

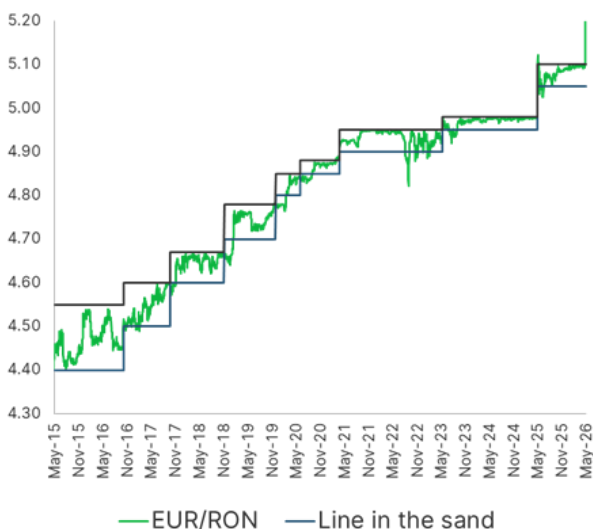
CEE MACRO AND FI DAILY

Implications of political uncertainty in Romania

On the Radar

- Trade deficit in Romania reached EUR -2.9 billion.
- Retail sales (excluding auto) in Czechia grew 4.9% y/y.
- Industrial sales in Slovakia declined by -1.3% y/y in March, while industrial output expanded by 3.8% y/y in Slovenia.
- Today, Czechia publishes share of unemployment at 9 AM CET.
- At noon CET, Serbia will release April's inflation.

EURRON



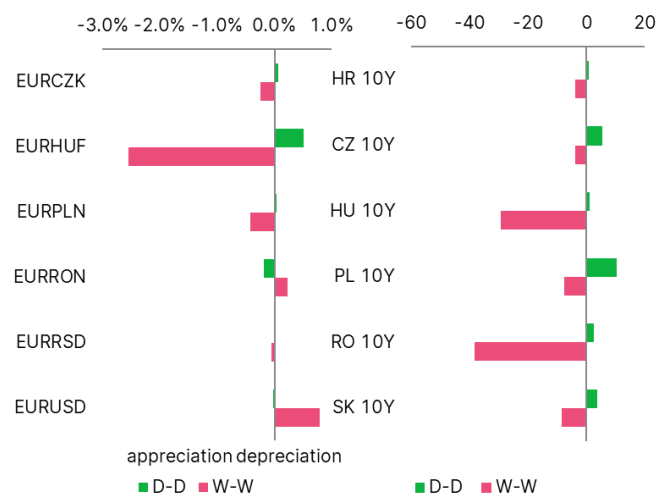
Source: Erste Group Research

Economic developments

Today, we are focusing on Romania. A no-confidence motion initiated by the Social Democrats (PSD), far-right (AUR), and several smaller parliamentary factions passed last week. President Nicușor Dan has called for calmness and announced the launch of informal consultations with political parties aimed at forming a new governing coalition, taking place on Thursday and Friday. The end of June, before the parliamentary holiday starts, could be seen as a hard deadline for reaching a political agreement to form a new executive. The EUR/RON exchange rate spiked due to political turmoil, briefly reaching a new all-time high just shy of 5.30. However, the currency pair has stabilized over the past couple of sessions. It remains uncertain where the National Bank of Romania's new "line in the sand" may lie. According to the NBR's press spokesperson, elevated political uncertainty could keep FX markets relatively volatile. However, he stressed that Romania continues to operate under a managed float regime, indicating that no change in the exchange rate framework is currently underway. All in all, the NBR has plenty of ammunition to manage the EUR/RON, but it is unlikely to waste it until political risk subsides. Finally, rating agencies continue to flag concerns over the political support needed to deliver medium term fiscal consolidation. Romania currently has a negative outlook from all three major agencies and remains on the edge of the non-investment grade threshold. Given fiscal performance in the first quarter of 2026, we think that ratings are likely to remain unchanged this year. Additional progress on fiscal consolidation path along with strong political commitment to it are needed for a change in outlook back to stable. As we approach 2028 electoral year, the prospects for continuing fiscal

adjustments are dwindling. More details can be found in Romania Special Report: "[Fear of floating](#)".

Market performance



Source: Erste Group Research

Market developments

Forint hit a four-year high vs. EUR (EURHUF at 354) before pulling back Monday on a stronger dollar and Middle East risk-off. As new government is going to be sworn in, markets are pricing the new government's policy mix. Fitch Ratings publicly stated that the previous Orbán-era growth model was unsustainable, being overly consumption-driven; restoring fiscal credibility and stabilizing the debt trajectory are the top priorities, while euro adoption is viewed positively but is not the baseline scenario. Moving toward Romania, Moody's warned that the collapse of the Bolojan government raises fiscal consolidation risks, projecting a 2026 deficit of 6.5% of GDP (above the 6.2% target agreed with the European Commission). Finance Minister Nazare also warned of possible ad-hoc rating reviews with "extremely serious consequences" if political and economic conditions deteriorate.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
12. May	12:00	RS	CPI (y/y)	Apr	3.20%	3.30%	2.80%
	12:00	RS	CPI (m/m)	Apr			0.50%
13. May		RS	Current Account Balance (monthly)	Mar			-34320.00%
	08:00	RO	Industrial Production (y/y)	Mar		-1.90%	-1.50%
	08:00	RO	CPI (y/y)	Apr	10.63%	10.40%	9.87%
	08:00	RO	CPI (m/m)	Apr		0.59%	0.78%
	08:00	RO	Wages (y/y)	Mar			3.85%
	08:00	RO	GDP (q/q)	1Q A		-0.10%	-1.80%
	08:00	RO	GDP (y/y)	1Q A	-0.10%	-0.70%	0.23%
	09:00	CZ	CPI (y/y)	Apr F	2.50%	2.50%	2.50%
	09:00	CZ	CPI (m/m)	Apr F	0.50%	0.50%	0.50%
	09:00	SK	GDP (y/y)	1Q P		0.00%	1.00%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.31	0.1	-0.2
EUR/HUF	355.57	0.5	-2.5
EUR/PLN	4.23	0.0	-0.4
EUR/RON	5.20	-0.2	0.2
EUR/RSD	117.22	0.0	-0.1
EUR/USD	1.18	0.0	0.8

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.56	0	0
HUF	6.25	0	0
PLN	3.84	0	0
RON	5.86	0	0
RSD	4.70	0	0
EUR	2.25	2	5

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.84	5	-4
HU 10Y	5.65	1	-29
PL 10Y	5.65	10	-8
RO 10Y	6.88	3	-39
HR 10Y	3.41	1	-4
SK 10Y	3.64	4	-9

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