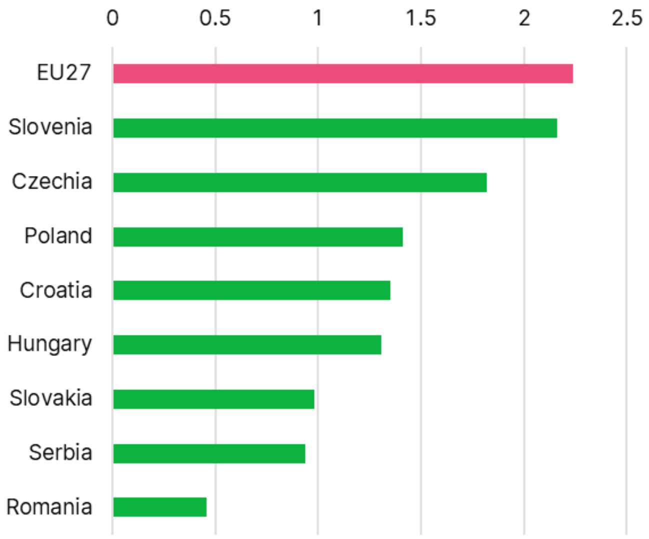
CEE MACRO AND FI DAILY

R&D spending in CEE below EU average

On the Radar

- Retail sales in Hungary grew by 3.1% y/y in October while in Slovakia by 0.6% y/y
- Inflation rate eased in Czechia to 2.1% y/y in November
- Real wage growth in Czechia in 3Q25 was at 4.5% y/y.
- Romania released 3Q25 GDP details and retail sales growth at -4% y/y in October.
- Hungary’s industrial output growth arrived at -2.7% in October.
- At 9 AM CET Slovakia release 3Q25 GDP structure, while Czechia retail sales growth in October.
- Trade data are due in Slovenia (10.30 AM CET).

R&D spending, % of GDP

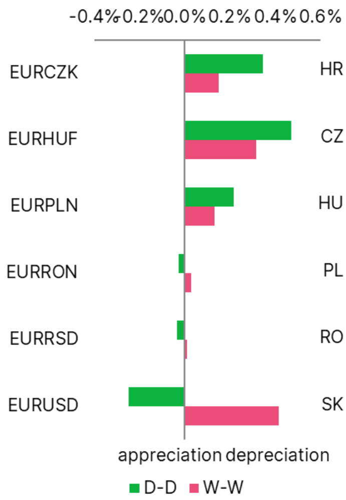


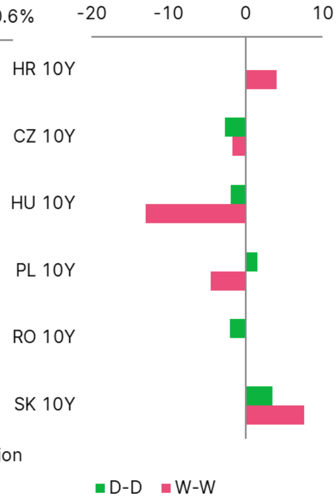
Source: Erste Group Research

Economic developments

Latest Eurostat data on R&D spending in 2024 show that distribution of R&D spending as a share of GDP is divided. A small group of North–Western and Nordic economies operate at—or above—the EU27 average (2.2% of GDP). Six of these countries registered an R&D intensity equal to or higher than 3%, the EU target set by the European Council for the EU. Further, the CEE region remains clustered around 1% to 1.5% of GDP, with several economies still below 1%. Within the region only Slovenia and Czechia are closer to the EU27 average. The CEE region has historically low R&D expenditures as a percentage of GDP. However, this does not mean that the CEE countries are not innovative, as new products, processes and services are mostly being developed at the company level. To sustain competitiveness, other factors, in particular improving efficiency and fast technology adoption, will become increasingly important.

Market performance





Source: Erste Group Research

Market developments

According to Governor Glapinski it is time for “wait-and-see” mode before any further moves are considered. Poland’s central bank lowered key policy rate to 4% this year as inflation has eased visibly and fell toward the central bank target most lately. Governor Glapinski mentioned that job markets pressure ease and imports of cheaper goods from China limit price growth. We currently see terminal rate at 3.5% with risks to the downside. In Czechia, President is scheduled to name Babis as Prime Minister on December 9. In Hungary, Prime Minister Orban plans to raise minimum wage visibly (11% y/y) as part of pre-election campaign. The Czech koruna and the Hungarian forint weakened against the euro, while EURPLN holds at 4.22. Today, after market closes Fitch Ratings is scheduled to review rating and outlook of Hungary. We do not expect any change.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
05. Dec	**08:00**	**RO**	Retail Sales (y/y)	Oct		-3.10%	-1.90%
	08:00	**RO**	GDP (q/q)	3Q P		-0.20%	-0.20%
	08:00	**RO**	GDP (y/y)	3Q P		1.60%	1.60%
	08:30	**HU**	Industrial Production (y/y)	Oct	-4.37%		-1.50%
	09:00	**SK**	GDP (y/y)	3Q F			0.90%
	10:30	**SI**	Trade Balance	Oct			0.58

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.17	0.3	0.1
EUR/HUF	382.34	0.5	0.3
EUR/PLN	4.23	0.2	0.1
EUR/RON	5.09	0.0	0.0
EUR/RSD	117.22	0.0	0.0
EUR/USD	1.16	-0.2	0.4

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.55	0	-1
HUF	6.50	0	0
PLN	4.15	-4	-7
RON	6.21	0	-2
RSD	4.69	0	0
EUR	2.06	3	-1

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.53	-3	-2
HU 10Y	6.89	-2	-13
PL 10Y	5.12	2	-4
RO 10Y	6.90	-2	0
HR 10Y	3.05	0	4
SK 10Y	3.44	4	8

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