

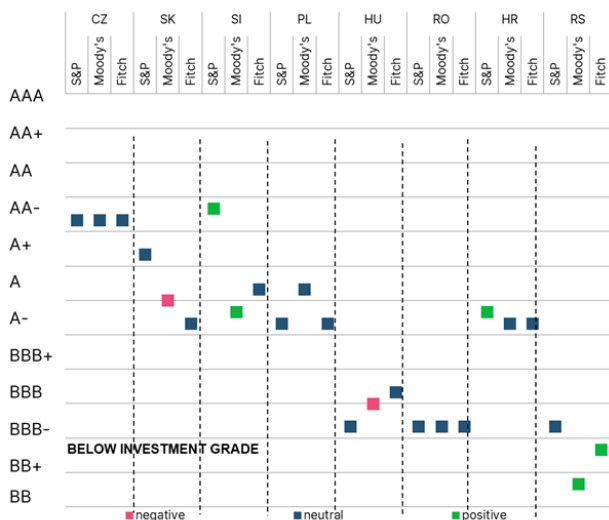
CEE MACRO AND FI DAILY

Rating outlook improvements in Slovenia and Hungary

On the Radar

- In Romania, the Constitutional Court on Friday decided to void the first round and scrap Sunday's runoff. The government will need to set new elections date (early next year).
- Fitch confirmed Slovakia's rating at A- with stable outlook.
- S&P confirmed Slovenia's rating at 'AA-', while improving the outlook from stable to positive.
- Fitch affirmed Hungary's rating at 'BBB' and raised the rating outlook from negative to stable.
- In Czechia, industrial output arrived at -2.9% y/y and unemployment at 3.9%.
- In Slovakia, trade balance was published at EUR 391mn surplus.
- At 11 AM CET producer prices and trade data are due in Croatia.

Ratings in the region

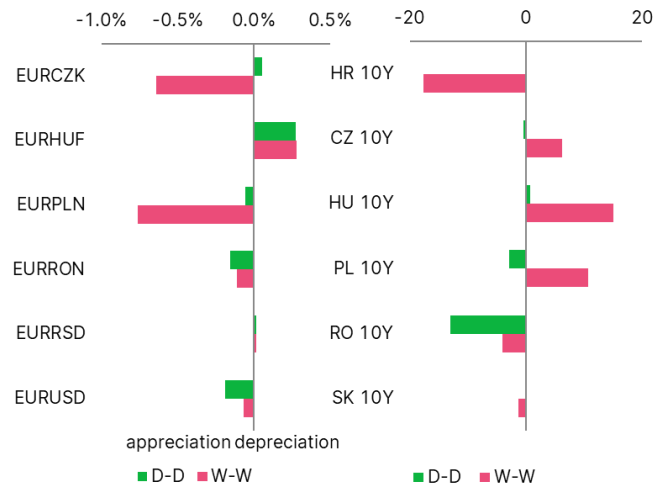


Source: Erste Group Research

Economic developments

There was quite a lot happening regarding rating decisions last Friday. First, Fitch affirmed Hungary's rating at 'BBB' and raised the rating outlook from negative to stable. The rating agency mentioned a significant reduction in macroeconomic imbalances, including a sharp decline in inflation, and the return to a current account surplus. According to Fitch, uncertainty remains about the government's policy mix in the run-up to the 2026 general election. Further, political considerations will continue to limit Hungary's full access to EU funds. In Slovenia, we also saw a change in the outlook. Namely, S&P confirmed Slovenia's rating at 'AA-', while improving the outlook from stable to positive. The rationale behind such a decision came as no surprise, where resilient economic growth and stable public finances were highlighted as the main drivers behind the outlook upgrade. Finally, Fitch confirmed Slovakia's rating at A- with a stable outlook as a stable and credible macroeconomic framework persists amid fiscal risks. There is one evaluation left this year. On Friday, after markets close, Moody's will release its rating and outlook decision for Slovakia. Given the negative outlook, a downgrade scenario remains a possibility.

Market performance



Source: Erste Group Research

Market developments

In Romania, the Constitutional Court decided to void the first round of presidential elections after the incumbent president declassified reports from secret services alleging Russian meddling. The incumbent president is due to appoint a prime minister which has to gather parliamentary majority to form a new government. PSD, PNL, UDMR and MPs representing ethnic minorities control about 53% of seats in the new parliament. It is unclear if the USR, which signed the protocol between the pro-European parties ahead of the annulled elections would join the government. The government should set the dates for rerunning the presidential elections, likely in March-April. On the FX market, the Hungarian forint has weakened against the euro, with the EURHUF moving close to the 414 level over last week. On the other hand, the Czech koruna and Polish zloty have strengthened, with the EURPLN moving down toward 4.26. Last week's surprisingly hawkish comments from Governor Glapinsky that came the day after the NBP's monetary council meeting had a negative impact on Polish bonds. The whole POLGB yield curve moved up about 20bp week-over-week as market participants started to discount their bets on the pace of next year's monetary easing. Poland's FRAs 9x12 jumped about 30bp week-over-week.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
09. Dec	09:00	CZ	Industrial Production (y/y)	Oct		-0.70%	0.01
	09:00	CZ	Trade Balance	Oct		15.40	16.30
	09:00	SK	Trade Balance	Oct		320.00	195.70
	11:00	HR	PPI (y/y)	Nov			-3.30%
10. Dec	08:00	RO	Trade Balance	Oct			-2571.50
	08:30	HU	CPI (y/y)	Nov			3.20%
	08:30	HU	CPI (m/m)	Nov			0.10%
	09:00	CZ	CPI (y/y)	Nov		3.00%	2.80%
	09:00	CZ	CPI (m/m)	Nov		0.20%	0.30%
	09:00	SK	Industrial Production (y/y)	Oct		1.00%	3.30%
	10:30	SI	Industrial Production (y/y)	Oct		0.00%	-0.40%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.06	0.1	-0.6
EUR/HUF	413.56	0.3	0.3
EUR/PLN	4.26	-0.1	-0.8
EUR/RON	4.97	-0.2	-0.1
EUR/RSD	116.80	0.0	0.0
EUR/USD	1.06	-0.2	-0.1

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.90	0	1
HUF	6.50	0	0
PLN	5.87	2	2
RON	5.92	0	-1
RSD	4.70	0	-1
EUR	2.87	-1	-7

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.95	0	6
HU 10Y	6.30	1	15
PL 10Y	5.58	-3	11
RO 10Y	7.25	-13	-4
HR 10Y	3.02	0	-18
SK 10Y	2.99	0	-1

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