

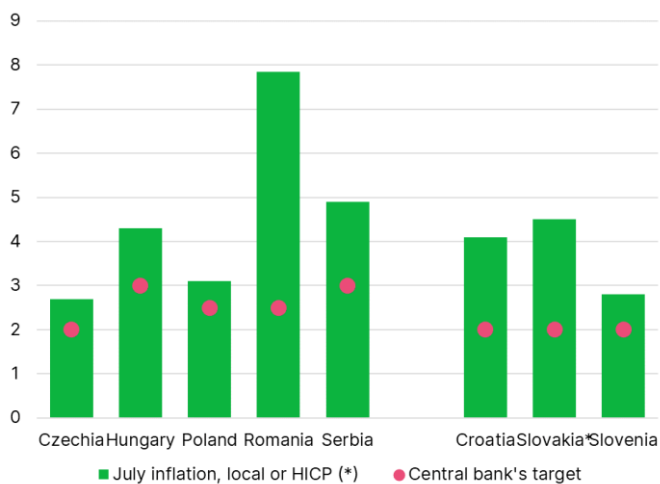
CEE MACRO AND FI DAILY

July's inflation mostly up in CEE

On the Radar

- Inflation in Romania landed at 7.84% y/y in June, well above market expectations.
- In Serbia, June's inflation increased to 4.9% y/y.
- Today, Poland will release 2Q25 GDP data at 10 AM CET and trade and current account balances at 2 PM CET.
- Current account balance will be published in Czechia, Romania and Serbia as well throughout the day.

July's inflation, % y/y

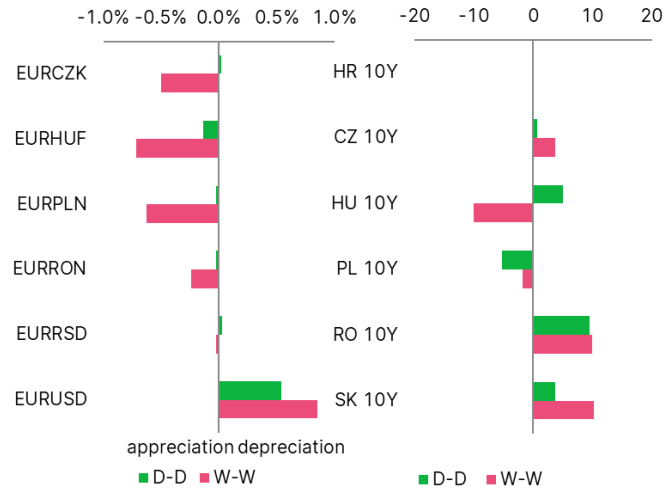


Source: Erste Group Research

Economic developments

In general, July's inflation has increased or has remained elevated in most of the CEE countries. In countries where inflation declined, the decrease was primarily driven by base effects. The most striking development was in Romania, where inflation spiked to 7.84% as the elimination of the cap resulted in the electricity prices going up by almost 62% m/m in July. Next month the VAT and excise duty hikes kick in and inflation is expected to further accelerate. Accounting for the latest development, we revise up our year-end inflation forecast at 8.8% y/y from 7.5% y/y previously expected. On the positive note, core inflation came in line with our expectations at 5.8% y/y, accelerating from 5.7% y/y in the previous month. As for other countries, July's headline inflation (compared to June) was higher in Croatia, Serbia, Slovakia and Slovenia. In Czechia and Hungary, July's inflation went slightly down while in Poland it eased toward 3.1% that is within the tolerance band of the central bank target. Inflation developments make us adjust the monetary policy outlook. In Romania, no cuts are expected this year. It seems Czechia is also done with monetary easing and interest rate at 3.5% is likely to stay for longer. In Hungary, the probability of interest rate cuts has been diminishing. We can see some minor adjustments of key policy rate only in Poland and Serbia this year.

Market performance



Source: Erste Group Research

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Market developments

Inflation in the US was a key point of interest for global market developments on Tuesday. July's CPI came in at 0.2% m/m and 2.7% y/y. Shifting market expectations regarding the US monetary policy outlook will likely influence market dynamics in the region. Romania's central bank governor, Mugur Isarescu, stated that the central bank will probably not need to hike rates by the end of the year to address the inflation spike. Inflation is expected to peak around 9% and ease sharply in the second half of 2026, according to Isarescu. Today, the Hungarian central bank is releasing the minutes from its July meeting. In Czechia, the ANO party—currently leading in the polls ahead of the parliamentary elections—has pledged to reverse fiscal austerity measures if it returns to power.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
13. Aug		RO	Current Account Balance (monthly)	Jun			-12632
		RS	Current Account Balance (monthly)	Jun			-335
	10:00	PL	GDP (y/y)	2Q P	3.40%	3.4%	3.2%
	14:00	PL	Trade Balance	Jun			-1443

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.44	0.0	-0.5
EUR/HUF	394.94	-0.1	-0.7
EUR/PLN	4.25	0.0	-0.6
EUR/RON	5.06	0.0	-0.2
EUR/RSD	117.04	0.0	0.0
EUR/USD	1.17	0.5	0.9

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.51	0	1
HUF	6.50	0	0
PLN	4.90	-1	-3
RON	6.60	0	0
RSD	4.68	0	0
EUR	2.03	0	6

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.32	1	4
HU 10Y	6.98	5	-10
PL 10Y	5.31	-5	-2
RO 10Y	7.26	9	10
HR 10Y	3.09	0	0
SK 10Y	3.50	4	10

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