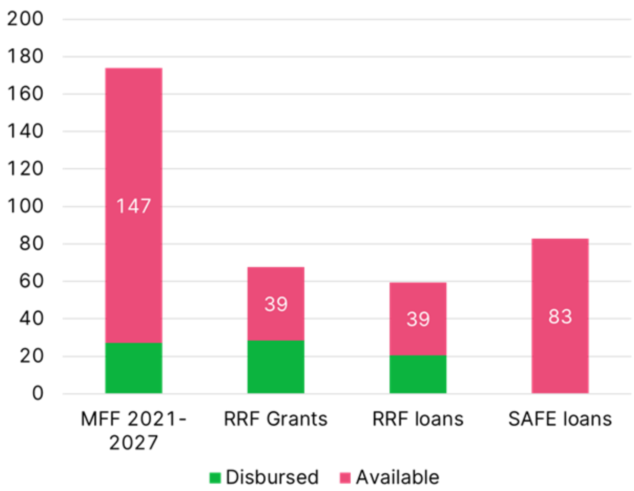
CEE MACRO AND FI DAILY

CEE economy to slightly accelerate in 2026 due to RRF funds

On the Radar

- Industrial output declined by -3.8% y/y in Slovakia in October, while in Slovenia it contracted by -2.0% y/y.
- Final inflation was confirmed at 2.1% y/y in November in Czechia.
- Today, Serbia's central bank holds a rate setting meeting.

Available funds for CEE7 from existing EU programs, EUR bn

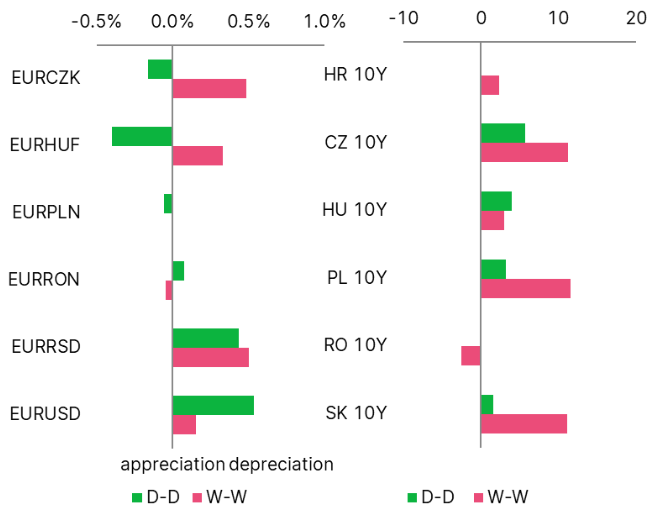


Source: Erste Group Research

Economic developments

In our latest [CEE Outlook | Tomorrow to hopefully make up for yesterday] we expect economic growth to slightly accelerate in 2026 (CEE8 average at 2.7%, up from 2.3% expected in 2025). While private consumption should remain one of the growth pillars, private consumption growth is likely to slow down. On the other hand, investment activity should be quite strong in 2026. Next year is the last year for drawing RRF funds. Countries will thus focus on utilizing as much as possible. In some CEE countries (Poland, Romania or Slovenia), roughly half of RRF grants is still not disbursed while in other countries the number is around a third. In general, CEE floats in vast pool of EU money as we estimate that roughly EUR 300bn is still available for CEE countries from all existing EU programs. We have already mentioned the RRF funds. The utilization of regular MFF 2021-2027 funds has been lagging behind. At the top of that SAFE loans will be available and Hungary already declared readiness to use it extensively.

Market performance



Source: Erste Group Research

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Market developments

At Wednesday's meeting of the FOMC, the US Federal Reserve's interest rate-setting body, key interest rates were cut by 25 basis points, as widely anticipated. The upper limit of the federal funds target rate is now 3.75%. Today, Serbia's central bank holds a rate setting meeting and we expect no change in key policy rate that currently holds at 5.7%. Poland's central banker Kotecki said he did not see the room for further rate cuts as expectations are building up after inflation rate declining more than expected. At this point central bank supports "wait-and-see" mode. Similarly, another central banker Litwiniuk noted that minimal room for a downward rate correction exists, possibly around March when new inflation and growth projection is published.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
11. Dec	**12:00**	**RS**	Central Bank Rate	Dez 25		5.8%	5.8%
12. Dec	**08:00**	**RO**	CPI (y/y)	Nov		9.8%	9.8%
	08:00	**RO**	CPI (m/m)	Nov		0.5%	0.5%
	08:00	**RO**	Wages (y/y)	Oct			4.1%
	09:00	**SK**	Wages (y/y)	Oct			3.1%
	12:00	**RS**	CPI (y/y)	Nov		2.8%	2.8%
	12:00	**RS**	CPI (m/m)	Nov			0.5%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.21	-0.2	0.5
EUR/HUF	381.80	-0.4	0.3
EUR/PLN	4.22	-0.1	0.0
EUR/RON	5.09	0.1	0.0
EUR/RSD	117.85	0.4	0.5
EUR/USD	1.17	0.5	0.2

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.54	0	-1
HUF	6.50	0	0
PLN	4.07	0	-12
RON	6.20	0	-1
RSD	4.68	-1	-1
EUR	2.08	-1	5

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.67	6	11
HU 10Y	6.94	4	3
PL 10Y	5.22	3	12
RO 10Y	6.90	0	-3
HR 10Y	3.07	0	2
SK 10Y	3.51	2	11

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