

CEE MARKET INSIGHTS

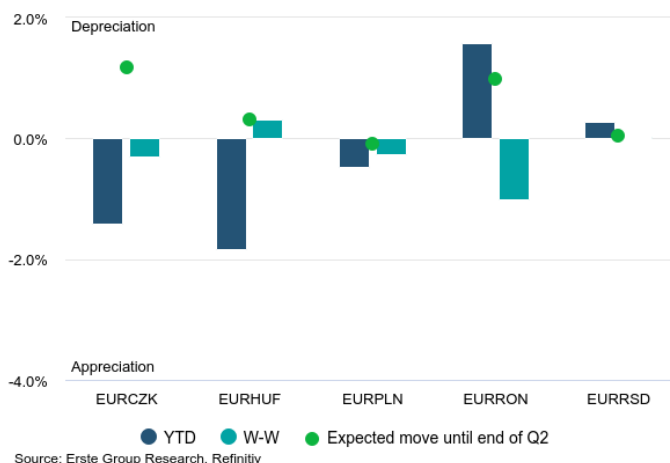
GDP structure, central bank and inflation

This week in CEE

This week, there are several economic events taking place. In Hungary, a central bank meeting is scheduled for Tuesday; we expect stability of rates. In Croatia, we will see 1Q25 GDP, including the structure. In Czechia, the structure will be published at the end of the week as well. Other than that, retail sales growth in April will be released in Slovenia, Serbia, Croatia and Poland. In Serbia and Croatia, industrial output will also be published, Trade data will be released in several CEE countries (Serbia, Croatia, Hungary). Finally, in Poland and Slovakia, flash inflation for May will be published. In Romania, there are no economic events, but the new president is to begin negotiations to form a new government. On Friday, after market close, Moody's will evaluate Hungary, which already has a negative outlook. Although no improvement has been recorded on the issues pointed out as weaknesses, a negative outlook is likely to prevail.

Monday	Tuesday	Wednesday	Thursday	Friday
PL: Retail, Unemployment	HU: Central bank	HR: 1Q25 GDP, Trade	HU: Trade	CZ: 1Q25 GDP structure
RS: Wages		SI: Retail	HR: Industry, Retail	PL SI: Inflation
		SK: Producer prices		RS: Industry Retail Trade
RO: 2027 Bonds	HU: Bills	CZ PL: Bonds	CZ: Bills	RO: 2030 Bonds

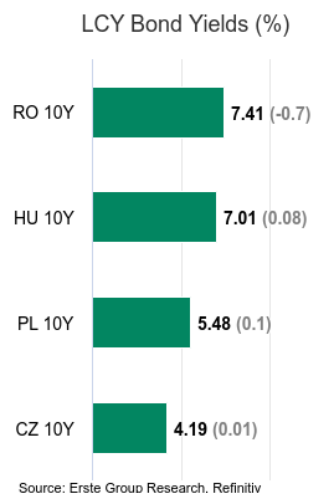
FX market



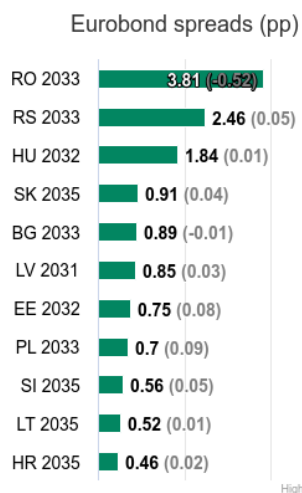
FX market developments

The EURRON moved down at the beginning of the week in the aftermath of Dan's victory in Romania's presidential elections. It seems that 5.05-5.10 is the new range for the central bank. The recent comments suggest that the central bank will be resuming cuts in the second half, with the rate conditional on fiscal stability and less pressure on the currency. We expect no interest rate cut at the upcoming meeting in Hungary, but still see space in the reminder of the year. The EURPLN also declined, while the Hungarian forint and Czech koruna have been relatively stable.

LCY yields, Eurobonds



Bond market developments



Slovakia sold EUR 680mn in bonds, amid strong demand. At this point, Slovakia has 60% of its financing needs covered for this year. In Romania, we have seen yields declining after centrist candidate Dan won the presidential elections, with hopes for political and fiscal stability from now on. The 10Y yields moved toward 7.5%. In other countries, bond markets were quite stable. Croatia will offer retail bonds, but the yield is expected to be lowered roughly 1 percentage point, so we are curious as to what extent it will impact interest among households in buying government bonds. This week, Romania, Czechia and Poland will be active on the bond market as well.

In case you missed

CEE: [Labor market remains tight in CEE](#)

CEE Outlook | [CEE Growth Navigator after 1Q25 flash GDP](#)

Montenegro Outlook | [GDP growth reverted back to historical averages](#)

RO: [Centrist candidate wins Romanian presidential elections](#)

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Erste Est.	Prev.	Comment
26. May	10:00	PL	Retail Sales (y/y)	Apr		0.6%	
	10:00	PL	Unemployment Rate	Apr		5.3%	
	12:00	RS	Wages (y/y)	Mar		5.3%	
27. May	14:00	HU	Central Bank Rate	May-25		6.5%	
28. May	9:00	SK	PPI (y/y)	Apr		2.6%	
	10:30	SI	Retail Sales (y/y)	Apr		-0.3%	
	11:00	HR	GDP (y/y)	1Q		4.0%	
29. May	8:30	HU	Trade Balance	Apr		1825.00	
	11:00	HR	Industrial Production (y/y)	Apr		3.10%	
	11:00	HR	Retail Sales (y/y)	Apr		3.6%	
30. May	8:30	HU	PPI (y/y)	Apr		7.3%	
	9:00	CZ	GDP (q/q)	1Q P		0.5%	
	9:00	CZ	GDP (y/y)	1Q P		2.0%	
	10:00	PL	CPI (y/y)	May P		4.3%	
	10:00	PL	CPI (m/m)	May P		0.4%	
	10:30	SI	CPI (y/y)	May		2.3%	
	10:30	SI	CPI (m/m)	May		1.3%	
	12:00	RS	Industrial Production (y/y)	Apr		6.9%	
	12:00	RS	Retail Sales (y/y)	Apr			
	12:00	RS	Trade Balance	Apr		-1186.00	

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	4.19	4.01	3.77	3.62	3.54
Hungary 10Y	7.01	6.75	6.64	6.57	6.51
Poland 10Y	5.48	5.50	5.40	5.10	5.10
Romania10Y	7.41	6.98	6.93	6.79	6.63
Serbia 10Y	5.13	5.10	5.00	4.90	4.80

Spreads vs. German Bunds (bps)					
Croatia 10Y	46.00	65.00	65.00	65.00	65.00
Slovakia 10Y	91.00	100.00	100.00	100.00	100.00
Slovenia 10Y	56.00	60.00	60.00	60.00	60.00
DE10Y yields	2.57	2.50	2.50	2.50	2.50

3M Money Market Rate					
	Friday's close	2025Q2	2025Q3	2025Q4	2026Q1
Czechia	3.50	3.57	3.51	3.31	3.25
Hungary	6.50	6.50	6.35	6.10	5.85
Poland	5.22	5.40	4.90	4.90	4.65
Romania	7.29	5.80	5.50	5.05	4.90
Serbia	4.68	4.63	4.21	4.21	3.79
Eurozone	2.04	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	0.8	3.0
Poland	0.2	2.9	3.1	3.1
Romania	2.4	0.9	1.8	3.1
Serbia	3.8	3.9	3.1	3.9
Slovakia	2.2	2.1	1.8	1.5
Slovenia	2.1	1.6	1.5	2.0
CEE8 avg	0.9	2.0	2.3	2.8

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	74.2	73.8
Poland	49.5	55.3	58.5	60.5
Romania	48.9	54.8	57.8	60.0
Serbia	48.4	47.5	47.5	47.0
Slovakia	55.6	59.3	60.2	60.9
Slovenia	68.4	67.0	66.7	67.1
CEE8 avg	52.0	55.6	57.6	58.9

Source: Bloomberg, Erste Group Research

FX					
	Friday's close	2025Q2	2025Q3	2025Q4	2026Q1
EURCZK	24.81	25.10	24.90	24.80	24.74
EURHUF	403.74	405.00	410.00	415.00	415.00
EURPLN	4.25	4.25	4.25	4.30	4.30
EURRON	5.05	5.10	5.10	5.10	5.12
EURRSD	117.15	117.20	117.20	117.30	117.30
EURUSD	1.14	1.12	1.10	1.11	1.11

Key Interest Rate (deposit facility in Eurozone)					
	Friday's close	2025Q2	2025Q3	2025Q4	2026Q1
Czechia	3.50	3.50	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	4.7	4.1
Poland	11.4	3.6	3.9	3.2
Romania	10.5	5.6	4.7	3.5
Serbia	12.5	4.6	3.8	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	3.8	3.1

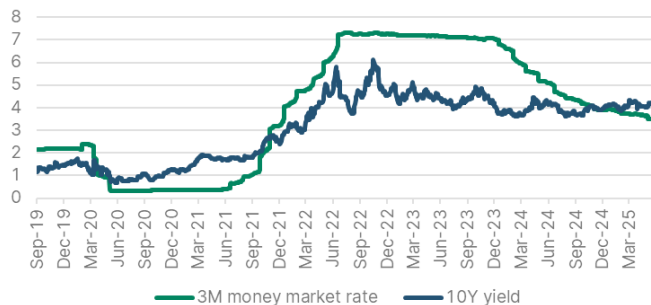
C/A (%GDP)				
	2023	2024f	2025f	2026f
Croatia	0.4	-1.2	-1.9	-2.3
Czechia	0.3	1.8	1.9	1.4
Hungary	0.3	2.2	2.2	1.7
Poland	1.8	0.2	-1.0	-1.0
Romania	-6.6	-8.3	-7.8	-6.8
Serbia	-2.4	-6.3	-6.9	-6.5
Slovakia	-1.6	-2.2	-0.8	0.3
Slovenia	4.5	4.4	3.0	2.8
CEE8 avg	-0.3	-1.1	-1.5	-1.4

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	4.2	4.0
Poland	5.1	5.1	5.2	5.1
Romania	5.6	5.5	5.3	5.2
Serbia	9.5	8.6	8.6	8.4
Slovakia	5.8	5.3	5.3	5.2
Slovenia	3.7	3.7	3.6	3.6
CEE8 avg	4.9	4.8	4.9	4.8

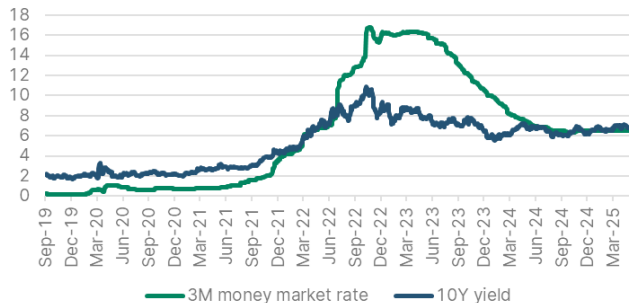
Budget Balance (%GDP)				
	2023	2024f	2025f	2026f
Croatia	-0.8	-2.4	-2.5	-2.2
Czechia	-3.8	-2.2	-2.4	-2.5
Hungary	-6.7	-4.9	-4.5	-4.4
Poland	-5.3	-6.6	-6.3	-5.0
Romania	-6.6	-9.3	-7.5	-6.4
Serbia	-2.1	-2.0	-3.0	-3.0
Slovakia	-5.2	-5.3	-4.5	-3.8
Slovenia	-2.6	-0.9	-2.1	-1.8
CEE8 avg	-5.0	-5.5	-5.2	-4.4

Appendix

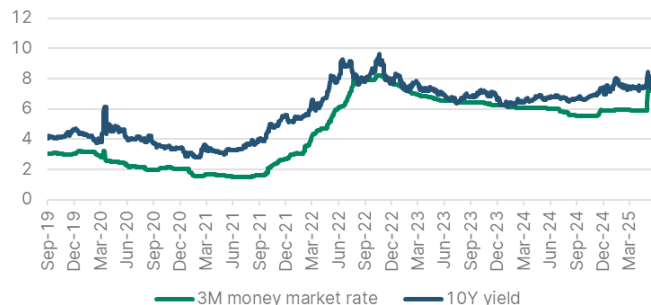
Czechia



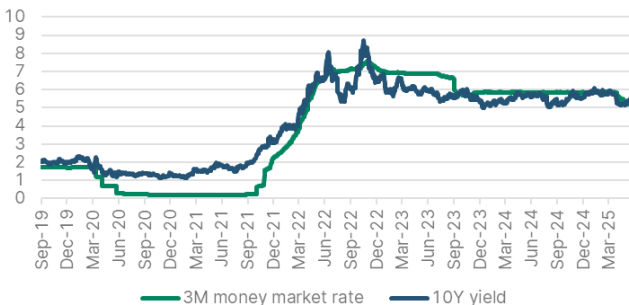
Hungary



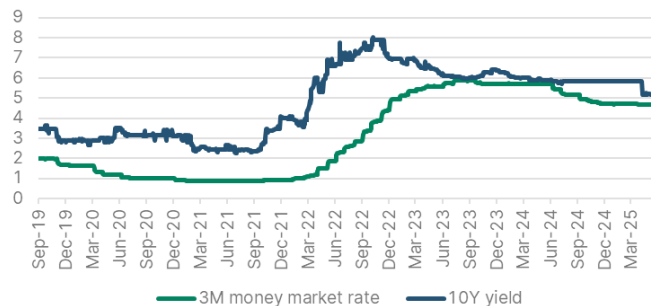
Romania



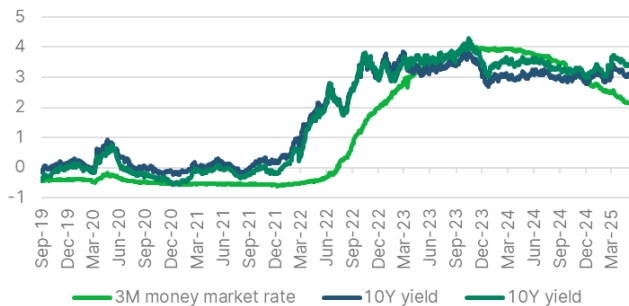
Poland



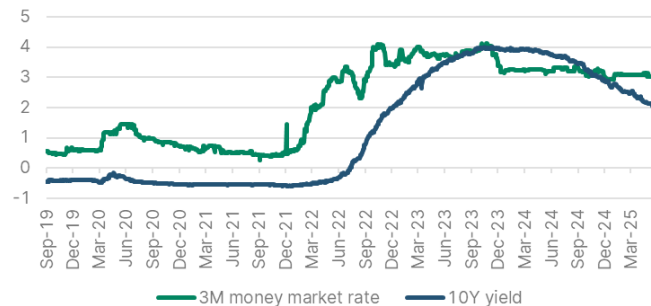
Serbia



Slovakia and Slovenia



Croatia



Source: Bloomberg, Erste Group Research

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