

CEE MACRO OUTLOOK

CEE Growth Navigator

Expected development after 3Q25 GDP data

Juraj Kotian, Katarzyna Rzentarzewska, Jakub Cery
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Spot Rates as of: November 18, 2025

Note: Information on past performance is not a reliable indicator for future performance.
Forecasts are not a reliable indicator for future performance.

Expected development in response to flash GDP estimates

Growth

We switch our attention to the outlook for 2026 already after slight finetuning of 2025 GDP estimates. The external environment should not be a drag on the economic development in the region. While uncertainty remains high, we expect sentiment to settle down after there is more clarity regarding tariffs since August 2025.

2026 is the last year in which RRF payments will be flowing. The focus and efforts to use the grants for investment activity will be high, supporting the growth dynamics. Private consumption should contribute positively as well, though the growth dynamics may be decelerating. **We mostly maintain our 2026 forecasts in the region.**

Adjustments, if any, are rather small apart from Serbia. In Serbia we see 2026 GDP at 2.7% as opposed to 4.3% expected previously. Further, Czechia, Slovenia and Romania are expected to grow slightly above 2% in 2026. We maintain Slovakia's performance of 1.3% next year as well. In Hungary, we alter the 2026 forecast to 2% (down from 2.3%), while in Poland growth dynamics may be slightly higher (compared to current expectations) at around 3.5% next year.

After seeing 3Q25 flash estimates, we do not expect major changes to the 2025 and 2026 forecasts in most of the countries. While Hungary stagnated q/q, Czechia grew quite dynamically, by 0.7%. Poland outperformed as well, showing 0.8% q/q growth. Slovakia and Slovenia's GDP growth dynamics accelerated in y/y terms to 0.9% and 1.7%, respectively. Serbia's economy expanded by 2% y/y, a disappointing outcome. We revised 2025 GDP down to 2% and 2026 to 2.7%. Romania contracted in q/q terms, but y/y growth dynamics were positive (1.6% y/y).

Detailed CEE Macro Outlook will be published in mid-December, once GDP structure is published.

Expected development in response to flash GDP estimates

Inflation

Throughout 2025, inflation has been easing or moving sideways across the region. The only exception is Romania, where inflation spiked in response to tax hikes that were part of fiscal consolidation measures. Most recently, headline inflation has settled between 2% and 4% in all CEE countries, except for Romania, where inflation is just shy of 10%. In October, inflation declined in Croatia, Poland, Serbia and Slovakia. In Poland, the downside surprise was also a factor in the central bank's decision to lower interest rates to 4.25% in November. In Czechia and Slovenia, October's inflation went up slightly. In Czechia, the increase to 2.5% y/y was mostly influenced by food prices (1.1%). Inflation in the service sector (which reflects domestic demand and is monitored by the central bank) slowed, most likely only slightly.

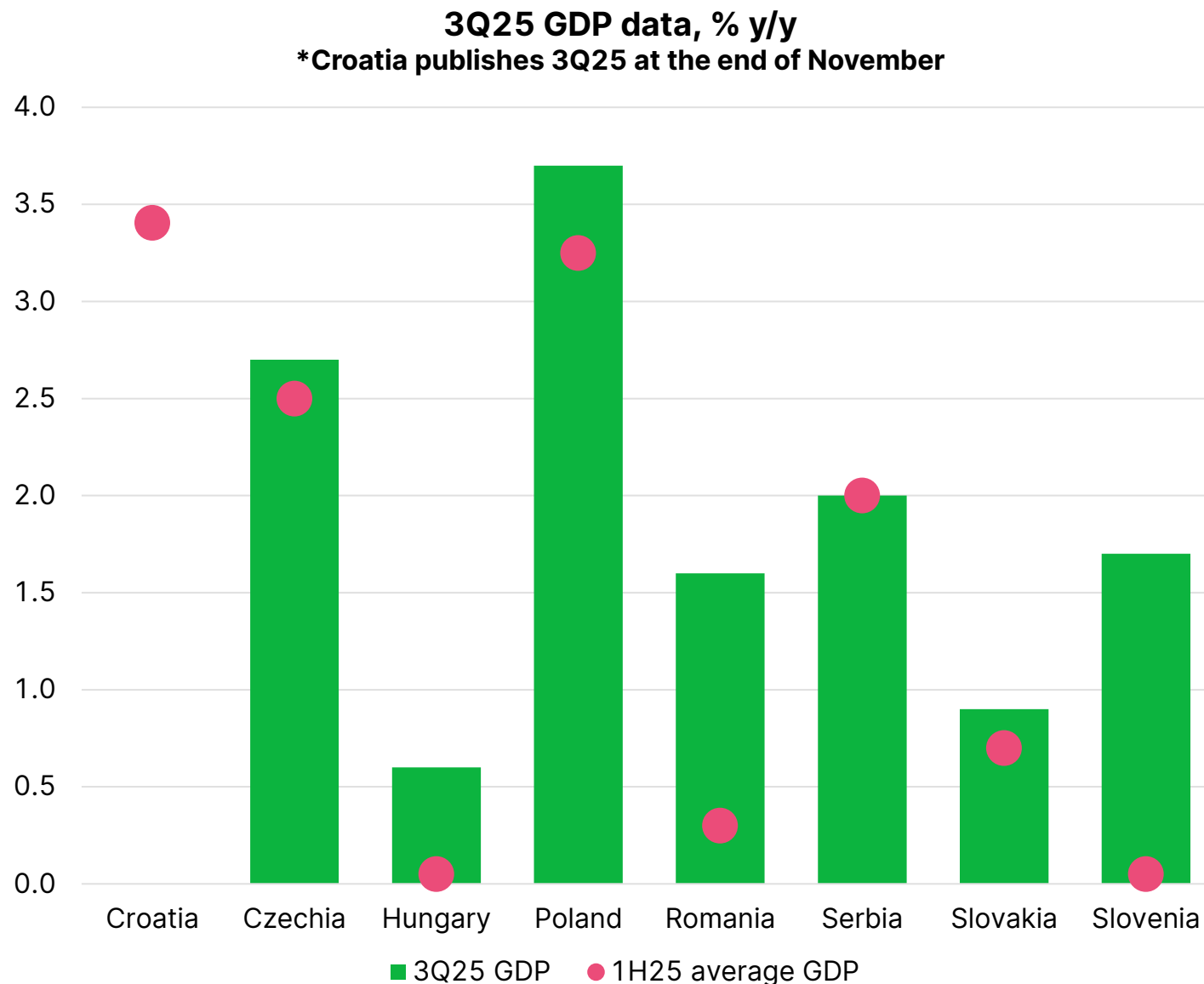
Inflation should ease across the region in 2026, supporting a monetary easing scenario in 2026.

Monetary policy

Monetary easing should be resumed in the course of 2026 in all CEE countries except for Czechia. In Czechia, 3.5% seems to be a terminal rate. In Poland and Romania, we should see monetary easing during the first half of 2026. In Serbia, we expect monetary easing in the second half of the year. In Hungary, we believe that the first easing steps are likely in the second half of 2026, potentially toward the end of the year. By then, we anticipate that the situation regarding price caps will be resolved, and the outlook for 2027 inflation will be clearer.

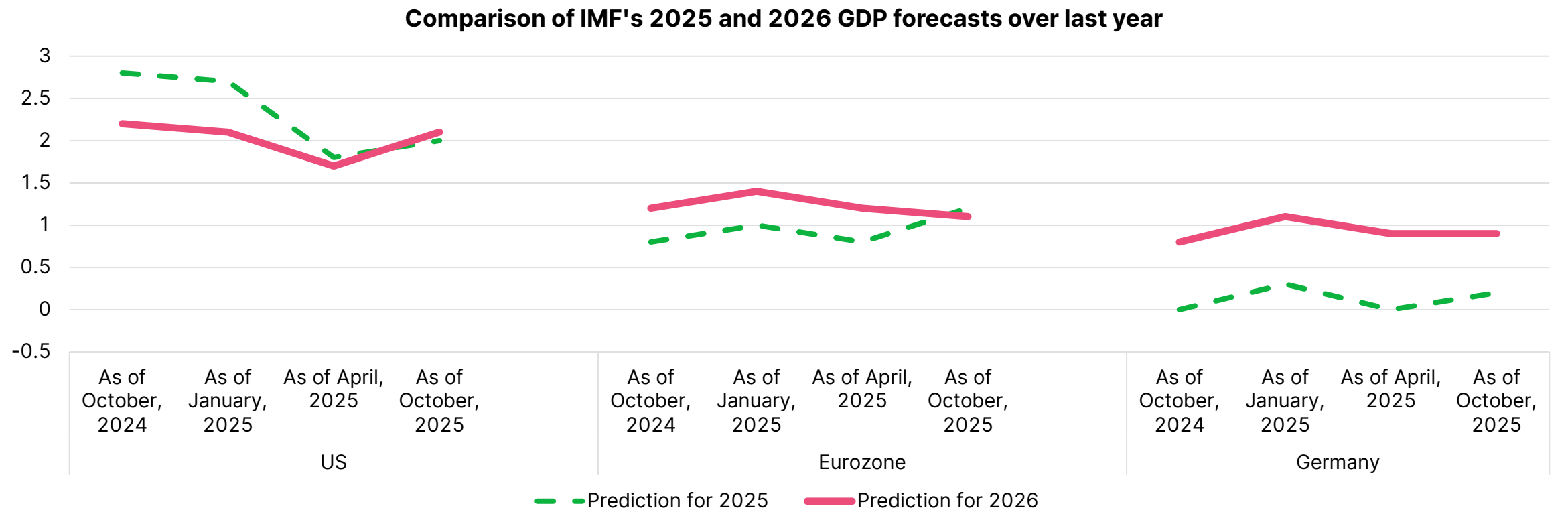
Flash GDP growth

While Hungary stagnated q/q, Czechia grew quite dynamically by 0.7%. That translates into 0.7% y/y growth for Hungary and 2.7% y/y for Czechia. Poland outperformed as well with 0.8% q/q and 3.7% y/y growth. Serbia, on the other hand, disappointed again with 3Q25 GDP growth at 2% y/y, short of market expectations at 2.4% y/y. Slovakia and Slovenia's GDP growth accelerated to 0.9% y/y and 1.7% y/y, respectively, while Romania contracted in q/q terms (-0.2% q/q), but the y/y growth dynamics remain positive at 1.6%.

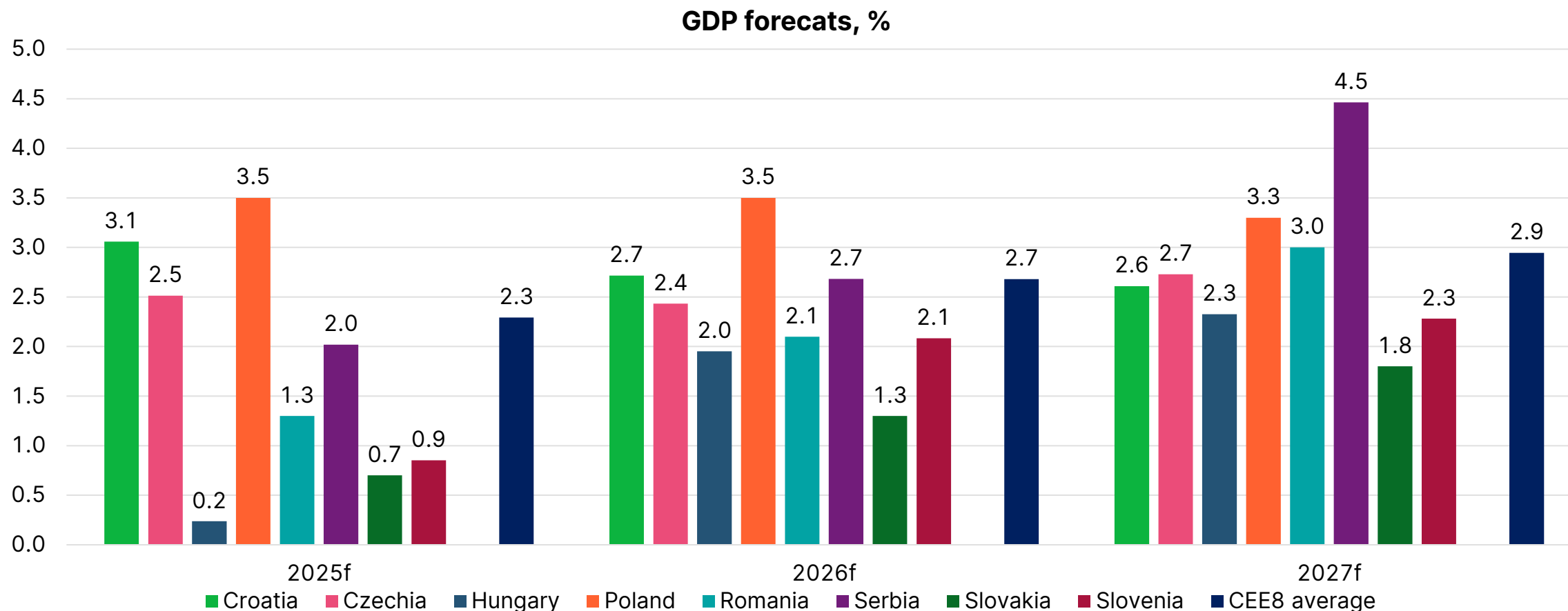


External environment should not be major drag on region in 2026

Growth expectations for the next year in the Eurozone and Germany have not deteriorated further after the introduction of global tariffs. At present, expectations for 2026 are exactly where they were a year ago. Although uncertainty remains elevated, we believe sentiment should settle after there is more clarity on global tariffs.



Current growth outlook: No major changes to the 2025 and 2026 forecasts in most of the countries



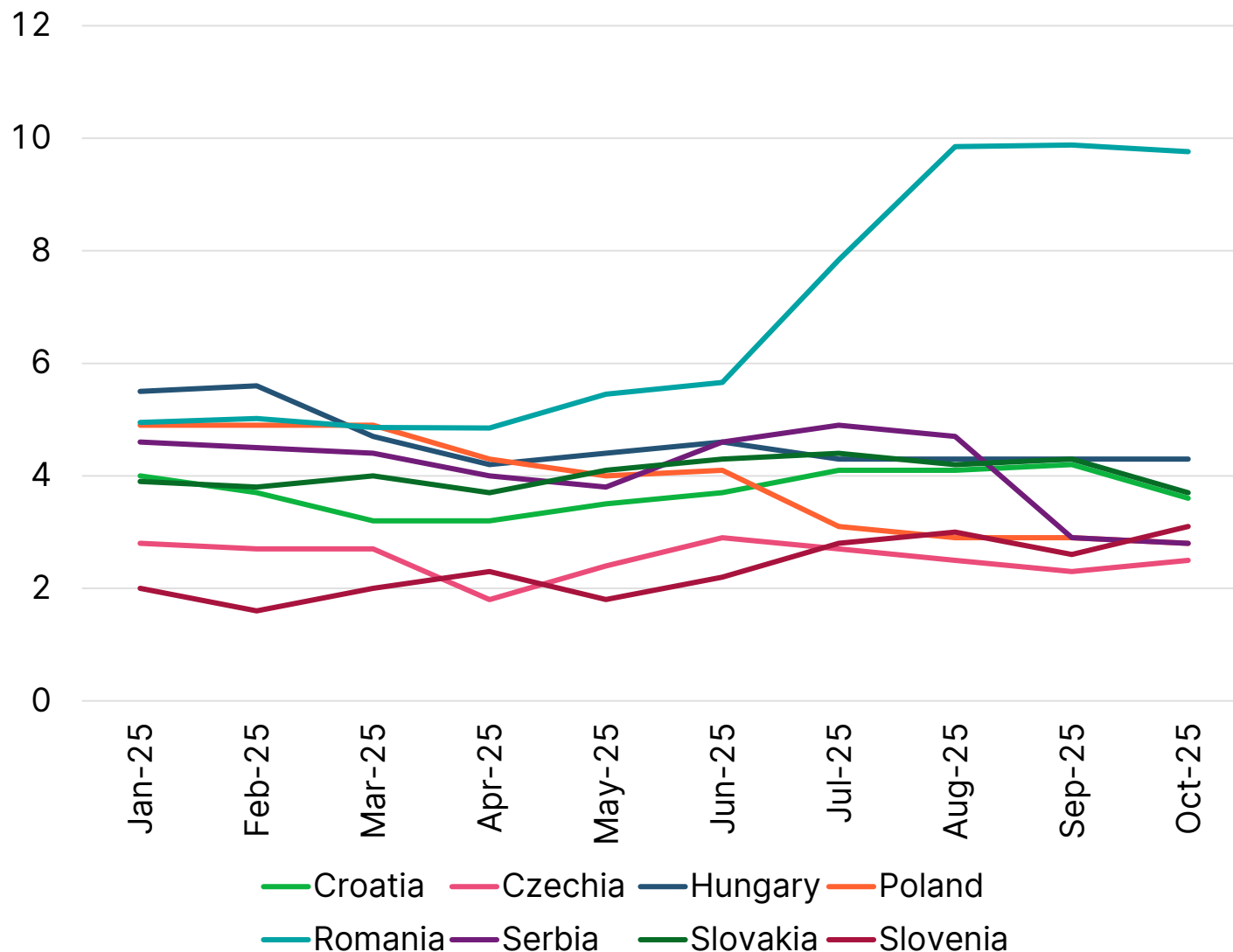
Expected revisions

Economic development		Revision
Croatia	3QGDP to be published at the end of November	We see 2025 and 2026 growth close to 3% in Croatia
Czechia	Czechia grew quite dynamically by 0.7% q/q and 2.7% y/y	Solid growth expected (around 2.5% in 2025 and 2026) as Czechia proved to be resilient to global headwinds
Hungary	Another disappointing quarter	Slight downward revision of 2025 GDP growth (0.2%) but recovery is expected in 2026
Poland	Strong growth of 0.8% q/q and 3.7% y/y in 3Q25	Poland on track to grow well above 3% this and next year
Romania	Economy contracted by -0.2% q/q but y/y growth dynamics remained positive at 1.6%	We maintain our 2025 and 2026 forecasts with the risks to the downside
Serbia	3Q25 GDP fell short of expectations arriving at 2% y/y	Serbia's growth proved to be weaker than expected and 2025 was revised to 2% while 2026 more substantially to 2.7%
Slovakia	Solid 3Q25 growth dynamics at 0.9% y/y	No change regarding the 2026 outlook
Slovenia	3Q25 GDP edged higher to 1.7% y/y	We sustain our current view of Slovenia accelerating toward 2% in 2026

Inflation development

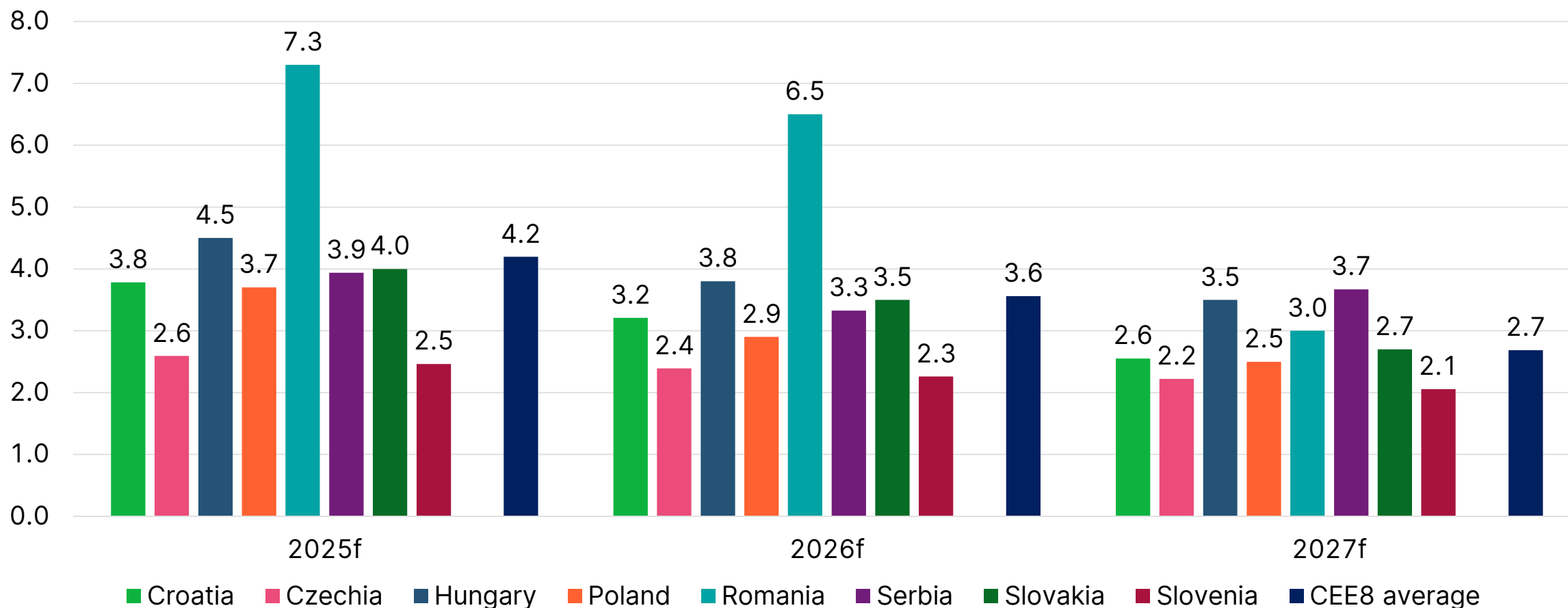
Throughout 2025, inflation has been easing or moving sideways across the region. The only exception is Romania, where inflation spiked due to tax hikes that were part of fiscal consolidation measures. Headline inflation has recently settled between 2% and 4% in all CEE countries, except for Romania, where inflation is just shy of 10%. In October, inflation declined in Croatia, Poland, Serbia and Slovakia. In Poland, the downside surprise was a factor in the central bank's decision to lower interest rates to 4.25% in November. In Czechia and Slovenia, October's inflation went up slightly. In Czechia, the increase to 2.5% y/y was mostly influenced by food prices (1.1%). In Hungary inflation has held close to 4.3% for a couple of months already.

Year-to-date inflation development, % y/y



Current inflation outlook: Inflation should ease in 2026, allowing monetary easing

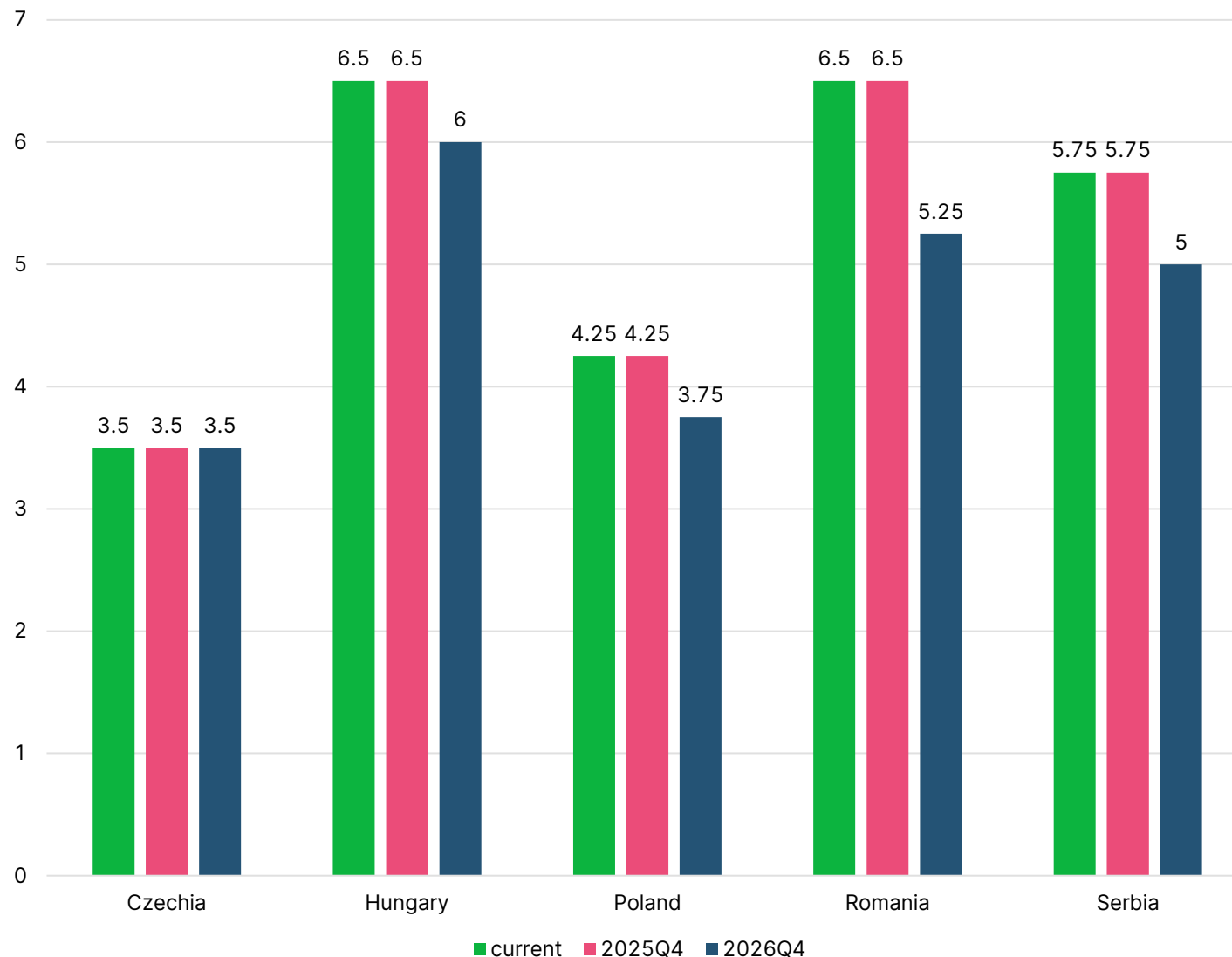
Inflation forecast, percent



Monetary policy outlook

Monetary easing should resume next year everywhere but Czechia, where 3.5% seems to be a terminal rate. In Poland and Romania, interest rate cuts should take place already during the first half of the year. In Romania, we see May as the most likely timing of the first interest rate cut. In Serbia, we expect monetary easing in the second half of the year. In Hungary, we believe that the first easing steps are likely in the second half of 2026, potentially toward the end of the year. By then, we anticipate that the situation regarding price caps will be resolved, and the outlook for 2027 inflation will be clearer - particularly whether inflation can sustainably remain within the central bank's target range.

Interest rate, current and year-end forecast, percent



Forecasts

Real GDP growth (%)

	2023	2024	2025f	2026f
Croatia	3.8	3.8	3.1	2.7
Czechia	0.2	1.1	2.5	2.4
Hungary	-0.8	0.6	0.2	2.0
Poland	0.2	3.0	3.5	3.5
Romania	2.3	0.9	1.3	2.1
Serbia	3.7	3.9	2.0	2.7
Slovakia	2.1	1.9	0.7	1.3
Slovenia	2.4	1.7	0.9	2.1
CEE8 avg	0.9	2.0	2.3	2.7

Public debt (% of GDP)

	2023	2024	2025f	2026f
Croatia	60.9	57.4	56.5	56.0
Czechia	42.2	43.3	44.2	44.8
Hungary	73.2	73.5	74.3	75.0
Poland	49.5	55.1	62.0	66.0
Romania	48.9	54.8	59.2	61.1
Serbia	48.0	46.7	47.6	47.7
Slovakia	55.8	59.7	61.9	63.2
Slovenia	68.3	66.6	66.1	65.5
CEE8 avg	52.0	55.4	59.3	61.5

Average inflation (%)

	2023	2024	2025f	2026f
Croatia	8.1	3.0	3.8	3.2
Czechia	10.7	2.4	2.6	2.4
Hungary	17.6	3.7	4.5	3.8
Poland	11.4	3.6	3.7	2.9
Romania	10.5	5.6	7.3	6.5
Serbia	12.5	4.6	3.9	3.3
Slovakia	10.5	2.8	4.0	3.5
Slovenia	7.4	2.0	2.5	2.3
CEE8 avg	11.5	3.7	4.2	3.6

C/A (%GDP)

	2023	2024	2025f	2026f
Croatia	0.1	-2.2	-3.6	-3.9
Czechia	0.3	1.7	1.9	1.4
Hungary	-0.1	1.5	1.1	1.0
Poland	1.5	0.3	-0.5	-1.0
Romania	-6.6	-8.3	-7.8	-6.8
Serbia	-2.4	-4.7	-5.2	-6.2
Slovakia	-3.0	-4.6	-4.1	-4.0
Slovenia	4.8	4.5	3.2	2.9
CEE8 avg	-0.6	-1.2	-1.6	-1.8

Unemployment (%)

	2023	2024	2025f	2026f
Croatia	6.1	5.0	4.7	4.5
Czechia	2.6	2.7	2.9	3.5
Hungary	4.1	4.4	4.3	4.1
Poland	5.1	5.1	5.3	5.2
Romania	5.6	5.5	5.9	5.7
Serbia	9.5	8.6	8.7	8.6
Slovakia	5.8	5.3	5.4	5.8
Slovenia	3.7	3.7	3.6	3.6
CEE8 avg	4.9	4.8	5.0	5.0

Budget Balance (%GDP)

	2023	2024	2025f	2026f
Croatia	-0.8	-1.9	-2.8	-2.7
Czechia	-3.7	-2.0	-2.4	-2.5
Hungary	-6.8	-5.0	-5.0	-5.3
Poland	-5.2	-6.5	-7.0	-6.8
Romania	-6.6	-9.3	-8.4	-6.4
Serbia	-2.1	-2.0	-3.0	-3.0
Slovakia	-5.3	-5.5	-4.8	-4.3
Slovenia	-2.6	-0.9	-2.1	-2.9
CEE8 avg	-5.0	-5.5	-5.7	-5.3

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Juraj Kotian



Katarzyna Rzentarzewska



Jakub Cery



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Erste Group Research (Vienna)

Fritz Mostböck, CEFA®, CESGA®
Head of Group Research
+43 5 0100 11902
friedrich.mostboeck@erstegroup.com

Juraj Kotian
Head of CEE Macro/ FI Research
+43 5 0100 17357
juraj.kotian@erstegroup.com

Rainer Singer
Head of Major Markets & Credit Research
+43 5 0100 11909
rainer.singer@erstegroup.com

Henning Eßkuchen, CESGA®
Head of CEE Equity Research
+43 5 0100 19634
henning.esskuchen@erstegroup.com

Local Research Offices

Bratislava
Slovenska Sporitelna
Head: Maria Valachyova
+421 (2) 4862 4158
valachyova.maria@slsp.sk

Budapest
Erste Bank Hungary
Head: Jozsef Miro
+36 (1) 235 5131
Jozsef.Miro@erstebroker.hu

Bucharest
Banca Comerciala Romana (BCR)
Head: Ciprian Dascalu
+40 3735 10 424
ciprian.dascalu@bcr.ro

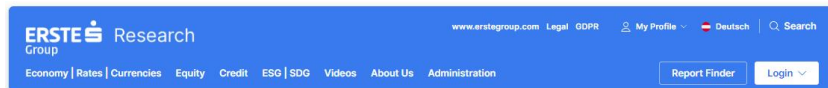
Prague
Ceska Sporitelna
Head: David Navratil
+420 224 995 439
DNavratil@csas.cz

Warsaw
Erste Securities Polska
Head: Cezary Bernatek
+48 22 257 5751
Cezary.Bernatek@erstegroup.com

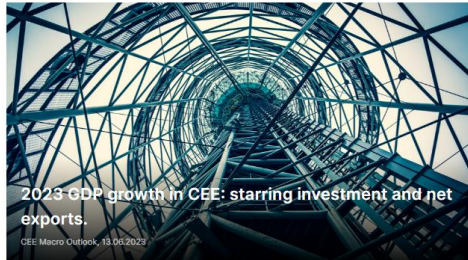
Zagreb/ Belgrade
Erste Bank
Heads: Alen Kovac, Mladen Dodig
+385 72 37 1383, +381 1122 09178
akovac2@erstebank.com
Mladen.Dodig@erstebank.rs

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