

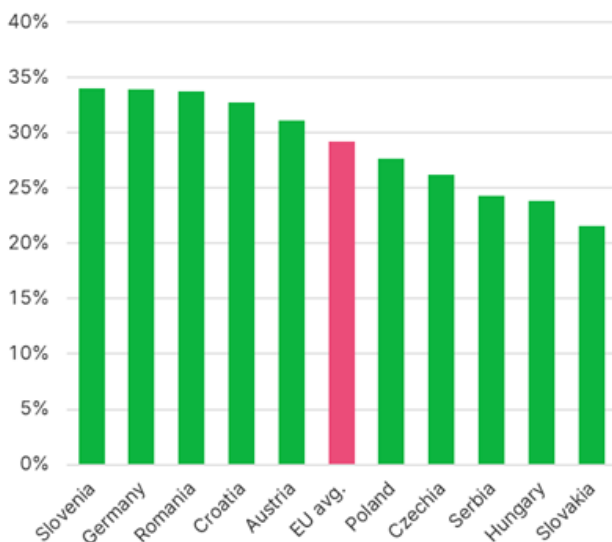
CEE MACRO AND FI DAILY

Diversification to more value-added sectors needed in CEE

On the Radar

- Inflation in Hungary stagnated at 4.3% y/y in October.
- Today at 8:00 CET, Romania will release inflation for October and wage growth for September.
- Wages will be also released in Slovakia at 9:00, with Serbia's inflation scheduled for 12:00.
- The Romanian Central Bank will publish key rate decision today.

Value added share in total output, manufacturing

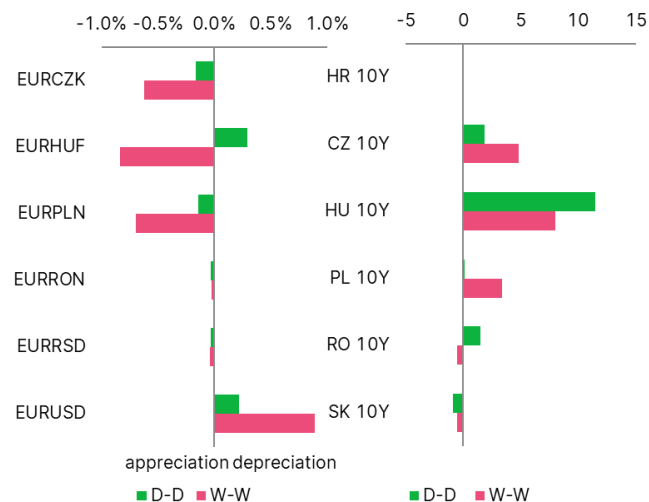


Source: Erste Group Research

Economic developments

In a recent [report published by the OeNB](#), the author looks at sources of value added (VA) in CEE. The need to move up the value chain, from lower to higher value-added sectors, is essential for the region's economic convergence. Currently, the share of VA in gross output within CEE manufacturing remains relatively low compared to the EU average of approximately 30%. Slovakia records the lowest share in the EU at 22%, largely due to its reliance on the automotive industry. Despite the high final value of vehicles produced, the domestic contribution to this value is modest, at around 13%. Hungary and Czechia show similar patterns, although their automotive provides slightly more VA. Given the significant weight of car manufacturing in these economies, the report suggests a potential misallocation of resources toward in this sector. On the other hand, Romania, Croatia and Slovenia report a comparatively high VA share in total manufacturing, exceeding the EU average. However, the overall output value of manufactured goods in Romania and Croatia remains relatively low, especially on a per-capita basis.

Market performance



Source: Erste Group Research

Market developments

Yesterday, the Hungarian government announced plans to raise the fiscal deficit target to 5% of GDP for both the current year and the next. While this adjustment represents only a modest revision relative to our forecasts, markets reacted with the forint depreciating and 10-year government bond yields rising. For 2026, the cash-based deficit will be raised by HUF 1,227 billion to HUF 5,445 billion, and the government is expected to cover this extra financing need through foreign currency bond issuance in early 2026. Additionally, the government intends to increase budget revenues from the windfall tax on Hungarian financial institutions compared to the original plan. In the Czech Republic, the central bank reaffirmed its cautious stance on monetary policy, citing persistent risks associated with elevated core inflation. Meanwhile, the Romanian Central Bank Board meets today and is widely expected to maintain its policy rate. We also expect a higher short-term inflation trajectory from the NBR projection, consistent with signals provided at the previous meeting.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
12. Nov		RO	Central Bank Rate	Nov 25	6.50%	6.50%	6.50%
	08:00	RO	CPI (y/y)	Oct	9.83%	9.90%	9.88%
	08:00	RO	CPI (m/m)	Oct	0.55%	0.66%	0.36%
	08:00	RO	Wages (y/y)	Sep			4.44%
	09:00	SK	Wages (y/y)	Sep			-0.80%
	12:00	RS	CPI (y/y)	Oct	3.20%	2.80%	2.90%
	12:00	RS	CPI (m/m)	Oct			-1.60%
13. Nov		RO	Current Account Balance (monthly)	Sep			-18789.00
	08:00	RO	Industrial Production (y/y)	Sep		0.00%	-1.10%
	09:00	SK	CPI (y/y)	Oct		3.70%	4.30%
	09:00	SK	CPI (m/m)	Oct		0.10%	0.20%
	10:00	PL	GDP (y/y)	3Q P	3.80%	3.90%	3.40%
	12:00	RS	Central Bank Rate	Nov 25	5.69%	5.75%	5.75%
	14:00	PL	Trade Balance	Sep	-1034.00		-2147.00

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.22	-0.2	-0.6
EUR/HUF	384.63	0.3	-0.8
EUR/PLN	4.23	-0.1	-0.7
EUR/RON	5.08	0.0	0.0
EUR/RSD	117.03	0.0	0.0
EUR/USD	1.16	0.2	0.9

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.55	0	1
HUF	6.50	0	0
PLN	4.28	-2	-13
RON	6.29	0	-4
RSD	4.68	0	0
EUR	2.03	3	2

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.52	2	5
HU 10Y	6.90	11	8
PL 10Y	5.30	0	3
RO 10Y	6.90	2	0
HR 10Y	3.01	0	0
SK 10Y	3.35	-1	-1

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