

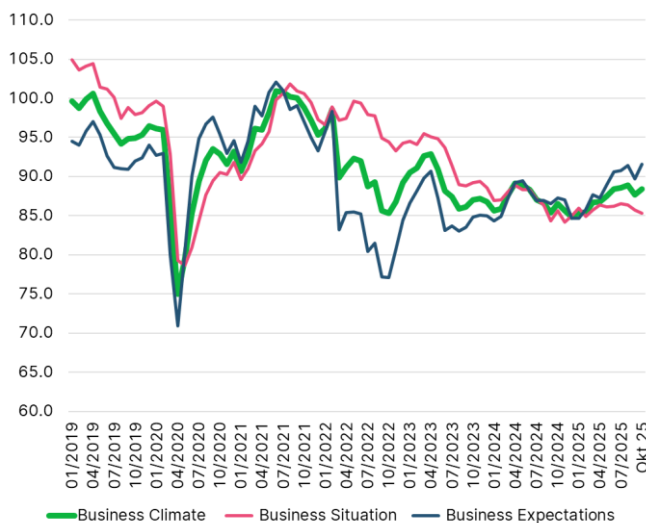
CEE MACRO AND FI DAILY

Strengthening of the business sentiment in Germany

On the Radar

- September's producer prices in Slovakia will be released at 9 AM CET.
- At 10.30 AM CET, Slovenia will publish retail sales growth in September.

Ifo Business Climate in Germany, 2015=100

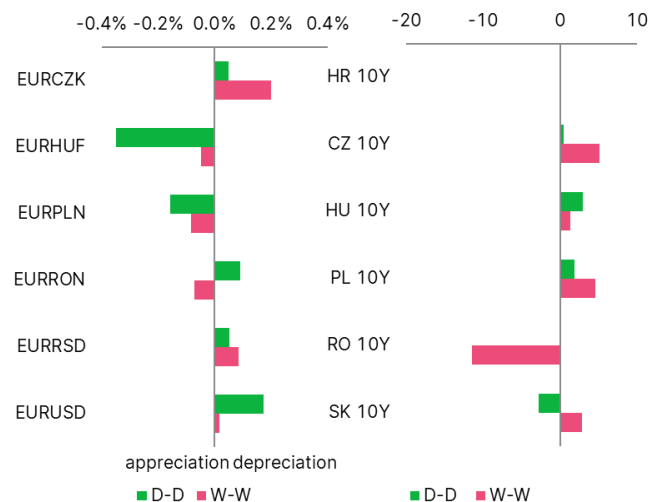


Source: Erste Group Research

Economic developments

Today we summarize the latest sentiment trends in Germany. On Monday, the Ifo Business Climate Index rose to 88.4 in October, aligning with the flash PMI release for Germany published last Friday, which also showed improvement. The Composite PMI Index climbed to 53.8, marking a 29-month high. This growth was primarily driven by momentum in the services sector, which continues to expand. The Ifo survey confirms this trend, reporting a significant improvement in the business climate within the service sector. The overall strengthening in sentiment is largely attributed to improved expectations for the coming months, as companies remain hopeful that the economy will gain traction in the next year—supported by factors such as tariff stability, fiscal expansion, and infrastructure projects. Regarding the manufacturing sector, output has increased for the eighth consecutive month, and new orders have picked up, according to the October PMI release. Unexpectedly good start to the final quarter of 2025 sets a solid ground for stronger economic development of the region next year.

Market performance



Source: Erste Group Research

Analyst:

Katarzyna Rzentarzewska
+43 5 0100 17356
katarzyna.rzentarzewska@erstegroup.com

Analyst:

Juraj Kotian
+43 (0)5 0100 17357
juraj.kotian@erstegroup.com

Market developments

In Czechia, President Pavel asked Babis, the leader of ANO to lead the talks on a new government that will seek to approve the 2026 budget by the end of this year to avoid a provisional budget. In Romania, the budget gap at the end of September was at 5.4% of GDP. Romania placed 2029 and 2033 bonds that were priced to yield 7.1% and 7.11% respectively. Slovakia will offer EUR syndicated bond with 12Y maturity. In Poland the central banker Kotecki advocates for pause in the monetary easing cycle until 2026 to assess the impact of interest rate cuts delivered so far, throughout 2025. The CEE currencies gained against the euro at the beginning of the week, while long-term yields have declined.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
28. Oct	09:00	SK	PPI (y/y)	Sep			0.80%
	10:30	SI	Retail Sales (y/y)	Sep		1.50%	0.70%
29. Oct	08:30	HU	Trade Balance	Sep			636.00

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.30	0.0	0.2
EUR/HUF	388.43	-0.3	0.0
EUR/PLN	4.23	-0.2	-0.1
EUR/RON	5.08	0.1	-0.1
EUR/RSD	117.17	0.1	0.1
EUR/USD	1.16	0.2	0.0

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.53	1	1
HUF	6.50	0	0
PLN	4.47	-2	-3
RON	6.39	-1	-1
RSD	4.68	0	0
EUR	2.08	1	7

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.36	0	5
HU 10Y	6.80	3	1
PL 10Y	5.33	2	5
RO 10Y	7.00	0	-12
HR 10Y	3.01	0	0
SK 10Y	3.34	-3	3

Group Research

Head of Group Research Friedrich Mostböck, CEFA®, CESGA®	+43 (0)5 0100 11902	Group Treasury Markets Head: Valentin Popovici	+43 (0)5 0100 85882
CEE Macro/Fixed Income Research Head: Juraj Kotian (Macro/FI) Katarzyna Rzentarzewska (Fixed income) Jakub Cery (Fixed income)	+43 (0)5 0100 17357 +43 (0)5 0100 17356 +43 (0)5 0100 17384	MM Trading Head: Philippe Quintans de Soure	+43 (0)5 0100 84424
Croatia/Serbia Alen Kovac (Head) Mate Jelić Ivana Rogić	+385 72 37 1383 +385 72 37 1443 +385 72 37 2419	Collateral Trading, Management and Optimization Head: Danijela Lukic	+43 (0)5 0100 84983
Czech Republic David Navratil (Head) Jiri Polansky Michal Skorepa	+420 956 765 439 +420 956 765 192 +420 956 765 172	Interest Rates and FX Options Trading Head: Martin Sramko	+43 (0)5 0100 84924
Hungary Orsolya Nyeste János Nagy	+361 268 4428 +361 272 5115	FX Trading & Corporate Treasury Sales Head: Valentin Popovici	+43 (0)5 0100 85882
Romania Ciprian Dascalu (Head) Vlad Nicolae Ionita	+40 3735 10108 +40 7867 15618	E-FX Trading Head: Helmut Kroboth	+43 (0)5 0100 84652
Slovakia Maria Valachyova (Head) Matej Hornak Marian Kocis	+421 2 4862 4185 +421 902 213 591 +421 904 677 274	CEE FX Trading Head: Juraj Zabadal	+420 224 995 553
Major Markets & Credit Research Head: Rainer Singer Ralf Burchert, CEFA®, CESGA® (Sub-Sovereigns & Agencies) Hans Engel (Global Equities) Maurice Jiszda, CEFA®, CFDS® (USA, CHF) Peter Kaufmann, CFA® (Corporate Bonds) Heiko Langer (Financials & Covered Bonds) Stephan Lingnau (Global Equities) Maximilian Möstl (Credit Analyst Austria) Carmen Riefler-Kowarsch (Financials & Covered Bonds) Bernadett Povaszal-Römhild, CEFA®, CESGA® (Corporate Bonds) Elena Statelov, CIIA® (Corporate Bonds) Gerald Walek, CFA® (Eurozone)	+43 (0)5 0100 17331 +43 (0)5 0100 16314 +43 (0)5 0100 19835 +43 (0)5 0100 19630 +43 (0)5 0100 11183 +43 (0)5 0100 85509 +43 (0)5 0100 16574 +43 (0)5 0100 17211 +43 (0)5 0100 19632 +43 (0)5 0100 17203 +43 (0)5 0100 19641 +43 (0)5 0100 16360	Markets Corporate Sales AT Head: Martina Kranzl-Carvelli	+43 (0)5 0100 84147
CEE Equity Research Head: Henning Ebkuchen, CESGA® Daniel Lion, CIIA® (Technology, Ind. Goods&Services) Michael Marschallinger, CFA® Nora Varga-Nagy, CFA® (Telecom) Christoph Schultes, MBA, CIIA® (Real Estate) Thomas Unger, CFA® (Banks, Insurance) Vladimira Urbankova, MBA (Pharma) Martina Valenta, MBA	+43 (0)5 0100 19634 +43 (0)5 0100 17420 +43 (0)5 0100 17906 +43 (0)5 0100 17416 +43 (0)5 0100 11523 +43 (0)5 0100 17344 +43 (0)5 0100 17343 +43 (0)5 0100 11913	Markets Corporate Sales HUN Head: Adam Farago	+361 237 8202
Croatia/Serbia Mladen Dodić (Head) Magdalena Basic Ivan Lisec Boris Pevalek, CFA® Marko Plastic Davor Spoljar, CFA®	+381 11 22 09178 +385 99 237 1407 +385 99 237 2012 +385 99 237 2201 +385 99 237 5191 +385 72 37 2825	Markets Corporate Sales CZ Head: Tomas Picek	+420 224 995 511
Czech Republic Petr Bartek (Head, Utilities) Jan Bystřický	+420 956 765 227 +420 956 765 218	Markets Corporate Sales RO Head: Bogdan Ionut Cozma	+40 731 680 257
Hungary József Miró (Head) András Nagy Tamás Pletser, CFA® (Oil & Gas)	+361 235 5131 +361 235 5132 +361 235 5135	Markets Corporate Sales SK Head: Lubomir Hladik	+421 2 4862 5622
Poland Cezary Bernatek (Head) Piotr Bogusz Łukasz Jariczak Jakub Szkopek Krzysztof Tkocz	+48 22 257 5751 +48 22 257 5755 +48 22 257 5754 +48 22 257 5753 +48 22 257 5752	Group Securities Markets Head: Thomas Einramhof	+43 (0)50100 84432
Romania Caius Rapanu	+40 3735 10441	Institutional Distribution Core Head: Jürgen Niemeier	+49 (0)30 8105800 5503
Group Markets		Institutional Distribution CEE & Insti AM CZ Head: Antun Burić	+385 72 37 2439
Head of Group Markets Oswald Huber	+43 (0)5 0100 84901	Institutional Distribution DACH+ Head: Marc Frieberthäuser	+49 (0)711 810400 5540
Group Markets Retail and Agency Business Head: Martin Langer Markets Retail Sales AT Head: Markus Kalter Group Markets Execution Head: Kurt Gerhold Retail & Sparkassen Sales Head: Uwe Kolar Markets Retail Sales & PM SK Monika Pálová Markets Retail Sales HUN Head: Peter Kishazi Markets Retail Sales CZ Head: Martin Vlcek Markets Retail Sales & PM CRO Head: Neven Radaković Head: Tamas Nagy Markets Retail Sales & PM RO Head: Laura Hexan GM Retail Products & Business Development Head: Michael Tröthann	+43 (0)5 0100 11313 +43 (0)5 0100 84239 +43 (0)5 0100 84232 +43 (0)5 0100 83214 +421 911 891 098 +36 1 23 55 853 +420 956 765 374 +385 (0)72 37 1385 +385 (0)72 37 2461 +40 7852 47110 +43 (0)50100 11303	Institutional Asset Management CZ Head: Petr Holeček	+420 956 765 453
		Group Institutional Equity Sales Head: Michal Řízek Werner Fürst Viktoria Kubalcova Thomas Schneidhofer Oliver Schuster Czech Republic Head: Michal Řízek Jakub Brukner Martin Havlan Pavel Krabička Poland Head: Jacek Jakub Langer Tomasz Galanciak Maciej Senderek Wojciech Wysocki Przemyslaw Nowosad Croatia Matija Tkalićanac Hungary Nandori Levente Krisztian Kandik Balasz Zankay Romania Adrian Barbu	+420 224 995 537 +43 (0)50100 83121 +43 (0)5 0100 83124 +43 (0)5 0100 83120 +43 (0)5 0100 83119 +420 224 995 537 +420 731 423 294 +420 224 995 551 +420 224 995 411 +48 22 257 5711 +48 22 257 5715 +48 22 257 5713 +48 22 257 5714 +48 22 257 5712 +385 72 37 21 14 + 36 1 23 55 141 + 36 1 23 55 162 + 36 1 23 55 156 +40 7305 18635
		Group Fixed Income Securities Markets Head: Goran Hobljaj	+43 (0)50100 84403
		Fixed Income Flow Sales Head: Goran Hobljaj Bernd Thaler	+43 (0)5 0100 84403 +43 (0)5 0100 84119
		Group Fixed Income Securities Trading Head: Goran Hobljaj Credit Trading Head: Christoph Fischer-Antze CEE Rates Trading Head: Peter Provotiak Euro Government Bonds Trading Head: Gottfried Ziniel	+43 (0)50100 84403 +43 (0)50100 84332 +420 224 995 512 +43 (0)50100 84333
		Group Equity Trading & Structuring Head: Ronald Nemec	+43 (0)50100 83011
		Group Markets Financial Institutions Manfred Neuwirth	+43 (0)50100 84250
		Group Financial Institutions Head bis 30.4.25: Christian Wolf Head ab 1.5.25: Christina Linzer	+43 (0)50100 12776 +43 (0)50100 13049
		Group Non-Bank Financial Institutions Head: Michael Aschauer	+43 (0)50100 14090

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Group Research
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Head Office: Wien
Commercial Register No: FN 33209m
Commercial Court of Vienna
Erste Group Homepage: www.erstegroup.com