

CEE MACRO AND FI DAILY

Business climate falls in Germany during September

On the Radar

- Czechia's central bank kept policy rate unchanged at 3.5%.
- Today Hungary will publish current account data for 2Q25 and unemployment rate in August (8.30 AM CET).
- Serbia will release at noon CET real wage growth in July.

Business Climate, Index 2015=100

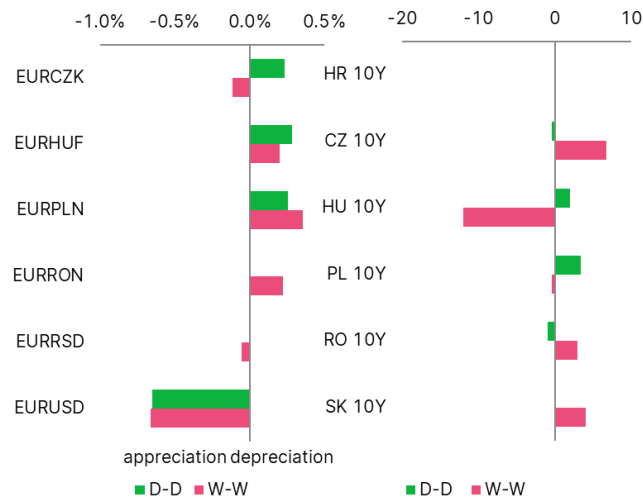


Source: Erste Group Research

Economic developments

Today, we look at market sentiment in September in the external environment, particularly in Germany and Eurozone. On Wednesday, the ifo Business Climate Index fell to 87.7 points in September, down from 88.9 points in August reflecting deteriorating sentiment among German companies. According to the ifo Institute statement, prospects for an economic recovery have suffered a setback. Such development comes in contrast with flash Composite PMI index that increased in September to 52.4 (from 50.5 in August). The recovery has been driven by the service sector as sentiment in manufacturing worsened in September as evidenced by falling flash Manufacturing PMI to 48.5 from 49.8 in August. As far as whole Eurozone is concerned the Composite PMI increased slightly in September thus it has remained in the expansion zone since the beginning of the year. However, PMI index in industry returned to the recession zone in September, indicating a deterioration of the situation in the industry. Lack of stronger impulse from external environment will be a drag on the growth in CEE in the second half of the year. While geopolitical tensions have been elevated, we believe more clarity regarding tariffs should support improving economic environment.

Market performance



Source: Erste Group Research

Market developments

Czechia's central bank kept policy rate stable at 3.5%. At the press conference, it was reiterated that due to domestic inflationary pressures, it is necessary to maintain tight monetary policy. In this regard, strong wage growth and service sector inflation do not allow for further rate cuts. The board perceives overall risks as inflationary. We expect stability of rates until mid-2027. On Wednesday, the trend on the FX market changed and the CEE currencies have weakened against euro. We see global factors, in particular strengthening dollar, behind such development. In Romania, Constitutional Court decided to delay the decision regarding 4 out of the 5 bills included in the second fiscal package until 8 October. The bill regarding special pension reform is among the decisions that got delayed. Only the bill regarding the optimization of state-owned companies' activity was declared fully constitutional today. Further, Romania secured initial European Union backing for a wider budget deficit goal of 8.4% of GDP this year and reduction toward 6% of GDP only in the course of 2026. Prime Minister Bolojan sees the impact of tax and spending measures as high as 2.5% of GDP next year. Romania should get access to the RRF funds after November's meetings in Brussels.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
25. Sep		HU	Unemployment Rate	Aug		4.30%	4.30%
	08:30	HU	Current Account Balance (quarterly)	2Q	883.30	800.00	1141.20
	12:00	RS	Wages (y/y)	Jul			6.90%
26. Sep	09:00	SK	PPI (y/y)	Aug			

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.27	0.2	-0.1
EUR/HUF	390.61	0.3	0.2
EUR/PLN	4.26	0.3	0.4
EUR/RON	5.07	0.0	0.2
EUR/RSD	117.01	0.0	-0.1
EUR/USD	1.17	-0.7	-0.7

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.50	0	1
HUF	6.50	0	0
PLN	4.73	-1	0
RON	6.54	0	0
RSD	4.68	0	0
EUR	1.99	0	-3

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.44	0	7
HU 10Y	6.80	2	-12
PL 10Y	5.48	3	0
RO 10Y	7.30	-1	3
HR 10Y	3.02	0	0
SK 10Y	3.49	0	4

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