

CEE MARKET INSIGHTS

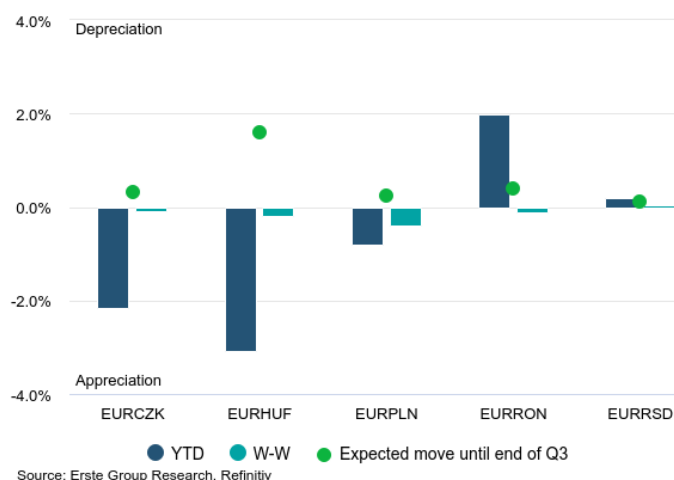
Hungary to keep rates stable

This week in CEE

The Hungarian central bank will hold a rate-setting meeting on Tuesday, and we expect stability of rates given recent inflation development. Poland will release data on industry and retail for June, allowing us to already see economic performance in the whole second quarter of 2025. On top of that, we will also see labor market data, in particular wage and employment growth in June as well as the unemployment rate. Labor market data will also be published in Croatia and Hungary (unemployment rates in June) as well as in Serbia (wage growth in May). In Romania, the Constitutional Court is to decide on the fiscal package, but we do not expect any controversial ruling. The motion was filed after the opposition did not succeed with the no-confidence vote. Finally, on Friday after market closes, Fitch Ratings will publish its rating and outlook review for Serbia - we expect no change.

Monday	Tuesday	Wednesday	Thursday	Friday
PL: Industry, Producer prices, Wages, Employment	PL: Retail sales	PL: Unemployment rate		HU: Unemployment rate
SI: Producer prices	HU: Central bank			RS: Wages
HR: Unemployment rate, Wages				
SK: Bonds	HU: Bills	PL: Bonds	RO: 2030 2038 Bonds	RS: Bonds
RO: 2032 Bonds				

FX market



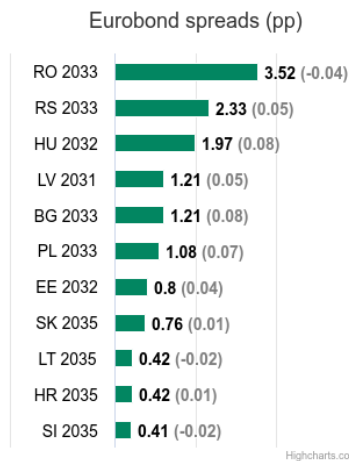
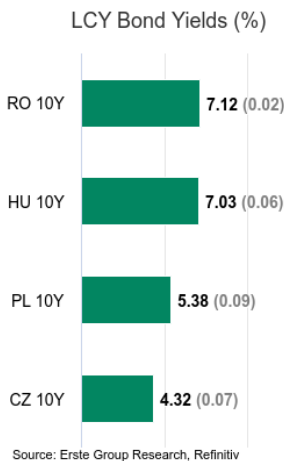
FX market developments

Despite some intra-week volatility, CEE currencies remain close to the levels we saw a week ago, but remain sensitive to global developments (ECB meeting this week). The threat of 30% for the EU as of August 1 seems less likely after President Trump's announcement of sending a letter to 150 countries notifying them their tariff rates could be 10% or 15% as he forges ahead with his trade agenda. If 30% tariffs were to happen, based on the ECB model, which also takes into account US tariffs against other trading partners, it would reduce our GDP forecast for 2026 by 0.4pp, i.e. to 0.6% (from the 1% currently expected). Taking these estimates into account suggests a risk for CEE growth to be lower on average by around 1pp in 2026. The final impact will depend on each country's exposure to the US, current effective tariff rate as well as fiscal and monetary stance.

This week, the Hungarian central bank holds a rate-setting meeting and the key rate is expected to stay at 6.50% amid recent inflation development. We maintain our view,

however, that we may see some monetary easing at the end of the year.

LCY yields, Eurobond yields



Bond market developments

A couple of countries successfully placed government papers on the market, as demand for LCY bonds has been solid. The Romanian government survived the no-confidence vote initiated by the opposition. Fitch Ratings highlighted the importance of political stability for the implementation of fiscal reforms and reiterated Romania's deficit reduction, and debt stabilization are key for the sovereign rating. Several CEE countries will be active on the bond market this week. Hungary plans to tap international bond market with sales of so-called panda bonds (5 billion yuan). Romania completed the 2025 issuance plan of bonds denominated in foreign currency (EUR 13 billion) according to Treasury Chief Nanu. This week, Romania plans to place 2030, 2032 and 2038 in local government papers. Slovakia, Serbia and Poland have bond auctions planned as well. Hungary is going to sell the T-Bills.

In case you missed

[CEE Special Report | How to remain competitive?](#)
[US tariff policy dominates economic outlook](#)

[CZ: Moody's affirmed Czechia rating and outlook.](#)
[SK: Slovak Inflation Probably Peaked in June](#)
[RO: Annual industrial growth hits three-year high](#)

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Erste Est.	Prev.	Comment
21. Jul	10:00	PL	Industrial Production (y/y)	Jun		3.90%	
	10:00	PL	PPI (y/y)	Jun		-1.50%	
	10:00	PL	Wages (y/y)	Jun		8.40%	
	10:30	SI	PPI (y/y)	Jun		1.00%	
	11:00	HR	Unemployment Rate	Jun	3.90%	4.10%	Unemployment rate seen declining below 4% mark
	11:00	HR	Wages (y/y)	May		5.80%	
22. Jul	10:00	PL	Retail Sales (y/y)	Jun		4.30%	
	14:00	HU	Central Bank Rate	Jul-25	6.50%	6.50%	No change is expected as inflation outlook is still surrounded by several uncertainties.
23. Jul	10:00	PL	Unemployment Rate	Jun		5.00%	
24. Jul			No releases scheduled				
25. Jul		HU	Unemployment Rate	Jun		4.30%	
	12:00	RS	Wages (y/y)	May		8.70%	

Source: Erste Group Research

Note: Past performance is not necessarily indicative of future results

Forecasts

LCY Government bond yields					
	Friday's close	2025Q3	2025Q4	2026Q1	2026Q2
Czechia 10Y	4.32	4.15	3.97	3.82	3.76
Hungary 10Y	7.03	6.64	6.57	6.51	6.45
Poland 10Y	5.38	5.30	5.10	5.00	4.90
Romania10Y	7.12	7.10	7.00	6.80	6.70
Serbia 10Y	5.22	5.00	4.90	4.80	4.60

Spreads vs. German Bunds (bps)					
Croatia 10Y	42.00	60.00	60.00	60.00	60.00
Slovakia 10Y	76.00	95.00	95.00	90.00	90.00
Slovenia 10Y	41.00	60.00	60.00	60.00	60.00
DE10Y yields	2.68	2.50	2.50	2.50	2.50

3M Money Market Rate					
	Friday's close	2025Q3	2025Q4	2026Q1	2026Q2
Czechia	3.49	3.57	3.50	3.32	3.32
Hungary	6.50	6.50	6.10	5.85	5.60
Poland	4.99	4.90	4.60	4.20	3.90
Romania	6.70	6.30	6.00	5.85	5.55
Serbia	4.68	4.40	4.46	4.25	4.04
Eurozone	2.00	1.98	1.99	2.01	2.02

Real GDP growth (%)				
	2023	2024f	2025f	2026f
Croatia	3.3	3.9	2.8	2.6
Czechia	0.2	1.1	2.0	2.2
Hungary	-0.8	0.5	0.8	3.0
Poland	0.1	2.9	3.2	3.1
Romania	2.4	0.8	1.3	3.1
Serbia	3.8	3.9	3.1	3.9
Slovakia	2.2	2.1	1.5	1.5
Slovenia	2.1	1.6	1.5	2.0
CEE8 avg	0.9	2.0	2.3	2.8

Public debt (% of GDP)				
	2023	2024f	2025f	2026f
Croatia	61.8	57.6	57.2	56.9
Czechia	42.5	43.6	44.2	44.8
Hungary	73.0	73.5	74.2	73.8
Poland	49.5	55.3	58.5	60.5
Romania	48.9	54.8	58.3	59.8
Serbia	48.4	47.5	47.1	46.9
Slovakia	55.6	59.3	61.1	62.1
Slovenia	68.4	67.0	66.8	66.4
CEE8 avg	52.0	55.6	57.7	58.9

FX					
	Friday's close	2025Q3	2025Q4	2026Q1	2026Q2
EURCZK	24.62	24.70	24.60	24.54	24.46
EURHUF	398.60	405.00	405.00	408.00	410.00
EURPLN	4.24	4.25	4.25	4.30	4.30
EURRON	5.07	5.09	5.10	5.12	5.15
EURRSD	117.06	117.20	117.30	117.30	117.20
EURUSD	1.16	1.15	1.16	1.17	1.17

Key Interest Rate (deposit facility in Eurozone)					
	Friday's close	2025Q3	2025Q4	2026Q1	2026Q2
Czechia	3.50	3.50	3.50	3.25	3.25
Hungary	6.50	6.50	6.00	5.75	5.50
Poland	5.00	4.75	4.50	4.25	4.00
Romania	6.50	6.50	6.50	6.25	6.00
Serbia	5.75	5.75	5.50	5.25	5.00
Eurozone	2.00	2.00	2.00	2.00	2.00

Average inflation (%)				
	2023	2024f	2025f	2026f
Croatia	8.1	3.0	3.2	2.5
Czechia	10.7	2.4	2.6	2.3
Hungary	17.6	3.7	4.7	4.1
Poland	11.4	3.6	3.6	2.6
Romania	10.5	5.6	6.3	5.6
Serbia	12.5	4.6	4.4	3.3
Slovakia	10.5	2.8	3.9	3.3
Slovenia	7.4	2.0	2.2	2.0
CEE8 avg	11.5	3.7	4.0	3.3

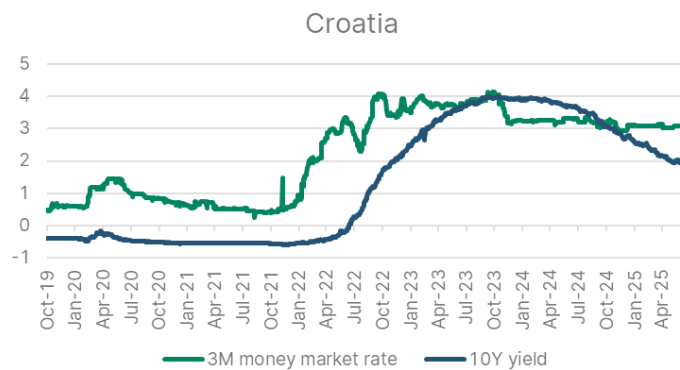
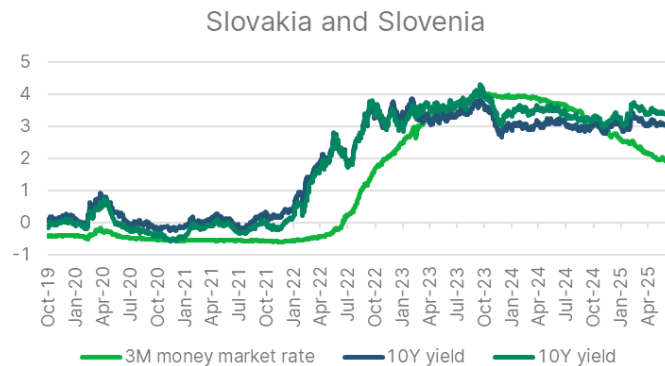
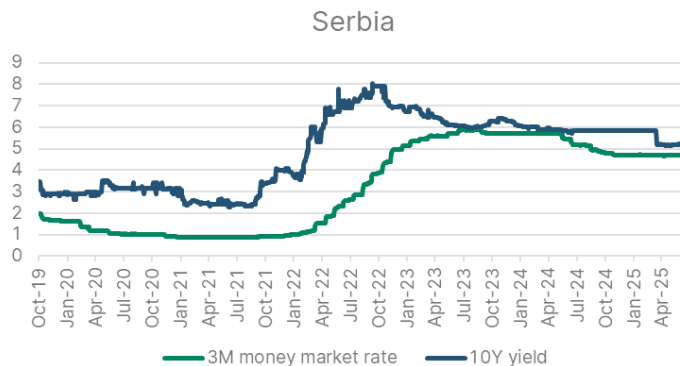
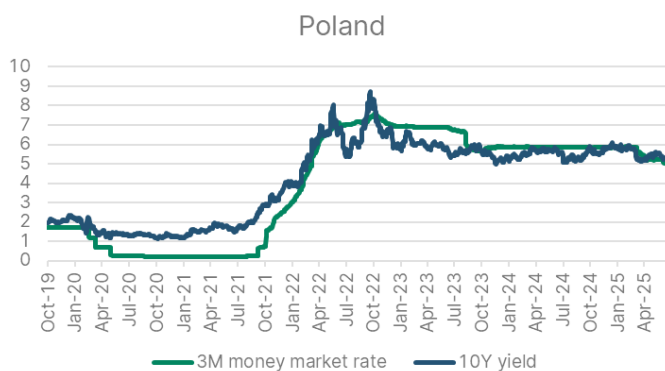
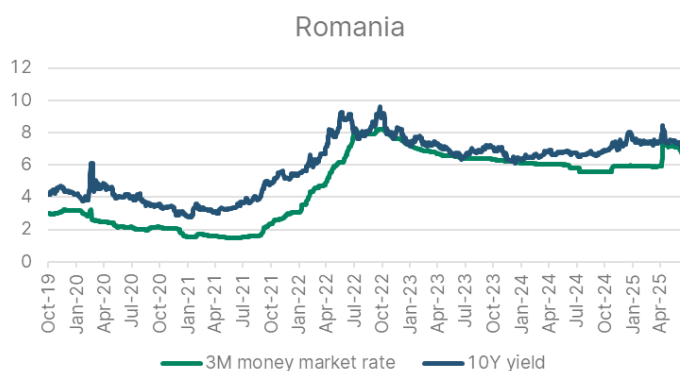
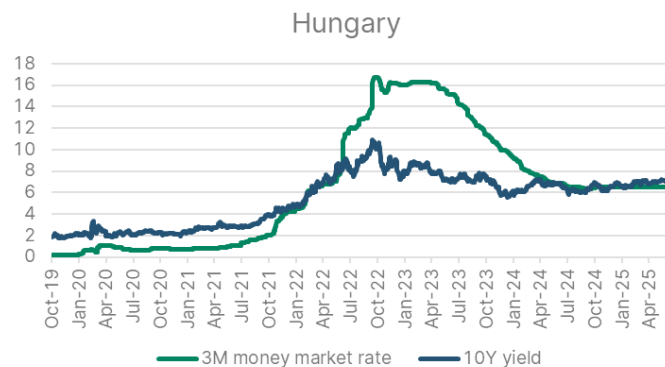
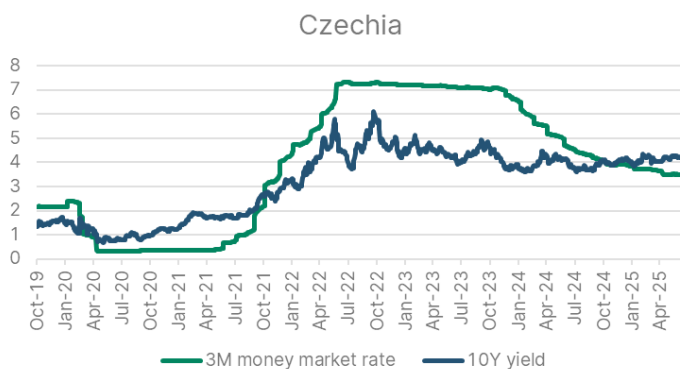
C/A (%GDP)				
	2023	2024f	2025f	2026f
Croatia	0.4	-1.2	-2.3	-2.7
Czechia	0.3	1.7	1.9	1.4
Hungary	0.3	2.2	1.9	1.7
Poland	1.8	0.2	-0.8	-1.0
Romania	-6.6	-8.3	-7.8	-6.8
Serbia	-2.4	-4.7	-5.6	-5.3
Slovakia	-0.9	-2.8	-3.0	-3.0
Slovenia	4.5	4.4	3.9	3.6
CEE8 avg	-0.3	-1.1	-1.5	-1.6

Unemployment (%)				
	2023	2024f	2025f	2026f
Croatia	6.1	5.0	4.7	4.5
Czechia	2.6	2.7	2.9	3.5
Hungary	4.1	4.4	4.2	4.0
Poland	5.1	5.1	5.2	5.1
Romania	5.6	5.5	5.6	5.5
Serbia	9.5	8.6	8.7	8.4
Slovakia	5.8	5.3	5.3	5.7
Slovenia	3.7	3.7	3.6	3.6
CEE8 avg	4.9	4.8	4.9	4.9

Budget Balance (%GDP)				
	2023	2024f	2025f	2026f
Croatia	-0.8	-2.4	-2.8	-2.5
Czechia	-3.8	-2.2	-2.4	-2.5
Hungary	-6.7	-4.9	-4.5	-4.5
Poland	-5.3	-6.6	-6.2	-5.0
Romania	-6.6	-9.3	-7.5	-6.4
Serbia	-2.1	-2.0	-3.0	-3.0
Slovakia	-5.2	-5.3	-4.5	-3.8
Slovenia	-2.6	-0.9	-2.1	-1.8
CEE8 avg	-5.0	-5.5	-5.2	-4.5

Source: Bloomberg, Erste Group Research

Appendix



Source: Bloomberg, Erste Group Research

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