

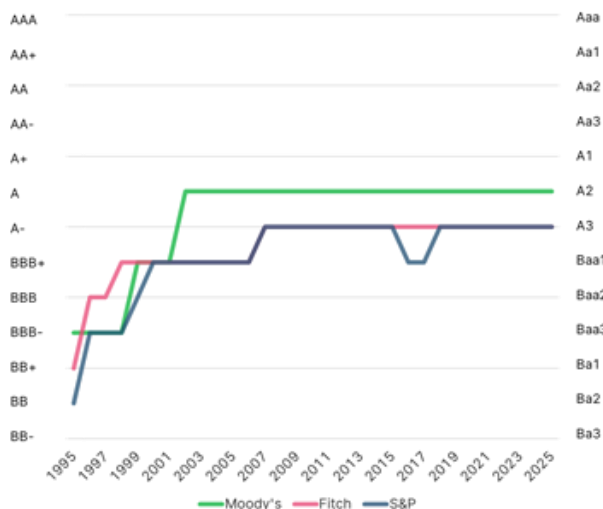
CEE MACRO AND FI DAILY

Poland's rating outlook changed to negative again

On the Radar

- Moody's rating agency has changed Poland's rating outlook to negative from stable (rating at A2).
- Today, Poland will release retail sales growth in August (10 AM CET) as well as money supply growth at 2 PM CET
- At 10.30 AM CET Slovenia will publish average real wage growth for July.
- Slovakia should publish unemployment rate.

Poland's sovereign risk rating

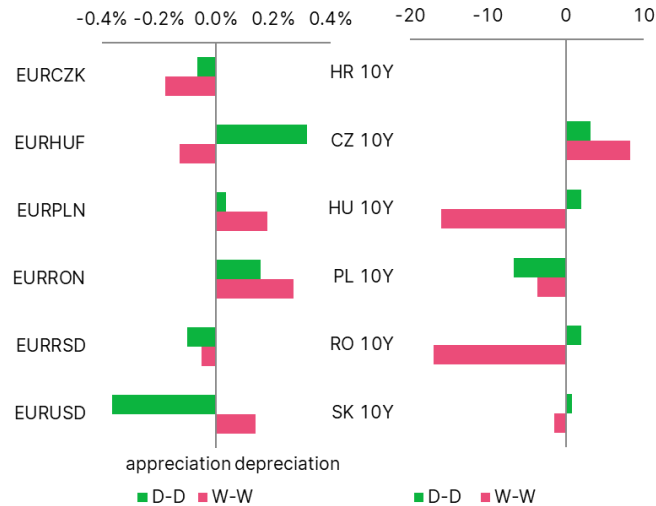


Source: Erste Group Research

Economic developments

Today, we zoom in on Poland again, as Moody's rating agency has changed Poland's rating outlook to negative from stable, while affirming the long-term rating at 'A2'. After Fitch ratings, Moody's is the second rating agency sending a warning signal to Poland due to deteriorating public finances. So far, Poland's sovereign rating has remained largely stable over the years, with the exception of a temporary downgrade by S&P in 2016. Moody's decision reflects a significantly weaker fiscal forecast, with the agency citing risks from the political stalemate between the government and the president, as well as pre-election spending pressures. The agency now forecasts Poland's general government deficit at 6.8% of GDP in 2025 and 6.6% in 2026, expecting public debt to reach around 65% of GDP in 2026. The affirmation of the A2 rating is supported by Poland's strong economic position, with real GDP growth of almost 3%, and its membership in NATO, which mitigates geopolitical risks.

Market performance



Source: Erste Group Research

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Market developments

EURHUF is as low as 390 on Monday morning, EURPLN sits at 4.26 and EURCZK at 24.28. The strength of Hungarian forint is a reflection of global developments (the US Fed cutting interest rates last week) and local factors (high interest rate differential). On the bond market, last week saw a solid rally in ROMGBs and HGBs, with 10Y yields declining by around 20bp w/w. The Hungarian 10Y yield fell well below 7%. Romania's Prime Minister Bolojan said that budget deficit should fall to about 6% of GDP in 2026 due to fiscal consolidation undertaken by the government. This week, there are two central banks meeting in the region and we expect to hear rather hawkish tone. According to Czech central banker Frait, Czechia reached the equilibrium and there is no need to change the interest rate at this point. In Hungary, Governor Varga underlines need for stability as well.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
22. Sep	10:00	PL	Retail Sales (y/y)	Aug	3.30%		4.80%
23. Sep	10:00	PL	Unemployment Rate	Aug	5.48%		5.40%
	14:00	HU	Central Bank Rate	Sep 23	6.50%	6.50%	6.50%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.27	-0.1	-0.2
EUR/HUF	390.07	0.3	-0.1
EUR/PLN	4.26	0.0	0.2
EUR/RON	5.07	0.2	0.3
EUR/RSD	116.92	-0.1	-0.1
EUR/USD	1.17	-0.4	0.1

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.50	1	2
HUF	6.50	0	0
PLN	4.74	1	1
RON	6.54	0	0
RSD	4.68	0	0
EUR	2.02	-1	2

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.41	3	8
HU 10Y	6.87	2	-16
PL 10Y	5.43	-7	-4
RO 10Y	7.28	2	-17
HR 10Y	3.02	0	0
SK 10Y	3.48	1	-1

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