

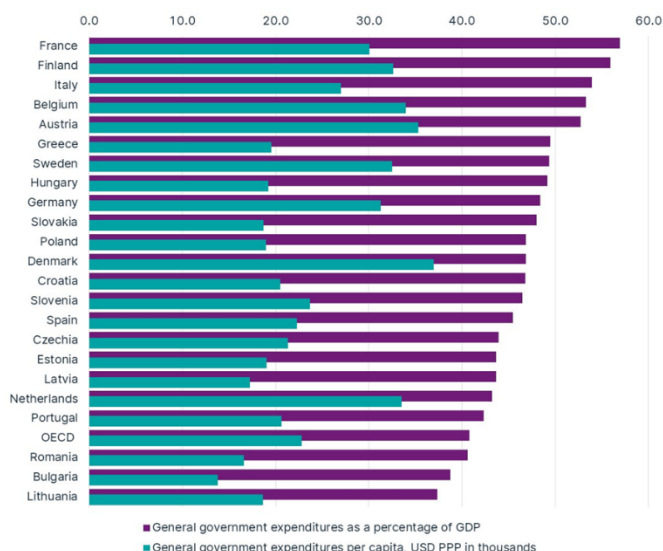
CEE MACRO AND FI DAILY

How much do CEE governments spend?

On the Radar

- Current account surplus in Slovakia reached EUR 106 million, while in Serbia current account posted a deficit of EUR -343.7 million.
- Today, October's unemployment rate in Croatia will be published at 11 AM CET alongside real wage growth in September.
- Slovakia should also release unemployment rate in October.

General government expenditures in 2023, OECD

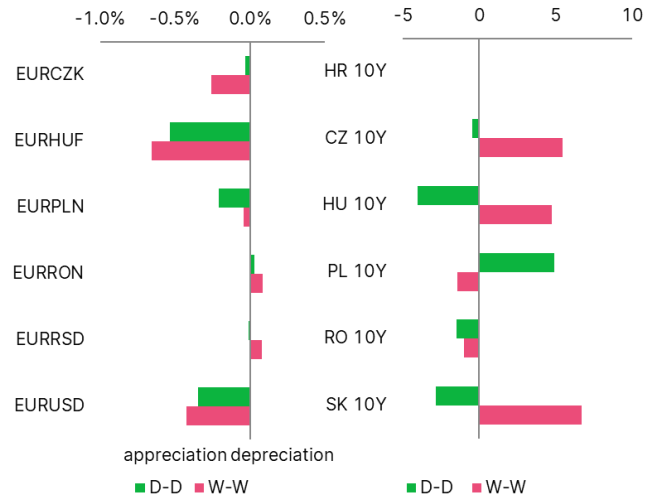


Source: Erste Group Research

Economic developments

Governments allocate public resources across a wide range of activities—from administering justice and maintaining infrastructure to providing healthcare, education, and social protection. According to the OECD, government expenditures average around 40% of GDP across member countries (as of 2023). However, many countries face persistent challenges, including large fiscal deficits, high public debt, rising costs related to aging populations, climate change, and defense, all while operating under already high tax burdens. Within the CEE region, Hungary records the highest government spending as a share of GDP—nearly 50%—followed by Slovakia and Poland. In contrast, Romania's general government expenditures amount to roughly 40% of GDP. When looking at spending per capita (in USD, PPP terms), Czechia surpasses Hungary, with approximately USD 21,350 per person compared to Hungary's USD 19,240. A recent OECD study (based on 2019 data) shows that expenditures related to old age and social protection (excluding old age) typically represent the largest categories. Old-age spending—primarily pension payments—is also the most variable across countries, with high levels in nations offering generous public pensions, such as France or Finland, and lower levels in countries where private pensions play a significant role, such as Denmark. Beyond old-age spending, social protection and healthcare generally account for the largest shares of government budgets, while education and public order represent smaller portions of overall expenditure.

Market performance



Source: Erste Group Research

Market developments

CEE currencies strengthened on Wednesday against the euro. EURHUF moved as low as 381 that is the lowest level in almost two years. In Poland, Finance Minister Andrzej Domanski highlighted the Polish economy's strong performance, driven by robust consumption and real wage growth, and expressed optimism for 2026. He noted that Poland's defense spending is set to reach PLN 200 billion next year, which should also act as an economic stimulus. In Czechia, central banker Kubelkova thinks the bank is in a good position regarding the setting of rates. In her opinion monetary-policy conditions are slightly restrictive, which provides room to react if some risks materialize. She sees risks as balanced at this point. In Romania, Prime Minister Ilie Bolojan proposed a 10% cut to the total personnel budget across all ministries and similar contracting bodies that triggered strong reactions from the Social Democratic Party (PSD) and public-sector trade unions. The proposed cut would come at the top of already introduced measures such as wage freeze.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
20. Nov		SK	Unemployment Rate	Oct			5.04%
	11:00	HR	Unemployment Rate	Oct		4.30%	4.10%
	11:00	HR	Wages (y/y)	Sep			5.30%
21. Nov	10:30	SI	PPI (y/y)	Oct			0.70%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.15	0.0	-0.3
EUR/HUF	381.56	-0.5	-0.7
EUR/PLN	4.23	-0.2	0.0
EUR/RON	5.08	0.0	0.1
EUR/RSD	117.10	0.0	0.1
EUR/USD	1.15	-0.3	-0.4

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.56	1	1
HUF	6.50	0	0
PLN	4.26	-1	-2
RON	6.27	-2	-2
RSD	4.69	0	1
EUR	2.07	1	2

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.60	0	5
HU 10Y	7.05	-4	5
PL 10Y	5.30	5	-1
RO 10Y	6.90	-1	-1
HR 10Y	3.01	0	0
SK 10Y	3.39	-3	7

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