04 September 2026

CEEMEA: War Continuation Amid Risks Of Escalation

Key points

- The **Russia-Ukraine conflict** looks set to continue at least until the latter part of 2027, as neither side shows signs of having reached a critical pain threshold. An escalation of the conflict in the near term is probable as both sides may perceive a window of opportunity within which it can inflict significant damage to their respective opponent.
- In **Czechia**, a somewhat weaker growth trajectory than the central bank's projections leads us to foresee stable policy rates throughout the year. In **Hungary**, the recently elected Magyar government looks set to unlock EU funds and improve the medium-term growth outlook and lower inflation has allowed the central bank to cut rates, but further cuts will have to wait until next year. In **Poland**, continued strong economic growth is partly offset by deteriorating fiscal balances, as ongoing high deficits are indicative of political chokepoints and adverse public debt dynamics.
- Ukraine's drone strikes are exacerbating already growing war-related pressures in **Russia**, and we foresee stagnant growth and sluggish disinflation. Meanwhile, the extent to which elevated interest rates threaten financial stability may increase pressure on the central bank to prematurely lower rates.
- In **South Africa**, the Iran War has delayed the economic recovery, with temporary deteriorations in the fiscal and current account balances. That said, as long as the Iran War does not translate into sustainably higher energy prices, progress toward higher growth should continue.
- Even though growth is slowing down, a higher sacrifice ratio than perceived by authorities leads us to be less optimistic than the consensus about medium-term disinflation in **Turkey**, and political risks - so far relatively unpriced by markets - will grow ahead of scheduled elections in 2028.
- **Ukraine's** position on the battlefield has strengthened but without a ceasefire, growth will remain subdued, price pressures will accumulate, even as external- and fiscal balances deteriorate. This forces the National Bank of Ukraine (NBU) to remain in restrictive territory and, while we leave room for a modest easing early in 2027, with risks tilted to the upside.

SEB Emerging Markets Financial Forecasts

EM FX Rates (end of period)

04-Sep-2026	Spot	1M	4Q-26	1Q-27	2Q-27	3Q-27	4Q-27
vs. USD							
RUB	86.6	86.7	87.0	88.0	89.0	91.0	93.0
TRY	48.44	49.51	52.00	54.00	56.67	58.33	60.00
PLN	3.72	3.70	3.67	3.63	3.59	3.55	3.52
UAH	44.6	45.3	46.9	47.9	50.0	52.0	54.0
ZAR	16.0	16.0	16.2	16.2	16.2	16.2	16.2
vs. EUR							
PLN	4.32	4.31	4.29	4.28	4.27	4.26	4.26
HUF	362.6	362.7	363.0	362.0	361.0	360.0	360.0
CZK	24.2	24.1	24.1	24.0	24.0	24.0	24.0
TRY	56.33	57.69	60.84	63.72	67.43	70.00	72.60
RUB	100.7	101.0	101.8	103.8	105.9	109.2	112.5
EUR/USD	1.16	1.16	1.17	1.18	1.19	1.20	1.21
USD/JPY	156.2	158.0	157.0	156.0	155.0	154.0	153.0

Source: Bloomberg, SEB

Policy Rates (end of period)

04-Sep-2026	Current Rate	Next MPC	3Q-26	4Q-26	1Q-27	2Q-27	3Q-27
Emerging Europe							
Russia	14.00	Sep 11	14.00	13.50	12.75	12.50	12.00
Turkey 1W repo	37.00	Sep 10	37.00	36.00	33.00	29.00	27.00
Avg. cost CBRT funding	37.00		40.00	36.00	33.00	29.00	27.00
Czech Republic	3.75	Sep 17	3.75	3.75	3.50	3.50	3.50
Hungary	5.50	Sep 22	5.50	5.50	5.50	5.50	5.25
Ukraine	15.50	Sep 17	15.50	15.50	15.25	15.25	15.00
Middle East & Africa							
South Africa	7.00	Sep 23	7.00	7.00	7.00	7.00	6.50
Developed Markets							
USA	3.75	Sep 16	3.75	3.75	3.75	3.75	3.75
Euro area (deposit rate)	2.25	Sep 10	2.50	2.50	2.50	2.50	2.50

Source: Bloomberg, SEB

SEB Emerging Markets Macro Forecasts

Real GDP Growth, avg. % yoy

	2024	2025	Last	2026	2027	2028
SEB EM Aggregate	4.2	4.0	--	4.1	4.2	4.2
Emerging Europe						
Russia	4.9	1.0	1.3 Q2	0.8	1.1	1.9
Turkey	3.5	3.6	2.3 Q2	3.0	3.5	3.7
Poland	3.0	3.6	3.9 Q2	3.5	3.1	3.1
Czech Republic	1.3	2.5	1.9 Q2	2.3	2.5	2.6
Hungary	0.6	0.4	1.7 Q2	2.0	2.4	2.7
Ukraine	2.9	1.8	0.6 Q2	1.7	2.0	3.0
Sub-Saharan Africa						
South Africa	0.5	1.1	1.9 Q1	1.3	1.6	2.0
Developed Markets						
Euro area	0.9	1.4	1.0 Q2	0.9	1.3	1.5
United States	2.8	2.1	2.1 Q2	2.2	2.1	2.1

*Source: IMF, OECD, Bloomberg, SEB * GDP for India is for the fiscal year with 2025 corresponding to the fiscal year running from Q2 2025 to Q1 2026*

Consumer Price Inflation avg. % yoy

	Target 2024	Last	2025	2026	2027	2028
Emerging Europe						
Russia	4.0	6.0 Jul	8.7	6.0	4.8	4.7
Turkey	5.0 (±2)	31.5 Aug	35.2	32.0	25.0	23.0
Poland	2.5 (±1)	3.4 Aug	3.6	3.0	2.7	2.5
Czech Republic	2.0 (±1)	1.7 Jul	2.5	2.3	2.4	2.2
Hungary	3.0 (±1)	1.2 Jul	4.4	2.8	3.2	3.0
Ukraine	5.0 (±1)	7.7 Jul	12.8	9.0	10.0	9.0
Sub-Saharan Africa						
South Africa	3.0–6.0	4.3 Jul	3.2	4.2	3.8	3.4
Developed Markets						
Euro area	2.0	3.3 Aug	2.1	2.1	2.8	2.8
United States	2.0	3.4 Jul	2.7	2.7	3.2	3.2

** BNM Forecast. Source: Bloomberg, SEB*

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