



CEE MACRO OUTLOOK

GENERATIONAL CHALLENGE - WHAT DOES NOT KILL YOU, MAKES YOU STRONGER

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11 March 2025

Note: Past performance is not necessarily indicative of future results.
CEE8: Croatia, Czechia, Hungary, Poland, Romania, Slovenia, Slovakia, Serbia
Prices as of March 10, 2024.

Key changes in CEE outlook

- In most countries in the region, 4Q24 GDP estimates arrived either in line with expectations or surpassed them. Only in Romania and Serbia did 4Q24 growth surprise to the downside.
- Looking at the whole 2024 economic performance, Croatia and Serbia experienced the strongest growth, at close to 4%.
- On the other hand, Hungary underperformed, having expanded by 0.5% in 2024. Romanian economic development disappointed (0.9% in 2024) as well, despite dynamic real wage growth.
- Regarding the outlook for 2025, we expect 2025 GDP growth to accelerate in all CEE countries except for Croatia and Slovakia. In Croatia, we expect a slight cooling off, while Slovakia should sustain a similar pace of growth. Average growth in the region should be 0.6 percentage points higher in 2025 (2.6% vs. 2.0% in 2024).

Key changes in CEE outlook

- Unfortunately, the recovery is not going to be as strong as we expected at the end of 2024. We revised the full-year growth forecast downwards in several CEE countries already after seeing 4Q24 flash estimates. While in Romania and Serbia, 2025 GDP revisions were more substantial (to 2% of GDP, from 2.8%, and to 3.8% of GDP, from 4.5%, respectively), in Czechia and Slovenia, adjustments were more marginal.
- Fiscal consolidation is another growth-negative factor impacting the economic prospects of the region. Czechia, Romania and Slovakia are on track to lower their budget deficits most considerably in 2025. Recent geopolitical developments and the urgent need to increase defense spending are likely to mitigate the size of fiscal consolidation, however. Especially if the escape clause is triggered.
- We continue to see tariffs as a key downside risk to our growth forecast. We keep watching the sentiment indicators and remain worried about declining consumer confidence, in particular. Assessment of financial situation of households has worsened as well lately.

Key changes in CEE outlook

- Private consumption was a key driver of growth in 2024 across the region. Real wage gains allowed households to regain the purchasing power that was lost due to the inflation surge. However, private consumption growth was not as strong as wage growth would imply. There was an increased propensity to save and hold off on some of the consumption spending. As far as outlook is concerned, the recent decline of consumer confidence and worsening expectations of households regarding their financial situation may drag the level of spending slightly down.
- Investment activity slowed in 2024. This year, however, based on the cyclicity of the EU funds flow, we expect the acceleration of investment to be a key factor driving GDP growth up in most of the CEE countries.
- All in all, domestic demand will remain the pillar of growth in 2025.

Global trends affecting our forecasts

OUTLOOK FOR EUROZONE

- This year, we expect the Eurozone economy to accelerate to 1.0%, from 0.7% in 2024. The economic development has been weaker than expected, however. The German economy contracted for the second year in a row (-0.3% in 2023 and -0.2% in 2024). Further, the uncertain political situation in France and Germany is weighing on the outlook. Not to mention the threat of tariffs.

INCREASE IN DEFENSE SPENDING

- Germany announced its plans to set up a EUR 500 billion fund for infrastructure and defense investment. The fund would be worth roughly 11% of German GDP. Although it will be spread over 10 years, it will be quite a substantial fiscal stimulus in the coming years, if passed.
- An escape clause for defense spending (i.e. excluding defense expenditure from the budget deficit limits and targets) for all EU countries would provide additional fiscal impulse. At the top of that, new fiscal instrument within ReArm Europe should provide additional financing of defense spending.

Global trends affecting our forecasts

PEACE DEAL BETWEEN RUSSIA AND UKRAINE

- The possibility of a peace deal between Russia and Ukraine has impacted the FX market to the greatest extent. Although strong guarantees would be needed to unlock the full economic potential, access to Ukraine's market would be positive for economic prospects in the region.

IMPACT OF TRADE TARRIFS

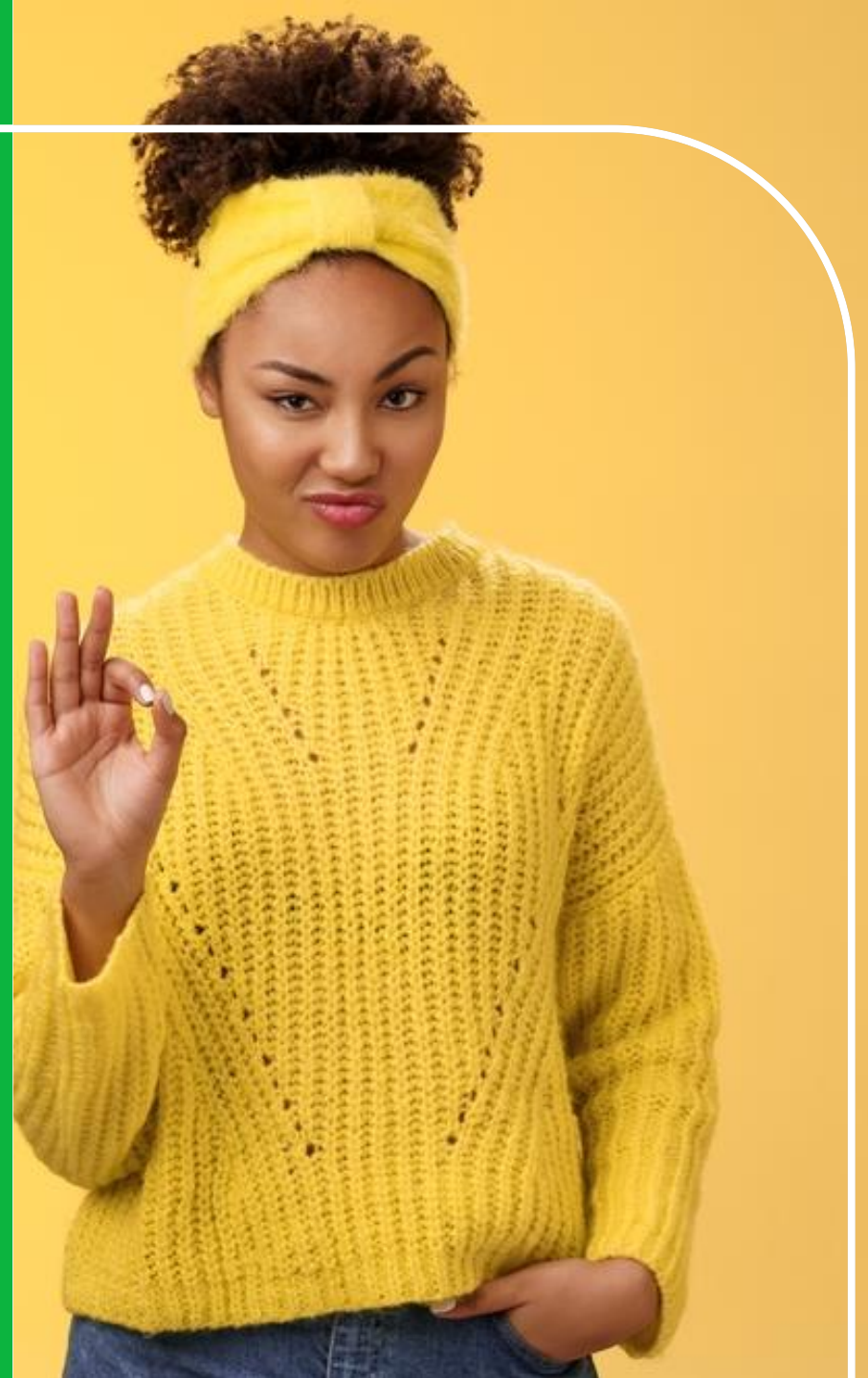
- There is still limited clarity regarding the tariffs to be imposed on Europe. Most recent announcements include a 25% tariff plan on vehicles and pharmaceuticals. We see the direct impact of these tariffs to be the highest in Slovakia. However, there is a threat of 25% tariffs on all goods imported from the EU.

MONETARY EASING ON CORE MARKETS

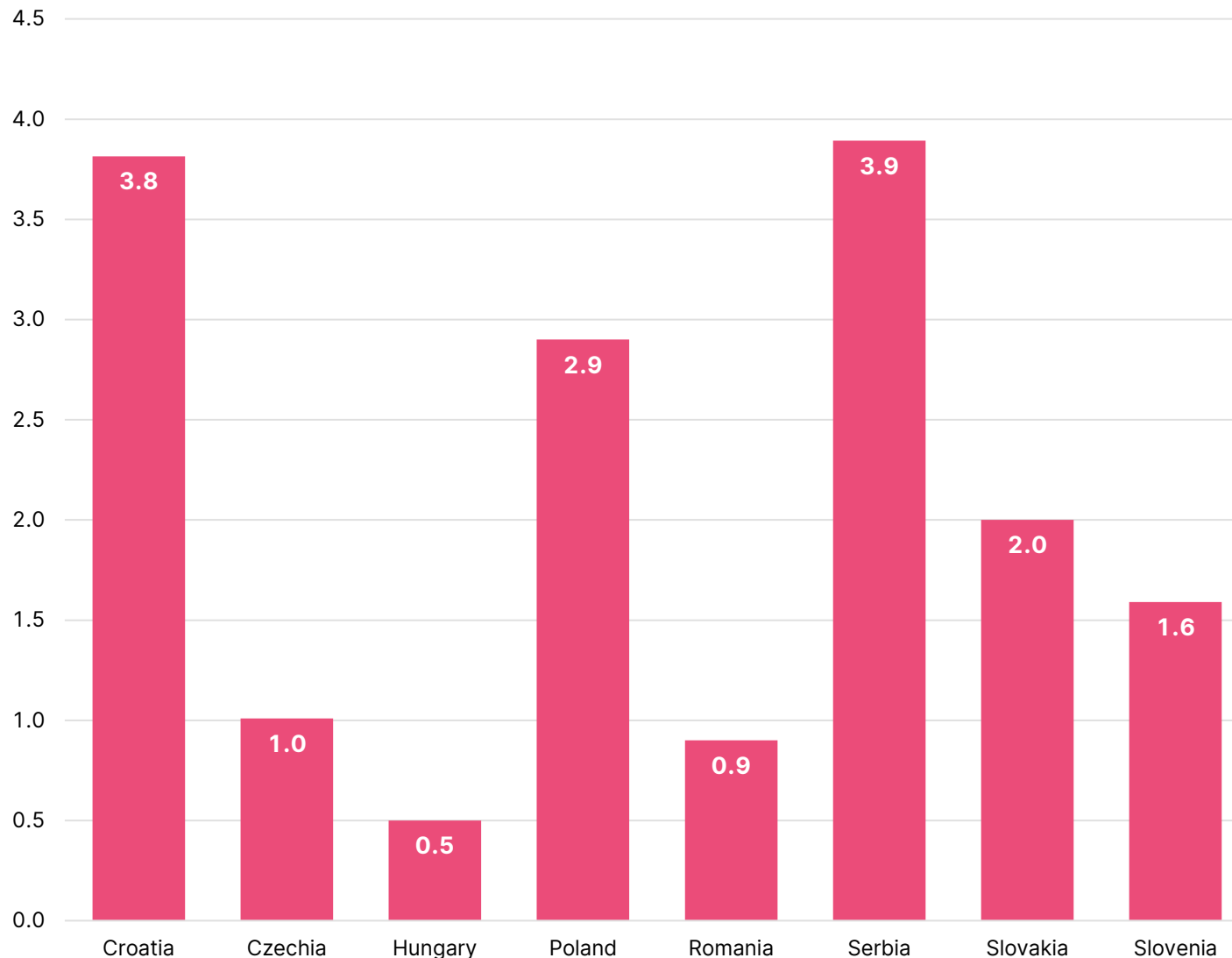
- The ECB lowered the key deposit rate to 2.5% and a pause is expected at the nearest meeting. In the US market began pricing in monetary easing amid rising fears of recession.

2024: neither a bad nor terrific year

"All countries in the region expanded last year. Economic performance was quite heterogenous, however. Households regained their purchasing power and increased private consumption visibly in 2024. Investment growth was weaker due to the cyclicity of the EU funds inflows."



2024 GDP growth, percent



2024 GDP growth driven by private consumption

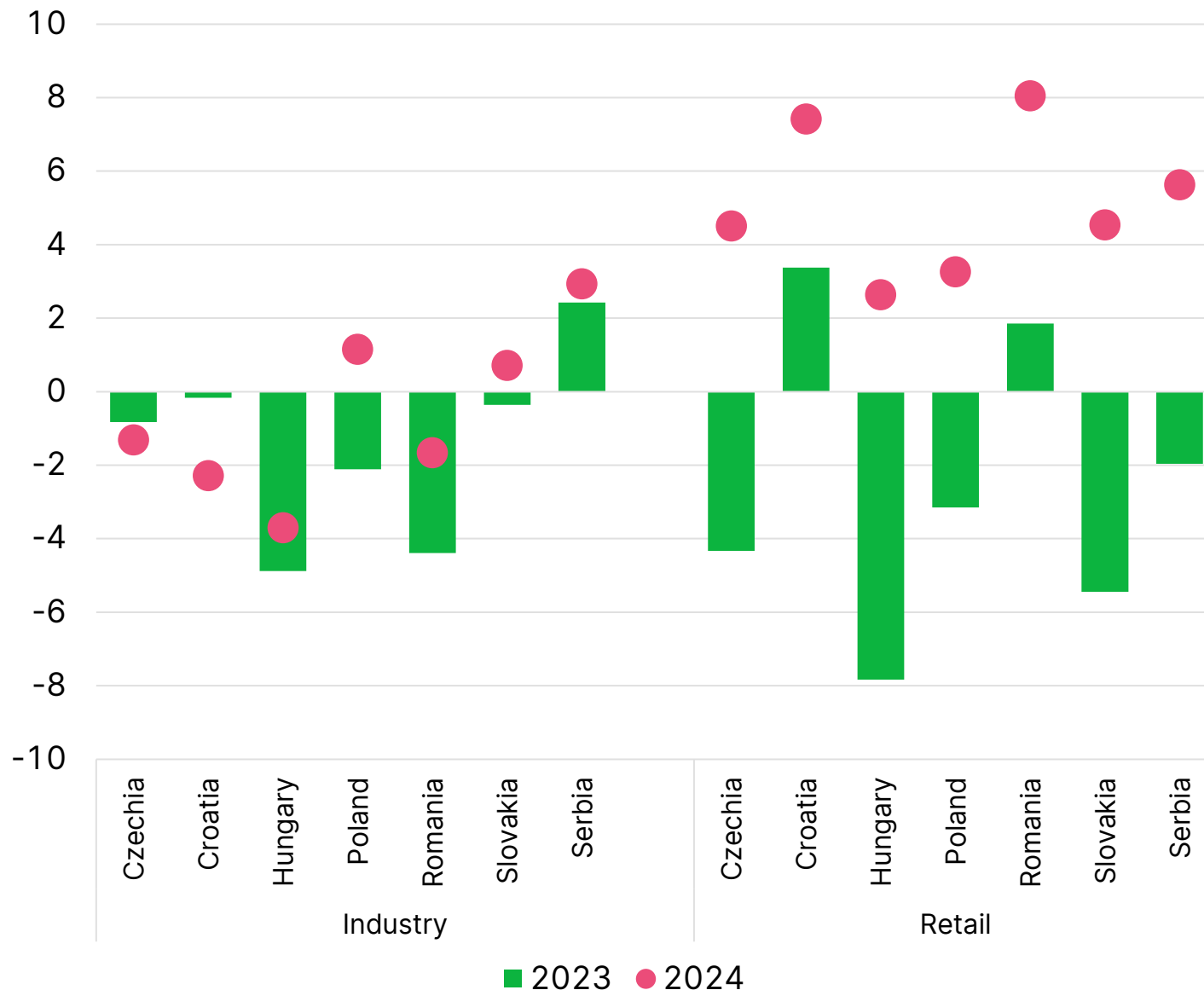
Croatia and Serbia outperformed last year, as 2024 growth came close to 4%. In Croatia, real wage growth was particularly strong, as it averaged 11.7%. In Serbia, real wage gains, coupled with solid public investment partly reflecting preparations for Expo 2027, were behind such solid GDP.

Hungary and Romania underperformed, on the other hand. In Hungary, the contraction of investment activity was substantial, dragging growth down to 0.5% in 2024.

Retail and industry performance

Both sectors improved in 2024, but retail benefited more from an increase in the purchasing power of households. After contraction in 2023, the retail sector expanded in 2024 in all CEE countries. Romania and Croatia experienced the most dynamic development, while in Hungary, the retail sector grew at the slowest pace.

Industry improved in 2024 compared to 2023. It expanded in only three countries, however. Namely, Poland, Slovakia and Serbia. On the other hand, industry contracted the most in Hungary.



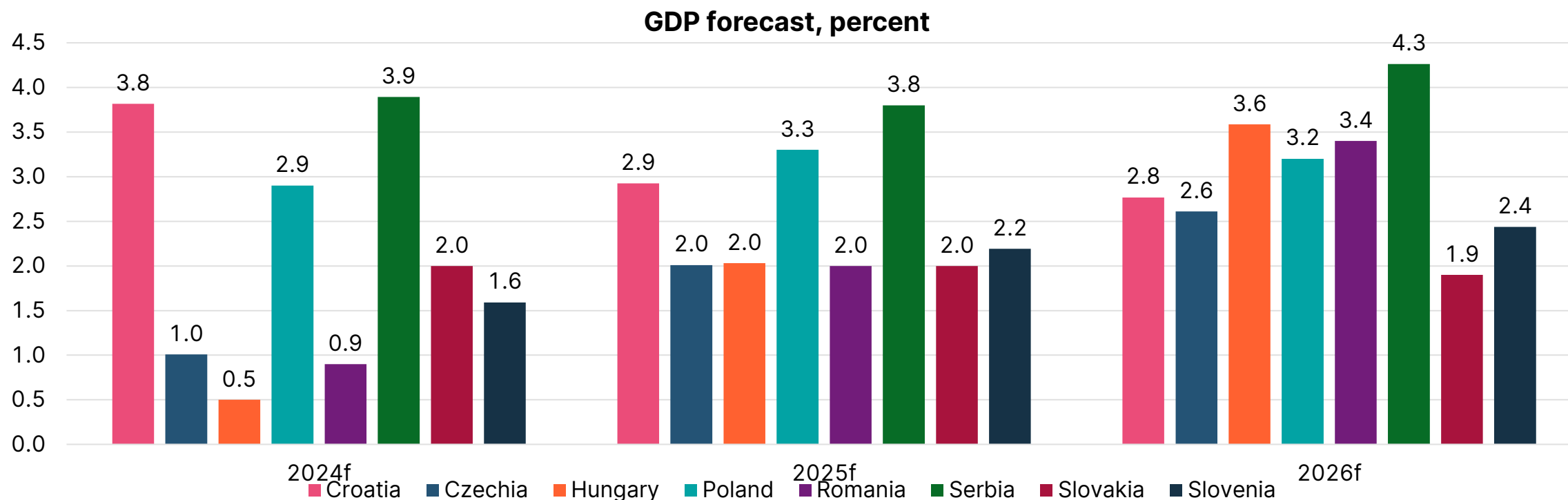
2025 growth to accelerate moderately

"The uncertainty remains high. Although 25% tariffs on vehicles and pharmaceuticals were announced, there is still limited clarity on whether other European sectors will be hit with such high tariffs. All in all, we see the region's average GDP accelerating slightly in 2025 compared to last year. This improvement in economic conditions should be driven by higher investment activity compared to 2024. Increase in defense spending may outweigh some of negative effects of tariffs."



Despite headwinds in external environment, 2025 GDP growth should accelerate slightly across region

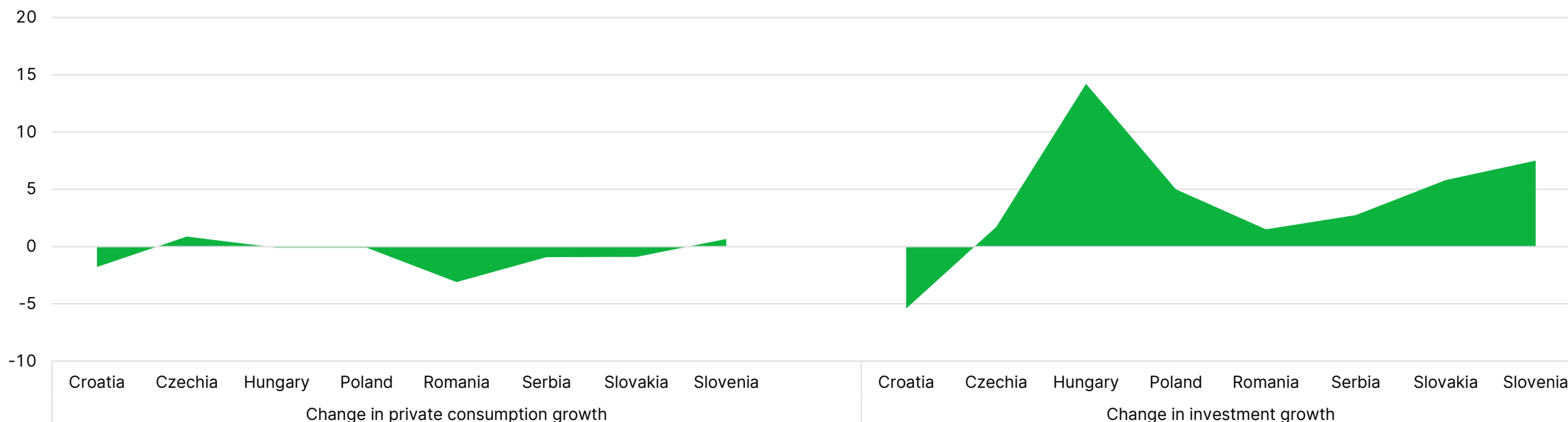
We expect GDP growth to accelerate in all CEE countries but Croatia and Slovakia. In Croatia, we expect a slight cooling off, while Slovakia should sustain a similar pace of growth. In Hungary and Romania, 2024 proved weaker than was initially expected. Croatia and Serbia are the clear outperformers, fueled by strong domestic demand. In Serbia, the implementation of the "Leap into the Future—Serbia EXPO 2027" development plan pushes growth higher. On average, however, 2025 GDP growth should be roughly half a percentage point higher compared to 2024, thanks to the acceleration of investment activity.



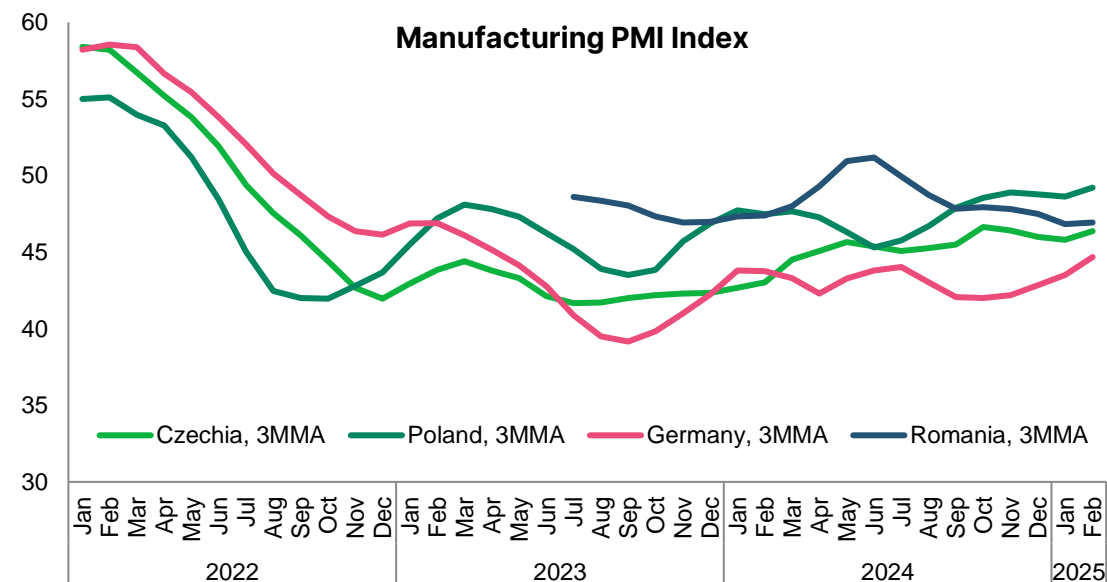
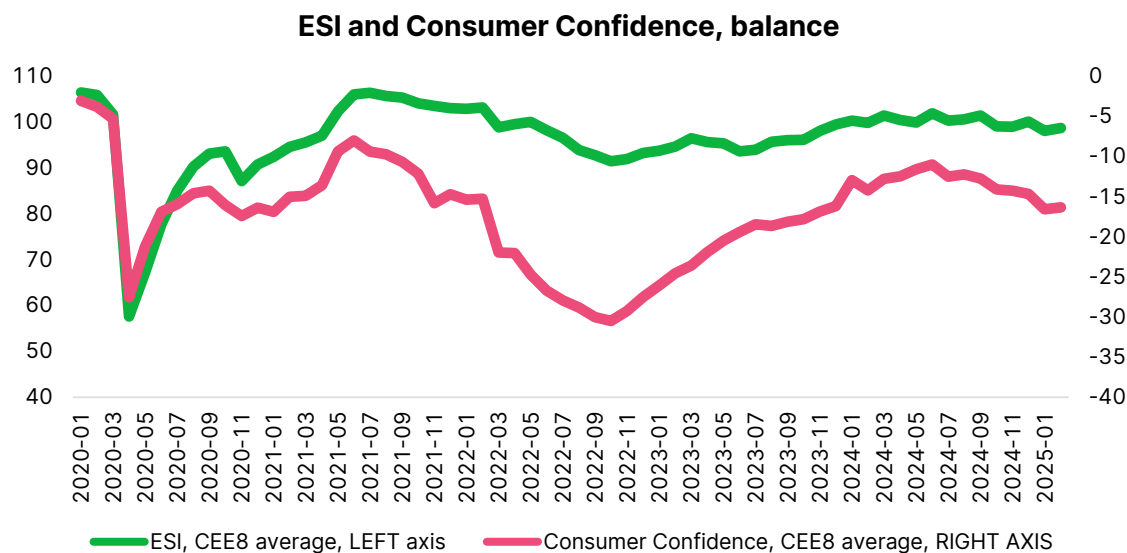
Private consumption to lose some strength. Acceleration of investment to push GDP higher in 2025.

Households' purchasing power has recovered and we expect spending to keep growing, albeit at a slightly slower pace in several CEE countries. Private consumption will continue to positively contribute to the 2025 growth. The slight acceleration in economic development should come from higher investment activity next year. This acceleration should be driven by the restart of projects financed from the new budgeting period (MFF 2012-27).

Change in private consumption and investment growth between 2024 and 2025, percentage point



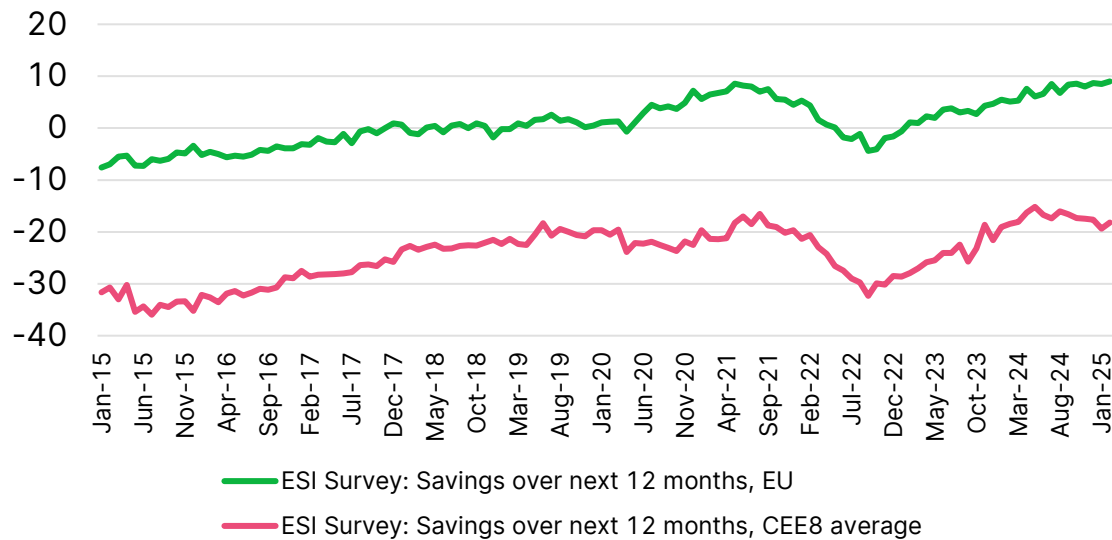
Market sentiment gives some hope for improvement



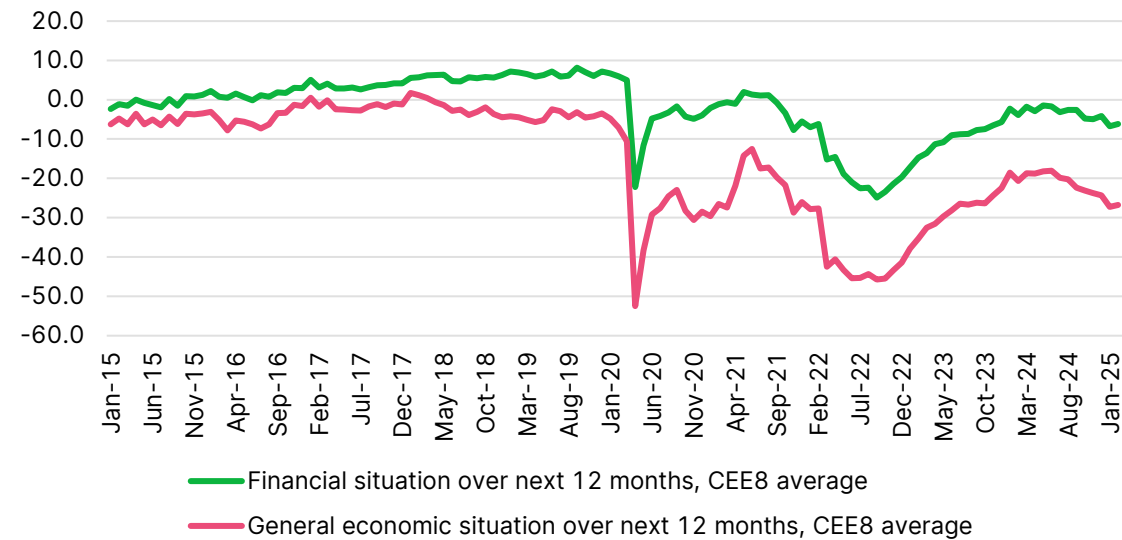
Economic Sentiment Indicator (ESI) as well as Consumer Confidence Indicator show a small tick upward in February. The CEE8 average of ESI increased from 98.1 in January to 98.6 in February. Looking across the countries, ESI increased in Czechia, Hungary, Poland, Romania and Slovenia, while in the other three countries it went marginally down. As far as consumer confidence is concerned, prior to February's assessment, a downward trend could have been observed since mid-2024. Such development is quite worrying regarding the outlook for private consumption growth and its contribution to GDP growth in 2025. On the other hand, the PMI indices delivered a solid development and increased in February in all countries. In Hungary and Poland, PMIs were above the threshold of 50.

Decline of consumer confidence has become worrying.

Savings over next 12 months



Financial and economic situation over next 12 months



In the EU, the propensity to save seems to have continuously increased and is at the highest level since 2015. In the region, we saw a similar trend from mid-2022 until mid-2024. The average for CEE8 reached its peak in May 2024, and since then, we have seen some divergence compared to the whole EU as the balance of answers has been dropping in the region over the last half year. It remains at relatively high levels overall. What is more worrying, however, is that the evaluation of the financial and economic situation has been worsening over the last half year. Such development may increase the cautiousness of households regarding spending.

Impact of tariffs

"The topic of tariffs has been present with us for quite a while already. In this report we try to access direct impact of the recently announced 25% tariffs on vehicles and pharmaceuticals on CEE performance. It is obviously negative and most sizeable in Slovakia due to exposure of the automotive sector"

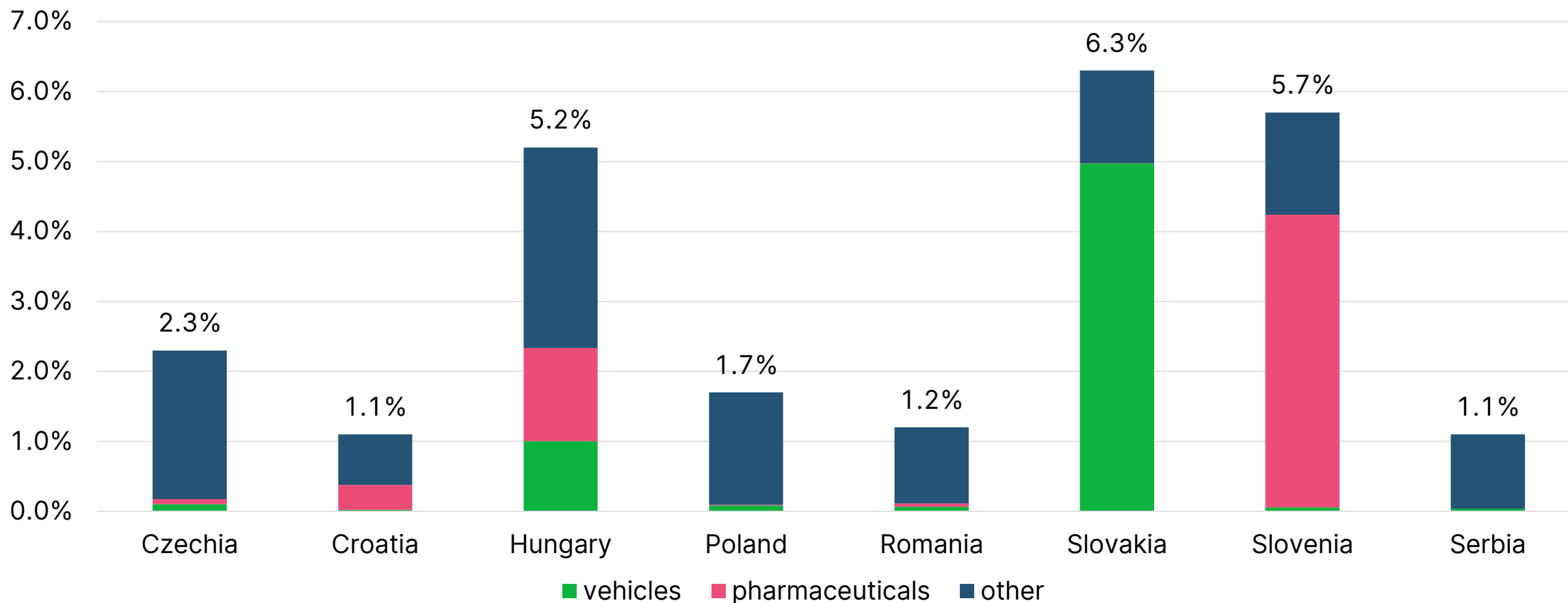


Impact of tariffs

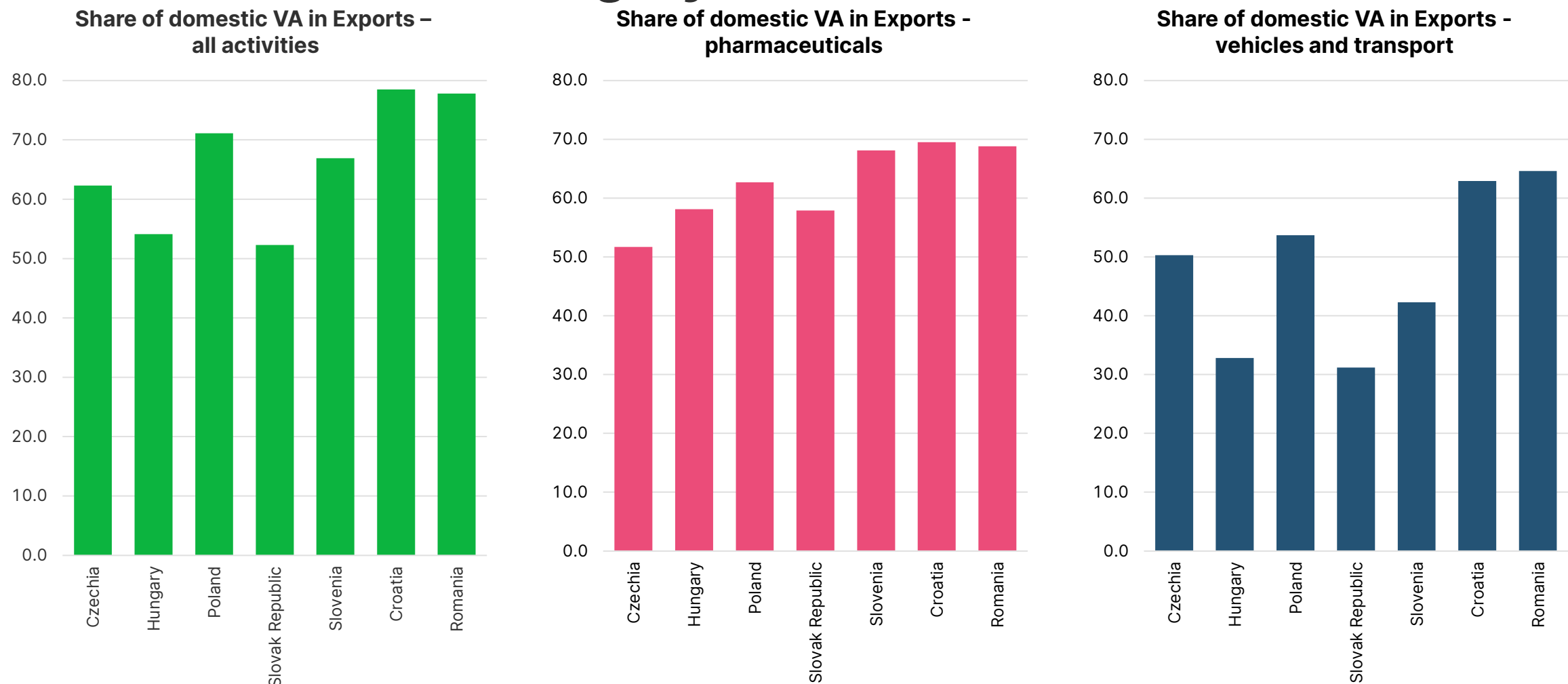
- We try to evaluate the direct impact of 25% tariffs on two sectors: vehicles and pharmaceuticals. The impact of the tariffs is seen as negative for economic development in the region. Slovakia is most exposed due to the high share of vehicles in the Slovakia's exports to the US. Slovenia and Hungary follow. In the case of Slovenia, the vulnerability comes from the limited diversity of Slovenia's exports to the US (pharmaceuticals). In Hungary, vehicles and pharmaceuticals combined have a non-negligible share as well.
- The impact on value added would be negative. The higher the tariffs, the higher the loss of value added in the region. Hungary, Slovakia and Slovenia have the highest share of domestic value added embedded in the US imports and final demand on their total value added. These three countries would experience the biggest negative impact.

Tariffs: Slovakia, Hungary and Slovenia among most exposed to direct impact of US import tariffs

Breakdown of US imports (as % of GDP of trading partner, 2023)

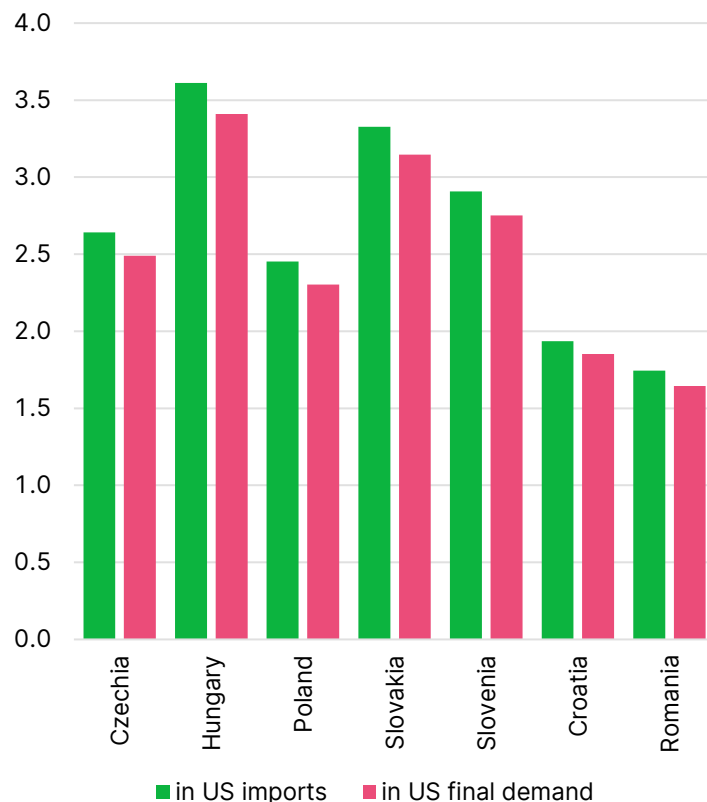


Tariffs: Domestic value added (VA) in exported vehicles from Slovakia and Hungary to world is about 30%

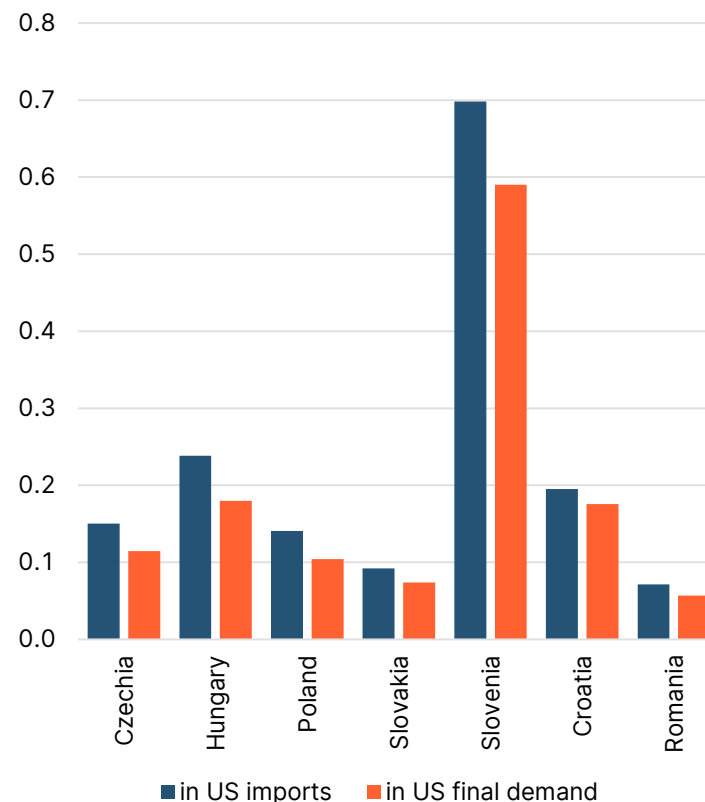


Tariffs: Share of domestic value added of CEE countries embedded in US imports / final demand on their total value added

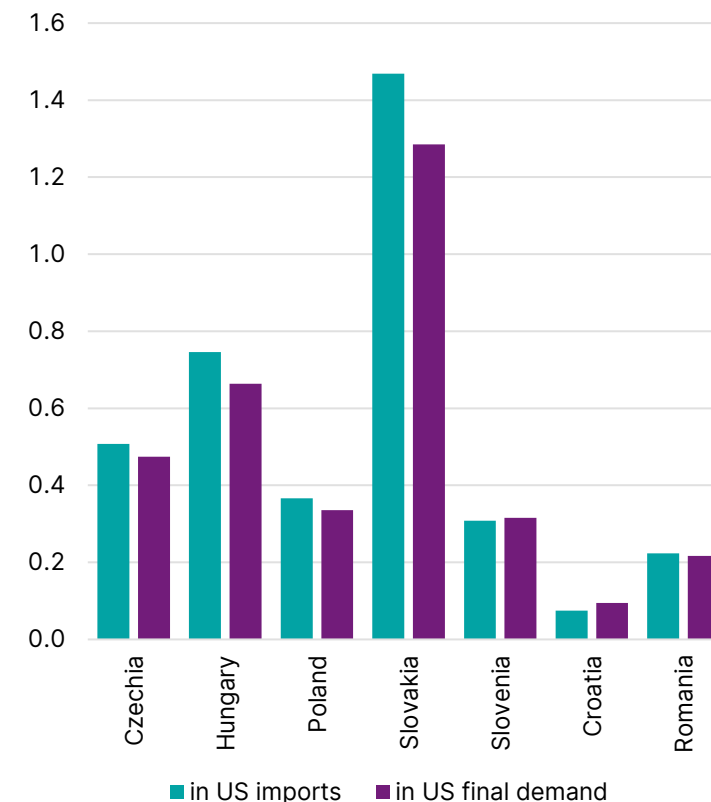
VA added - all activities /
Total VA (avg. 2019-20)



VA added - all pharmaceuticals /
Total VA (avg. 2019-20)

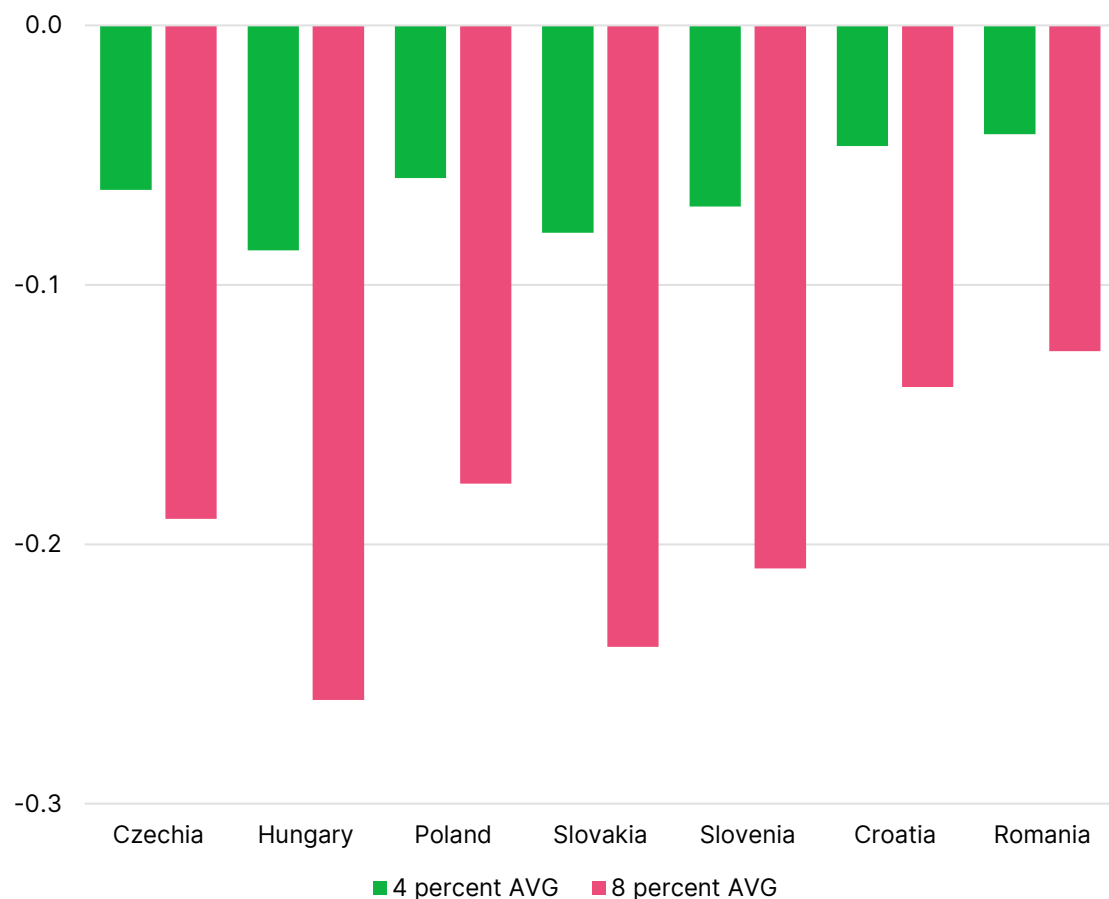


VA added - vehicles and transport /
Total VA (avg. 2019-20)

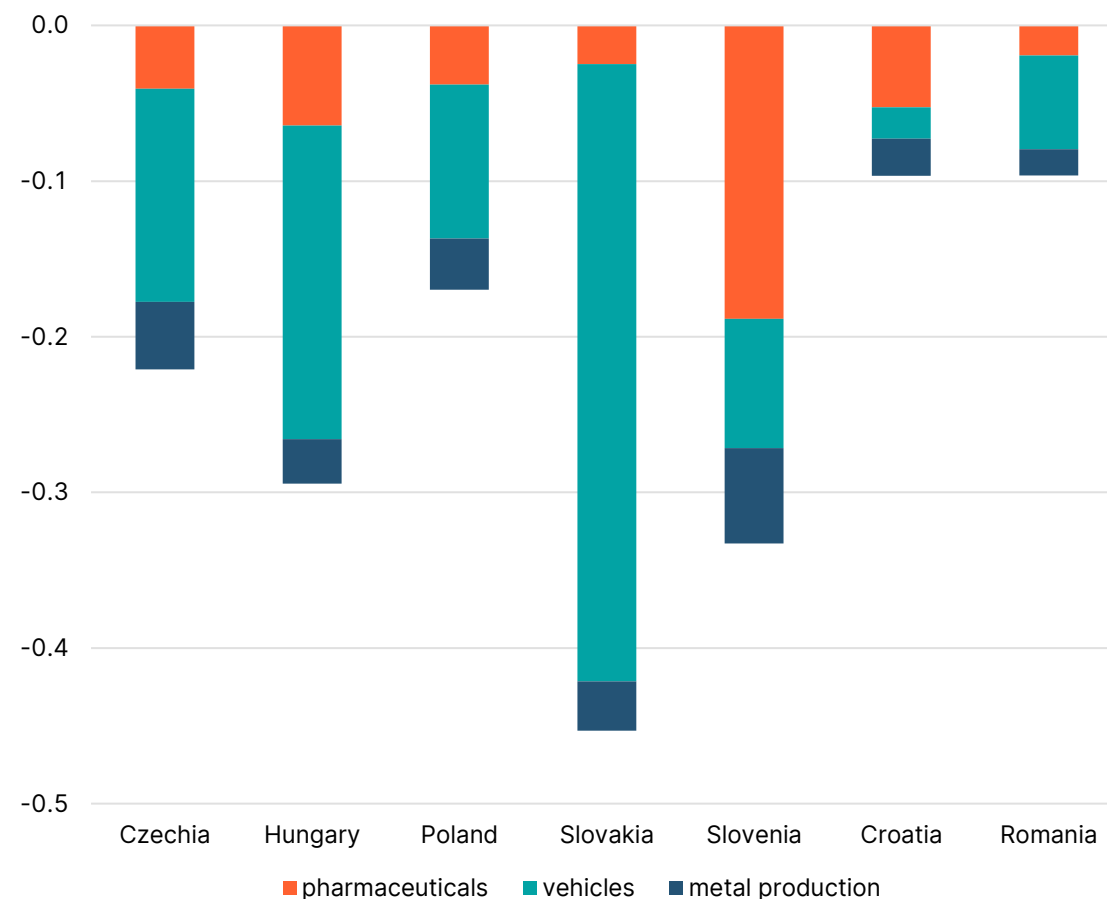


Tariffs: Direct impact of US import tariffs on value added in CEE countries

Cummulative impact of increased AVG tariffs



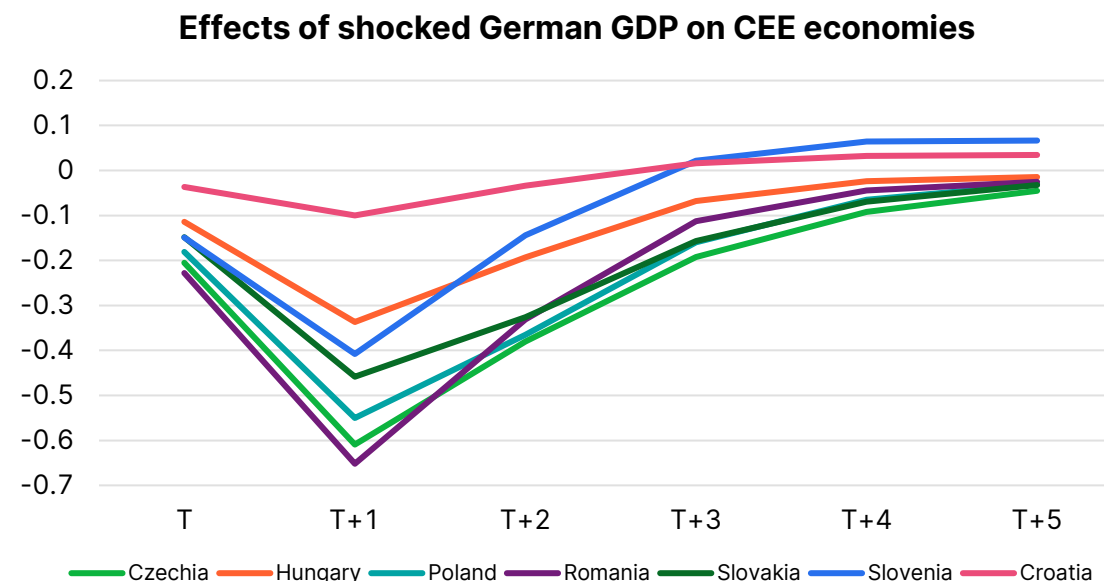
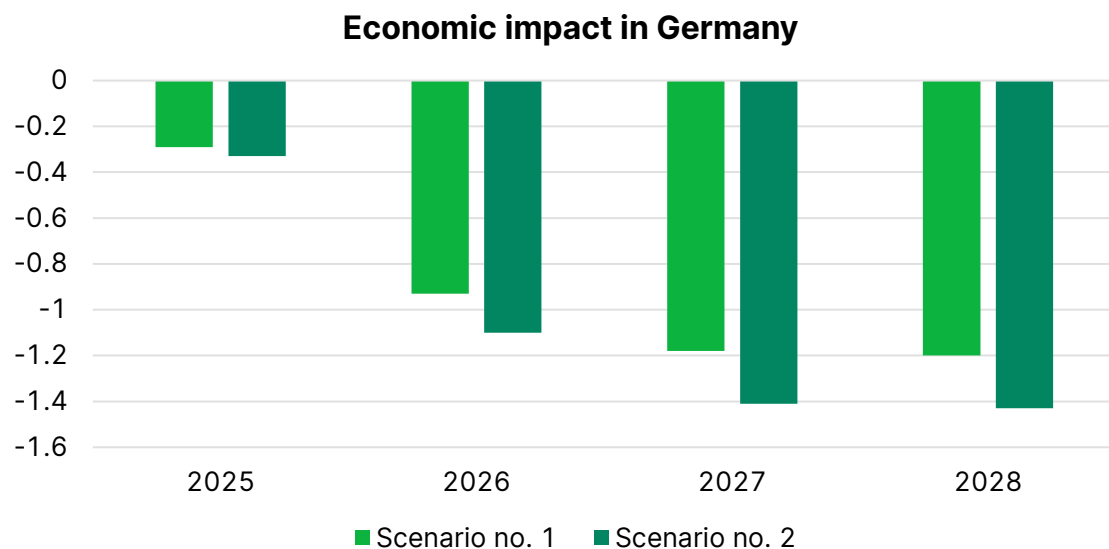
25% tariffs on selected goods*



When *1.2 elasticity assumed

Source: OECD, Erste Group Research
March 11, 2025

Tariffs: Indirect impact. Response to decline of GDP level in Germany.



To quantify relationships between CEE economies and Germany, we used a (Bayesian) Global Vector Autoregression Model (BGVAR), whose sole purpose is to model relations among complex entities.

We use the German Economic Institute estimates to evaluate the impact on CEE countries. The biggest negative impact on growth is expected in 2026, corresponding to the hit to the German economy.

As far as the countries are concerned, Romania and Czechia would be the most impacted. Croatia would be the least affected.

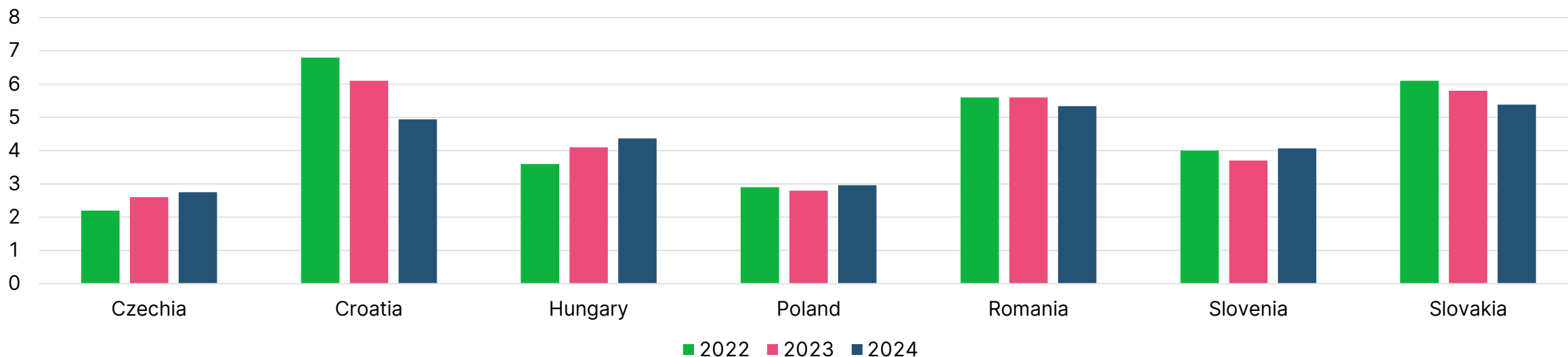
Labor market and migration

"We see quite mixed performance of unemployment across the region. In some CEE countries, such as Czechia or Hungary, the unemployment rate has been slowly but continuously rising over the last couple of years. The increases are rather marginal and in general we see labor market conditions as tight."



Labor market has been tight despite economic hurdles

Unemployment rate, percent



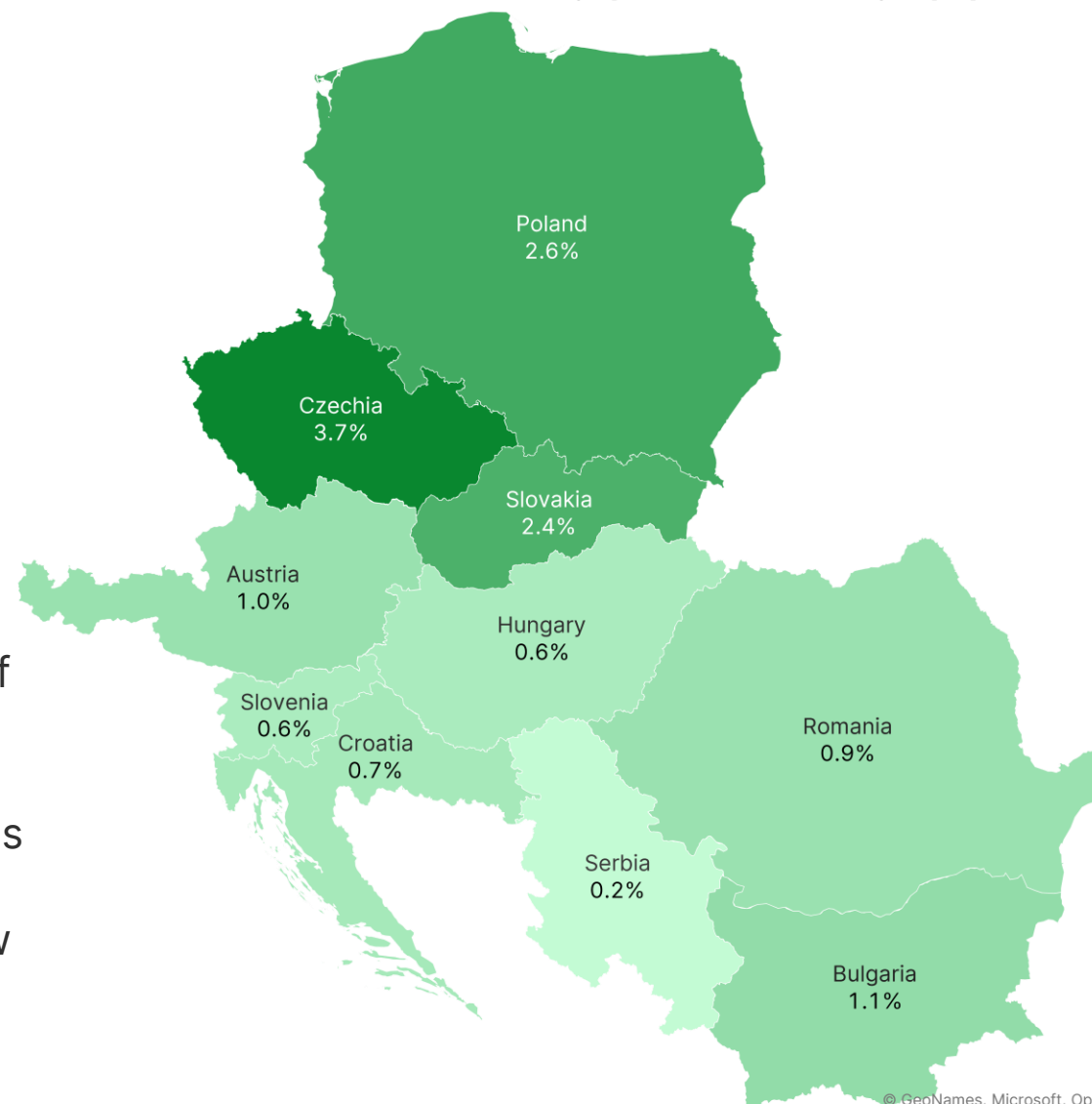
We see quite mixed performance of unemployment across the region. In some CEE countries, such as Czechia or Hungary, the unemployment rate has been slowly but continuously rising over the last couple of years. These two countries have been struggling with rather meager economic growth since 2022. In 2023, the Czech economy stagnated, while Hungary underperformed in 2024 with GDP growth of 0.5%, the lowest in the region. Czechia, at the top, welcomed the highest number of Ukrainian refugees as a percentage of its population (3.7% since the outbreak of the war). In Croatia, Romania, and Slovakia, on the other hand, the unemployment rate has been declining. In Poland and Slovenia, the average unemployment rate in 2024 ticked up after decreasing in 2023. Poland and Slovakia are two other CEE countries with a sizeable inflow of Ukrainian refugees as a percentage of the population, yet with no visible deterioration in the labor market as opposed to Czechia. Economic development has been more solid in those two countries as well.

Inflow of Ukrainian refugees improved matching on labor market

According to UNHCR data, as of mid-February 2025, there are 6,346,000 Ukrainians recorded in Europe – with 6,900,000 recorded globally. While in absolute terms, Germany and Poland welcomed the highest number of refugees, as a percentage of the population, Czechia stands out, with Ukrainians amounting to 3.7% of Czech's population.

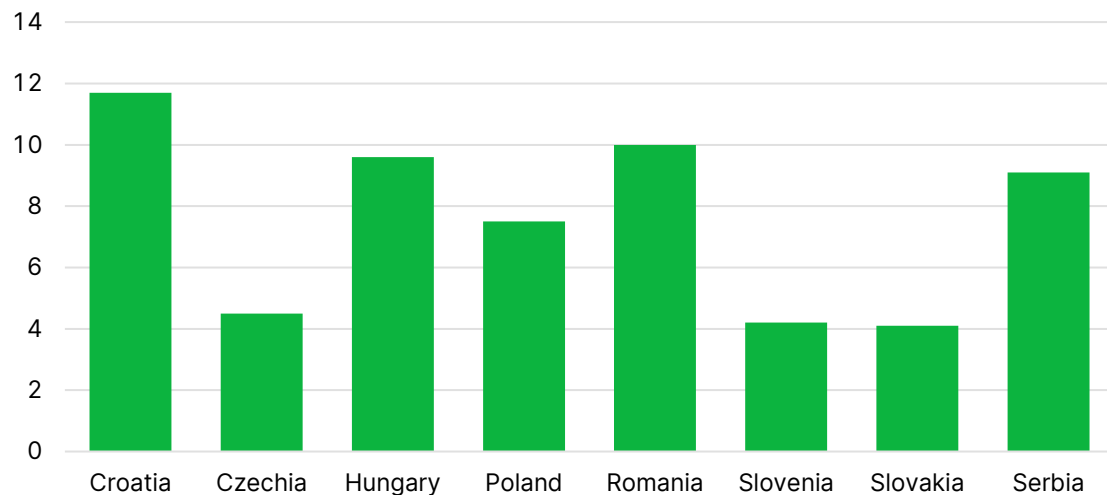
In our view, CEE economies benefited from the inflow of Ukrainian workers who became mostly well-integrated into the job market. Despite such an increase in the available workforce, unemployment remained low across the region. Such migration seems to be filling the gap that arises from the aging population in CEE. An outflow of Ukrainians could result in a lack of workforce in specific sectors, resulting in wage pressure.

Ukraine citizens recorded in country, percent of country's population

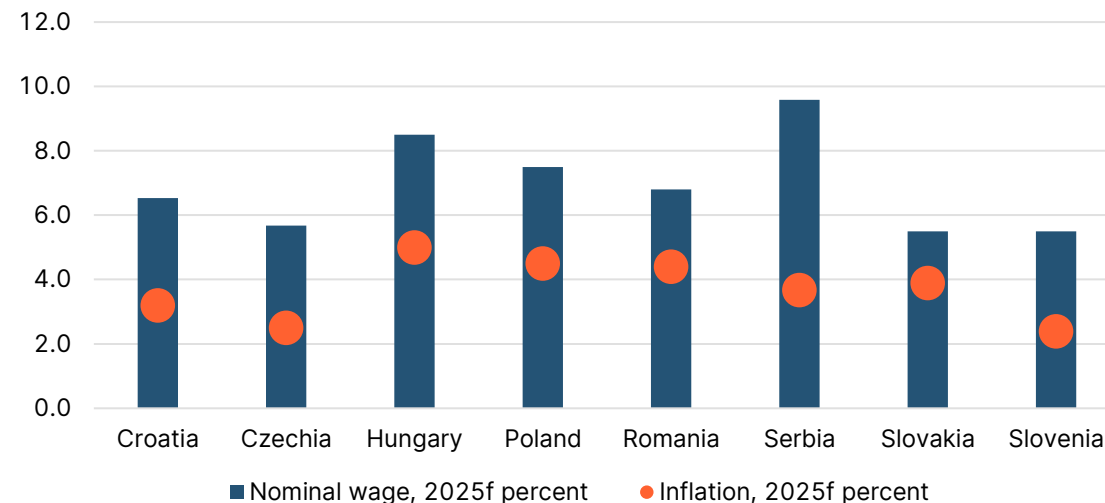


Real wage gains peaked in 2024. Nominal wage growth to slow down this year.

Real wage growth in 2024, percent



Nominal wage and inflation forecast, percent



Real wage growth was extraordinarily high in Croatia as it reached almost 12% in 2024. In Hungary and Romania, it was around 10%. Czechia, Slovenia and Slovakia saw the most moderate real wage gains around 4% in 2024. This year, we expect nominal wage growth to slow down. As inflation eased throughout last year, we believe the bargaining power has diminished and wage adjustment will likely be more moderate compared to last year. In combination with relatively elevated inflation, real wage is set to lose the dynamics from 2024. The overall tight labor market conditions, however, will sustain some of the wage pressure.

Inflation and monetary policy

"Inflation has been falling gradually but surely across the region. The year-end 'hiccup' should pass in the course of 2025. We should see a more permanent disinflation process after the base effects causing recent inflation increases fade out. Weaker-than-expected economic growth favors monetary easing. In all CEE countries, we should thus see more interest rate cuts. They will come later than initially expected and the size of monetary easing will be smaller."



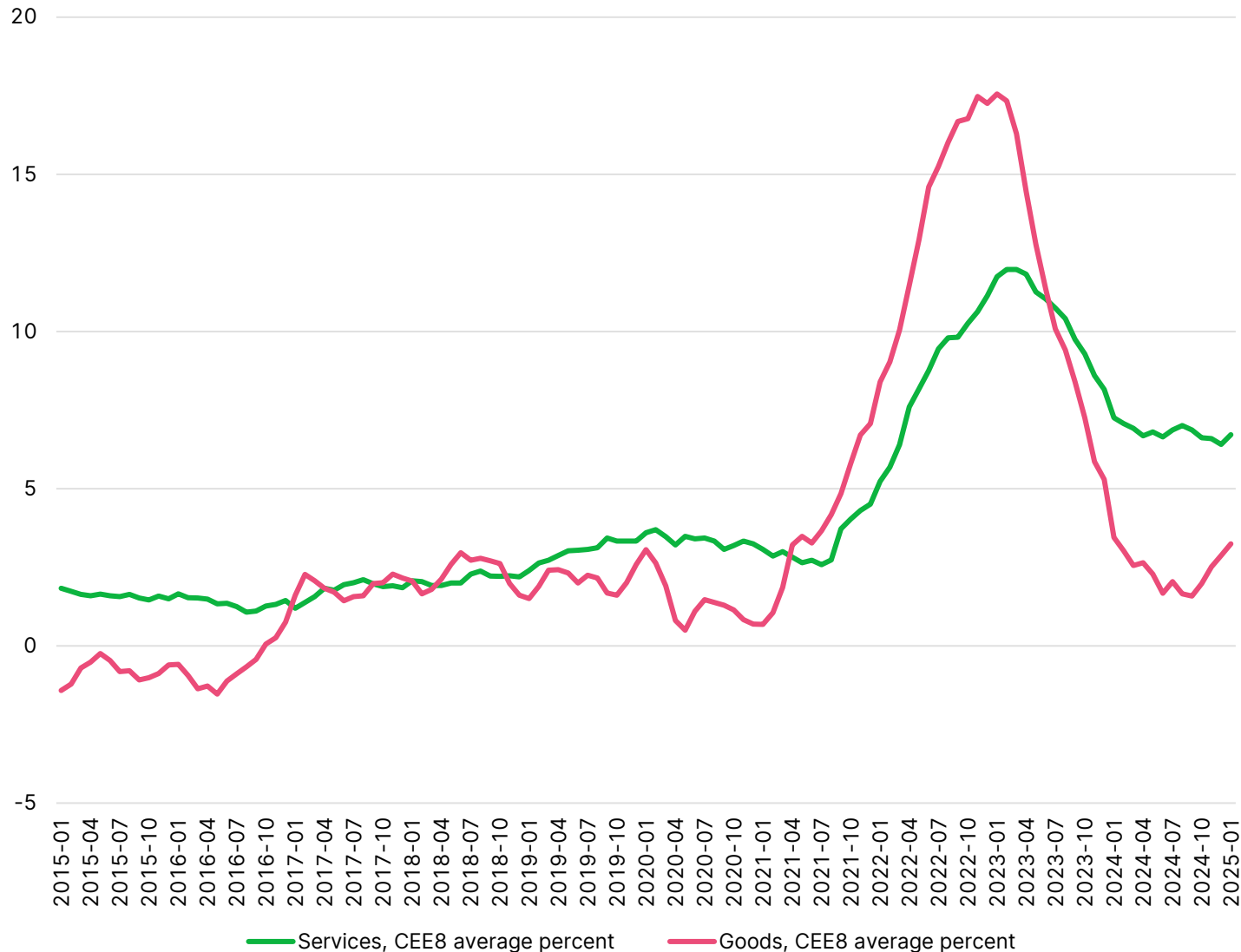
Inflation increased at beginning of 2025

Average inflation in 2024 was far lower compared to 2023. Inflation development at the end of 2024 showed some hiccups, however. At the beginning of 2025, the January number surprised to the upside in several CEE countries. We believe that inflation should come back to downward trajectory in the second half of the year allowing central banks to reconsider monetary easing.

Inflation development, percent



Inflation of goods and services, percent



Inflation of services has been persistently high

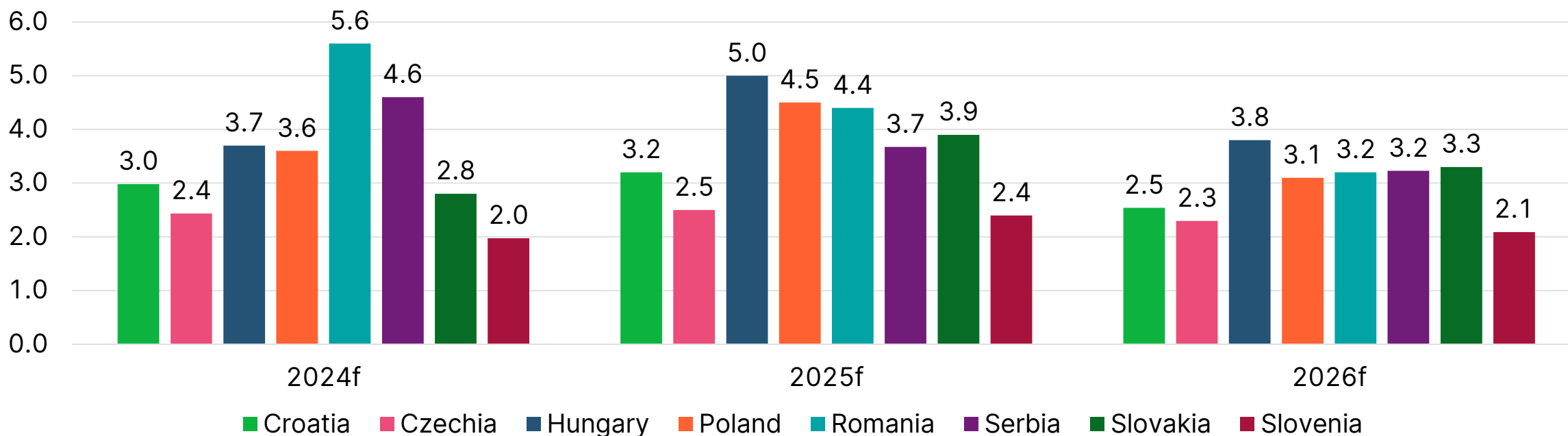
Inflation has been elevated. Inflation of services has not been declining since the beginning of 2024. Moreover, most recently, it has picked up. Level-wise, it has been moving sideways around 7%, which is more than twice as much as prior to 2022 and the inflation shock.

Inflation of goods has picked up most recently as well, suggesting that bringing inflation down toward the central bank's target may take a little longer.

Inflation forecast revised up in several CEE countries

We revise our 2025 inflation forecast upward in part of the region. The biggest upward revision of headline inflation took place in Hungary, where we see the 2025 average at 5.0%, compared to 4.1% previously. Inflation was revised upward and is expected to be higher by roughly 0.5 percentage points in Croatia and Poland compared to our expectations from the end of 2024. In Slovakia, due to higher indirect taxes and energy prices, we may see inflation rising toward 3.7% in 2025, compared to 2.9% in 2024. Average inflation should decline only in Romania and Serbia in 2025.

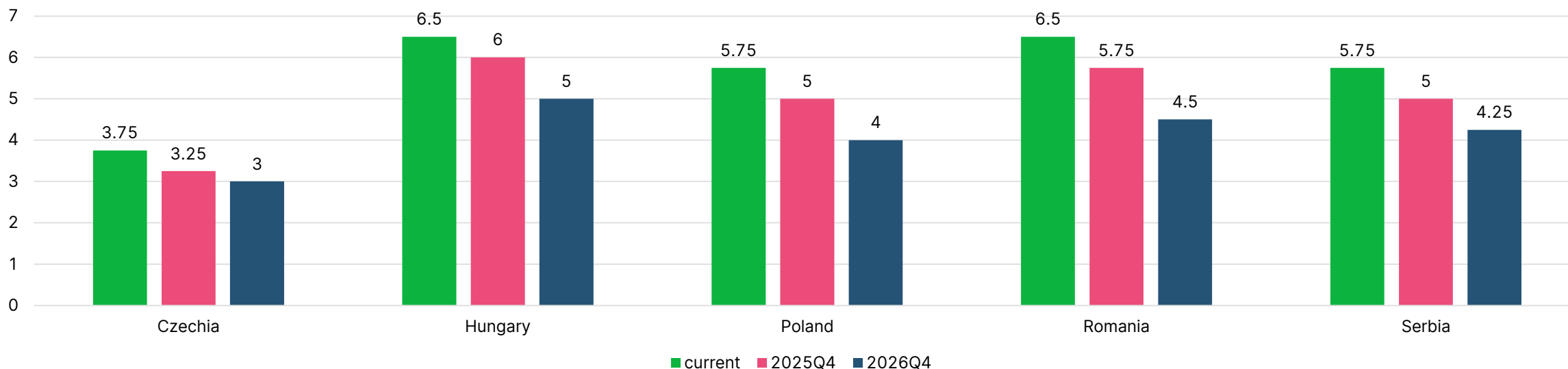
Inflation forecast, percent



Monetary easing gets delayed and will be smaller in size

While we still see monetary easing coming in the whole region in 2025, in most countries, it is likely to come later than we initially expected. The size of monetary easing will be smaller as well. In Hungary, we now expect the interest rate to go down to 6% at the end of the year. Most recent comments from the new leadership of the Hungarian central bank suggest that Hungary may see no change in the key policy rate this year at all. In Serbia, we have pushed back our expectations for the first rate cut to May, and we are now forecasting a total of 75bp in cuts in 2025 compared to the 100bp we expected earlier. In Poland, we will see rate cuts in the second half of the year only if at all. In Romania, we expect monetary easing after the presidential elections. The size and timing will strongly depend on the fiscal consolidation path.

Interest rate, current and year-end forecast percent

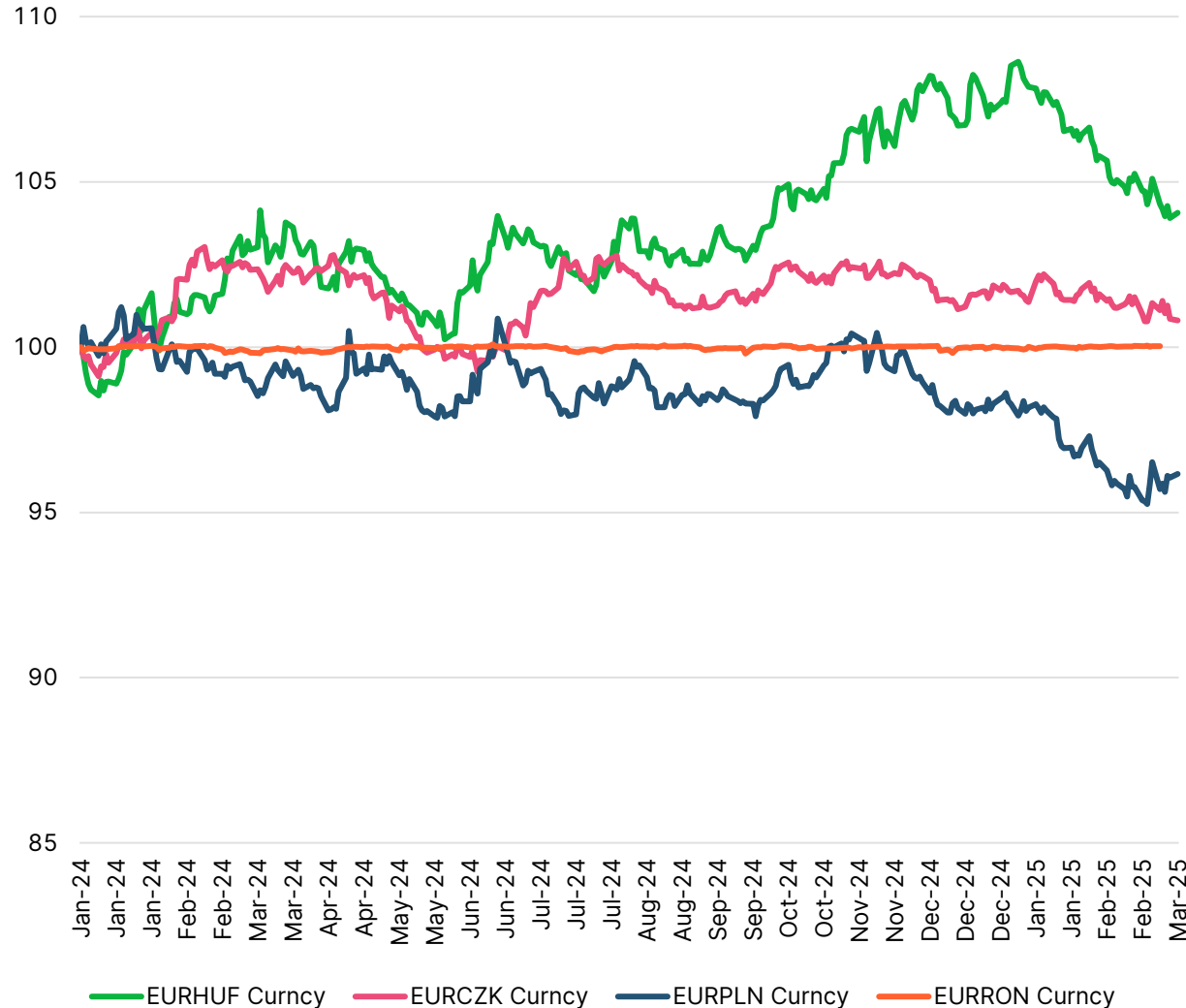


Fiscal policy and market development

"Fiscal consolidation seems to be unavoidable at this point - at least in some CEE countries. Czechia is determined to bring the budget deficit down further, although in 2024 it already should drop below the 3% of GDP threshold. Romania and Slovakia face the biggest fiscal consolidation. Poland, on the other hand, does not plan to curb fiscal spending, as defense expenditures grow substantially."



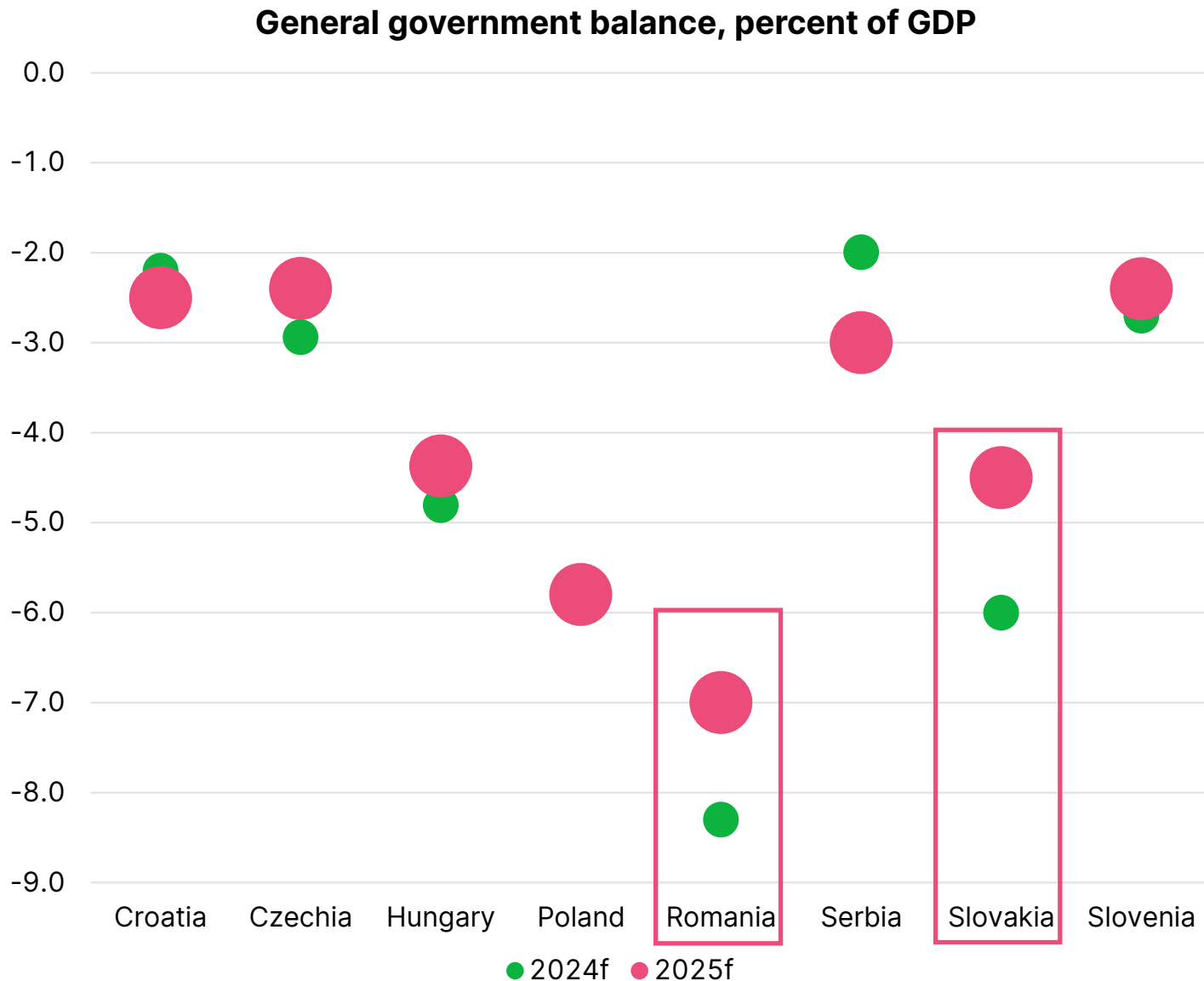
Development since January 2024, Index Jan 1=100



Are markets correctly pricing in peace deal?

The Hungarian forint and the Polish zloty have been continuously strengthening since news about the peace deal between Ukraine and Russia started building momentum. The end of the war would be economically beneficial for the region and provide investment opportunities in Ukraine if the guarantees are strong enough. The optimism reflected on the FX market may be stretched at this point, however. Local factors, especially monetary easing being delayed and bringing the interest rate differential to even more attractive levels, are also important.

Regardless of the outcome of the negotiations, Europe will have to increase defense spending and finance it through higher debt. An escape clause may give European countries the flexibility to increase deficits without limiting other expenditures. The impact on the bond market will be a mix of fiscal and monetary policy directions.



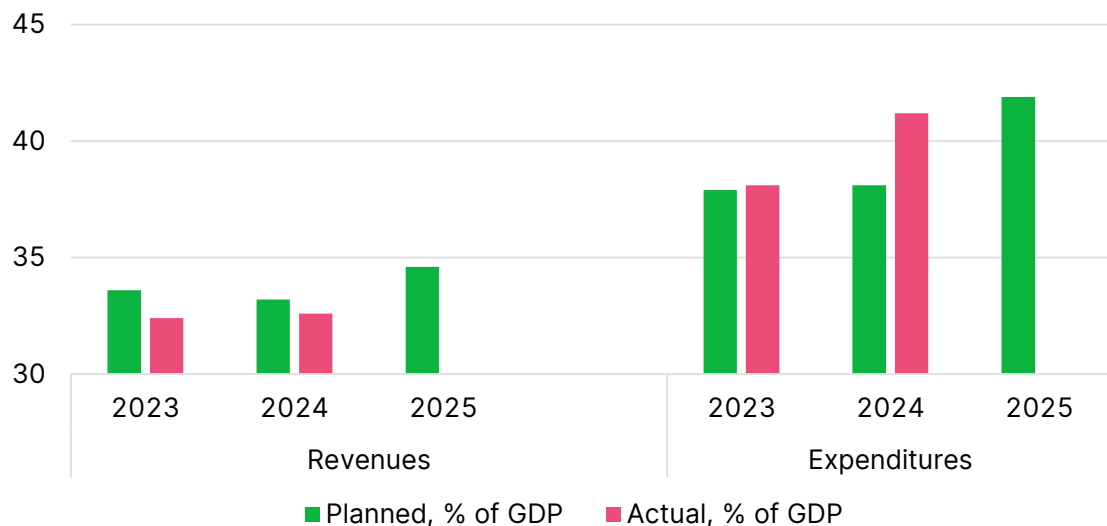
Material consolidation only in two countries

Only Slovakia and Romania, which have been running the largest fiscal deficits in CEE, will deliver more substantial fiscal consolidation, primarily based on revenue measures. On top of the measures already taken on the expenditure side (freezes of pensions and wages in the public sector), Romania is likely to lift tax rates.

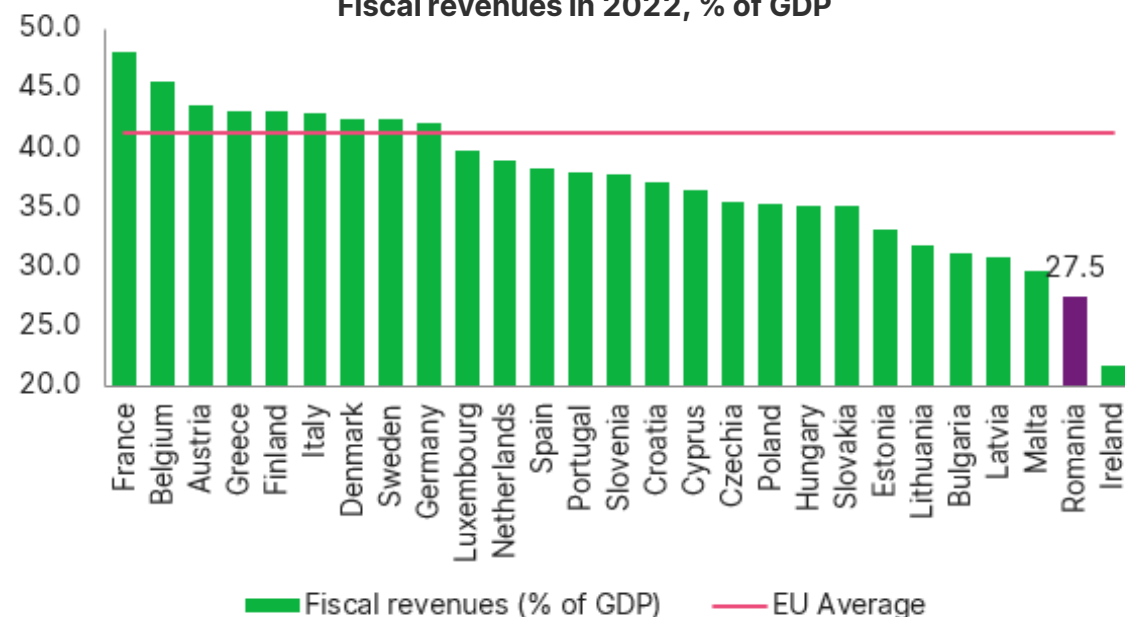
Hungary will reduce the deficit only mildly ahead of next year's elections. The budget should get support through lower interest expenditures and inflation-indexed tax revenues. Poland prioritized higher military spending and drawing loans from the RRF over consolidation, which will be postponed until 2026.

Romania faces biggest challenge. Lack of consolidation may lead to rating downgrade.

Revenues and expenditures in Romania, % of GDP



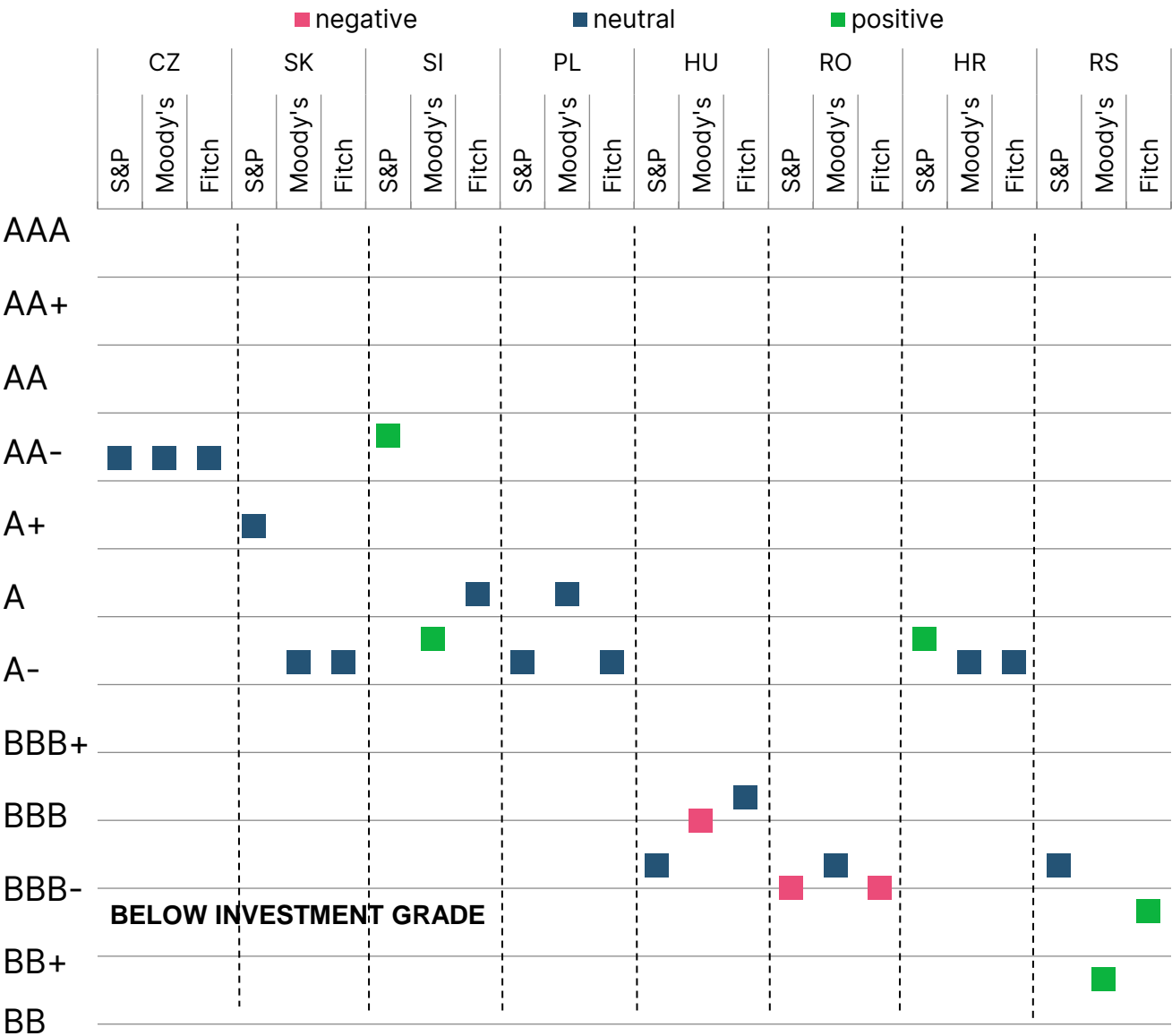
Fiscal revenues in 2022, % of GDP



In the past couple of years, Romania tended to overestimate revenues and underestimate expenditures. The overdue fiscal consolidation process will likely need to tackle the issue of low budget revenues. Fiscal revenues are among the lowest in the EU at 27.5% of GDP. Further, Romania has the highest VAT gap in the whole EU. Closing the VAT gap towards the EU average would yield extra revenues to the state budget of at least 2% of GDP, which is a lot and would almost entirely solve the structural deficit problem.

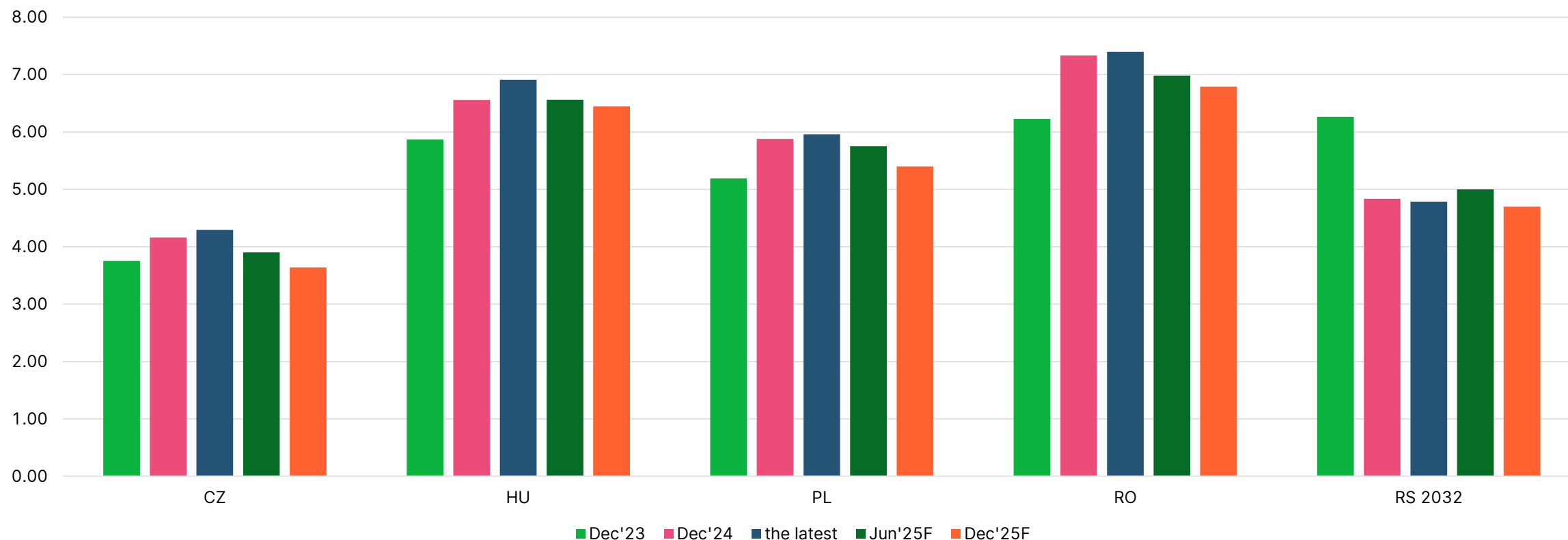
Ratings: Romania under pressure

In December, Moody's downgraded Slovakia, while Fitch changed the outlook for Romania to negative in an unscheduled review (if necessary, for credit rating agencies it is possible to deviate from the schedule in order to comply with the obligation to issue credit ratings based on all available and relevant information and disclose credit ratings in a timely manner). The first and main reason behind such a decision was increased political uncertainty to high levels with adverse effects on fiscal consolidation. S&P followed in January and Romania's outlook was cut to negative from stable by S&P on ballooning budget deficit.



Long end of curve should move down as monetary easing remains baseline. Risks to upside if fiscal impulse boosts growth and inflation remains elevated.

10Y yield development and forecasts, percent



Point of interest: ReArming Europe

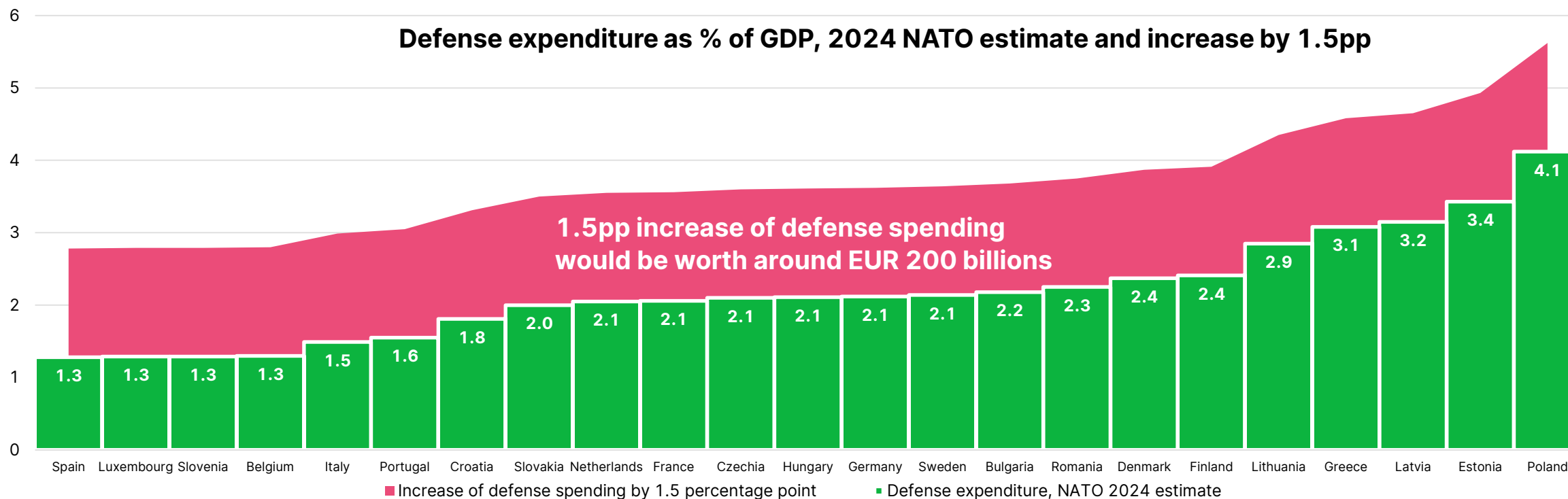
"Recent geopolitical developments made Europe think about defense spending. Europe has been underspending for quite a long time. Ursula von der Leyen pledged to propose activating the escape clause for defense investments that would result in additional fiscal space for all European countries. At the top, a new instrument should be introduced providing EUR 150 billion of loans."

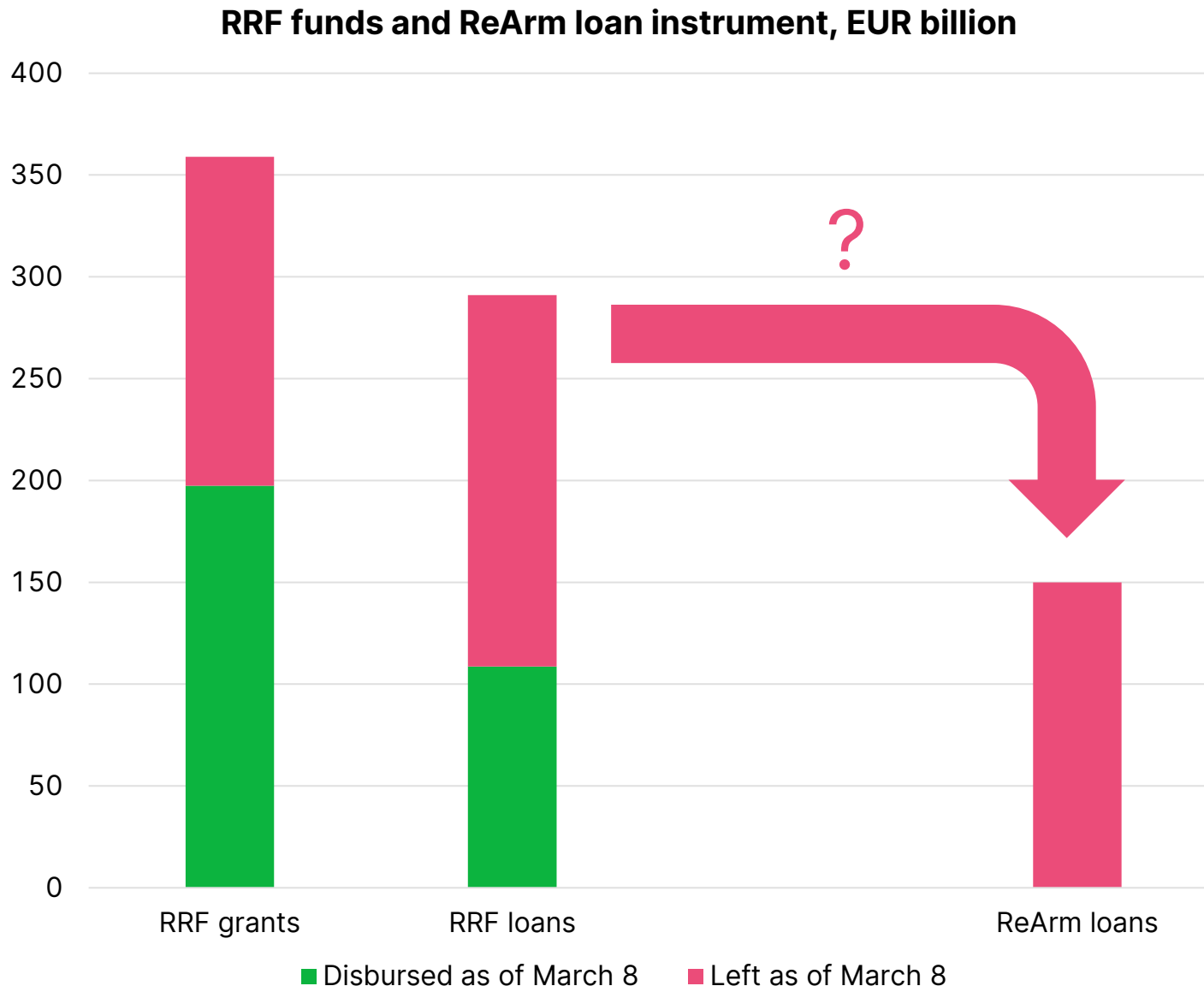


EU has been underspending on defense for years.

Activating escape clause would increase fiscal space.

During the Munich Security Conference, Ursula von der Leyen pledged to propose activating the escape clause for defense investments. This approach would allow member states to substantially increase their defense expenditure without the fear of cutting other expenses. The escape clause allows for a temporary deviation from the budgetary requirements for all Member States in a situation of a generalized crisis. If all European countries that belong to NATO increased defense spending by 1.5 percentage point next year, the fiscal impulse would be worth EUR 197 billion (in 2023 real GDP in EUR to match NATO calculations of defense expenditures as % of real GDP based on 2015 prices), which is slightly more than 1% of European Union GDP.





Is common defense spending finally an option?

The new instrument is set to provide EUR 150 billion in loans to Member States for defense investment. This is basically about spending better – and spending together. This approach of joint procurement will also reduce costs, reduce fragmentation, increase interoperability and strengthen the defense industrial base. The new instrument will be similar to RRF loans that bear marks of common financing.

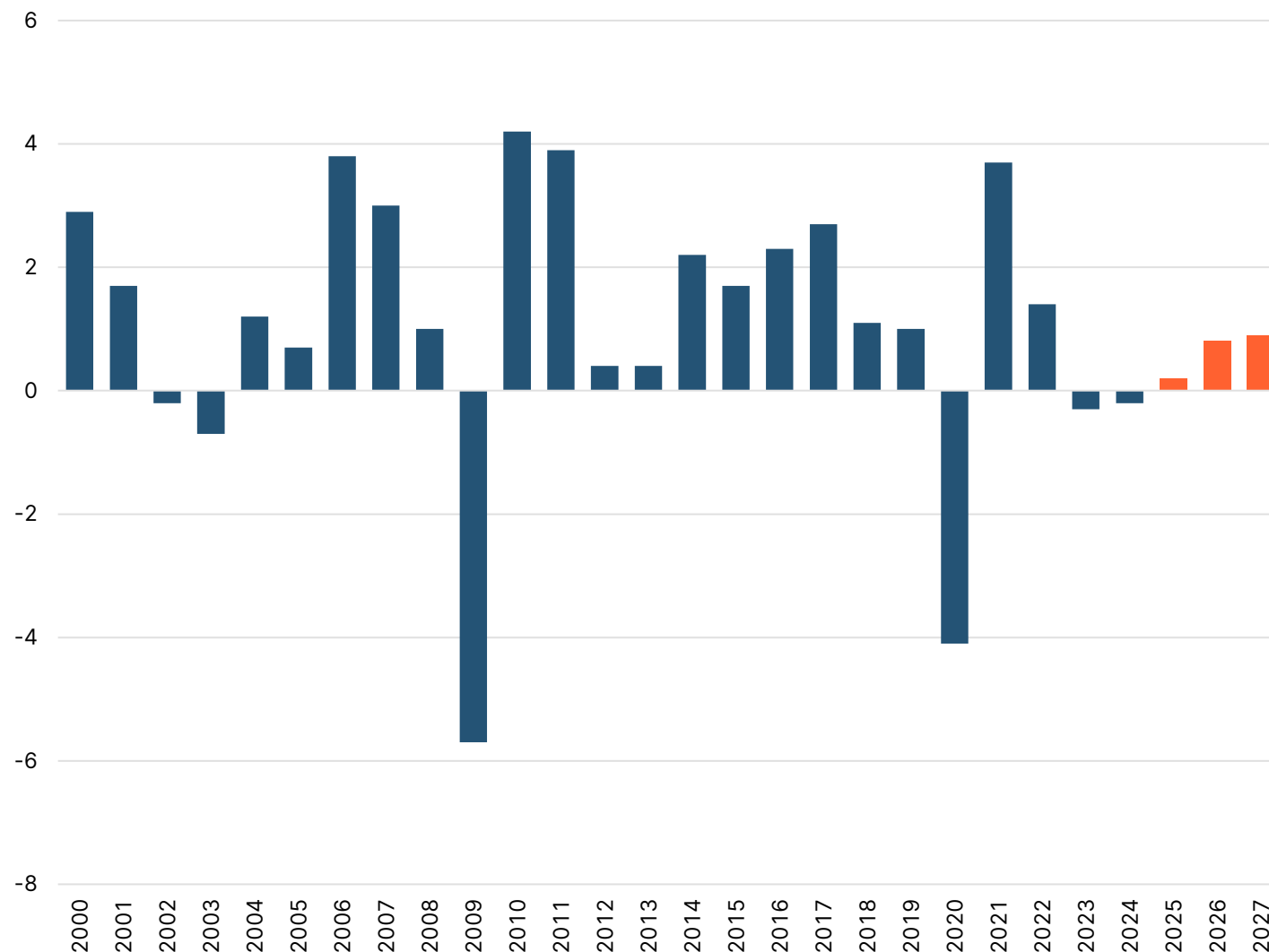
The new instrument is worth roughly 1% of European Union GDP.

Germany plans bold move with EUR 500bn fund

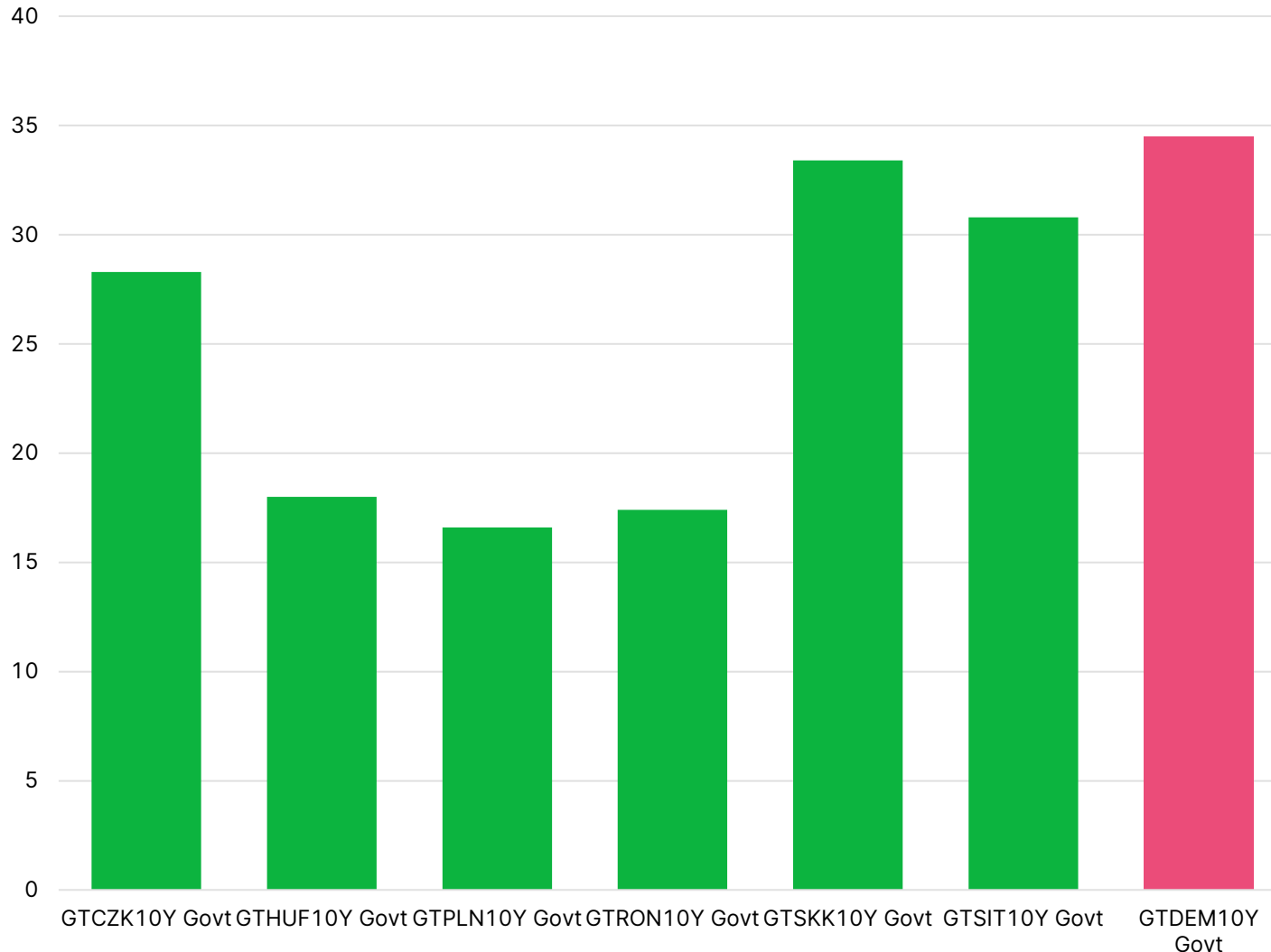
The fund, worth roughly 11% of German GDP, would be spent on investment in infrastructure and defense. Although it will be spread over the year, the planned measures are a game changer and will give a sizeable push to German growth in the coming years.

The incremental impact on GDP growth depends on when the program would start. It would have strong positive effects in the years to come and would lift the path of German GDP upwards (in 2026 by 1% and 2027 by another 0.5% to 1.0%).

German real GDP growth and Bundesbank GDP forecast, percent



Change in 10Y yields between March 3 and March 7, basis points



Bond market reacted to expected fiscal impulse in Europe

The most sizable move took place on German market as 10Y yields increased by almost 35 basis point from Monday March,3 until Friday March 7. The region followed the developments in Germany as we have seen yields rising across the region between 15 to 30 basis points.

Impulse to German economic development and acceleration of growth would support the economic performance of the region as well as economic growth in CEE correlates strongly with German developments.

Macro Forecasts

Real GDP growth (%)				
	2023	2024f	2025f	2026f
Croatia	3.3	3.8	2.9	2.8
Czechia	0.1	1.0	2.0	2.6
Hungary	-0.9	0.5	2.0	3.6
Poland	0.1	2.9	3.3	3.2
Romania	2.4	0.9	2.0	3.4
Serbia	3.8	3.9	3.8	4.3
Slovakia	1.4	2.0	2.0	1.9
Slovenia	2.1	1.6	2.2	2.4
CEE8 avg	0.8	2.0	2.6	3.1

Public debt (% of GDP)				
	2023	2024f	2025f	2026f
Croatia	61.8	57.7	57.1	56.4
Czechia	42.4	43.5	44.5	44.9
Hungary	73.4	73.6	73.3	72.6
Poland	49.7	54.7	58.0	60.0
Romania	48.8	52.4	54.2	54.3
Serbia	48.1	47.3	46.6	46.3
Slovakia	56.1	58.9	59.8	60.5
Slovenia	68.3	66.9	65.6	64.6
CEE8 avg	52.1	54.9	56.7	57.4

Average inflation (%)				
	2023	2024f	2025f	2026f
Croatia	8.1	3.0	3.2	2.5
Czechia	10.7	2.4	2.5	2.3
Hungary	17.6	3.7	5.0	3.8
Poland	11.4	3.6	4.5	3.1
Romania	10.5	5.6	4.4	3.2
Serbia	12.5	4.6	3.7	3.2
Slovakia	10.5	2.8	3.9	3.3
Slovenia	7.4	2.0	2.4	2.1
CEE8 avg	11.5	3.7	4.0	3.0

C/A (%GDP)				
	2023	2024f	2025f	2026f
Croatia	0.4	-0.7	-1.2	-1.4
Czechia	0.3	1.3	0.9	1.0
Hungary	0.7	3.0	2.0	1.9
Poland	1.8	-0.3	-1.0	-1.0
Romania	-6.6	-8.3	-7.8	-6.8
Serbia	-2.4	-6.1	-6.3	-6.5
Slovakia	-1.6	-2.2	-0.8	0.3
Slovenia	4.5	4.9	3.7	3.3
CEE8 avg	-0.3	-1.2	-1.6	-1.4

Unemployment (%)				
	2023	2024f	2025f	2026f
Croatia	6.1	5.2	4.8	4.6
Czechia	2.6	2.7	3.1	3.5
Hungary	4.1	4.4	4.3	3.9
Poland	5.1	5.1	5.0	5.1
Romania	5.6	5.5	5.3	5.2
Serbia	9.5	8.5	8.1	7.9
Slovakia	5.8	5.3	5.3	5.2
Slovenia	3.7	3.7	3.6	3.6
CEE8 avg	4.9	4.8	4.8	4.8

Budget Balance (%GDP)				
	2023	2024f	2025f	2026f
Croatia	-0.9	-2.2	-2.5	-2.2
Czechia	-3.8	-2.9	-2.4	-2.1
Hungary	-6.7	-4.8	-4.4	-3.8
Poland	-5.1	-5.7	-5.8	-4.5
Romania	-6.6	-8.3	-7.0	-6.4
Serbia	-2.1	-2.0	-3.0	-3.0
Slovakia	-5.2	-6.0	-4.5	-3.8
Slovenia	-2.5	-2.7	-2.4	-1.5
CEE8 avg	-4.9	-5.2	-4.9	-4.1

Market Forecasts

LCY Government bond yields					
	Latest	2025Q2	2025Q3	2025Q4	2026Q1
Czechia 10Y	4.29	3.90	3.74	3.64	3.59
Hungary 10Y	6.74	6.56	6.52	6.45	6.38
Poland 10Y	5.93	5.75	5.60	5.40	5.30
Romania10Y	7.44	6.98	6.93	6.79	6.63
Serbia 10Y	5.20	5.00	4.80	4.70	4.50

Spreads vs. German Bunds (bps)					
Croatia 10Y	52.00	70.00	65.00	65.00	65.00
Slovakia 10Y	85.00	100.00	100.00	100.00	100.00
Slovenia 10Y	53.00	60.00	60.00	60.00	60.00
DE10Y yields	2.81	2.50	2.50	2.50	2.50

3M Money Market Rate					
	Latest	2025Q2	2025Q3	2025Q4	2026Q1
Czechia	3.72	3.69	3.44	3.27	3.21
Hungary	6.50	6.50	6.35	6.10	5.85
Poland	5.85	5.80	5.60	5.20	4.80
Romania	5.92	5.70	5.50	5.05	4.90
Serbia	4.70	4.43	4.22	4.01	3.59
Eurozone	2.55	2.22	1.98	1.99	2.01

FX					
	Latest	2025Q2	2025Q3	2025Q4	2026Q1
EURCZK	25.02	24.98	24.85	24.80	24.74
EURHUF	399.8	410.0	413.0	415.0	415.0
EURPLN	4.19	4.25	4.25	4.30	4.30
EURRON	4.97	5.00	5.05	5.08	5.10
EURRSD	116.9	116.9	117.0	117.0	117.0
EURUSD	1.08	1.07	1.07	1.09	1.10

Key Interest Rate (deposit facility in Eurozone)					
	Latest	2025Q2	2025Q3	2025Q4	2026Q1
Czechia	3.75	3.75	3.50	3.25	3.25
Hungary	6.50	6.50	6.25	6.00	5.75
Poland	5.75	5.75	5.50	5.00	4.50
Romania	6.50	6.50	6.25	5.75	5.25
Serbia	5.75	5.50	5.25	5.00	4.50
Eurozone	2.50	2.25	2.00	2.00	2.00

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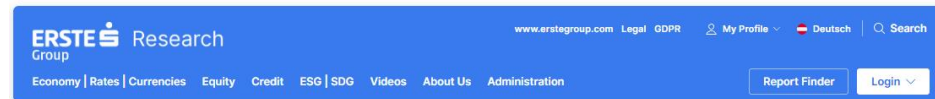


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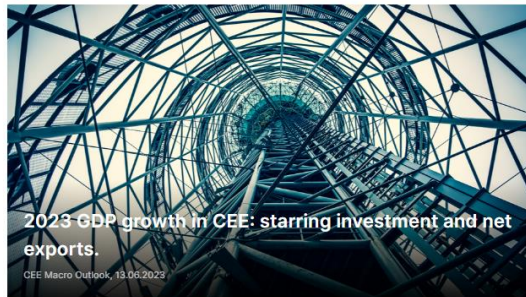


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