

CEE MARKET INSIGHTS

CEE growth story to be updated

This week in CEE

After seeing the 2Q25 GDP data for the whole region, we will be releasing our Growth Navigator report early this week. In the report, we will flag expected revisions and developments until the end of 2025 and the potential impact of tariffs on 2026 growth forecasts. Otherwise, we will have a rather calm week with only a couple of releases. Producer prices will be published in Czechia, Poland and Slovenia. In Poland, July's industrial output as well as wage and employment growth will be shown. Croatia and Slovakia have unemployment rate releases scheduled for next week. Croatia will combine this with information on real wage growth in June. Slovakia will publish current account data as well.

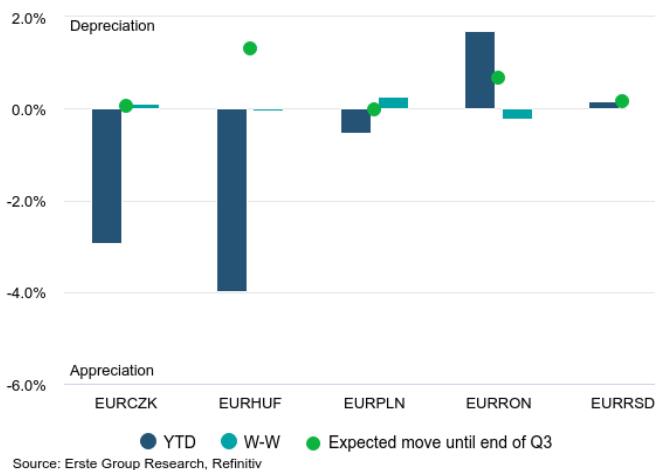
Monday	Tuesday	Wednesday	Thursday	Friday
CZ: Producer prices	SK: Current account	SK: Unemployment	PL: Industry, Wage, Producer prices	
		HR: Unemployment, Wage	SI: Producer prices	

RO: 2029 2031 Bonds

RO 2028 2033 Bonds

CZ: Bills

FX market

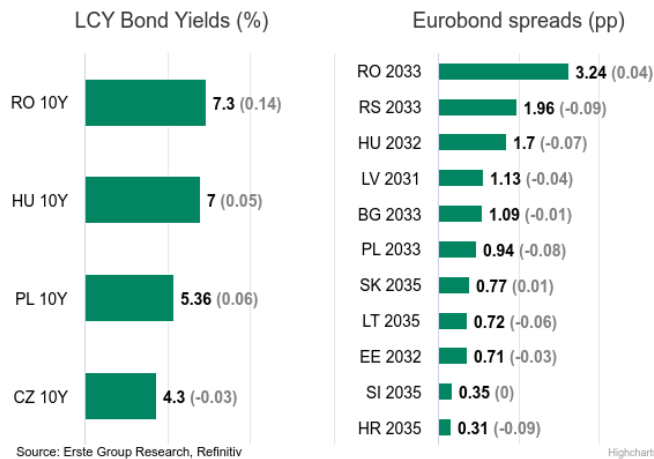


FX market developments

The FX market was quite stable throughout the week. The key development was the publication of US inflation for July. As a consequence, we have seen shifting expectations for the monetary policy outlook in the US, which may potentially affect the currencies in the region.

Locally, we have received only a couple of comments from central bankers. Romania's central bank governor, Mugur Isarescu, stated that the central bank will probably not need to hike rates by the end of the year to address the inflation spike (July's headline landed at 7.8%, due to a spike in electricity prices after removing the cap). Inflation is expected to peak around 9% and ease sharply in the second half of 2026, according to Isarescu. In Poland, MPC member Kotecki stated that he sees space for some interest rate adjustments this year and even as soon as September.

LCY yields, Eurobond spreads



Bond market developments

In Hungary, the MNB released minutes from its July MPC meeting. The tone was notably hawkish, with the MPC emphasizing the importance of maintaining tight monetary conditions to anchor inflation expectations and guide inflation back to target. Reflecting this stance as well as the lower than expected decline of inflation, we have removed the previously expected 25bp rate cut in September from our forecast. We now see rate stability as an increasingly likely scenario, with a moderate chance of a single 25bp cut in 4Q25. In Czechia, government bonds have so far remained resilient to political rhetoric from Mr. Babis, the current frontrunner in opinion polls ahead of the parliamentary elections. His claims to reverse parts of the pension reform and implement fiscal easing through tax cuts have not yet impacted market pricing. Looking ahead, Romania will reopen ROMGBs maturing in 2028, 2029, 2031, 2033 while Hungary will reopen HGBs maturing in 2032 and 2035. Additionally, Czechia, Hungary and Romania will offer T-bills this week.

In case you missed

CEE: 2Q25 GDP data across the region

PL: Poland to be the fastest-growing economy in CEE

SK: Negative GDP surprise in Q2

RO: Industry records second quarter gains

RO: Second quarter GDP growth gives mixed signals

RO: July CPI accelerates to 7.8% y/y, above consensus

RO: Fitch affirmed Romania's rating and sustained negative outlook

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Erste Est.	Prev.	Comment
18. Aug	9:00	CZ	PPI (y/y)	Jul	-1.2%	-0.7%	Inflation in industrial producer prices is negatively impacted by weak macroeconomic developments in Germany and oil prices. For the entire year, it is expected to be negative on average.
19. Aug	10:30	SK	Current Account Balance (monthly)	Jun		-77.02	
20. Aug		SK	Unemployment Rate	Jul	4.9%	4.9%	
	11:00	HR	Unemployment Rate	Jul		3.8%	
	11:00	HR	Wages (y/y)	Jun		6.5%	
21. Aug	10:00	PL	Industrial Production (y/y)	Jul		-0.1%	
	10:00	PL	PPI (y/y)	Jul		-1.8%	
	10:00	PL	Wages (y/y)	Jul		9.0%	
	10:30	SI	PPI (y/y)	Jul		1.30%	
22. Aug			No releases scheduled				

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	4.30	4.31	4.20	4.11	4.03
Hungary 10Y	7.00	6.88	6.80	6.74	6.67
Poland 10Y	5.36	5.30	5.10	5.00	4.90
Romania10Y	7.30	7.10	7.00	6.80	6.70
Serbia 10Y	5.07	5.00	4.90	4.80	4.60

Spreads vs. German Bunds (bps)					
Croatia 10Y	31.00	60.00	60.00	60.00	60.00
Slovakia 10Y	77.00	95.00	95.00	90.00	90.00
Slovenia 10Y	35.00	60.00	60.00	60.00	60.00
DE10Y yields	2.78	2.50	2.50	2.50	2.50

3M Money Market Rate					
	Friday's close	2025Q3	2025Q4	2026Q1	2026Q2
Czechia	3.50	3.53	3.56	3.56	3.57
Hungary	6.50	6.50	6.20	5.95	5.70
Poland	4.88	4.90	4.60	4.20	3.90
Romania	6.60	6.30	6.00	5.85	5.55
Serbia	4.68	4.40	4.46	4.25	4.04
Eurozone	2.03	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	2.1	2.2
Hungary	-0.8	0.5	0.5	2.3
Poland	0.1	2.9	3.2	3.1
Romania	2.4	0.8	1.3	2.1
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	2.6

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	74.4	73.9
Poland	49.5	55.3	58.5	60.5
Romania	48.9	54.8	58.5	60.0
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	57.8	58.9

Source: Bloomberg, Erste Group Research

FX					
	Friday's close	2025Q3	2025Q4	2026Q1	2026Q2
EURCZK	24.42	24.44	24.35	24.31	24.25
EURHUF	394.87	400.00	405.00	408.00	410.00
EURPLN	4.25	4.25	4.25	4.30	4.30
EURRON	5.06	5.09	5.10	5.12	5.15
EURRSD	117.01	117.20	117.30	117.30	117.20
EURUSD	1.17	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	3.50	3.50
Hungary	6.50	6.50	6.25	6.00	5.75
Poland	5.00	5.00	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

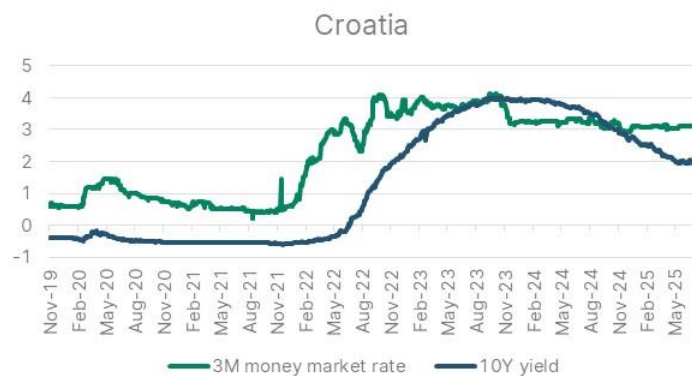
Average inflation (%)				
	2023	2024f	2025f	2026f
Croatia	8.1	3.0	3.2	2.5
Czechia	10.7	2.4	2.7	2.2
Hungary	17.6	3.7	4.7	4.1
Poland	11.4	3.6	3.7	2.8
Romania	10.5	5.6	7.0	6.2
Serbia	12.5	4.6	4.4	3.3
Slovakia	10.5	2.8	3.9	3.3
Slovenia	7.4	2.0	2.2	2.0
CEE8 avg	11.5	3.7	4.2	3.4

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	1.7	1.6
Poland	1.8	0.0	-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	-1.6	-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	4.3	4.1
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	-4.7	-4.5
Poland	-5.3	-6.6	-6.2	-5.0
Romania	-6.6	-9.3	-7.7	-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

Appendix



Source: Bloomberg, Erste Group Research

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