

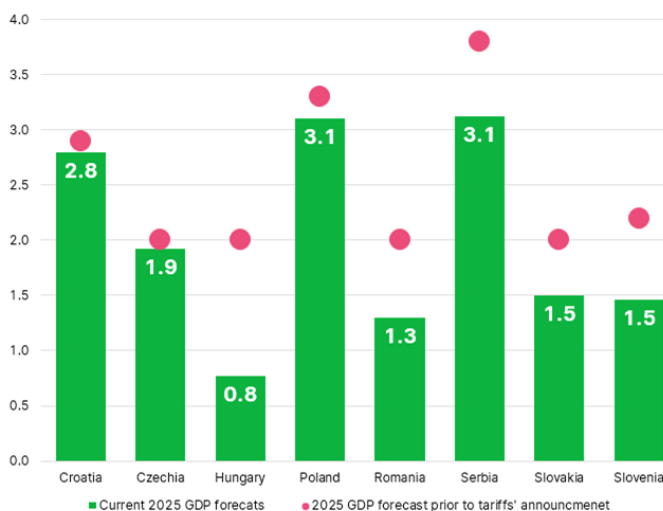
CEE MACRO AND FI DAILY

Downward revision of 2025 growth

On the Radar

- Industry contracted by -0.4% y/y in April in Slovakia, while in Slovenia industrial output declined by -4.7% y/y.
- Inflation rate in Czechia was confirmed at 2.4%
- Today, inflation rate will be published in Hungary at 8.30 AM CET.
- In the afternoon, Hungarian central bank publishes minutes from the meeting.
- Poland holds a confidence vote for current government.

2025 GDP forecast, %

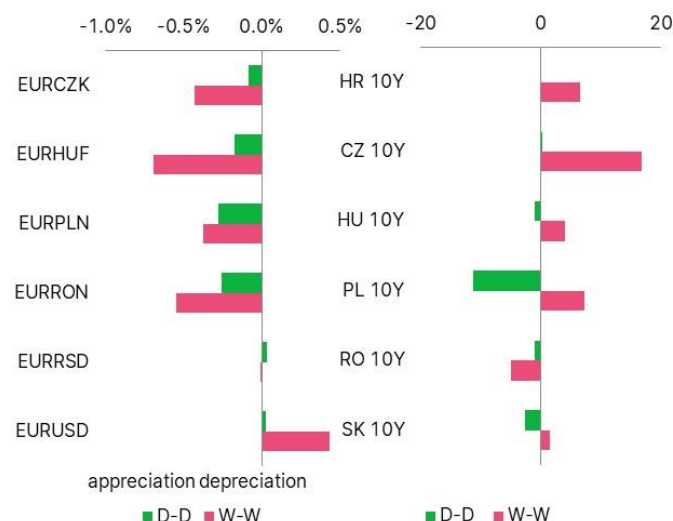


Source: Erste Group Research

Economic developments

At the beginning of April, we adjusted the growth forecasts in response to the tariff announcement. At that point, the downward revision was rather marginal. The first quarter of 2025 proved to be quite disappointing in several CEE countries. We thus revise our 2025 GDP forecasts accordingly. The biggest revision of growth took place in Hungary, where we slashed our expectations for economic growth to 0.8% this year. GDP growth was also revised down in Serbia (to 3.1% this year), Slovakia and Slovenia (to 1.5% in 2025), as well as in Romania (to 1.3%). Only Croatia, Czechia and Poland experienced solid expansion in the first quarter. Croatia and Poland track GDP growth dynamics close to 3% this year, while Czechia's GDP should increase by almost 2%. The uncertainty around tariffs weigh on the growth prospects, however. Slovakia currently faces one of the highest effective tariff rates not only in the region, but in Europe. Further tariff increases, especially for the pharmaceutical sector, would hit other CEE countries to a great extent. Details of our forecasts, as well as inflation and interest rate outlook is discussed in the report [CEE Outlook | Reality checks in. GDP revised down.](#)

Market performance



Source: Erste Group Research

Market developments

Today in Poland, the parliament will hold a confidence vote for the current government. In the aftermath of Nawrocki's victory in the presidential elections, Prime Minister Tusk called for the vote. Although early elections are not our baseline scenario, we see such a decision as a risky one. The Hungarian government said it will increase its gross issuance of foreign-currency-denominated debt by about EUR 3 billion, on top of the 2.5 billion euros in bonds it issued earlier this year, as the budget gap has been widening. In Czechia, the central bank Governor Michl said that interest rates are likely to remain stable for some time to prevent a resurgence of inflation. He is also convinced that having its own currency (the Czech koruna) gives Czechia an advantage in moderating inflation. The Romanian central bank injected liquidity into the money market for a third consecutive week. CEE currencies have strengthened since the beginning of the week, while long-term yields have moved down.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
11. Jun	8:30	HU	CPI (y/y)	May	4%	4.30%	4.2%
	8:30	HU	CPI (m/m)	May	0%		0.2%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.74	-0.1	-0.4
EUR/HUF	400.64	-0.2	-0.7
EUR/PLN	4.26	-0.3	-0.4
EUR/RON	5.03	-0.3	-0.5
EUR/RSD	117.07	0.0	0.0
EUR/USD	1.14	0.0	0.4

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.51	-1	1
HUF	6.50	0	0
PLN	5.20	-1	1
RON	7.15	0	0
RSD	4.68	0	0
EUR	1.95	0	-2

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.28	0	17
HU 10Y	7.05	-1	4
PL 10Y	5.48	-11	7
RO 10Y	7.50	-1	-5
HR 10Y	3.10	0	7
SK 10Y	3.41	-3	2

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