

CEE Issuance Outlook 2026: Diversify, pre-fund, switch, repeat

Sovereign issuance will this year be driven largely by refinancing needs and higher debt costs rather than new fiscal expansion. Governments in the CEE are set to lean more on diversified funding to limit net local bond supply and manage curves

In this bundle

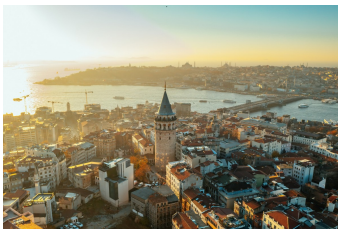


FX

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By Frantisek Taborsky and James Wilson

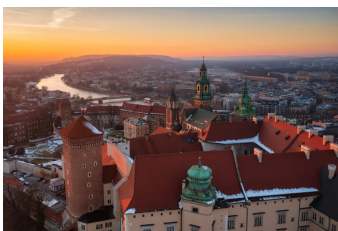


FX

CEE bond technicals: Foreign interest remains selective

CEE local debt still lags, with foreign demand limited to idiosyncratic stories such as Hungary and Turkey

By Frantisek Taborsky



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Poland: Record high borrowing needs but lower bond issuance

Borrowing needs are set to surge to record highs in 2026 while POLGB issuance is set to fall

By Frantisek Taborsky, Adam Antoniak and 2 others

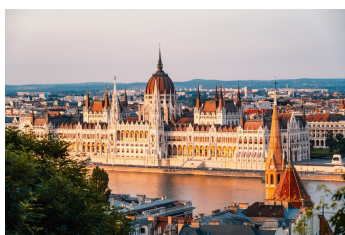


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Fiscal policy has remained just slightly looser following the Czech elections

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By Frantisek Taborsky, Peter Virovacz and James Wilson



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Romania: Fiscal consolidation and diversification of sources

Gross borrowing needs are rising modestly, with lower net ROMGB issuance and strong retail bond demand helping ease pressure on local markets

By Frantisek Taborsky, Valentin Tataru and James Wilson



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Turkey: Higher debt costs, predictable funding strategy

Rising interest costs and redemptions should push borrowing needs sharply higher in 2026

By Frantisek Taborsky, Muhammet Mercan and James Wilson



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CEE Issuance Outlook 2026: Diversify, pre-fund, switch, repeat

We expect the pace of issuance from CEE to slow modestly in 2026, with Romania standing out as the key driver

By Frantisek Taborsky, Rafal Benecki and 6 others

CEE Issuance Outlook 2026: Diversify, pre-fund, switch, repeat

Sovereign issuance in 2026 is set to be driven mainly by refinancing needs and debt costs rather than fresh fiscal loosening. Governments will increasingly rely on diversified funding – retail bonds, T-bills, EU and FX sources – to contain net local bond supply and manage curves, with Turkey the clear outlier as net issuance rises sharply



CEE capitals at the centre of a refinancing-driven issuance cycle in 2026, marked by disciplined supply management and widening funding tools

Local currency issuance: Refinancing-driven supply and disciplined debt management

Despite a strong rebound in global EM debt inflows, CEE local bond markets remain largely on the sidelines, with foreign demand highly selective and concentrated in countries offering a strong idiosyncratic story. Across most of the region, foreign bondholder shares have stabilised or edged lower, implying stagnation in relative terms. As a result, local banks, flush with liquidity, continue to dominate demand, shaping bond market technicals.

Across the CEE region, sovereign issuance dynamics are increasingly shaped by refinancing needs rather than fresh fiscal expansion. While headline borrowing requirements are rising in most countries, the primary driver is the rollover of large maturity profiles and higher debt service costs, not a new wave of discretionary deficit spending. In this sense, CEE supply in 2026 is first and foremost a redemption story, with fiscal deficits playing a secondary role.

This pattern is visible across the region. Poland faces record-high redemptions and off-budget items, Hungary enters a year of historically large bond maturities, and Turkey's gross needs are dominated by redemptions and inflation-driven debt costs. Romania similarly confronts elevated domestic and external maturities. Even in the Czech Republic, where proactive pre-financing has lowered near-term needs, the core discussion still revolves around managing the redemption profile rather than funding new deficits.

CEE issuance summary

	Poland	Czechia	Hungary	Romania	Turkey
Gross borrowing needs (%GDP)	↑15.5%	↔8.2%	↑17.9%	↑13.4%	↑8.2%
Gross borrowing needs	↑38%	↑9%	↓3%	↑3%	↑62%
Gross LCY issuance	↓27%	↑4%	↑4%	↑9%	↑79%
Net LCY issuance	↓35%	↑12%	↓40%	↓40%	↑75%
Gross FX issuance	↑EUR11.5bn	x	↓EUR5.2bn	↓EUR10bn	↔USD13bn
Gross FX issuance	↑12%	x	↓5%	↓34%	↔0%
Net FX issuance	↑40%	x	↓10%	↓50%	↓12%

Source: MinFin, ING estimates

At the same time, funding diversification has become the default strategy for sovereign debt managers. Governments are increasingly relying on non-benchmark instruments to reduce pressure on local yield curves. Retail bonds play a growing role in Poland and Romania, T-bill issuance has been revived or expanded in Poland and the Czech Republic, and EU funds, including Recovery and Resilience Facility (RRF) inflows, remain a critical pillar in the overall funding mix. FX issuance is also set to remain an important component for several issuers, reinforcing a shift toward more instruments and less reliance on duration supply.

From a market perspective, net supply matters more than gross figures, and here the picture is more benign. Despite higher gross issuance, net bond supply is falling sharply in Poland, Hungary and Romania, cushioning local markets. The Czech Republic should see only a moderate increase in net issuance, while Turkey stands out as the main exception with a significant rise in net supply, mainly due to high inflation.

Political constraints remain a key backdrop. Election cycles and coalition dynamics cap the scope for aggressive fiscal consolidation, even where consolidation is formally targeted. As a result, issuance policy has become more technocratic and flexible, compensating for politically constrained fiscal policy.

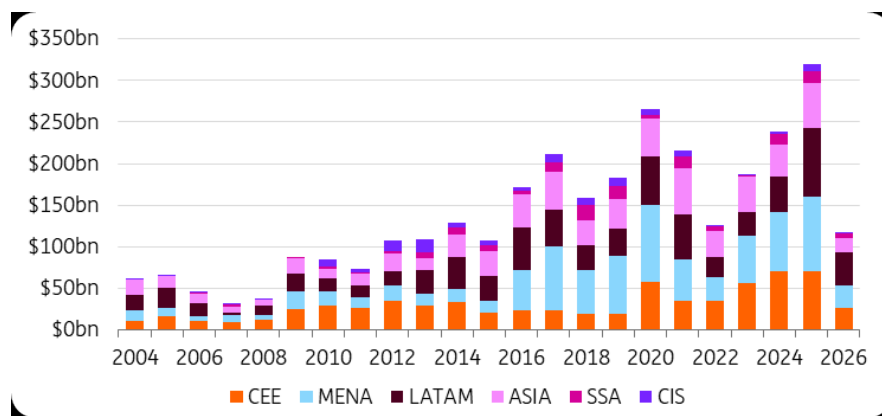
Finally, debt management is increasingly active. Sovereign issuers are emphasising belly-curve issuance, anchoring the long end, and expanding the use of switches, taps and pre-funding. Overall, CEE supply is being carefully managed, with liability management playing a central role in navigating a challenging macro-fiscal environment.

FX issuance: Slight slowdown expected for CEE

2025 saw another solid year of sovereign Eurobond issuance for CEE, with over \$70bn issued in USD and EUR in total, of which almost \$37bn was from Romania, Poland, and Hungary. This was down slightly on 2024 in gross terms but represented an increase in net supply given lower maturities in 2025 for Romania in particular.

In an EM context, CEE also constituted a significantly lower percentage of total issuance (22% in 2025 vs 30% in 2024 and 2023) given the acceleration in the pace of issuance from MENA and Latam that drove a record year for EM sovereigns and quasi-sovereigns in 2025. MENA saw \$89bn of USD and EUR issuance in 2025, while Latam saw \$81bn.

EM USD & EUR sovereign and quasi-sovereign international bond issuance

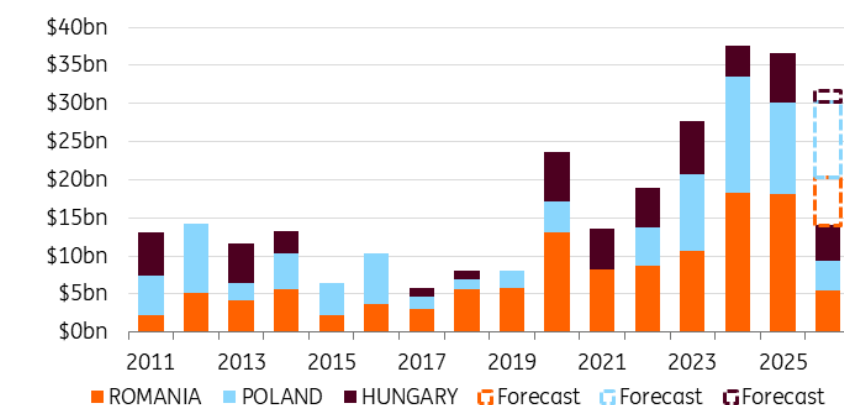


Source: Bond Radar, ING

We expect the pace of issuance from CEE to slow modestly in 2026, with Romania standing out as the key driver. With limited signs of fiscal consolidation across much of the region, including in Hungary and Poland, Romania should prove something of an outlier within the CEE region in terms of fiscal improvement, despite coming from the worst position in the region.

A combination of fiscal tightening and large expected EU fund inflows make the government's plans for lower gross and net Eurobond issuance (€10bn and €6.75bn respectively) much more credible than in previous years. Elsewhere, issuance from the rest of CEE should remain fairly stable despite a slow start to the year, while the focus for most should remain on a wide range of funding sources (EU money, green bonds, and alternative currencies, along with sukuk issuance for Turkey).

CEE-3: EUR & USD international sovereign bond issuance (USD equivalent)



Source: Bond Radar, ING estimates

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CEE bond technicals: Foreign interest remains selective

Despite a global EM inflow rebound, CEE local debt still lags, with foreign demand limited to idiosyncratic stories such as Hungary and Turkey. Elsewhere, foreign holdings have stabilised or edged lower as liquid local banks dominate demand. High deficits, weak fiscal consolidation and rating risks continue to cap upside across the region

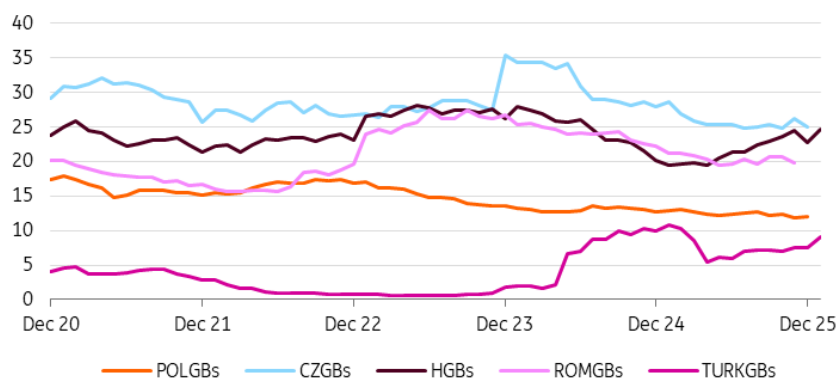


Turkey is the only clearly positive story in the CEE region when it comes to ratings – although most of its potential improvement is probably behind us

Foreign bondholders: On the sidelines of the EM inflow wave

While EM debt is experiencing a strong return of capital inflows globally, CEE local debt remains on the sidelines unless it has a strong idiosyncratic story like Hungary and Turkey. In the rest of the region, we have seen a stabilisation of the current level of foreign bondholders which, in relative terms, has led to stagnation or a slight decline. The main buyers in the region remain the local banking sector with a high level of liquidity.

Foreign bondholders (%)

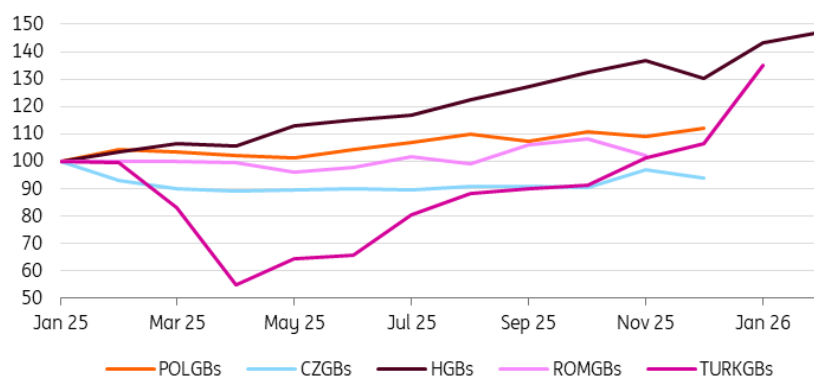


Source: Macrobond, ING estimates

In Poland, the share of foreign bondholders fell to 12% at the end of last year despite a strong market rally. In the Czech Republic, the share fell to 25% from the highest levels within the CEE region and was the only country in the region to see outflows. In Romania, despite an attractive story of fiscal consolidation, the share fell slightly to around 20% with only marginal inflows from abroad last year.

On the other hand, countries with a strong idiosyncratic story like the general elections in Hungary and the normalisation of inflation and policies in Turkey are making headway. Hungary saw foreign holders increase from 20% to around 25% and almost 50% in nominal terms, well above all its peers. Turkey saw strong outflows after the March market turbulence, but the market has since recovered and ended the year where it started after strong inflows in recent months. Likewise, in relative terms, the ratio returned to its original 10%.

Foreign inflow/outflow (Jan-25 = 100)



Source: Macrobond, ING estimates

Sovereign ratings: Lack of positive stories

Given that the CEE region leads the EU in terms of public deficit, it is difficult to expect a positive story overall this year. Last year we saw several outlooks worsening and this year we will probably only see their confirmation due to the lack of signs of fiscal consolidation, albeit without expecting full rating downgrades.

Poland saw two negative outlook changes last year. Visible fiscal consolidation is not in the pipeline, but fiscal metrics are improving with strong GDP growth, which remains a condition for avoiding further rating worsening. In the Czech Republic, rating agencies do not see much change in fiscal policy after the general election and for now, the scope for a rating change seems very limited. Hungary remains on the edge of investment grade with negative outlooks all round (although only S&P is on BBB-, with Fitch and Moody's still having an extra notch cushion). However, the key for the agencies will be the direction of fiscal policy after the general election in April and access to EU funds. Romania survived the fiscal turbulence last year without a rating downgrade and the announced fiscal consolidation indicates a change in direction, but we believe that an improvement in the outlook may come only at the end of the year or next year. Turkey remains the only positive story, with several rating upgrades in the past year. However, further improvements will be more difficult in an environment of slowing disinflation, despite a positive outlook shift at Fitch.

In Poland (A2/A-/A-), the sovereign rating remains unchanged across the main agencies, but the outlook split widened last year as fiscal metrics deteriorated. S&P kept Poland at A2 with a stable outlook and explicitly balanced resilient growth against rapidly rising debt, highlighting persistent deficits and stock flow adjustments linked to defence spending and EU facilities. Moody's affirmed an A2 rating but shifted the outlook to negative after the presidential election, pointing to a weaker fiscal trajectory and political constraints that could complicate consolidation. Fitch has affirmed an A2 rating but also changed its outlook to negative last September. Overall, we do not expect further changes in the rating unless economic growth surprises significantly downward, further worsening fiscal metrics.

In the Czech Republic (Aa3/AA-/AA-), the sovereign rating remains the highest in CEE, with stable outlooks maintained across agencies. Fitch affirmed an AA-/Stable rating, citing credible policy frameworks, moderate deficits and low debt, while noting election risk as contained and not expecting major reversals in fiscal prudence. Moody's affirmed an Aa3/Stable rating, underlining strong institutions and debt affordability, with gradual debt increases seen as manageable even amid higher defence spending. S&P also affirmed the AA-/Stable rating, stressing a strong government and external balance sheets that offset weaker European demand and trade uncertainty. Overall, we do not expect any changes here in the near future once rating agencies see minimal fiscal risk following the general election and the change in government in October.

Sovereign rating review calendar

	S&P	Moody's	Fitch
Poland	08-May 06-Nov	20-Mar 18-Sep	27-Feb 21-Aug
Czech Republic	27-Mar 25-Sep	23-Jan 24-Jul	06-Feb 31-Jul
Hungary	29-May 27-Nov	22-May 20-Nov	05-Jun 04-Dec
Romania	03-Apr 02-Oct	06-Mar 07-Aug	13-Feb 31-Jul
Turkey	17-Apr 16-Oct	23-Jan 24-Jul	23-Jan 17-Jul

Source: Rating agencies

In Hungary (Baa2/BBB-/BBB), the sovereign rating remains investment grade, but the risk balance is more fragile than most peers due to fiscal uncertainty, weaker growth and EU fund constraints. S&P revised the outlook to negative while affirming a BBB rating in April last year, citing rising risks to fiscal and external stability from weaker demand, higher interest costs and narrowing EU inflows ahead of the 2026 election period. Moody's affirmed a Baa2 rating and moved the outlook to negative (December 2024), with EU fund access and governance seen as key downside catalysts. Fitch affirmed BBB but moved the outlook back to negative last December (after an upgrade in 2024), highlighting limited policy flexibility amid weak growth and sticky inflation. Overall, at this point, no immediate improvement in the rating or outlook can be expected, and further steps are closely tied to fiscal policy after the general election in April and access to EU funds.

In Romania (Baa3/BBB-/BBB-), ratings remain at the lowest investment grade with negative outlooks reflecting fiscal and external vulnerabilities. S&P revised the outlook to negative while affirming a BBB rating, citing persistent large deficits, rising interest burden and political fragmentation that could delay consolidation. Fitch affirmed its BBB rating with a negative outlook and emphasised the scale of fiscal deterioration, while welcoming an initial consolidation package but stressing implementation and growth risks. Moody's maintains its Baa3 rating with a negative outlook and has repeatedly highlighted execution risk and the need for a detailed medium-term plan, even as it recognises that legislated measures can bend the deficit path if delivered. Overall, Romania's rating path is increasingly a policy execution story. We believe that outlook improvements are on the table if the deficit improves more than expected this year, but the rating agencies will wait until the end of this year or rather next year.

In Turkey (Ba3/BB-/BB-), the sovereign remains sub-investment grade, but the rating trajectory has improved as policy normalisation gained credibility. Moody's upgraded Turkey to Ba3 and moved the outlook to stable in June last year, citing a strengthening track record of effective policymaking and reduced risk of policy reversal, alongside expectations of disinflation and rebalancing. Fitch affirmed Turkey at BB and moved its outlook to positive in January, noting improved policy consistency and stronger external buffers, while still flagging high inflation and policy credibility constraints as rating caps. S&P affirmed its BB rating with a stable outlook in October, anchoring the outlook on expectations that the economic team sustains tight policy to manage inflation. Overall, Turkey is the only clearly positive story in the region – but the main part of its rating improvement is likely behind us. Further progress will be more difficult, especially amid slowing disinflation.

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Poland: Record high borrowing needs but lower bond issuance

Borrowing needs are set to surge to record highs in 2026, driven by redemptions and off-budget items; POLGB issuance is set to fall as the Ministry of Finance shifts toward diversified funding, including retail bonds, T-bills, EU funds and FX issuance amid limited fiscal consolidation. FX issuance will see a slight uptick this year

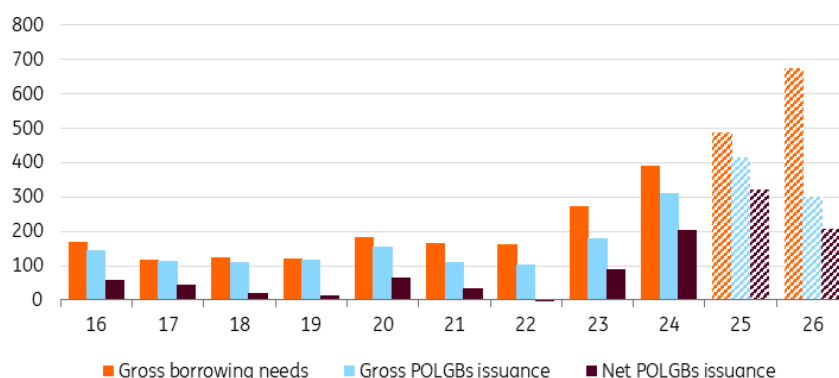


Borrowing needs are set to soar in Poland this year, while POLGB issuance is set to fall

Fiscal policy: No big expectations for fiscal consolidation before the elections

According to our estimates, Poland's public finance deficit reached new highs of 7.0% of GDP last year and should fall slightly to 6.5% this year (0.1ppt above the Ministry of Finance's forecast in both years). The government is trying to consolidate public finances, mainly through measures on the revenue side (increase in excise duty, increase in CIT for banks, freezing of income brackets in PIT). However, the political cycle suggests that we cannot expect strong measures here this year ahead of next November's general election.

Gross financing needs and POLGBs issuance (PLNbn)



Source: MinFin, ING estimates

Local issuance: Funding diversification amid a sharp borrowing increase

Despite some efforts by the Ministry of Finance to consolidate public finances this year compared to last year, we see a strong increase in gross borrowing needs from PLN488.6bn to PLN673.5bn (+37.8% year-on-year, 15.5% of GDP). However, a large part of the year-on-year increase in borrowing needs comes from record-high redemptions and off-budget items. At the same time, the Ministry of Finance continues to diversify funding sources, which should lead to a decrease in POLGBs issuance. Gross issuance should fall from PLN415.1bn to PLN302.8bn (-27.0%) this year, in our estimates. Net issuance will fall from PLN320.8bn to PLN208.1bn (-35.1%). We should see a growing importance of retail bonds, T-bills, EU money and FX issuance in the overall funding mix. T-bills saw a restart from MinFin last year and this year we should see roughly a doubling of the amount. Retail bond issuance should roughly match the strongest year to date in 2024 at PLN81.2bn.

On the POLGBs side, MinFin maintains the main focus on belly curves around 4.2y on average last year. The average maturity of the total portfolio has not changed much at 4.3y. It can also be expected that MinFin will increase activity in switches and pre-financing next year in the second half of the year. The topic of EU funds and the drawing down of Recovery and Resilience Facility (RRF) money will also be key for the overall mix of funding.

Financing needs for 2026 (PLNbn)

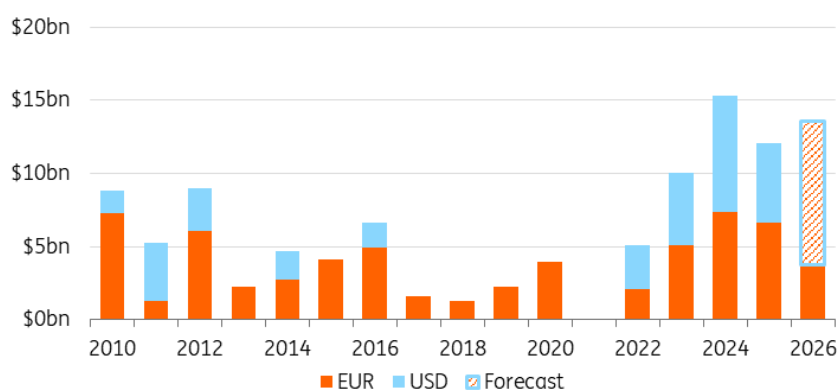
	MinFin	ING
State budget	271.7	256.7
Others	117.5	117.5
Domestic redemptions	278.6	278.6
Foreign redemptions	20.7	20.7
Total financing needs	688.5	673.5
POLGBs issuance	317.8	302.8
Retail bonds	81.2	81.2
T-Bills issuance	58.1	58.1
FX issuance	48.6	48.6
EU money	51.2	51.2
Supranational loans	2.3	2.3
Others	129.3	129.3
Gross borrowing requirement	688.5	673.5
Net POLGBs issuance	223.1	208.1

Source: MinFin, ING estimates

FX issuance: Steady supply to continue

2025 saw something of a downside surprise for FX issuance in Poland, with €6bn and \$5.5bn issued across EUR and USD markets (€11.3bn euro equivalent) compared to our expectations of €15bn. This year we expect a slight uptick to €11.5bn, despite the modest fiscal consolidation and slight fall in maturing debt.

Poland EUR and USD international sovereign bond issuance (USD equivalent)



Source: Bond Radar, ING estimates

This year has seen a decent start to activity in the primary for Poland, with €3.25bn issued in EUR across 5-year and 10-year tranches in January. At the same time, diversification efforts should continue – we expect USD issuance to come soon, and JPY issuance is becoming more mainstream, with maturities in 2026 and 2027.

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Czech Republic: The end of fiscal consolidation

Fiscal policy has remained just slightly looser after the election; the deficit is expected to sit at 2.2% of GDP this year, with upside risks. Borrowing needs are rising, driving more CZGB issuance, with the Ministry of Finance focused on long maturities and higher secondary-market activity. FX issuance remains negligible and under local law only



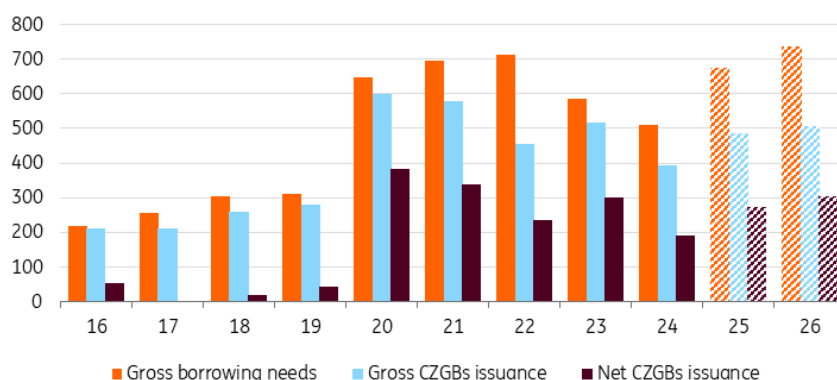
While the Czech elections brought a change in government, we've seen only a slight loosening of fiscal policy in the aftermath

Fiscal policy: Only a slight relaxation after the change in government

The Czech public finance deficit ended last year at 2.0% of GDP and is expected to be 2.2% this year, according to the Ministry of Finance estimates, although the state budget is only at the beginning of the legislative process. While the elections brought a change of government, we have seen only a slight loosening of fiscal policy and pessimistic market expectations have not been fulfilled. The main test, however, will be next year's budget, when the new government will have full control over fiscal policy and the changes discussed in the legislative process. In our forecast, the state budget cash deficit this year is broadly in line with the Ministry of Finance's projections –

but due to arms contracts and unclear EU flow, we see an upside risk of a 2.2% public finance deficit (ESA methodology).

Gross financing needs and CZGB issuance (CZKbn)



Source: MinFin, ING estimates

Local issuance: Higher needs mean higher activity on the secondary market

While the state budget cash deficit this year should be higher than last year, MinFin managed to pre-finance a large part of this year's redemptions at the end of last year and push this year's gross borrowing needs lower. In our forecast, we expect an increase from CZK673.5bn last year to CZK736.1bn this year (+9.3% year-on-year, 8.2% of GDP). MinFin guides for gross CZGB issuance in the range of CZK400-500bn for this year while we expect an increase from CZK486.2bn to CZK506.1bn (+4.1%), with net issuance increasing to 305.8bn (+12.4%). MinFin also relies heavily on T-bill issuance, which we estimate at CZK 100bn. In addition, around €2bn of EUR-denominated CZGBs issued under local law will be refinanced this year. MinFin could also draw up to CZK76.2bn in loans from supranational institutions (EIB).

MinFin continues to focus on issuance at the long end of the curve with an average issuance maturity of 11.8y last year. The average debt maturity remains at 6.2y and no major changes to this strategy are expected. The risk towards higher issuance of CZGBs is the possibility of pre-financing next year through switches in the secondary market, where MinFin increased activity recently.

Financing needs for 2026 (CZKbn)

	MinFin	ING
State budget	310.0	310.0
Transfers and other operations of state financial assets	2.5	2.5
T-Bonds denominated in local currency redemptions	200.3	200.3
T-Bonds denominated in foreign currency redemptions	48.6	48.6
Redemptions and early redemptions on retail bonds	19.7	19.7
Money market instruments redemptions	128.7	128.7
Redemption of T-bills	117.0	117.0
Redemption of other money market instruments	11.7	11.7
Repayments on credits and loans	26.3	26.3
Total financing needs		736.1
Money market instruments	Max. 100	100.0
CZGBs issuance	400-500	506.1
CZGBs EUR-denominated		50.0
FX issuance		0.0
Retail bonds		30.0
Received credits and loans	Max. 76.2	50.0
Financial asset and liquidity management		0.0
Total financing sources		736.1
Gross borrowing requirement		736.1
Net CZGBs issuance		305.8

Source: MinFin, ING estimates

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Hungary: Election uncertainty as net bond supply falls

Hungary faces elevated fiscal uncertainty ahead of the April elections as the deficit rises to 5.5% of GDP. Borrowing needs ease slightly, but record redemptions drive a sharp fall in net HGB issuance, with bonds regaining dominance and retail declining. For FX issuance, diversification remains the name of the game, with reliance on EU money

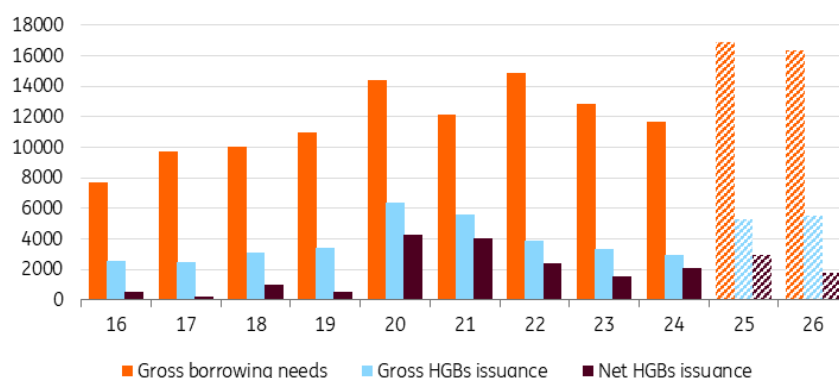


Hungary faces heightened fiscal uncertainty as rising deficits and April's elections reshape funding and issuance dynamics

Fiscal policy: rising deficit and elevated risk ahead of April elections

In November, the government announced an increase in the public finance deficit to 5% of GDP in 2025 and 2026. Last year ended at 4.9%, and we expect this year to be at 5.5% of GDP. In cash terms, the deficit should end up similar to the government's estimate. However, given the general election in April and the unclear direction of fiscal policy afterwards, there is a greater degree of uncertainty than usual regarding fiscal and issuance plans.

Gross financing needs and HGB issuance (HUFbn)



Source: AKK, ING estimates

Local issuance: HGBs regain dominance as Hungary’s borrowing needs moderate

After the increase in budget targets at the end of last year, we saw a significant increase in gross borrowing needs and HGB issuance at the same time. Last year, gross needs probably reached new historical highs. This year should see a slight decrease from HUF16891bn to HUF16391bn (-3% year-on-year, 17.9% of GDP). Gross HGB issuance should be roughly stable from HUF5266bn to HUF5496bn (+4.4%), but net issuance should fall significantly from HUF2945bn to HUF1783bn (-39.5%) given the historically large maturity of HGBs this year.

The debt agency indicates a continued focus on the belly of the curve, and the average maturity of current debt of 5.1y should not change much this year. At the same time, we observe a continuing trend of HGBs returning as the main funding source, while the share of retail issuance continues to decline.

Financing needs for 2026 (HUFbn)

	AKK	ING
State budget	5,445	5,445
Domestic redemptions	9,392	9,392
Foreign redemptions	860	860
Pre-financing	695	695
Total financing needs	16,391	16,392
HGBs issuance	4,496	4,496
HGBs switch auctions	1,000	1,000
T-bonds for local authorities	100	100
Retail purchases	198	198
Retail bonds	4,442	4,442
T-Bills issuance	2,222	2,222
HUF loans	195	195
FX issuance	2,600	2,600
IFI and other loans	965	965
Other FX borrowings	173	173
Gross borrowing requirement	16,391	16,391
HGBs Issuance (inc. switches)	5,496	5,496
Net HGBs Issuance (inc. switches)	1,783	1,783

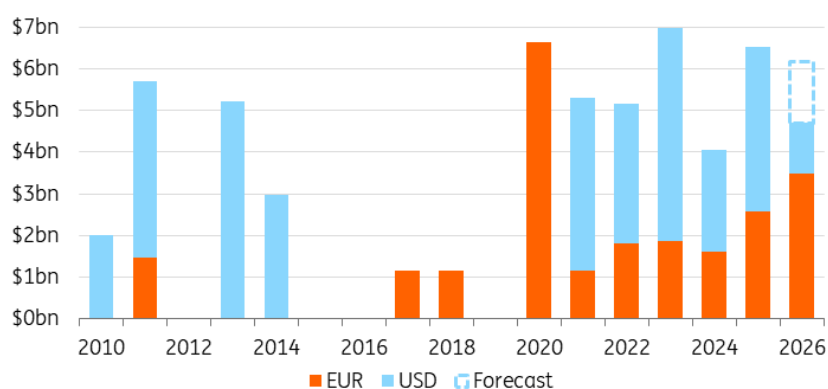
Source: AKK, ING estimates

FX issuance: diversification remains the name of the game

In 2025, Hungary's FX bond issuance was revised higher, with a \$4bn dollar deal added on top of the €2.5bn issued at the start of the year.

Fiscal policy is budgeted to remain steady, with a deficit of 5% of GDP planned, and in turn, €5.2bn in conventional (USD and EUR) international bond issuance is pencilled in for the full year. The debt agency has again been quick off the mark with €3bn issued in January, including a green bond, before a \$1.2bn tap that completes over 75% of the plan for the full year. We expect there is scope for further USD issuance, with around \$1.5bn of the initial plan remaining, although timing here is complicated by April's elections, given the AKK's preference usually to front-load Eurobond issuance in the first half of the year.

Hungary EUR & USD international sovereign bond issuance (USD equivalent)



Source: Bond Radar, ING estimates

Outside traditional Eurobond financing, Hungary is set to continue its strategy of diversification. The financing plan includes a €0.5bn issuance in the Asian market, €1bn in Euro Commercial Paper, and €2.5bn in foreign currency loans – largely from the EU's new security loan program (SAFE).

In turn, we think risks skew slightly to the upside in terms of the potential for more Eurobond issuance than expected, given the overall fiscal uncertainty, as well as reliance on disbursements from the EU for part of the FX financing requirements. The government recently introduced more flexibility in its medium-term target for the share of FX within government debt, which now has a tolerance range of +/- 3pp around the 30% level.

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Romania: Fiscal consolidation and diversification of sources

Fiscal consolidation continues, with the deficit seen at 6.4% of GDP, slightly above target but still improving. Gross borrowing needs are rising modestly, with lower net ROMGB issuance and strong retail bond demand helping ease pressure on local markets, supported by funding diversification



Bucharest, Romania, which looks to be the most interesting country in the CEE region in terms of the shift in Eurobond issuance this year

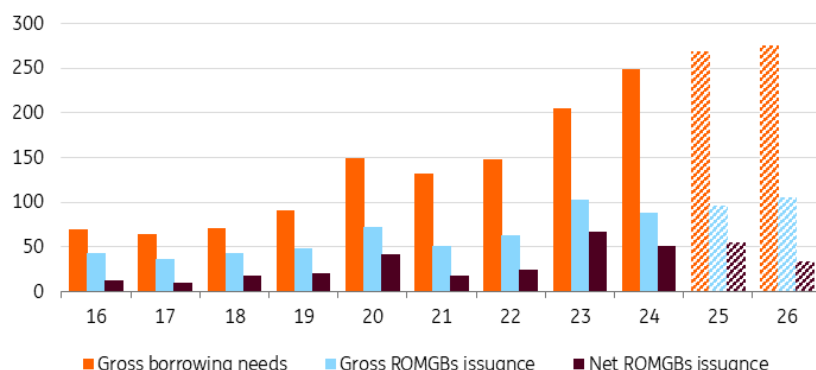
Fiscal policy: the real test of fiscal measures

The fiscal consolidation initiated by the government after the election brought the public finance deficit to 7.7% of GDP (in cash terms) last year. The MinFin indicates a deficit target for this year of 6.2% of GDP. This year's budget depends on the government's ability to push through further fiscal and reform measures. However, overall, we see the story moving in a positive direction, but in our forecast we see a deficit slightly higher than the government indicates at 6.4% of GDP.

Either of these results should be, in principle, welcomed by rating agencies, and we think that an outlook improvement is on the table if the deficit improves at a better than expected rate.

Otherwise, any rating uplift is more likely a story for 2027, once the fiscal adjustment proves resilient to planned changes in government leadership.

Gross financing needs and ROMGBs issuance (RONbn)



Source: MinFin, ING estimates

Local issuance: trying to keep pressure off the local currency market

Although the state budget for this year has not yet been fully presented, the Ministry of Finance provides some funding figures for our preliminary estimates. We forecast gross borrowing needs to increase slightly from RON268.3bn to RON275bn (+2.5%, 13.4% of GDP), mainly due to high domestic and foreign maturities. Gross issuance of ROMGBs will increase from RON97.0bn to RON105.5bn (+8.7%). On the other hand, net issuance will decline from RON55.8bn to RON33.4bn (-40.1%).

Since last year, the Ministry of Finance has been trying to diversify its sources of financing as much as possible, and we should see efforts to avoid pressure on the ROMGBs market this year. Therefore, we expect another strong year for retail bonds with issuance around RON50bn (RON47.3bn last year), with risks to the upside potentially offsetting some ROMGBs issuance.

The rest of the borrowing needs should be covered by FX issuance and other FX sources, mainly EU money and private placements or loans. However, recent years have shown fiscal risks and issuance on both sides, which remains the case this year, depending on the success of fiscal consolidation.

Financing needs for 2026 (RONbn)

	MinFin	ING
State budget		130.0
Domestic redemptions		117.0
Foreign redemptions		28.0
Total financing needs	265-275	275.0
<hr/>		
ROMGBs issuance	} 160-170	105.5
ROMGBs EUR-denominated		5.0
Retail bonds		50.0
T-Bills issuance		10.0
FX issuance		51.0
EU money		30.6
Supranational loans and private placements		23.0
Gross borrowing requirement		275.0
<hr/>		
Net ROMGBs Issuance		33.4

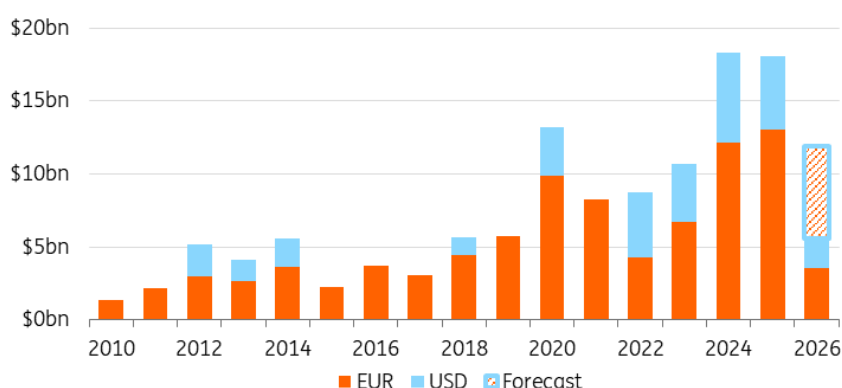
Source: MinFin, ING estimates

FX issuance: long-awaited improvement in the technical picture

Romania looks to be the most interesting name in CEE in terms of the shift in Eurobond issuance this year. Following two record years when issuance surpassed \$18bn (more than €15bn), the combination of fiscal tightening and large expected EU fund inflows makes the government's plans for lower gross and net Eurobond issuance (€10bn and €6.75bn respectively) much more credible than in previous years.

As in previous years, the risk of some fiscal slippage, as per our deficit forecast, does leave scope for slightly higher Eurobond issuance than planned, especially given the remaining uncertainty over the timing of further EU disbursements.

Romania EUR & USD international sovereign bond issuance (USD equivalent)



Source: Bond Radar, ING estimates

The delayed budget has meant a slower start to the year than normal, before the announcement of a long-awaited deal this week in USD and EUR, raising \$2bn and €3bn respectively. This multi-currency deal makes sense, across USD and EUR, with the government in recent years accepting investor concerns about the significant volume of EUR issuance acting as a technical headwind and trying to remain active in the USD market.

While all maturing debt this year is EUR-denominated (€3.25bn), meaning gross issuance should also see a skew towards EUR, net issuance will likely be more evenly split between EUR and USD.

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Turkey: Higher debt costs, predictable funding strategy

Fiscal consolidation brought a positive surprise in 2025, but rising interest costs and redemptions should push borrowing needs sharply higher in 2026. Issuance remains predictable, with a stronger tilt to TRY-denominated bonds and gradual maturity extension supporting the disinflation strategy



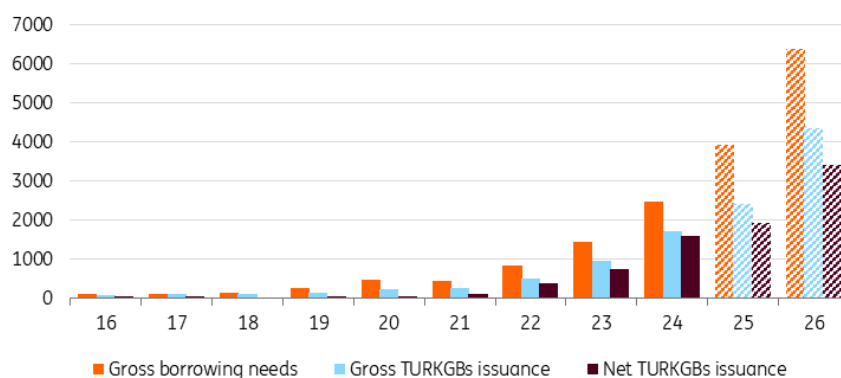
Rising interest costs and redemptions in Turkey should push borrowing needs sharply higher over the year ahead

Fiscal policy: From consolidation to higher financing costs

Turkey's public finance deficit fell from 4.7% to 2.9% of GDP last year (vs the 3.6% official forecast). Of the total 1.8ppt improvement, 2.3ppt came from the non-interest balance, while interest expenditures increased by 0.5ppt. For this year, the Ministry of Finance expects a public finance deficit of 3.5% of GDP. Despite the positive surprise last year, it is difficult to expect a similar trend this year given the rising debt cost.

The government promised to come up with administered price hikes and automatic tax adjustments to align with the inflation target. While this may weigh on revenues, the robust tax collection performance implies that the impact on the bottom line would be limited.

Gross financing needs and TURKGBs issuance (TRYbn)



Source: MinFin, ING estimates

Local issuance: Growing reliance on TURKGBs

The Turkish MinFin is traditionally the first in the region to present its funding plan for this year; at the same time, the final issuance is the closest to the plan and our expectations. We therefore see a relatively simple story here, with only cosmetic differences compared to the MinFin official projection due to different assumptions for FX and inflation in our forecast. Gross borrowing needs should increase in our forecast from TRY3,930bn to TRY6,382bn (+62.4% year-on-year, 8.2% of GDP), which is due to a combination of high redemptions and rising debt costs, both driven by high inflation. Gross TURKGBs issuance this year, in our estimate, will increase from TRY2,437bn to TRY4,356bn (+79%) and net issuance will increase from TRY1,948bn to TRY3,409bn (+75%).

MinFin continues to indicate a growing preference to focus on TRY-denominated funding sources and this year we should see a further increase in the share from a record low of 76% in 2018 to 91% this year. MinFin is trying to extend the average maturity of TURKGBs with a 3.9y average maturity of bonds issued last year compared to 3.2y of the total portfolio, and this trend can be expected to continue this year.

Financing needs for 2026 (TRYbn)

	MinFin	ING
Domestic debt service	5,042	5,423
Foreign debt service	948	960
Total financing needs	5,990	6,383
Domestic borrowing	5,344	5,809
External borrowing	605	660
Non-borrowing resources	40	-86
Gross borrowing requirement	5,990	6,383
TURKGBs issuance		4,356
Net TURKGBs issuance		3,409
FX issuance		660

Source: MinFin, ING estimates

FX issuance: Steady activity to continue

2025 was a solid year for Turkish issuance, with just under \$13bn raised in USD and EUR, more than initially budgeted. We expect another active year for Turkey, with a further \$13bn pencilled in of

gross issuance, compared to \$11.8bn maturing across conventional and sukuk paper (\$12.8bn total government external debt per Ministry of Finance numbers). We have already seen \$3.5bn issued across two USD tranches, and a €2bn EUR deal this year. More USD issuance is likely, in both conventional and sukuk format.

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CEE Issuance Outlook 2026: Diversify, pre-fund, switch, repeat

We expect the pace of issuance from CEE to slow modestly in 2026, with Romania standing out as the key driver



CEE capitals at the centre of a refinancing-driven issuance cycle in 2026, marked by disciplined supply management and widening funding tools

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