

CEE MARKET INSIGHTS

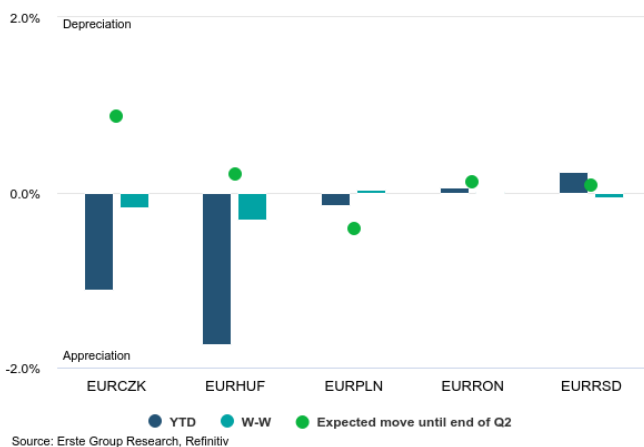
Monetary easing to begin in Poland

This week in CEE

There are three central bank meetings scheduled this week, in Poland, Czechia and Serbia. Poland is expected to begin with monetary easing and the only question is by how much the National Bank of Poland will lower the key interest rate. In Czechia, on the other hand, the monetary easing cycle is coming to an end, and the central bank will decide between a cut and keeping interest rates stable. In Serbia, stability of rates is broadly expected. Other than that, there are quite a few releases scheduled. The inflation rate in April will be released in Czechia and Hungary. Further, retail sales growth in March will be released in Hungary, Slovakia and Romania, as well as the performance of industry in Czechia, Hungary, Slovakia and Slovenia. Trade data is due in Slovenia, Czechia and Slovakia, as well as producer prices in Romania, Serbia and Croatia. Finally, on Friday after the market closes, Moody's will publish its rating decision on Croatia, while S&P will decide on Poland. For both countries, no change is expected.

Monday	Tuesday	Wednesday	Thursday	Friday
RO: Unemployment	RO: Producer prices	CZ PL: Central bank	RO: Retail	RS: Central bank
SI: Trade	CZ: Inflation	HU SK: Retail	HU: Industry	HU: Inflation
		CZ: Industry, Trade		SK SI: Industry
				SK: Trade
RO: 2029 Bonds	SI: Bills	HU: Bills	RO: Bills, 2034 Bonds	
	HU: Bills			

FX market

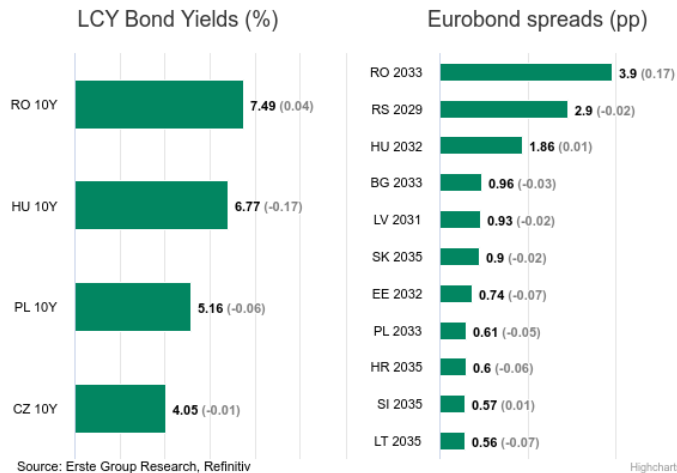


FX market developments

While the Czech koruna and Hungarian forint have strengthened slightly over the last week against the euro, the Polish zloty has weakened marginally. We have several central bank meetings in the region. In Poland, a rate cut is broadly expected, and the first move since September 2023 may be as large as 50 basis points. In Czechia, the decision will be between a rate cut and stability of rates, and it will be a close call. April inflation will be published a day before the central bank meeting and the policy-makers will see new growth and inflation projections. In Serbia, elevated inflation and political turmoil support a stability of rates scenario. We expect interest rate cuts only in the second half of the year.

LCY yields, Eurobond spreads

Bond market developments



Long-term yields have declined across the region. In Romania alone, the 10Y yields remain elevated ahead of the first round of presidential elections scheduled for Sunday, May 4. The second round will take place in two weeks. Afterwards, Romania will have a small window of opportunity to announce a meaningful consolidation package ahead of the EDP review expected in early June. Slovakia softened the pace of consolidation and expects a budget deficit at 3.5% of GDP in 2027 and below 3% of GDP only in the following years.

In case you missed

CEE: [First releases of Q1 GDP arriving](#)

CZ: [Household consumption continues to drive Czech economy](#)

HU: [Unpleasant GDP surprise](#)

HU: [MNB maintains its stability-oriented approach](#)

PL: [Slightly softer April's inflation than anticipated](#)

RS: [1Q25 real GDP lands at just 2% y/y](#)

RO: [George Simion, a far-right candidate, secured about 41% of votes., while independent Nicusor Dan won 21% of votes. Runoff is scheduled in two weeks.](#)

RO: [BCR Romania Manufacturing PMI at 48.3 in April](#)

RO: [Pre-election drop in business sentiment](#)

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Erste Est.	Prev.	Comment
05. May	8:00	RO	Unemployment Rate	Mar		5.60%	
	10:30	SI	Trade Balance	Mar		2.14	
06. May	8:00	RO	PPI (y/y)	Mar		4.03%	
	9:00	CZ	CPI (y/y)	Apr P	2.10%	2.70%	Annual inflation is affected by the base effect and the recent decline in fuel and energy prices. Uncertainty lies mainly in food prices.
	9:00	CZ	CPI (m/m)	Apr P	0.10%	0.10%	The rise in the price level is now being driven mainly by food prices, which reflect rising agricultural producer prices and solid household demand. However, the decline in fuel prices is acting in the opposite direction.
07. May		PL	Central Bank Rate	May-25	5.25%	5.75%	
	8:30	HU	Retail Sales (y/y)	Mar	1.50%	3.30%	The base effect from last year implies further slowdown in sales volume.
	9:00	CZ	Industrial Production (y/y)	Mar	-0.40%	1.50%	Industrial production continues to be negatively affected by weak demand from Germany, especially for car parts and intermediate goods.
	9:00	CZ	Trade Balance	Mar	27.60	16.30	The balance of foreign trade is still positively influenced mainly by the production of automobiles. Weak demand from Germany is working in the opposite direction.
	9:00	SK	Retail Sales (y/y)	Mar	-3.00%	-2.60%	
	12:00	RS	PPI (y/y)	Apr		0.60%	
	14:30	CZ	Central Bank Rate	May-25	3.75%	3.75%	The CNB will likely decide between rate stability and a 25bps rate cut. We are slightly leaning towards rate stability because of some recent inflation data. On the other hand, the low April inflation figure may influence the decision if these A marginal monthly growth rate is to be expected in line with sentiment indicators and real wage growth evolution. The annual growth rate will continue to decelerate on weak base effect.
08. May	8:00	RO	Retail Sales (y/y)	Mar	2.40%	3.30%	
	8:30	HU	Industrial Production (y/y)	Mar	-4.80%	-8.00%	There might have been a small monthly improvement after the drop in February, resulting in a moderation of the yearly decline.
09. May	8:30	HU	CPI (y/y)	Apr	3.60%	4.70%	Inflation probably returned to the tolerance range in April; however, its sustainability mainly depends on the length of the government's various price-affecting measures.
	8:30	HU	CPI (m/m)	Apr	-0.30%		Lower food prices stemming from the government's administrative measures and declining fuel prices drove the monthly index.
	9:00	SK	Industrial Production (y/y)	Mar	1.00%	-1.50%	
	9:00	SK	Trade Balance	Mar	-200.00	-41.90	
	10:30	SI	Industrial Production (y/y)	Mar	1.00%	-2.40%	We see mild industrial production recovery in March
	11:00	HR	PPI (y/y)	Apr			
	12:00	RS	Central Bank Rate	May-25		5.75%	

Source: Erste Group Research

Note: Past performance is not necessarily indicative of future results

Forecasts

LCY Government bond yields					
	Friday's close	2025Q2	2025Q3	2025Q4	2026Q1
Czechia 10Y	4.05	4.01	3.77	3.62	3.54
Hungary 10Y	6.77	6.75	6.64	6.57	6.51
Poland 10Y	5.16	5.50	5.40	5.10	5.10
Romania 10Y	7.49	6.98	6.93	6.79	6.63
Serbia 10Y	5.19	5.20	5.10	5.00	4.80

Spreads vs. German Bunds (bps)					
Croatia 10Y	60.00	65.00	65.00	65.00	65.00
Slovakia 10Y	90.00	100.00	100.00	100.00	100.00
Slovenia 10Y	57.00	60.00	60.00	60.00	60.00
DE10Y yields	2.53	2.50	2.50	2.50	2.50

3M Money Market Rate					
	Friday's close	2025Q2	2025Q3	2025Q4	2026Q1
Czechia	3.65	3.70	3.48	3.31	3.25
Hungary	6.50	6.50	6.35	6.10	5.85
Poland	5.36	5.40	4.90	4.90	4.65
Romania	5.90	5.80	5.50	5.05	4.90
Serbia	4.68	4.64	4.22	4.22	3.80
Eurozone	2.14	1.97	1.98	1.99	2.01

Real GDP growth (%)				
	2023	2024f	2025f	2026f
Croatia	3.3	3.9	2.8	2.6
Czechia	0.1	1.0	1.7	2.1
Hungary	-0.9	0.5	1.7	3.4
Poland	0.1	2.9	3.1	3.1
Romania	2.4	0.9	1.8	3.1
Serbia	3.8	3.9	3.6	4.0
Slovakia	2.2	2.1	1.8	1.5
Slovenia	2.1	1.6	2.0	2.1
CEE8 avg	0.8	2.0	2.4	2.9

Public debt (% of GDP)				
	2023	2024f	2025f	2026f
Croatia	61.8	57.6	57.0	56.4
Czechia	42.5	43.6	44.2	44.8
Hungary	73.0	73.5	73.6	73.0
Poland	49.7	55.3	58.0	60.0
Romania	48.9	54.8	57.1	59.3
Serbia	48.1	47.2	46.4	46.2
Slovakia	55.6	59.3	60.2	60.9
Slovenia	68.4	67.0	66.5	67.0
CEE8 avg	52.1	55.6	57.2	58.4

FX					
	Friday's close	2025Q2	2025Q3	2025Q4	2026Q1
EURCZK	24.88	25.10	24.90	24.80	24.74
EURHUF	404.15	405.00	410.00	415.00	415.00
EURPLN	4.27	4.25	4.25	4.30	4.30
EURRON	4.97	4.98	5.02	5.05	5.08
EURRSD	117.10	117.20	117.10	117.20	117.30
EURUSD	1.13	1.12	1.10	1.11	1.11

Key Interest Rate (deposit facility in Eurozone)					
	Friday's close	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	5.25	4.75	4.75	4.50
Romania	6.50	6.50	6.25	5.75	5.25
Serbia	5.75	5.75	5.25	5.25	4.75
Eurozone	2.25	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	2.2
Hungary	17.6	3.7	5.0	3.8
Poland	11.4	3.6	4.2	3.3
Romania	10.5	5.6	4.4	3.2
Serbia	12.5	4.6	4.1	3.3
Slovakia	10.5	2.8	3.9	3.3
Slovenia	7.4	2.0	2.4	2.1
CEE8 avg	11.5	3.7	3.9	3.1

C/A (%GDP)				
	2023	2024f	2025f	2026f
Croatia	0.4	-1.2	-1.9	-2.3
Czechia	0.3	1.8	1.9	1.4
Hungary	0.3	2.2	2.1	1.7
Poland	1.8	0.2	-1.0	-1.0
Romania	-6.6	-8.3	-7.8	-6.8
Serbia	-2.4	-6.3	-6.6	-6.9
Slovakia	-1.6	-2.2	-0.8	0.3
Slovenia	4.5	4.9	3.6	3.2
CEE8 avg	-0.3	-1.1	-1.5	-1.5

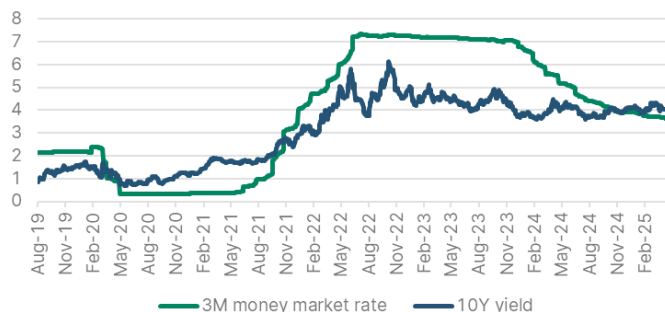
Unemployment (%)				
	2023	2024f	2025f	2026f
Croatia	6.1	5.0	4.8	4.6
Czechia	2.6	2.7	3.1	3.5
Hungary	4.1	4.4	4.3	4.0
Poland	5.1	5.1	5.0	5.1
Romania	5.6	5.5	5.3	5.2
Serbia	9.5	8.6	8.6	8.3
Slovakia	5.8	5.3	5.3	5.2
Slovenia	3.7	3.7	3.6	3.6
CEE8 avg	4.9	4.8	4.8	4.8

Budget Balance (%GDP)				
	2023	2024f	2025f	2026f
Croatia	-0.8	-2.4	-2.5	-2.2
Czechia	-3.8	-2.2	-2.4	-2.5
Hungary	-6.7	-4.9	-4.4	-3.9
Poland	-5.3	-6.6	-5.8	-4.5
Romania	-6.6	-9.3	-7.0	-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	-4.9	-4.2

Source: Bloomberg, Erste Group Research

Appendix

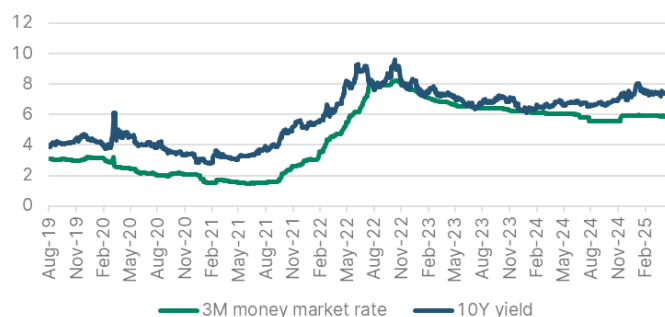
Czechia



Hungary



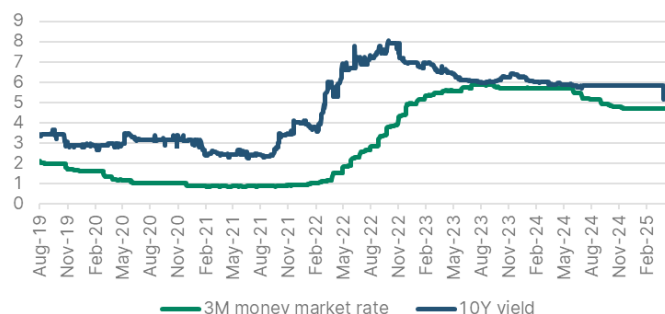
Romania



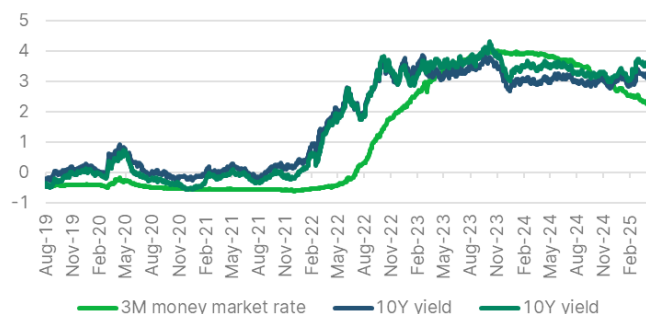
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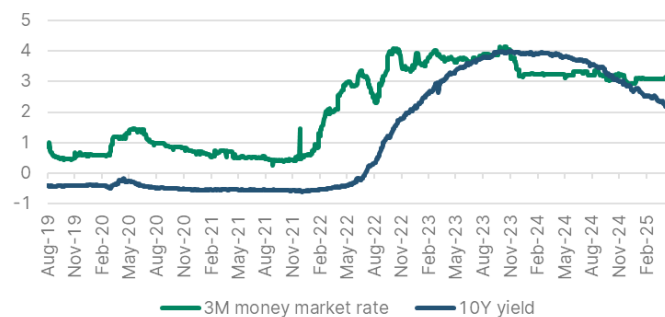
Serbia



Slovakia and Slovenia



Croatia



Source: Bloomberg, Erste Group Research

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Published by:

Erste Group Bank AG
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Commercial Register No: FN 33209m
Commercial Court of Vienna

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