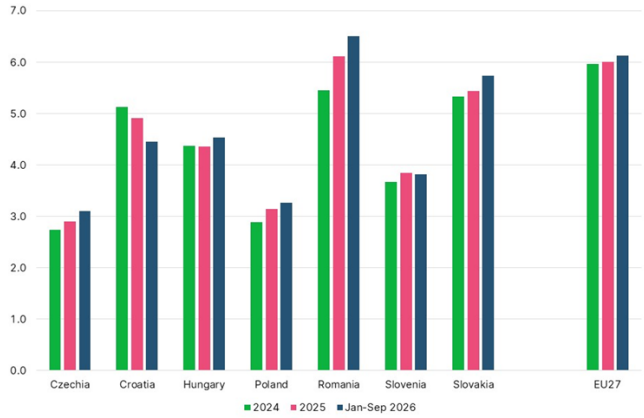
CEE MACRO AND FI DAILY

Rising unemployment tests labour market resilience

On the Radar

- Today, Poland's central bank will announce interest rate decision.
- In Czechia and Croatia, inflation for October will be published.
- Hungary releases industrial output growth for September.
- Slovenia will show trade data.

Unemployment rate, %

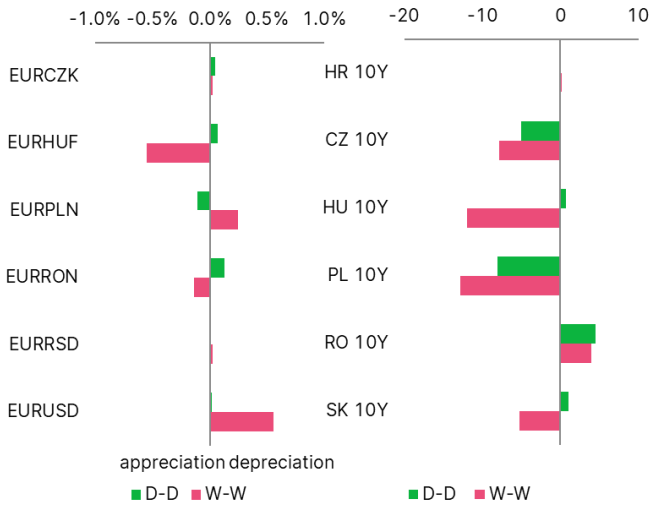


Source: Erste Group Research

Economic developments

CEE labor markets remain comparatively resilient, although unemployment rates have been increasing in most of the CEE countries. In other words, labor market resilience has been weakening lately. Czechia and Poland continue to record the lowest unemployment rates, at around 3% in January–September 2026, despite a gradual increase since 2024. With one of the lowest unemployment rates in the EU, labor market conditions in Czechia and Poland remain relatively tight. Unemployment has also edged up in Hungary and Slovakia, reaching roughly 4.5% and 5.7%, respectively, while Slovenia has remained broadly stable at below 4%. Croatia stands out as the only country showing a clear improvement, with the unemployment rate declining from just above 5% in 2024 to around 4.5% in 2026. Romania, by contrast, has experienced the most pronounced deterioration, with unemployment rising from about 5.5% to nearly 6.5%, moving above the EU27 average. Clearly, the economic slowdown and expected recession in 2026 are taking a toll. Recent developments on labor market in combination with worsening consumer confidence suggest that households have become more vulnerable to changing economic conditions that may weaken private consumption growth in upcoming quarters.

Market performance



Source: Erste Group Research

Market developments

Today, Poland central bank holds a rate setting meeting but we expected stability of key policy rate at 3.75%. Lower-than-expected preliminary inflation data for October have significantly reduced the risk of an interest rate hike. Of course, the decisions are influenced by more factors than just the latest CPI reading. Further, the NBP projection is likely to show a considerably less optimistic inflation trajectory than the previous one. Developments in commodity markets are also hardly encouraging, with the TTF gas price rising above EUR 100/MWh and Brent crude above USD 116 per barrel. It therefore should not be surprising that Bundesbank President Joachim Nagel said that a December hike (which would be the ECB's third this year) is "very likely" necessary and warning that inflation is nearing the ECB's adverse scenario and overshooting its September projections. As for other global developments, in the US Democrats captured majorities in both the Senate and House on Tuesday. Coming back to the region, Poland's Prime Minister Tusk countersigned the nominations of four NBP management-board members, including sitting MPC members Kotecki, Litwiniuk and Zarzecki. Therefore, three of the ten MPC seats would need to be refilled most likely. In Slovakia, Prime Minister Fico's coalition lost its parliamentary majority, falling to 75 reliable MPs in the 150-seat chamber (76 needed). All votes were postponed to next week.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
04. Nov		**PL**	Central Bank Rate	Nov 4	3.75%		3.75%
	07:30	**HU**	Industrial Production (y/y)	Sep			8.7%
	08:00	**CZ**	CPI (y/y)	Oct P	2.5%		2.5%
	08:00	**CZ**	CPI (m/m)	Oct P			
	09:30	**SI**	Trade Balance	Sep			-1.38
	10:00	**HR**	CPI (y/y)	Oct P			4.7%
	10:00	**HR**	CPI (m/m)	Oct P			0.9%
05. Nov	**13:30**	**CZ**	Central Bank Rate	Nov 5	4%		3.75%

FX Market

	Last	Change (%) d/d	Change (%) w/w
EUR/CZK	24.32	0.0	0.0
EUR/HUF	364.35	0.1	-0.6
EUR/PLN	4.41	-0.1	0.2
EUR/RON	5.34	0.1	-0.1
EUR/RSD	117.47	0.0	0.0
EUR/USD	1.12	0.0	0.6

3M Market

	Last	Change (bps) d-d	Change (bps) w-w
CZK	3.98	1	3
HUF	5.50	0	0
PLN	3.92	2	2
RON	6.09	0	0
RSD	4.71	0	1
EUR	2.77	5	15

10Y Yields

	Last	Change (bps) d-d	Change (bps) w-w
CZ 10Y	5.29	-5	-8
HU 10Y	5.48	1	-12
PL 10Y	6.25	-8	-13
RO 10Y	7.12	5	4
HR 10Y	4.11	0	0
SK 10Y	4.27	1	-5

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