

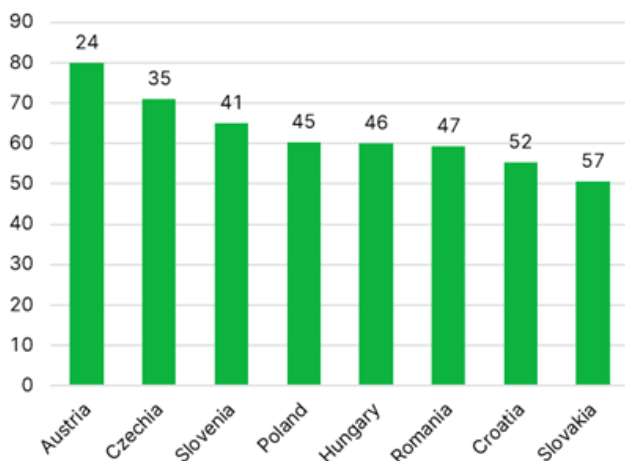
CEE MACRO AND FI DAILY

# Room for improvement in CEE's digital competitiveness

## On the Radar

- Czech central bank kept the policy rate unchanged at 3.50%
- Retail sales in Romania declined by -1.9% y/y while in Hungary it grew by 3.0% y/y and in Slovakia by 1.4% y/y in September.
- Industrial output declined in Hungary in September by -1.9% y/y (WDA) while in Czechia it grew 3.6% y/y (NSA).

## IMD digital competitiveness, score and rank

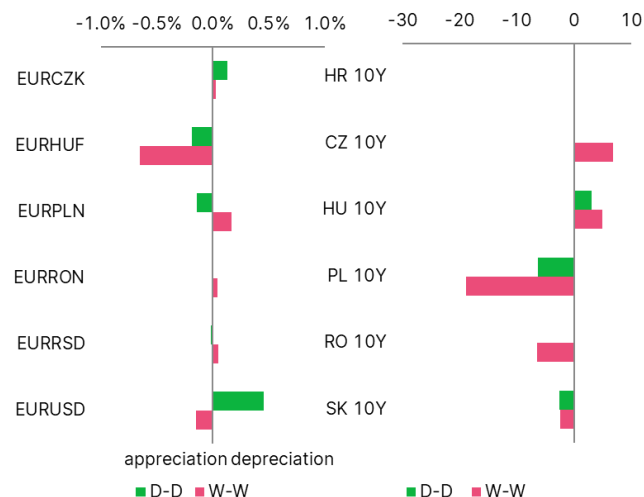


Source: Erste Group Research

## Economic developments

The recently published IMD World Digital Competitiveness Ranking 2025 measure countries' ability to use digital technologies as a key driver of economic transformation. Switzerland, the United States, and Singapore secured the three top positions, while CEE countries appear further down the list. Austria ranked at 24<sup>th</sup> place, marking a one-position improvement from last year. IMD highlighted the "Knowledge" subcategory, putting Austria's strong teaching and scientific capabilities among the global leaders. Other CEE countries were placed in the lower half of the 69-country ranking: Czechia fell three spots to 35<sup>th</sup>, and Slovenia ranked 41<sup>st</sup>. Poland, Hungary, and Romania followed consecutively between 45<sup>th</sup> and 47<sup>th</sup>; Poland recorded a significant six-position drop, Romania remained stable, and Hungary improved by seven positions. Towards the bottom, Croatia (52<sup>nd</sup>) and Slovakia (57<sup>th</sup>) both declined compared to last year. The main challenge for these two countries lies in "Future Readiness," reflecting limited business agility and adaptability.

## Market performance



Source: Erste Group Research

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## Market developments

Czech central bank kept the policy rate unchanged at 3.50% and reiterated that domestic inflationary pressures remain elevated not allowing for rate cuts. From the perspective of achieving the inflation target, it is still necessary to maintain tight monetary policy. We continue to expect rate stability until around mid-2027, followed by a reduction. Poland's central bank Governor Glapinski called the monetary easing in Poland in 2025 substantial. Further he stated that another small interest rate cut is possible, but the timing is uncertain and data dependent. All three CEE currencies have strengthened against the euro this week, while the long-term yields have been relatively stable. Romania sold 2028 and 2034 government papers that were priced to yield 6.76% and 6.88% respectively.

## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
07. Nov	09:00	SK	Trade Balance	Sep			225.40
	12:00	RS	PPI (y/y)	Oct			1.8%
	11:00	HR	CPI (y/y)	Oct P		3.7%	4.2%
	11:00	HR	CPI (m/m)	Oct P			0.4%
	12:00	RS	Industrial Production (y/y)	Sep			0.4%
	12:00	RS	Retail Sales (y/y)	Sep			2.7%
	12:00	RS	Trade Balance	Sep			-739.20
	12:00	RS	GDP (y/y)	3Q P		0.0%	2.1%

## FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.31	0.1	0.0
EUR/HUF	385.63	-0.2	-0.6
EUR/PLN	4.25	-0.1	0.2
EUR/RON	5.08	0.0	0.0
EUR/RSD	117.07	0.0	0.1
EUR/USD	1.15	0.5	-0.1

## 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.54	0	1
HUF	6.50	0	0
PLN	4.37	-1	-12
RON	6.30	-2	-6
RSD	4.68	0	0
EUR	2.00	1	-5

## 10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.51	0	7
HU 10Y	6.86	3	5
PL 10Y	5.22	-6	-19
RO 10Y	6.90	0	-6
HR 10Y	3.01	0	0
SK 10Y	3.36	-3	-2

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