth remains strong](#)

Czechia: [Improvement in industry affected by one-off factors](#)

Hungary: [Surprising increase in food shops in August](#)

Hungary: [Inflation at the central bank's target](#)

Romania: [We revise upwards year-end inflation forecast at 4.5%](#)

Romania: [Romanian consumers have deep pockets](#)

Romania: S&P affirmed Romania's rating at BBB- with stable outlook.

Serbia: [NBS on hold](#)

Slovenia: Fitch and Moody's affirmed Slovenia's credit rating at 'A' and 'A3', respectively. While Fitch left the outlook unchanged at stable, Moody's upgraded the outlook from stable to positive.

Slovakia: [Another trade surplus in August; signs of deficit ahead](#)

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Erste Est.	Prev.	Comment
14. Oct		RO	Current Account Balance (monthly)	Aug		-15178.00	
	8:00	RO	Industrial Production (y/y)	Aug	-2.00%	-3.90%	Strong August industrial output monthly growth in Germany driven mainly by the automotive sector make us believe that industrial output in Romania could show a monthly advance above 1%. This will also move the annual growth higher, but it will remain in the red.
	9:00	SK	Wages (y/y)	Aug		7.00%	
	14:00	PL	Trade Balance	Aug		-1450.00	
15. Oct	9:00	SK	CPI (y/y)	Sep	2.60%	2.80%	Prices of services could contribute more than 1.7pp, followed by food prices (0.8pp).
	9:00	SK	CPI (m/m)	Sep	0.00%	0.20%	On a monthly basis, services are expected to be the most prominent driver of the price growth, with energy prices (such as solid fuels) contributing negatively.
	10:00	PL	CPI (y/y)	Sep F		4.90%	
	10:00	PL	CPI (m/m)	Sep F		0.10%	
16. Oct	9:00	CZ	PPI (y/y)	Sep	0.50%	1.10%	Industrial producer prices are negatively affected by the recent significant decline in oil prices. Low price growth in German industry is also acting in the same direction.
	11:00	HR	CPI (y/y)	Sep F	1.60%	1.60%	We expect confirmation of the flash estimate
	11:00	HR	CPI (m/m)	Sep F		0.30%	
17. Oct		RS	Current Account Balance (monthly)	Aug		-782.40	
18. Oct		SK	Unemployment Rate	Sep		5.04%	
	10:30	SK	Current Account Balance (monthly)	Aug		-304.23	

Source: Erste Group Research

Note: Past performance is not necessarily indicative of future results

Forecasts

LCY Government bond yields					
	Friday's close	2024Q4	2025Q1	2025Q2	2025Q3
Czechia 10Y	3.92	3.70	3.63	3.54	3.46
Hungary 10Y	6.29	6.29	5.98	5.89	5.76
Poland 10Y	5.45	5.10	4.90	4.80	4.60
Romania10Y	6.74	6.80	6.70	6.50	6.40
Serbia 10Y	5.83	5.10	4.90	4.70	4.50

Spreads vs. German Bunds (bps)					
	2022	2023	2024f	2025f	2025Q3
Croatia 10Y	78.00	95.00	90.00	90.00	90.00
Slovakia 10Y	102.00	115.00	110.00	110.00	110.00
Slovenia 10Y	75.00	80.00	80.00	80.00	80.00
DE10Y yields	2.26	2.50	2.60	2.60	2.60

3M Money Market Rate					
	Friday's close	2024Q4	2025Q1	2025Q2	2025Q3
Czechia	4.15	4.07	4.00	3.76	3.50
Hungary	6.32	6.25	6.10	5.85	5.60
Poland	5.85	5.85	5.80	5.60	5.30
Romania	5.55	5.65	5.95	5.70	5.30
Serbia	4.88	4.60	4.14	3.93	3.72
Eurozone	3.18	3.09	2.86	2.64	2.40

Real GDP growth (%)				
	2022	2023	2024f	2025f
Croatia	7.0	3.1	3.4	2.8
Czechia	2.9	0.0	1.0	2.7
Hungary	4.6	-0.9	1.4	3.2
Poland	5.6	0.2	3.2	3.7
Romania	4.0	2.4	1.9	2.8
Serbia	2.6	3.8	4.0	4.5
Slovakia	1.9	1.6	2.2	2.0
Slovenia	2.5	1.6	1.5	2.0
CEE8 avg	4.4	0.8	2.4	3.2

Public debt (% of GDP)				
	2022	2023	2024f	2025f
Croatia	67.8	63.0	60.4	59.5
Czechia	42.5	42.4	43.5	44.2
Hungary	74.1	73.5	73.1	72.5
Poland	49.2	49.6	54.0	58.0
Romania	47.5	48.8	52.4	54.2
Serbia	52.4	48.0	47.3	47.0
Slovakia	57.7	56.0	58.3	59.4
Slovenia	72.3	69.2	68.5	67.5
CEE8 avg	52.5	52.2	54.7	56.7

FX					
	Friday's close	2024Q4	2025Q1	2025Q2	2025Q3
EURCZK	25.27	24.80	24.52	24.44	24.40
EURHUF	400.99	395.00	398.00	400.00	400.00
EURPLN	4.29	4.25	4.30	4.30	4.20
EURRON	4.97	5.00	5.02	5.05	5.07
EURRSD	116.86	117.10	117.10	117.00	117.00
EURUSD	1.09	1.13	1.14	1.14	1.15

Key Interest Rate (deposit facility in Eurozone)					
	Friday's close	2024Q4	2025Q1	2025Q2	2025Q3
Czechia	4.25	4.00	4.00	3.75	3.50
Hungary	6.50	6.25	6.00	5.75	5.50
Poland	5.75	5.75	5.75	5.50	5.00
Romania	6.50	6.50	6.50	6.25	6.00
Serbia	5.75	5.50	5.25	5.00	4.75
Eurozone	3.50	3.00	2.75	2.50	2.25

Average inflation (%)				
	2022	2023	2024f	2025f
Croatia	10.8	8.1	2.9	2.5
Czechia	15.1	10.7	2.5	2.5
Hungary	14.5	17.6	3.7	4.1
Poland	14.4	11.4	3.8	3.7
Romania	13.7	10.5	5.5	3.7
Serbia	11.9	12.5	4.6	3.6
Slovakia	12.8	10.5	2.8	4.6
Slovenia	8.8	7.4	2.1	2.3
CEE8 avg	13.9	11.5	3.8	3.5

C/A (%GDP)				
	2022	2023	2024f	2025f
Croatia	-3.4	0.4	0.1	-0.3
Czechia	-5.9	1.2	0.5	0.8
Hungary	-8.4	0.2	2.2	2.2
Poland	-2.4	1.6	0.0	-1.0
Romania	-9.2	-7.0	-8.1	-7.8
Serbia	-5.6	-2.1	-3.4	-4.0
Slovakia	-7.3	-1.6	-0.6	-0.2
Slovenia	-1.1	4.5	3.2	2.8
CEE8 avg	-5.2	-0.4	-1.1	-1.5

Unemployment (%)				
	2022	2023	2024f	2025f
Croatia	7.0	6.1	5.2	5.1
Czechia	2.2	2.6	2.7	3.2
Hungary	3.6	4.1	4.4	3.9
Poland	5.2	5.1	5.1	5.0
Romania	5.6	5.6	5.3	5.3
Serbia	9.4	9.5	8.5	8.2
Slovakia	6.1	5.8	5.5	5.4
Slovenia	4.0	3.7	3.6	3.6
CEE8 avg	4.9	4.9	4.8	4.8

Budget Balance (%GDP)				
	2022	2023	2024f	2025f
Croatia	0.1	-0.7	-2.6	-2.2
Czechia	-3.1	-3.8	-3.1	-2.4
Hungary	-6.2	-6.7	-4.7	-4.4
Poland	-3.7	-5.6	-5.7	-5.8
Romania	-6.3	-6.6	-7.9	-6.0
Serbia	-3.0	-2.1	-2.5	-2.5
Slovakia	-1.7	-4.9	-6.0	-5.0
Slovenia	-3.0	-2.5	-3.0	-2.5
CEE8 avg	-3.9	-5.1	-5.3	-4.8

Source: Bloomberg, Erste Group Research

Appendix

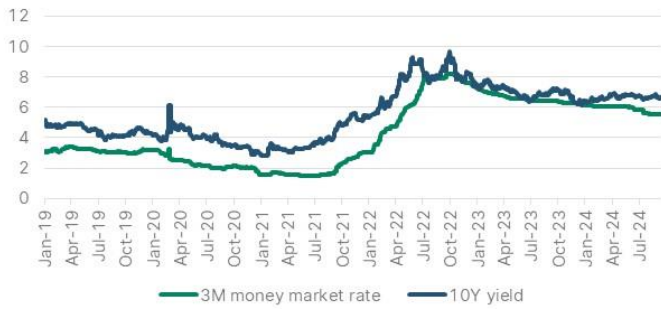
Czechia



Hungary



Romania



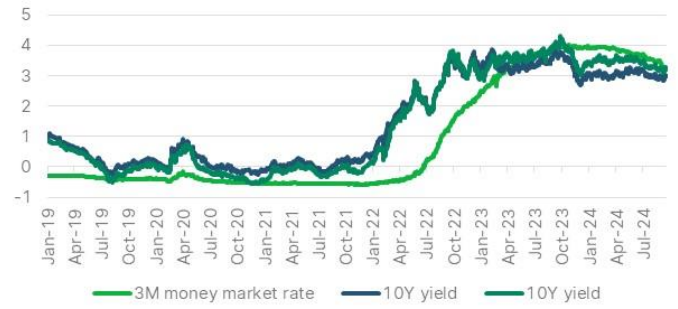
Poland



Serbia



Slovakia and Slovenia



Croatia



Source: Bloomberg, Erste Group Research

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