



June 2026

Global Strategy

Financial Markets in Q3 2026

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Note:
Our estimates are in absolute
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Investment Strategy 3Q 2026

Yields		current	3Q26	Estimates		
				4Q26	1Q27	2Q27
10y. Govt. bonds	Germany	2,96	3,00	3,10	3,10	3,10
	Austria	3,21	3,30	3,40	3,40	3,40
	US	4,46	4,70	4,80	4,80	4,70
	CEE					
	Czech Republic	4,63	4,48	4,37	4,30	4,25
	Hungary	5,17	5,87	5,81	5,85	5,78
	Poland	5,40	5,27	5,23	5,17	5,06
	Romania	6,72	7,00	6,90	6,71	6,62

Source: Erste Group Research estimates

Currencies		current	3Q26	Estimates		
				4Q26	1Q27	2Q27
Global	EURUSD	1,15	1,12	1,10	1,10	1,10
	EURCHF	0,93	0,93	0,93	0,93	0,93
	Gold (USD)	4.210	4.300	4.500	4.700	4.750
CEE	CZK	24,2	24,3	24,2	24,2	24,1
	HUF	352,2	360,0	360,0	360,0	355,0
	PLN	4,27	4,25	4,25	4,25	4,25
	RON	5,24	5,26	5,27	5,27	5,30

Source: Erste Group Research estimates

Equities		Estimate	min	max	FX	
						3Q 2026
Global		↗	0%	+5%	USD	
Regions	Europe	↗	0%	+5%	EUR	
	USA	↗	0%	+5%	USD	
	CEE	↗	0%	+5%	EUR	
	Emerging Markets					
	India	↗	0%	+5%	INR	
	China	↗	0%	+5%	USD	
Sectors	Technology	↗	0%	+5%	USD	
	Basic Materials	↗	0%	+5%	USD	
	Financials	↗	0%	+5%	USD	
	Industrials	↗	0%	+5%	USD	
	Utilities	↗	0%	+5%	USD	
	Consumer Discretionary	↗	0%	+5%	USD	
	Energy	↘	-5%	0%	USD	
	Consumer Staples	↘	-5%	0%	USD	
	Health Care	↘	-5%	0%	USD	
Telecom	↘	-5%	0%	USD		

Source: Erste Group Research estimates

We are obliged by regulatory requirements to provide the following notice: Forecasts are not a reliable indicator of future performance.

Q3 - A period of easing tensions

With the signing of a framework agreement and subsequent negotiations between the U.S. and Iran in June, the outlook for the third quarter is favorable. Oil prices have already fallen sharply, and futures are pricing in a further decline over the course of the year. This will ease the burden on consumers and reduce uncertainty among businesses, with positive effects on the economy.

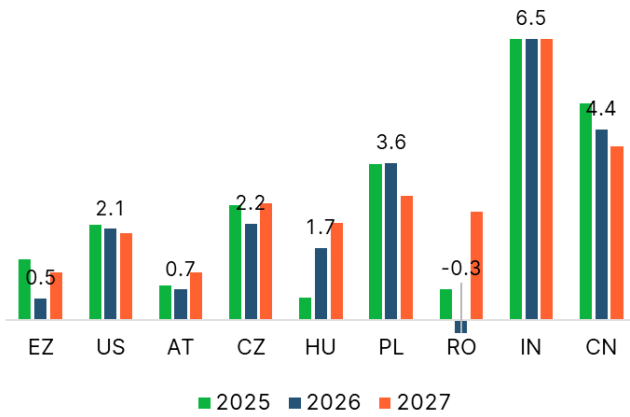
The ECB and the U.S. Fed, however, will still have to grapple with the aftermath of the crisis. The question is whether interest rates will need to be raised to ensure that inflation rates return to their respective target levels. We do not expect the ECB to raise interest rates further, but we do expect the Fed to raise rates in the third quarter. Uncertainty about the path of inflation, improved economic data, and the persistently high financing needs of Germany and the U.S. suggest that yields in the bond markets will generally not return to the levels seen before the outbreak of the crisis. For the U.S., we even anticipate a rise in yields. Given current yield levels and the expected continued modest narrowing of spreads, we continue to view euro-denominated corporate bonds as attractive.

Following the most recent meeting of the Federal Reserve's monetary policy committee, speculation about interest rates has gained momentum. In our view, this should provide sustained support for the dollar, and we therefore expect the U.S. currency to strengthen against the euro. As for the Swiss franc, we anticipate a slight weakening as the geopolitical situation stabilizes. This environment implies a sideways trend for gold for the time being. CEE currencies, on the other hand, should generally benefit, even though there are significant differences in the countries' starting points.

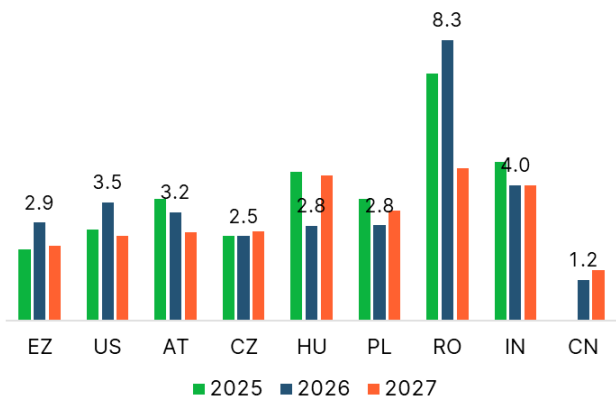
The stock markets have weathered the storm of recent months well. While the AI boom was largely responsible for this, earnings growth in sectors other than technology also surprised on the upside, both in the U.S. and in Europe. We generally expect further price increases in the stock markets, even though there will be significant differences between sectors. Selecting the right stocks - even within subsectors - will therefore remain crucial. We favor technology, financials, and industrials; conversely, we see no potential in consumer staples, healthcare, and telecommunications, to name just a few.

Economy

GDP-Forecast, in %



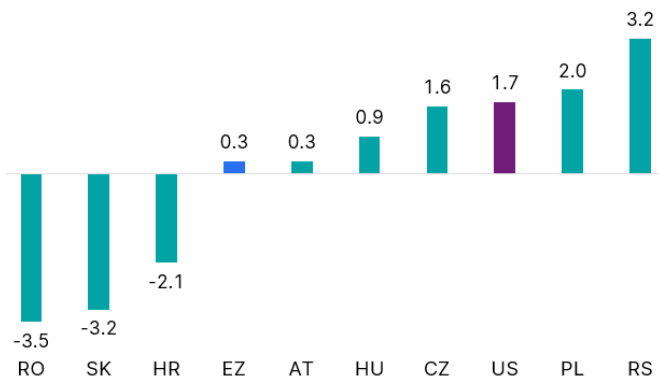
Inflation-Forecast, in %



Source: IMF, Erste Group Research

Industrial production, real y/y in %

latest available values



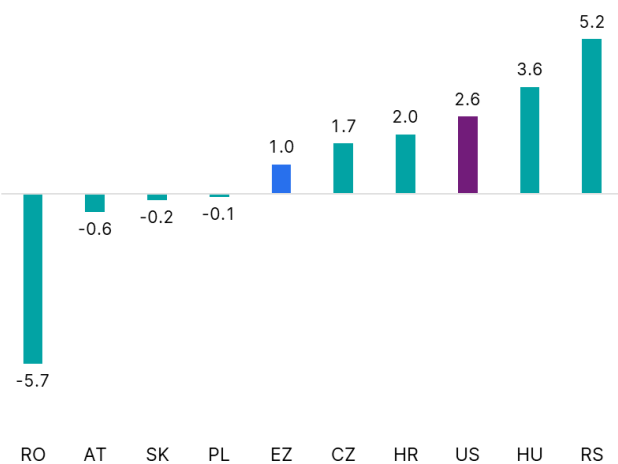
Unemployment rate, in %

latest available values



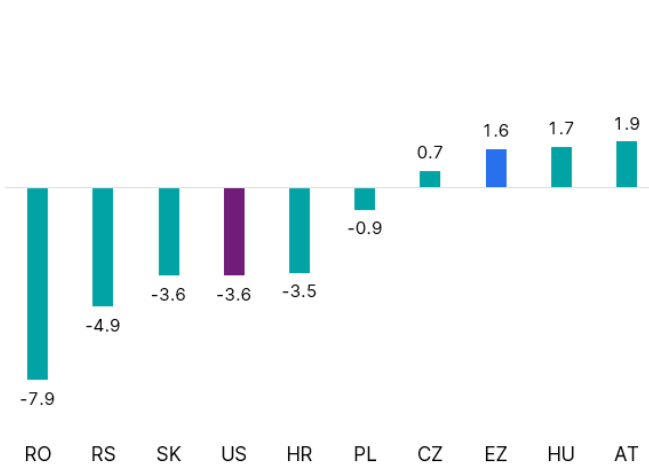
Retail sales, real y/y in %

latest available values



Current Account Balance, yearly in % of GDP

2025



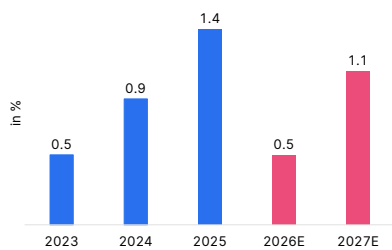
Source: Eurostat, Erste Group Research

Eurozone

Growth is expected to regain momentum in second half of year

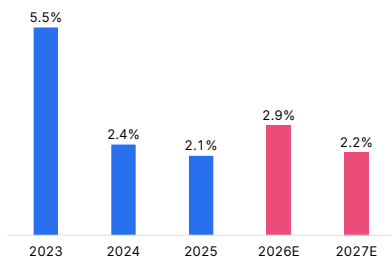
The Eurozone economy unexpectedly contracted by 0.1% q/q in 1Q26. Ireland's GDP data has been subject to significant fluctuations for some time, due in part to the US tariff dispute. These fluctuations dragged down Eurozone GDP growth in 1Q. Without this dampening effect, the Eurozone would likely have grown by approximately 0.2% q/q. For example, Spain's economy grew by 0.6% q/q, while Germany and Italy's economies also posted solid growth of 0.3% q/q. As expected, leading economic indicators continued to decline in April and May due to the Middle East conflict and the resulting rise in energy prices. In light of this, we expect private consumption in particular to have a dampening effect on growth in the second quarter. Now that an agreement between the US and Iran has been reached for the time being, we anticipate a gradual easing of the situation in the energy markets in the third quarter. As a result, economic growth should recover gradually.

Eurozone GDP growth 2023–2027E, in %



Source: Eurostat, Erste Group Research

Eurozone inflation 2023–2027E, in %



Source: Eurostat, Erste Group Research

In the medium term, consumption in the Eurozone should benefit from rising real wages and a robust labor market with a historically low unemployment rate of around 6%. Investment growth should be supported by continued favorable financing conditions in the financial markets. Furthermore, we expect fiscal measures (Germany's special fund, increased defense spending in all EU countries) to provide additional impetus to investment growth. By contrast, the situation for the export sector will remain difficult due to US tariff policies combined with the increased competitiveness of Chinese suppliers in high-tech sectors. Due to the dampening effects resulting from the Middle East conflict as well as negative one-time effects from Ireland, we have lowered our GDP forecast for 2026 to 0.5%. In 2027; we then expect a significant acceleration in growth to 1.1%.

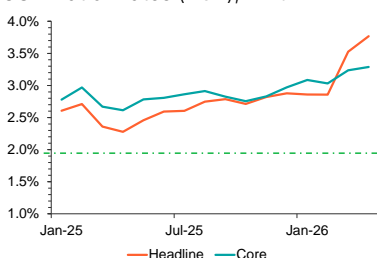
Inflation is expected to rise temporarily to an annual average of 2.9% in 2026 due to the war in Iran. Our inflation forecast is based on current price expectations in the futures markets for energy sources (oil and electricity). Markets are currently pricing in a gradual decline in prices through the end of 2026. In 2027, we forecast a significant decline in inflation to 2.2%, as energy inflation in particular is expected to lead to a marked drop in inflation rates starting in March 2027, due to base effects.

USA

Solid growth and high inflation

U.S. inflation continues to drift further from the target

US inflation rates (PCE), in %



Source: Bureau of Economic Analysis, Erste Group Research

The latest GDP data for the first quarter showed modest growth, although there was an acceleration compared to the previous quarter. Growth in the first quarter was driven primarily by business investment, reflecting heavy investment in data centers in the U.S. Private consumption, on the other hand, remained weak for the second consecutive quarter, likely as a result of high inflation. These trends are likely to have continued in the quarter now coming to a close. In fact, consumption is expected to have suffered even more from high fuel prices throughout the entire quarter than it did in the first quarter. Assuming the agreement between the U.S. and Iran holds, we expect reduced uncertainty and falling fuel prices to have a positive impact on the economy in the third quarter. Inflation, however, will continue to weigh on consumers. At the same time, the labor market has shown steady employment growth over

the past few months, which could provide some support for consumer spending. Strong growth should continue to come from business investment. Overall, we expect the U.S. economy to maintain growth rates of around 2%.

U.S. inflation is far from the Federal Reserve's 2% target. The massive rise in fuel prices over the past few months has caused the inflation rate - which was already high due to the pass-through of tariffs - to rise even further. Both the tariffs and the blockade of the Strait of Hormuz are price shocks, meaning temporary price increases limited to specific product categories. Thus, it should only be a matter of time before these price increases drop out of the calculation and the inflation rate consequently declines. However, there is a risk that the sharp price increases will spill over into other sectors. We are seeing the first signs of this in service prices, which presents upside risks to the inflation outlook. Overall, we expect that while the tariff-induced price increases will drop out of the calculation in the second half of the year, combined with persistent price increases in other areas, this should only lead to a slow decline in the inflation rate.

CEE

Middle East conflict weighs on CEE growth

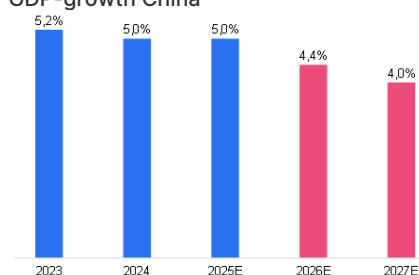
In most of the CEE countries, growth at the beginning of 2026 was between 2% and 3%. In Croatia, Czechia and Poland, 1Q26 fell short of expectations. In these countries, changes to our 2026 forecasts are to the downside, but they are rather minor. Slovakia slightly underperformed its peers in the region with 1Q26 GDP growth marginally below 1%. Romania is the only country that contracted in 1Q26, due to ongoing fiscal consolidation. We expect Romania to be in recession this year. In Hungary and Serbia, 1Q26 GDP surprised to the upside, and we are finally able to revise our Hungarian growth forecast up from 1.4% to 1.7% in 2026. In Slovenia, a stronger than expected entry into 2026 leaves room for upward revision of our current 1.7% FY26 GDP forecast. All in all, we see CEE8 average growth marginally above 2% in 2026, down from the 2.7% expected at the beginning of the year. The full impact of the Middle East conflict will likely show up only in the following quarters. Risks are therefore tilted to the downside.

In 1Q26, private consumption declined only in Romania, reflecting the deep dive of consumer confidence that remains intact since mid-2025. Fiscal consolidation is the key reason, as tax increases and a loss of purchasing power hit household spending. In other countries, private consumption contributed to the growth positively in 1Q26. From a demand-side perspective, private consumption should remain the main growth driver, but its contribution is likely to weaken, as higher energy prices reduce real disposable income and consumer confidence. As far as investment activity is concerned, gross fixed capital formation dropped in Hungary and Slovakia. In Hungary, the decline in 1Q26 (-0.5% y/y) was less extensive than in the previous quarter. Hungary has great potential for an investment rebound if EU funds are unlocked and other funds (EIB) become available at the top. We maintain our view that 2026 should see positive investment growth overall, supported by EU fund flows.

Inflation will be higher compared to our expectations from the beginning of the year. We have seen headline inflation rising continuously over the last couple of months in all CEE countries. Despite government interventions in several countries in the region, headline inflation climbed. Cost pressure has been rising as well recently as producer price growth in the region reached the highest dynamics in three years. All in all, we see the CEE8 average at 3.9% in 2026. On the positive note, we have seen headline inflation easing in May in several CEE countries. We consider this development and adjust our forecast accordingly (downward revision of average 2026 inflation in Hungary or Poland for example). Easing commodity prices will help inflation to remain contained.

Emerging Markets

GDP-growth China



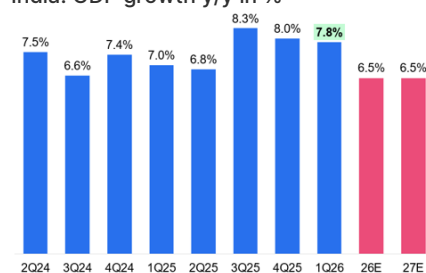
Source: Statistics China, Eurostat, Erste Group Research

China

China's economy gained some momentum in the first quarter of 2026, growing at a rate of 5.0% y/y compared to the fourth quarter of 2025. This growth continued to benefit from fiscal and monetary policy support from the government and the central bank. Sentiment in the industrial sector remains subdued, while sentiment among service providers gained noticeable momentum in April and May. This suggests that China's domestic economy is performing well. For 2026 and 2027, the IMF forecasts a continued slowdown, with economic growth of 4.4% and 4.0%, respectively.

Based on its current five-year plan, China remains focused on expanding its industrial capacity and capabilities, as well as on technological leadership and autonomy. Against this backdrop, pressure on the EU is likely to increase, leading to more countermeasures by the EU to protect its own markets in the future. At the same time, the situation for eurozone exporters in global markets is not getting any easier. We therefore maintain our cautious outlook for EU foreign trade. Current trade data show a steady widening of the EU's trade deficit with China.

India: GDP growth y/y in %

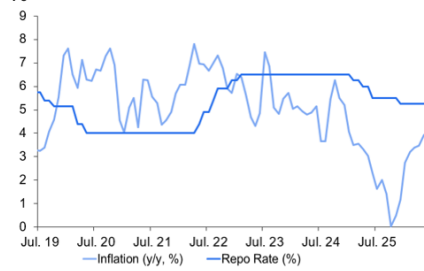


Source: Central Statistical Org. India, IMF forecasts

India

The Indian economy has shown remarkable resilience despite the war in the Middle East. In Q1 2026, GDP rose by 7.8% y/y, significantly exceeding the consensus forecast (7.3%). Growth was driven by the services sector (9.3%), manufacturing (7.3%), and construction (8.4%). For the full year 2026, the IMF expects growth of 6.5% year-over-year. India thus remains one of the world's fastest-growing major economies. While reported GDP continues to signal above-average strength, monthly leading indicators—following their record highs in the second half of 2025—currently point to a normalization of GDP growth toward the rates achieved prior to the third quarter of 2025. The Manufacturing Purchasing Managers' Index (PMI) stood at nearly unchanged 55.0 points in May (April: 54.7), supported by continued robust new orders. The Services PMI improved to 59.8 points (April: 58.8), reaching its highest level since November. Demand from the e-commerce and IT sectors, in particular, supported the index. Both indices thus remain firmly in expansionary territory. The only drag is the rise in input costs triggered by the oil price shock, which recently reached a multi-year high in the manufacturing sector.

India: Inflation and key interest rates, in %

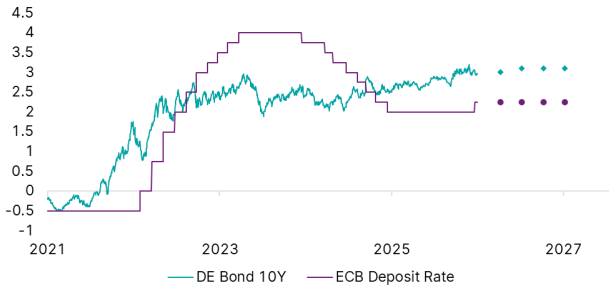


Source: Central Statistical Org. India, RBI

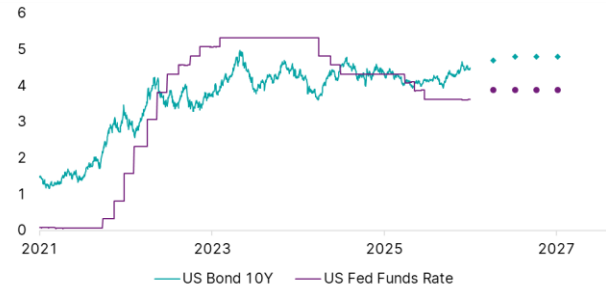
Inflation has recently picked up again, rising to 3.9% y/y in May (April: 3.5%), but remained just below the Reserve Bank of India's (RBI) 4% target. As high oil prices are intensifying upward pressure, the RBI left its benchmark interest rate at 5.25% on June 5 for the third consecutive time and maintained a neutral stance. It raised its inflation forecast for 2026 to 5.1% and slightly lowered its GDP growth forecast to 6.9% y/y. High oil prices and ongoing capital outflows have also prompted the RBI to actively intervene in the foreign exchange market and sell USD to prop up the rupee. The Indian rupee has depreciated by about 10% against the USD since the beginning of the year.

Interest Rates Markets

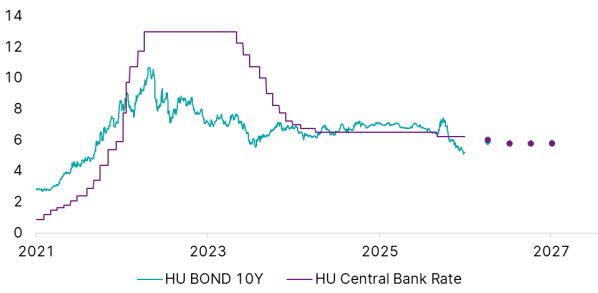
Eurozone, in %



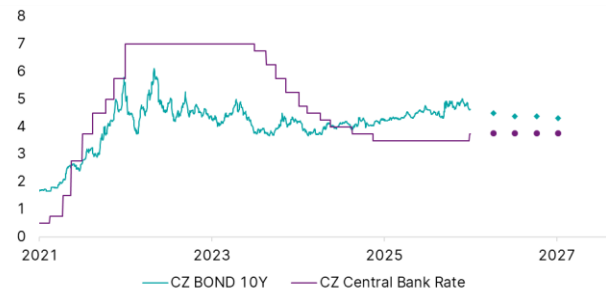
USA, in %



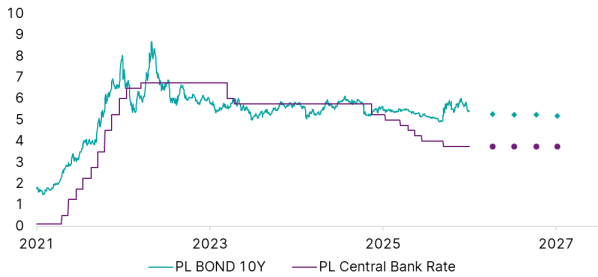
Hungary, in %



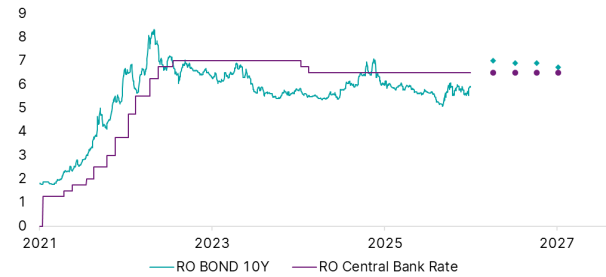
Czechia, in %



Poland, in %

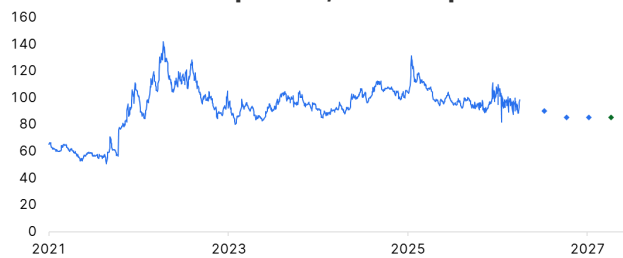


Romania, in %



Source: Market data provider, Erste Group Research

Investment Grade Spreads, in basis points



High Yield Spreads, in basis points



Source: iBoxx € Non-Financials, iBoxx EUR High Yield Capped Non-Financials ex-crossover, Asset Swap Spreads, Erste Group Research

Eurozone
ECB Deposit Facility
German Bond

Yield Forecast 3Q 2026
2.25%
3.0% (10Y)

ECB raises interest rates

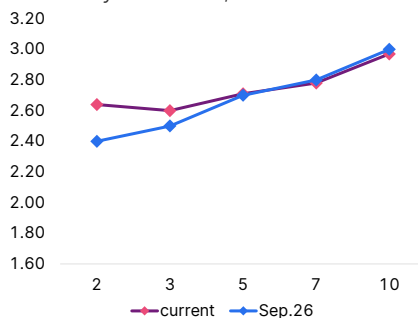
At its June meeting, the ECB Governing Council raised key interest rates by 25 basis points. The deposit rate—the most important monetary policy rate—thus rose to 2.25%. The war in the Middle East is fueling inflationary pressures, and from the ECB’s perspective, the decision to raise interest rates is justified based on various scenarios illustrating the potential evolution of the shock and its implications for the Eurozone. Uncertainty regarding the outlook remains high, with upside risks to inflation and downside risks to economic growth.

In June, ECB economists significantly raised their inflation forecast for 2026 from 2.6% to 3.0% and for 2027 from 2.0% to 2.3%. A return to the inflation target of 2.0% is not projected until 2028. However, these forecasts were prepared before the agreement between the U.S. and Iran, meaning that significantly higher oil prices than current levels were factored into this baseline scenario. In contrast, the growth forecast for 2026 was lowered relatively modestly to 0.8% (from 0.9%), and for 2027 to 1.2%. The updated forecasts in the baseline scenario make it clear that inflation is expected to remain above the ECB’s target range for much of the planning horizon.

With a deposit rate of 2.25%, the ECB Governing Council considers itself well-positioned to manage these uncertainties. The agreement between the U.S. and Iran has, at least temporarily, somewhat reduced uncertainty regarding the outlook. In our view, the future trend in service sector inflation remains a key factor in determining the ECB’s next steps. We do not expect any further interest rate hikes this year. However, should signs of broadening inflationary pressures intensify, the risks of another rate hike would increase. The market currently expects at least one more rate hike in 2026.

Yields to remain largely at elevated levels

German yield curve, in %



Source: Market data providers, Erste Group Research

Until an agreement was reached between the U.S. and Iran, the bond market reflected the shifting signals regarding an end to the crisis. Volatility then subsided over the course of May, driven by the increasing likelihood of a deal between the parties to the conflict. When the agreement was finally announced, the market reacted accordingly with a relatively moderate decline in yields. We find it understandable that yields remain above the levels seen before the outbreak of the war. After all, the environment will continue to weigh on the bond market. Inflation is likely to decline only slowly, and it is unclear to which sectors the rise in fuel prices over the past few months will still spill over. In addition, with the end of the crisis in the Persian Gulf, economic data should improve. However, the headwinds for the bond market will not come solely from macroeconomic data. Germany’s fiscal stimulus packages mean rising debt and, consequently, high issuance of German government bonds. Finally, developments in the U.S. also point to persistently higher yields. We expect only small declines in yields for short maturities, which are closely linked to the immediate movement of the ECB’s key interest rates.

USA

Federal Funds Rate
US Treasuries

Yield Forecast 3Q 2026

3.75 – 4.00%

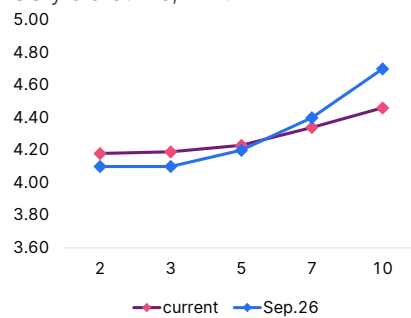
4.7% (10y)

Upward pressure on U.S. interest rates

The first meeting of the FOMC (the Federal Reserve’s interest rate-setting committee) under the new Chairman Kevin Warsh was marked by change in many respects. The press release issued following the meetings was drastically shortened and limited to facts only; the forward guidance was removed. However, this is just a preview of far-reaching changes to come. Kevin Warsh announced the formation of five working groups tasked with developing improvements in the areas of communication, balance sheet management, data sources, productivity and the labor market, and the inflation framework. These groups will address the impact of AI, as well as the selection and compilation of economic data and the SEP (“dot plot”), the quarterly survey of FOMC members, to name just a few topics. Results are expected to be available by the end of the year at the latest. More immediately important for the markets, however, was Kevin Warsh’s clear commitment to the 2% inflation target, which has not been met for more than five years. In addition, recent inflation data have likely caused a shift in FOMC members’ interest rate expectations. In March, the majority still expected an interest rate cut this year. At the most recent meeting in June, only one of the 18 members surveyed expected this (Kevin Warsh did not participate in the survey). Exactly half of those surveyed expect at least one interest rate hike before the end of the year. There are good reasons for this. Not only is inflation far too high, but we’re also seeing higher price increases in sectors not directly affected by last year’s price shocks from U.S. tariffs or this year’s fuel prices. This raises the risk of inflation spreading, which would likely make the path to the Fed’s 2% target even more protracted. Consequently, higher interest rates are definitely on the table. We expect an interest rate hike in September. The risks are skewed to the upside.

Market conditions point to higher long-term yields

US yield curve, in %



Source: Market data providers, Erste Group Research

Due to rising inflation risks, the crisis in the Persian Gulf initially triggered sharp increases in yields across all maturities. In the weeks leading up to the agreement to end the crisis, longer-term yields then shifted into a volatile sideways trend, while yields on shorter-term maturities continued to rise. We expect U.S. inflation figures to rather surprise to the upside during the coming months. Uncertainty regarding the persistence of inflation is therefore likely to increase. The extent to which the Fed will react to this remains to be seen. Combined with the U.S. government’s ongoing expansionary fiscal policy, the current environment points thus to a rise in longer-term yields. Shorter-term yields are already pricing in more rate hikes than we expect, and speculation about rate hikes will remain in the market for the foreseeable future, which points to high volatility in short-term yields.

CEE Government Bonds

	Yield Forecast 3Q 2026
Czech Republic	4.48% (10Y Government bond)
Hungary	5.87% (10Y Government bond)
Poland	5.27% (10Y Government bond)
Romania	7.00% (10Y Government bond)

Long-term yields on decline as global situation stabilizes

The monetary impulse we had expected at the beginning of the year is no longer assumed in our projections. Czechia increased interest rates by 25 basis points. In other countries, apart from Hungary, we expect stability of rates. Hungary arrived at a place where FX market development opens space for some monetary easing, especially as inflation is also subdued, due to several price caps that are in place. First rate cut may arrive as soon as June. Until the Hungarian central bank has a clear view on the budget, they are unlikely to act further, however. In other countries, we would bet on central banks to remain in wait and see mode and wait through this supply shock. The fiscal stance in the region is unfavorable. Several CEE countries have among the highest government deficits in the entire EU. Political turmoil in Romania has raised the eyebrows of rating agencies, as the uncertainty about the fiscal path beyond 2027 increased substantially. Romania is on the verge of investment grade and has a negative outlook from all three agencies. Hungary will need to address its fiscal consolidation issue. The budget amendment will reveal the extent of indebtedness in 2026 and needs for fiscal tightening beyond 2026. The decline of interest rates should reduce borrowing costs, while EU funds should support financing as well. Poland is another country where the fiscal position is challenging. The expectations for deficit reduction are limited, however, and public debt is likely to rise.

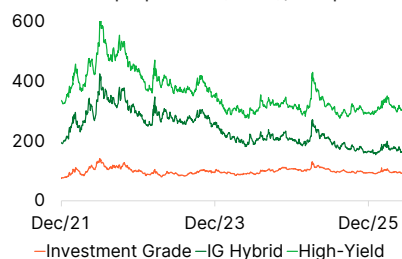
EUR-Corporate Bonds

	Spread Forecast 3Q 2026
Investment Grade*	90 basis points
High Yield**	285 basis points

*iBoxx € Non-Financials, **iBoxx EUR High Yield Capped Non-Financials ex-crossover, Asset Swap Spreads

Strong fundamentals point to stable Spread trends

Spreads at relatively low levels
Asset swap spreads (ASW), in bp

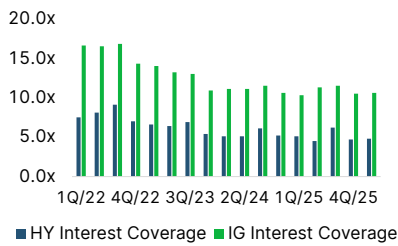


Source: Markit, Erste Group Research
As of June 17, 2026

The corporate bond market proved surprisingly resilient in the last quarter despite relatively high energy prices (including oil and gas), weakening leading economic indicators (including the Eurozone Purchasing Managers' Index and the German ifo Business Climate Index), and higher benchmark yields. Asset swap spreads (ASW) have been moving within a downward channel since the end of March, with slight deviations. They currently remain at levels seen before the outbreak of the war in Iran (late February 2026). The performance of corporate bonds has remained positive since the beginning of the year, despite tensions in the Middle East. All three main categories (Investment Grade: +1.0%, Investment Grade Hybrid: +1.1%, and High Yield: +1.6%) outperformed German Government Bonds (+0.3%).

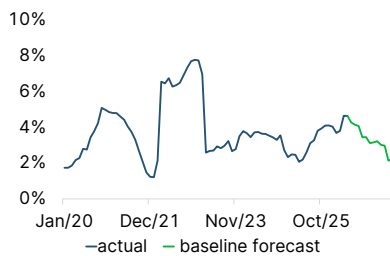
Following the recent agreement between Iran and the U.S. on a framework deal to end the war, stock market volatility subsided. Synthetic CDS index spreads also narrowed. However, the corporate bond market likely anticipated a "deal" and the reopening of the Strait of Hormuz, as spreads showed little reaction to the recent agreement. If the agreement holds, the easing of tensions in the

Interest coverage improved in 1Q despite the war in Iran
Trends in interest coverage ratios



Source: Market data provider, Erste Group Research

Declining speculative default rate expected
EMEA default rate, in %



Source: Moody's, Erste Group Research

energy markets should continue, which should reduce both inflation risks and the likelihood of further interest rate hikes by the ECB. It remains to be seen, however, when supplies through the Strait of Hormuz will return to normal, as rebuilding the destroyed critical infrastructure will take some time.

Issuers' credit metrics are currently robust, justifying the lower spreads. Despite the war in Iran, interest coverage ratios (= EBITDA / interest expense) improved on average in 1Q 2026 compared to the end of 2025 for both Investment Grade and High Yield issuers, while debt repayment periods remained stable in both cases. The earnings season for the first quarter of 2026 also went well. The aggregate total earnings of Stoxx600 companies were a positive surprise, coming in just over 5% above estimates. Earnings expectations remain optimistic for the coming quarters as well, driven primarily by AI momentum.

The latest default rate forecasts from the rating agency Moody's also point to a sustained positive trend in the EUR corporate bond market. Following a rate of 4.6% in May, the agency forecasts a steady decline in the issuer-weighted default rate for speculative-grade companies in Europe over the next 12 months.

Historically higher yields on both Investment Grade and High Yield corporate bonds, combined with solid corporate fundamentals, are ensuring that demand in the primary market remains strong. Demand for new issues has remained strong so far.

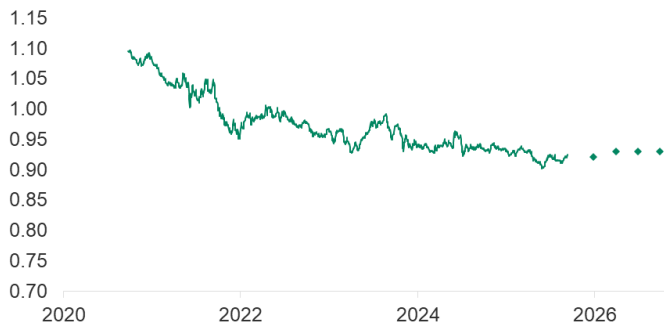
From a fundamental perspective, we believe the tight spreads are certainly justified. We expect spreads to remain relatively stable in Q3 2026. In addition to Investment Grade Hybrid bonds, we continue to view the automotive and oil & gas sectors within the IG segment as attractive from a risk/return perspective. In the High Yield segment, we continue to favor BB-rated bonds, which account for about 60% of the HY index and have the best credit metrics within the HY segment.

Currencies

EURUSD



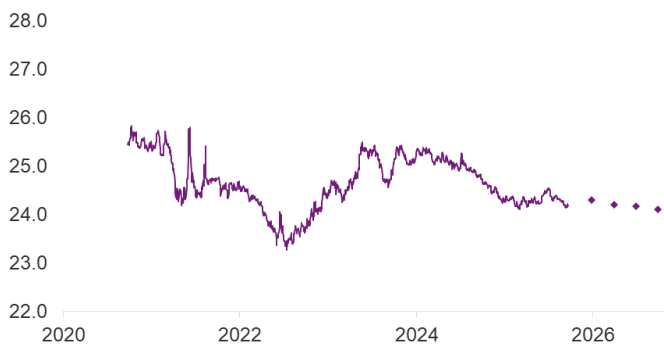
EURCHF



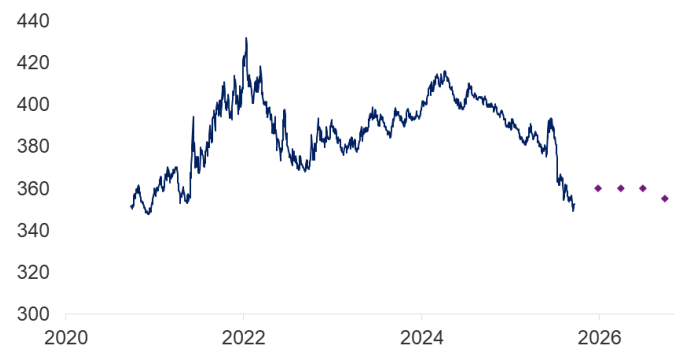
Gold in Dollar/ Ounce



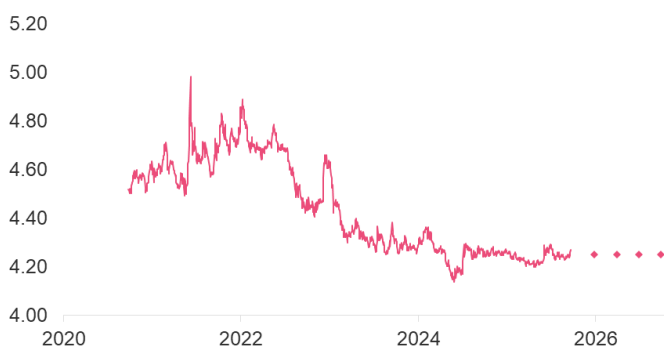
EURCZK



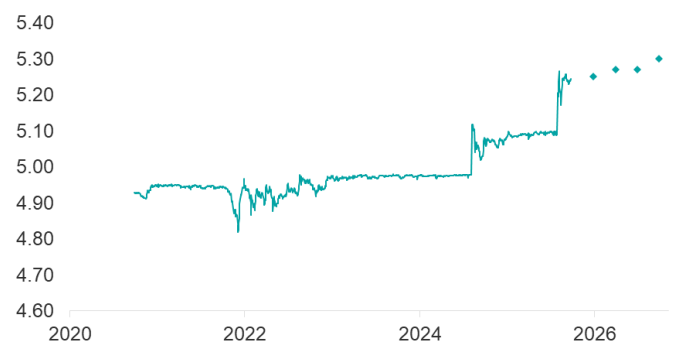
EURHUF



EURPLN



EURRON



Source: Market data provider, Erste Group Research

Forecast 3Q 2026

US-Dollar

1.12

FOMC's stance points to a stronger dollar

With the outbreak of the crisis in the Persian Gulf, the dollar strengthened. However, the gains were only temporary, and the EURUSD pair soon returned to levels similar to those seen before the outbreak of the war. The release of U.S. inflation data in mid-May, which indicated a broadening of price pressures, then caused interest rate expectations for the U.S and thus the dollar to rise. At the June meeting of the FOMC, the Federal Reserve's interest rate-setting committee, the latest U.S. inflation data showed an impact. Although interest rates remained unchanged, half of the members surveyed in the quarterly poll expected at least one rate hike before the end of the year. Only one member still anticipated a rate cut. In March, there had been a majority in favor of a rate cut in 2026. In addition, the new Fed and FOMC Chair, Kevin Warsh, reaffirmed the commitment to achieving the 2% inflation target. This signals increased efforts to bring inflation under control. The waning patience is understandable, given that the inflation target has not been met for more than five years.

Stronger dollar expected

EUR/USD exchange rate



Source: Market data provider, Erste Group Research

Even though a decline in price pressures is foreseeable, with oil-induced price increases gradually falling out of the calculation and fuel prices set to drop as the Strait of Hormuz reopens, inflation has a long way to go to meet the central bank's target. In June, FOMC members projected, on a median basis, that the target would not be reached until sometime in 2028. The path will not be a straight one either, as the May inflation data in particular have indicated. Given this starting point, speculation about interest rate hikes is likely to remain a constant theme in the markets, as uncertainty will remain high. In the eurozone, however, a return to the inflation target should be easier, and interest rate speculation should remain within narrow limits. We therefore expect the dollar to strengthen steadily over the next two quarters.

CEE

Forecast 3Q 2026

EURCZK	24,3
EURHUF	360
EURPLN	4,27
EURRON	5,24

Conflict resolution to support FX markets

There are two stories currently on the FX market in the region. The first is the EURRON finding a new anchor close to 5.20; the other is Hungary. The EURHUF moved toward 350, the lowest level in several years. The change of government prompted the rally. The announced deal with Brussels and potential to unlock roughly EUR 16bn conditional on reforms and joining the European Prosecutor's Office is positive for the markets. Talks about Eurozone membership continues, although no formal steps have been taken. All in all, optimism is driving the Hungarian market. If the conflict in the Middle East eases, we should see CEE currencies slightly stronger as well. As for the bond market, sovereign spread differentials between Hungary and three regional peers - Czechia, Poland, and Romania - reveal a pronounced and synchronized phase of spread compression across all three pairs from early 2026 onward. The spread between Hungary and Czechia was initially elevated at around

250–300 basis points through most of 2025 and sharply compressed from March 2026 onward. The spread against Poland turned negative, while that against Romania moved more visibly into negative territory. Resolution of the conflict in Iran should also support a lower level of long-term interest rates.

Forecast 3Q 2026
0.93

Swiss Franc

SNB sticks to zero interest rate policy

At its June meeting, the SNB left its key interest rate unchanged at 0%. If necessary, the National Bank is more willing to intervene in the foreign exchange market. In this way, the SNB is counteracting a rapid and excessive appreciation of the franc, which would jeopardize price stability in Switzerland.

From the SNB's perspective, medium-term inflationary pressures remain virtually unchanged compared with the last economic assessment. However, due to higher commodity prices and higher inflation abroad, the conditional inflation forecast for the short term is higher than it was in March. For 2026, the SNB expects slightly higher inflation of 0.6% (previously 0.5%); for 2027, the forecast was raised to 0.6%, from 0.5% - assuming the policy rate remains unchanged. In 2028, inflation is expected to rise slightly further to 0.8%. The SNB thus continues to forecast a significantly lower inflation rate for Switzerland compared to the ECB's inflation forecast for the Eurozone, which projects inflation rates of 3% for 2026 and 2.3% for 2027. We expect the SNB's key interest rates to remain unchanged over the forecast horizon.

The EURCHF exchange rate has remained largely stable so far in June and is now back to roughly the same level as before the outbreak of the Iran war. The signing of a memorandum of understanding between the US and Iran to end the conflict has led to a sustained easing of tensions in the energy and financial markets. As a result of this easing, inflation in the Eurozone is expected to decline much more sharply than in Switzerland in the coming months. In our view, the expected narrowing of the inflation differential between the two currency areas points to a slight strengthening of the euro against the Swiss franc in the coming months. The ECB's recent interest rate hike has also widened the interest rate differential between the currency areas once again, which also supports the euro. However, should geopolitical risks escalate, the Swiss franc could strengthen rapidly and noticeably against the euro at any time.

Forecast 3Q 2026
USD 4,300

Gold

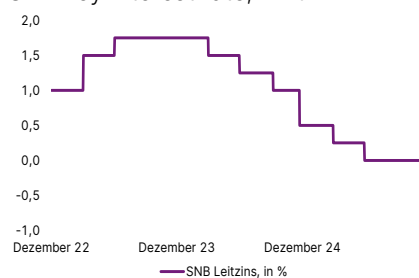
Gold sideways in Q3

The price of gold fell by -6% in EUR in Q2 following the all-time high reached a quarter earlier. Year-to-date performance stands at +2% in EUR and +1% in USD.

Demand from buyers of gold coins and bars remained very high in Q1 2026. It rose by +46% year-over-year to 421 metric tons. Global central banks remained net buyers of gold in Q1 2026, with demand rising by +3% y/y in

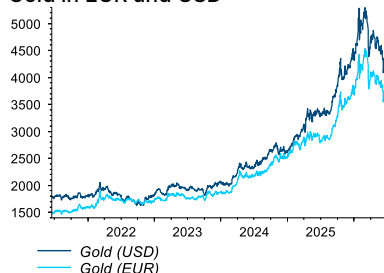
Swiss zero interest rate policy

SNB key interest rate, in %



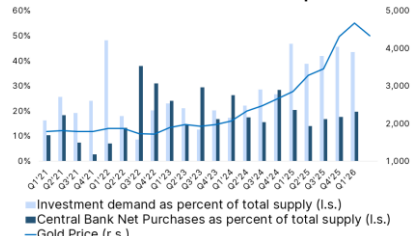
Source: SNB, market data providers

Gold in EUR und USD



Source: LSEG, Erste Group Research

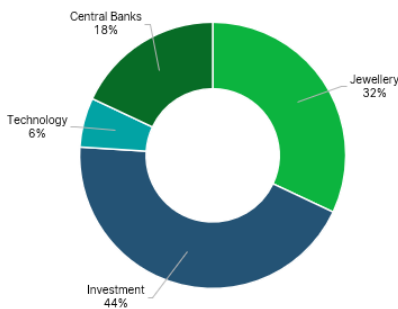
Investment and central bank purchases



Source: World Gold Council, Erste Group Research

metric tons and by a very high +75% y/y in USD. Gold accounts for approximately 27% of global central banks' foreign exchange reserves. This is higher than the share of U.S. Treasury bonds, which account for approximately 22%, and also higher than the share of the euro, which stands at approximately 15%. The positive trend in demand from central banks is expected to continue. This forecast is confirmed by a survey of global central banks published in June by the World Gold Council, according to which 89% of central banks expect an increase in their currency reserves held in gold. At the same time, a record 45% of central banks indicated that they will also increase their own holdings over the next 12 months. The main reasons for the steady demand from central banks are hedging against geopolitical risks and asset diversification.

**Demand Segments Global
1Q25 - 1Q26**



Source: World Gold Council, Erste Group Research

In recent months, there has also been a shift away from jewelry demand toward physical bars and coins. In mid-May, India significantly raised the tariff on gold imports from 6% to 15%. This will slow down India's typically very high demand for jewelry over the course of the year, as it is highly price-sensitive.

Driven by very strong earnings growth among global companies and a decline in volatility on the stock markets, demand for risky assets such as stocks rose in the second half of the second quarter. As a result, investment demand via gold ETFs subsided. Gold ETFs recorded outflows of USD 2 billion in May. Demand declined particularly in Asia and the U.S. Only in Europe did gold ETFs see slight inflows. Holdings in gold ETFs fell to 4,121 metric tons, slightly below the February high of 4,176 metric tons.

Currently, the factors influencing the price of gold are balanced. The opportunity cost of holding gold is currently a relevant consideration. The high—and expected to rise slightly—yields on U.S. Treasury bonds are reducing gold's appeal. In addition, U.S. benchmark interest rates are expected to rise in September, which points to a strengthening of the USD. This is putting a damper on gold price performance. Driven by strong corporate earnings growth, the global stock index has reached new record highs. The robust stock market environment, coupled with historically low volatility, also dampens the relative attractiveness of gold as an asset class. On the other hand, stable demand from central banks is having a strongly positive effect. Physical demand for gold should also remain robust following the price decline of recent weeks.

Outlook: We expect the gold price to be less volatile in the third quarter than in recent months and to trend sideways. We forecast a gold price of USD 4,300 at the end of the third quarter.

Equities

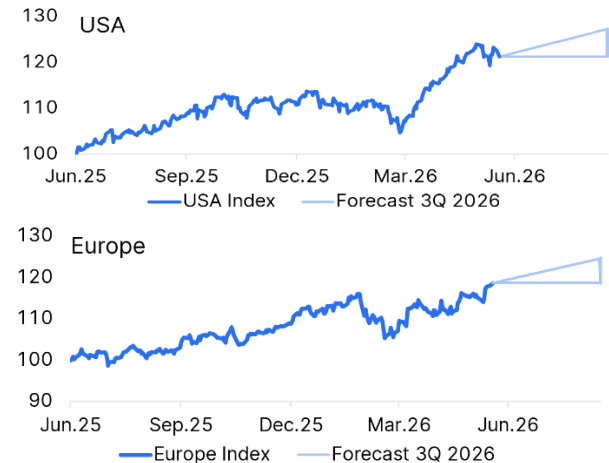
Global Index & Forecast

Rebased to 100, in EUR



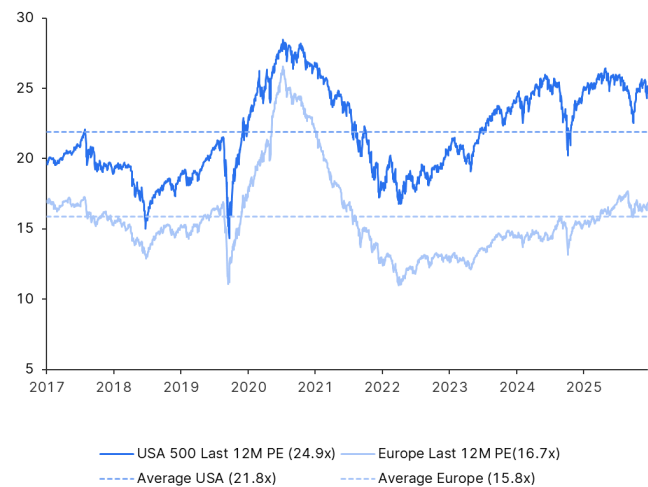
USA & Europe Index & Forecast

Rebased to 100, in EUR



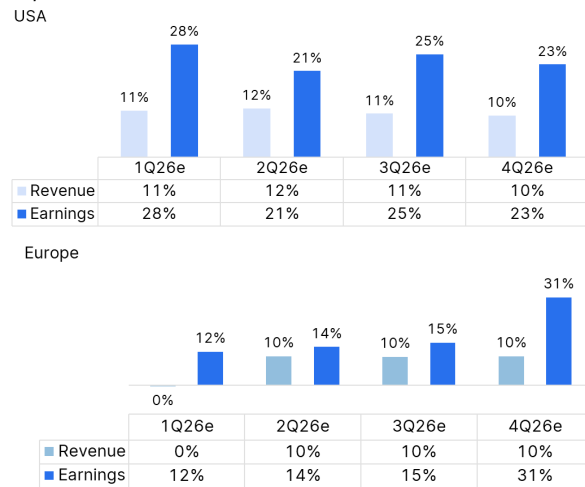
Valuation USA & Europe

12M FWD PE



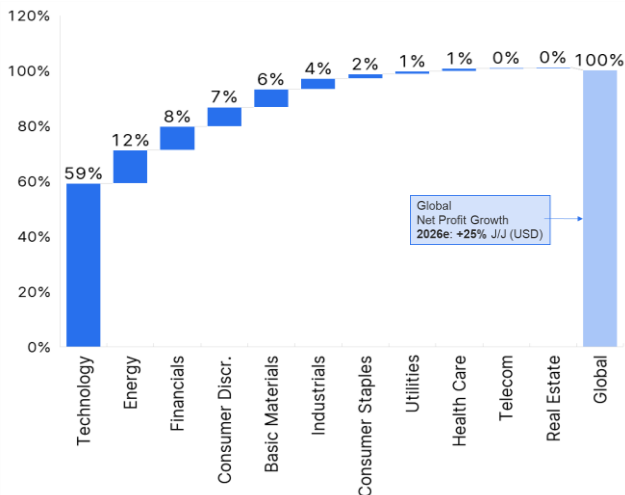
Quarterly results USA & Europe

Y/Y, local Currencies



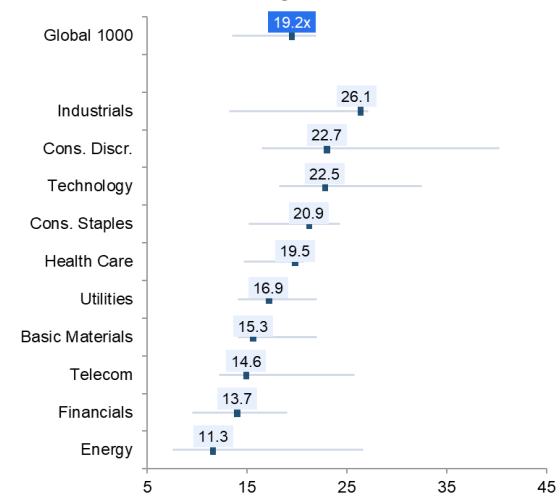
Global Sectors: Share of global earnings growth

Global 1000 Index, Profit contribution 2026, USD



Valuation Global Sectors

12M Fwd PE, 5Y Range



Forecast 3Q 2026

0% to +5%

Global Equities

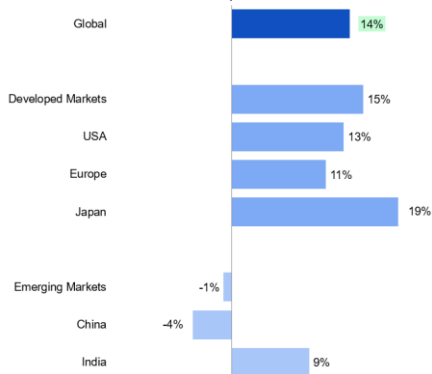
Sales and net profit growth (y/y, %)

USD	Net Profit		PE	
	26e	27e	26e	27e
North America	21.5%	14.5%	23.1x	20.1x
Europe	16.0%	8.3%	16.7x	15.5x
Asia	80.4%	22.4%	16.6x	13.5x
EM Asia	8.1%	8.8%	10.8x	10.0x
EM LatAm	36.9%	7.6%	9.6x	9.1x
World	25.1%	13.7%	19.1x	16.8x

Source: Erste Group Research Index, FactSet.

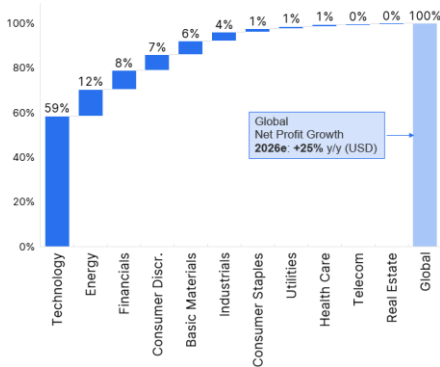
Global Regions & Sectors Perf. 2026

Erste Global 1000 Index, EUR



Source: Erste Group Research Index, FactSet

Sector contributions global growth 26e USD



Source: Erste Group Research Index, FactSet

As the conflict in the Middle East is expected to ease, volatility in the stock markets has declined significantly, and investors' risk appetite has risen accordingly. The global stock market index began to rise at the start of the second quarter and reached a new record high in June. Over the entire quarter, performance in EUR was +14%. The technology sector significantly outperformed the broader market, rising by +34% in EUR. The global hardware index performed particularly strongly, gaining +50%, as it benefited from massive data center investments in the U.S. By contrast, the healthcare, consumer staples, and telecommunications sectors were significant underperformers. Due to the recent decline in oil prices, the global energy stock index was down -10%.

Regionally, the U.S. stock market outperformed the European market, rising by +15% in EUR compared to the European market's gain of +11%. The Japanese stock market gained +19% in EUR. The developed stock markets of Taiwan and South Korea rose by +41% and +97%, respectively, in EUR, due to very high demand for heavily weighted technology stocks such as TSMC and Samsung. These two countries now account for a combined 6.4% of the global stock market. By comparison, the entire eurozone has a weighting of 8%. The global emerging markets index trended sideways, up +0.2%. The Indian stock market, on the other hand, showed signs of a slight improvement with a gain of +7% in EUR following the sharp loss in Q1.

The outlook for revenue and earnings growth among global companies is very strong for 2026. The consensus forecast projects revenue growth of +11.7% year-over-year and earnings growth of +25% y/y. Another positive factor is the upward trend in earnings estimates, which is evident for both U.S. and European stocks. All global sectors are expected to make a positive contribution to earnings growth this year, with technology, energy, and financials contributing the most. The next earnings season for 2Q26 begins in the U.S. on July 14. The outlook is very good: U.S. corporations are forecast to see a +21% y/y increase in earnings. A very positive trend is also expected in Europe - here, the consensus estimate is for earnings growth of around +14% y/y.

The U.S. stock market dominates the global index with a 62% weighting and is particularly relevant to its performance. Profits at U.S. companies are growing by about +22% this year, significantly outpacing the long-term average of +7.4% y/y. This growth is driven primarily by technology companies, whose revenue and profits are rising at an above-average rate due to booming investments in data centers. The S&P 500's net profit margin reached a very high 14.8% in Q1 and has risen year-over-year in most sectors—with the exception of healthcare, consumer staples, and energy.

Stock buybacks by U.S. companies declined slightly in Q1 compared with the previous quarter; the volume totalled USD 232 billion, down from USD 252 bn in the same quarter a year earlier. Some data center hyperscalers have sharply reduced or suspended their buybacks to finance their high levels of investment. NVIDIA, on the other hand, expanded its buyback program to a total of USD 118.5 bn. This currently results in an annualized U.S. stock buyback yield of 1.6%.

The very high profitability justifies a valuation for the U.S. market that is above the long-term average, with a 2026e P/E ratio of 23.8x. In Europe, earnings growth is also above the historical average at around +12%, resulting in a 2026e P/E ratio of 16.6x. Emerging markets (excluding South Korea) are growing at +12.4%, significantly slower than the overall market; their 2026e P/E ratio of 10.8x is therefore considerably lower. At the overall market level, the valuation—with a 2026e P/E ratio of 19.3x—is appropriate given the high revenue and earnings growth; the expected 2026e dividend yield is 1.6%. As a result of the emerging political détente in the Middle East, the VIX volatility index has fallen to a very low level, which supports further gains in the equity asset class.

Outlook: The fundamental performance of global companies is currently above average, and the upward trends of the major benchmark indices remain intact. For Q3, we expect the global stock market index to post a positive return in the range of approximately 0% to +5.0%.

Sectors - Positive Outlook

Forecast 3Q 2026
0% to +5%

Technology

Estimate 3Q	0% to +5%
World Index Weight	36.5%
2026 Perf. EUR	+26.1%
P/E 26e	22.6x
Net Profit y/y 26e	+63.2%

Source: Erste Research Index, FactSet.

EGR Global Sector
EUR, rebased, 12 months



Source: Erste Research Index, FactSet.

The global technology sector rose by +34% in EUR in Q2, posting by far the best performance of any global sector. The hardware sub-sector index surged by +50% in EUR over the three-month period. Among the ten largest technology companies by market capitalization, South Korean semiconductor manufacturer SK Hynix (+148%), Samsung Electronics (+70%), and Micron Technology (+124%) from the U.S. posted the largest gains. These companies benefited from the current global shortage of supply and the simultaneously very strong demand for memory chips (RAM), which are in high demand primarily for the construction of modern data centers focused on the use of AI agents. The software sub-sector index rebounded in Q2 with a +12% gain in EUR following a sharp decline in Q1 2026. However, year-to-date performance remains negative at -6% in EUR.

The technology sector's strong performance is fundamentally supported by the companies' very robust earnings momentum. U.S. technology companies increased revenue by +30% y/y and earnings by +58% y/y in Q1. In general, the sector's strong earnings growth is driven by the rapid expansion of AI data centers (details: [Global Equity Report, May 22, 2026](#)). Companies' guidance during the Q1 earnings season was very positive. According to current consensus forecasts, earnings for U.S. companies are expected to rise by +45% y/y in Q2 and by +50% y/y in Q3. The projected annual earnings growth rates for European technology companies are +21% y/y for the second quarter and +29% y/y for the third quarter.

The software sector is the segment with the lowest growth in the technology sector. Not only revenue but also earnings are growing significantly more slowly than in the hardware segment. While companies in the hardware sector are expected to increase revenue by +46% y/y 2026, the expected revenue growth for software companies this year is only +16% year-over-year. According to consensus forecasts, profits in the hardware sector are expected to rise by +105% y/y this year—five times faster than those of software companies. The companies with the highest profit growth in 2026 are

Samsung Electronics, SK Hynix, NVIDIA, Micron Technology, Alphabet, and Taiwan Semiconductor.

The global technology sector will make the largest contribution to the global stock market's total earnings growth this year, at approximately 58%. The consensus estimate for this year calls for a +33% y/y increase in revenue and a +63% y/y increase in earnings. Earnings are also expected to grow at an above-average rate of +25% y/y next year. The 2026e P/E ratio for the global technology index currently stands at 22.6x. This is in line with the very high revenue and earnings growth and the high profitability of these companies. We expect the technology index to rise in Q3 2026 within a range of 0% to +5%.

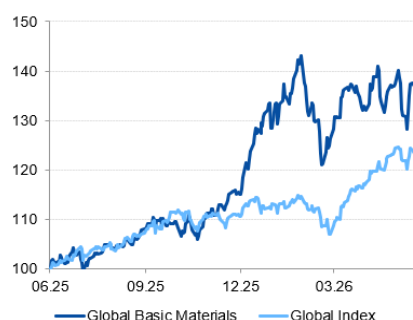
Forecast 3Q 2026

Basic Materials

0% to +5%

Estimate 3Q	0% to +5%
World Index Weight	3.0%
2026 Perf. EUR	+19.0%
P/E 26e	15.4x
Net Profit y/y 26e	+53.9%

EGR Global Sector
EUR, rebased, 12 months



Source: Erste Research Index, FactSet.

The global commodities index rose by +7% in EUR in Q2 2026. The top-performing stocks were the mining companies BHP Group, Freeport-McMoran, and Rio Tinto, as well as shares of the chemical company Shi-Etsu Chemical. The precious metals mining sector traded sideways in EUR during the second quarter. The weakness of commodity companies focused on paper/cardboard and packaging (such as UPM-Kymmene, International Paper, and Avery Dennison) persisted. The index relevant to this segment fell by -5% in EUR terms in Q2 2026.

Mining companies continue to benefit from strong demand for industrial metals, particularly copper. The underlying long-term demand—driven by the expansion of AI data centers, upgrades to power grids, and the energy transition—currently exceeds the mining sector's capacity to provide new supply.

For 2026, the largest profit growth is expected from Vale, Glencore, Newmont Mining, and Rio Tinto. According to consensus estimates, revenue for the entire sector is set to rise by +15% y/y this year, with profits surging by a very strong +54% y/y. The trend in profit estimates is upward. This positive trend should continue, especially as energy prices are trending downward, thereby reducing the expenses of commodity companies.

The valuation of the entire commodities sector based on the 2026e P/E ratio is 15.5x. This is significantly below the global stock market average and is attractive given the positive outlook for earnings growth. We expect the sector index's upward trend to continue in Q3, with performance ranging from 0% to +5%.

Forecast 3Q 2026

Financials

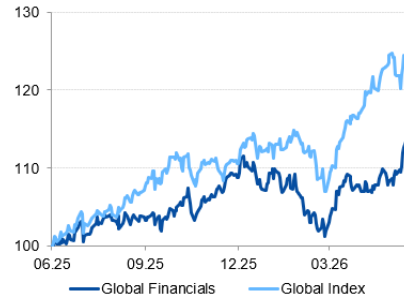
0% to +5%

Estimate 3Q	0% to +5%
World Index Weight	17.1%
2026 Perf. EUR	+4.7%
P/E 26e	13.8x
Net Profit y/y 26e	+7.7%

Source: Erste Research Index, FactSet.

The global financial index rose by +11% in EUR in Q2. Year-to-date performance in EUR stands at +4.7%. The Q1 earnings season went very well. U.S. financial groups increased revenue by +9% year-over-year and profits by +25%. The companies with the highest profit growth were Berkshire Hathaway, Citigroup, and Morgan Stanley. In Europe, too, the earnings season for Q1 2026 was strong. Overall, financial companies reported a year-over-year revenue increase of +3% and a profit increase of +18%.

EGR Global Sector
EUR, rebased, 12 months



Source: Erste Research Index, FactSet.

The European banking sector is expected to increase profits by +12% year-over-year in 2026. Credit growth in the eurozone has recently accelerated slightly. Banks' net interest margins will remain high, so an increase in return on equity is expected, as well as a rise in price-to-book ratios. The projected annual earnings growth for European financial stocks is significantly above the global sector average. This also explains the attractiveness of the European sector.

Consensus estimates for the global sector have risen slightly in recent months. This is a positive development. Currently, expected revenue growth for 2026 stands at +6% y/y, and earnings growth at +8% year-over-year. The expected earnings growth is significantly below that of the global stock market, and the valuation based on the 2026e P/E ratio is also significantly lower at 13.8x. We expect the global sector index to rise within the range of 0% to +5% in Q3 2026.

Forecast 3Q 2026

Industrials

0% to +5%

Estimate 3Q	0% to +5%
World Index Weight	10.4%
2026 Perf. EUR	+13.1%
P/E 26e	26.2x
Net Profit y/y 26e	+11.8%

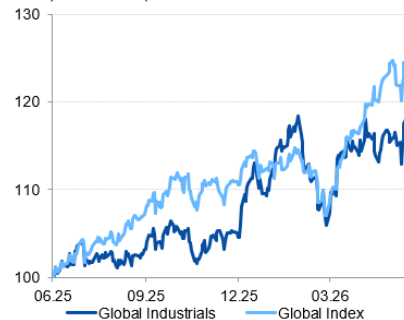
Source: Erste Research Index, FactSet.

The global industrial sector index rose by +10.2% in EUR in Q2. With a gain of +13.1% so far this year, it ranks among the best-performing sectors. The sector is benefiting particularly from the investment boom in data centers. Shares of Caterpillar, ABB, Siemens, GE Vernova, and Comfort Systems posted strong gains in Q2. The defense sector, on the other hand, declined sharply. Among the biggest losers here were Rheinmetall, Kongsberg Gruppen, Northrop Grumman, BAE Systems, and Leonardo. In the U.S., the industrial sector is also benefiting from solid economic growth. The ISM Manufacturing Index, most recently at 54 points, paints a clearly positive picture, confirming expansion. In Europe, Japan, and China as well, the purchasing managers' indices indicate expansion in the manufacturing sector of the economy.

The companies with the highest profit growth this year are Caterpillar, ABB, Holcim, and Lockheed Martin. According to the consensus forecast, the global sector will see significantly stronger growth in revenue and profits this year than in the previous year. Revenue growth forecast for 2026 is +8.3% y/y, and earnings growth is +11.8% y/y. The segments with the highest expected earnings growth rates are electronics and electronic equipment (2026e EPS: +22% y/y) and defense and aerospace (2026e EPS: +16% y/y). Rapidly rising infrastructure spending on AI data centers and increasing global defense spending play a decisive role here.

The sector's valuation stands at 26.2x based on the 2026e P/E ratio. Due to the strong growth outlook, it is above both the global average and the sector's historical average. We expect the sector index to rise by between 0% and +5% in Q3.

EGR Global Sector
EUR, rebased, 12 months



Source: Erste Research Index, FactSet.

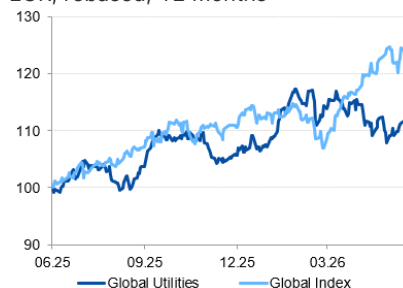
Forecast 3Q 2026
0% to +5%

Utilities

Estimate 3Q	0% to +5%
World Index Weight	2.1%
2026 Perf. EUR	+4.9%
P/E 26e	16.9x
Net Profit y/y 26e	+10.5%

Source: Erste Research Index, FactSet.

EGR Global Sector
EUR, rebased, 12 months



Source: Erste Research Index, FactSet.

The global sector index fell by -3% in EUR in Q2 2026. Year-to-date performance in EUR is +5%. In the last quarter, European sector stocks such as Iberdrola and Enel, in particular, outperformed the global sector index.

The utilities sector is benefiting—particularly in the U.S.—from a massive increase in demand for electricity driven by the expansion of AI data centers. The increasing electrification of industry and transportation is also a key driver of demand in the long term.

According to consensus forecasts, all companies in the global sector will post profits this year. The companies expected to see the largest profit increases this year are Vistra, Constellation Energy, Orsted, National Grid, and Iberdrola. Only a few companies, such as Korea Electric Power, Verbund, and Tokyo Gas, are expected to see profit declines in 2026, though they will remain profitable.

The sector's projected revenue growth this year is +6% year-over-year, and earnings are expected to rise by +11% year-over-year. These growth rates are below the global average but are moderately higher than last year. The sector is growing slowly but steadily. Earnings growth in 2027 will be similar to this year's level. The sector's valuation based on the 2026e P/E ratio is 16.9x. The expected dividend yield for 2026e is 3%, which is above average. The lower P/E ratio—by global standards—reflects the sector's more moderate earnings growth. We expect the sector index to post a return in the range of 0% to +5% in Q3.

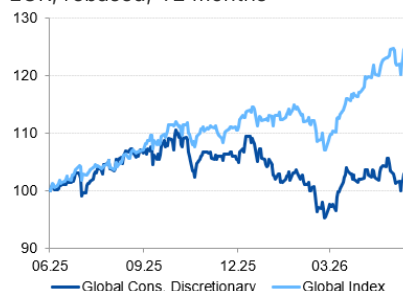
Forecast 3Q 2026
0% to +5%

Consumer Discretionary

Estimate 3Q	0% to +5%
World Index Weight	11.2%
2026 Perf. EUR	-4.3%
P/E 26e	23.9x
Net Profit y/y 26e	+12.0%

Source: Erste Research Index, FactSet.

EGR Global Sector
EUR, rebased, 12 months



Source: Erste Research Index, FactSet.

The global sector rose by +4% in EUR in Q2 2026. Growth in Q2 was lower than that of the global stock market index. Year-to-date performance remains negative at -4%. The sector's relative weakness has now persisted for three quarters. While Amazon, the sector's most heavily weighted stock, and L'Oréal posted significant gains, shares of Netflix and Toyota fell sharply.

In our view, falling energy prices and rising consumer purchasing power are leading to a gradual improvement in the outlook for the cyclical consumer goods subsector. Numerous stocks, such as Cie Financière Richemont, LVMH, L'Oréal, and Ross Stores, have a strong market position and have recently posted significantly positive returns. The global hotel sector (e.g., Marriott International, Hilton Worldwide) also has very positive prospects in terms of revenue and earnings growth.

The automotive sector, on the other hand, is suffering from persistent weak sales and intense competition from many new manufacturers. With a performance of -7% in EUR this year, the automotive sector index is the weakest segment. In addition to Toyota (-18%), shares of BYD (-20%), BMW (-21%), and the Mercedes-Benz Group (-13%) also fell sharply in Q2 2026. The large number of negative earnings guidance announcements from automotive groups confirms the challenging long-term business outlook due to significant overcapacity in this sector. The automotive sector's importance within the cyclical consumer sector is steadily declining. As a result,

automakers now account for just over 20% of the total global cyclical consumer sector.

The current consensus estimate for the cyclical consumer sector in 2026 is for revenue growth of +5% y/y and earnings growth of +12% y/y. Next year, earnings are expected to grow by +17% y/y. The sector's P/E ratio stands at 23.9x for this year, which is comparatively high. We recommend a selective approach to stock picking in this sector and expect the weakness in the automotive segment to persist. Our forecast for the entire cyclical consumer sector is for a slight increase in the sector index in Q3, in the range of 0% to 5%.

Sectors - Negative Outlook

Forecast 3Q 2026

Consumer Staples

-5% to 0%

Estimate 3Q	-5% to 0%
World Index Weight	4.5%
2026 Perf. EUR	+6.1%
P/E 26e	21.2x
Net Profit y/y 26e	+8.0%

Source: Erste Research Index, FactSet.

EGR Global Sector
EUR, rebased, 12 months



Source: Erste Research Index, FactSet.

The global consumer staples index rose by +1.2% in EUR in Q2.

It underperformed the global stock market index significantly. The stocks with the largest gains were those of tobacco manufacturers Altria and Philip Morris, as well as beer producer Anheuser-Busch InBev and Coca-Cola. These stocks have also significantly outperformed the sector index since the beginning of the year. Shares of McDonald's and PepsiCo are trending downward, the latter primarily due to the company's weak guidance, which suggests revenue growth this year will be well below the U.S. inflation rate.

During the first-quarter earnings season, U.S. companies reported higher revenue and earnings growth rates than their European counterparts. This trend is not expected to change with the second-quarter results. European companies are expected to report a -1% y/y decline in revenue for the second quarter, while U.S. companies are projected to increase revenue by +4%.

The largest profit increases this year will be posted by Walmart, Unilever, Philip Morris, Anheuser-Busch InBev, and Coca-Cola. Overall, however, the picture is one of a very slowly growing sector with little prospect of this situation changing anytime soon. The consensus estimate for 2026 is for the global sector to see revenue growth of +6% y/y and modest profit growth of +8% y/y. Revenue growth is expected to slow to +4% y/y in 2027, and earnings growth is also projected to be lower at that time. The expected growth rates for 2026 and 2027 are significantly lower than those for the global stock market. By contrast, the valuation based on the 2026e P/E ratio of 21.2x is higher. From a valuation perspective, the sector is also unattractive. We therefore expect a negative performance for Q3 in the range of -5% to 0%.

Forecast 3Q 2026

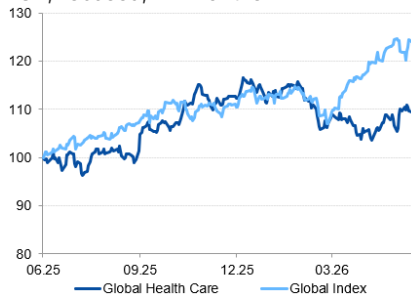
Health Care

-5% to 0%

Estimate 3Q	-5% to 0%
World Index Weight	7.4%
2026 Perf. EUR	-3.1%
P/E 26e	19.5x
Net Profit y/y 26e	+2.6%

Source: Erste Research Index, FactSet.

EGR Global Sector
EUR, rebased, 12 months



Source: Erste Research Index, FactSet.

The Healthcare Sector Index rose by +1% in EUR in Q2. Performance varied widely across the individual segments. The Healthcare Services Index rose sharply, gaining +25% in EUR, supported by a significant improvement in UnitedHealth Group's outlook. The index for pharmaceutical and biotechnology stocks trended sideways (-0.1% in EUR). The medical technology manufacturers segment continued its sharp downward trend, losing -6.0% in EUR in Q2. The stocks with the highest price gains in Q2 were UnitedHealth Group (Buy), Eli Lilly (Buy), Novo Nordisk (Hold), and AbbVie (Hold). The sector index for medical technology manufacturers has below-average growth prospects for revenue and earnings in a global context. By contrast, the P/E ratio remains high at 21x. Therefore, the downward trend in this sector is likely to continue for the time being.

The consensus forecast for revenue growth across the entire healthcare sector this year is +5.8% y/y. Earnings growth is expected to be only +2.6% y/y. Overall, however, the projected growth rates for the healthcare sector are well below those of the global market as a whole. The largest profit increases in 2026 will be achieved by Eli Lilly (Buy), AbbVie (Hold), and Johnson & Johnson. The sector's valuation remains high, with a 2026e P/E ratio of 19.5x. Due to weak revenue and earnings momentum, we expect the sector index to decline in the third quarter by between -5% and 0%.

Forecast 3Q 2026

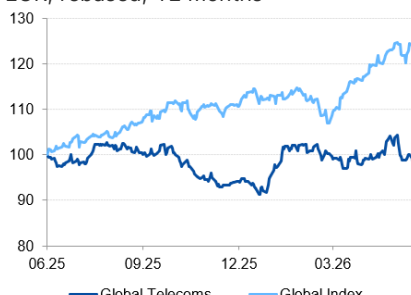
Telecom

-5% to 0%

Estimate 3Q	-5% to 0%
World Index Weight	2.3%
2026 Perf. EUR	+4.0%
P/E 26e	15.0x
Net Profit y/y 26e	+1.6%

Source: Erste Research Index, FactSet.

EGR Global Sector
EUR, rebased, 12 months



Source: Erste Research Index, FactSet.

In Q2 2026, the telecommunications sector index posted a return of -2% in EUR, continuing its long-term underperformance relative to the global index. It should also be noted that the performance of the overall index was distorted by SoftBank Group stock (Q2 2026: +90% in EUR), which has a high weighting in the index. SoftBank Group stock benefits in particular from its significant stakes in Arm Holdings (approx. 87%) and OpenAI (approx. 13%), both of which are performing very well. The large "pure-play" telecom companies, on the other hand—such as T-Mobile US (-13%), Verizon (-8%), and AT&T (-19%)—posted sharply negative performance following weak 1Q quarterly results. These companies are under pressure due to the threat of disruption from satellite networks (especially SpaceX). Furthermore, these highly indebted companies are suffering from rising interest rates and find themselves in a saturated market characterized by high investment costs (5G) and ongoing fierce price wars for market share.

The sector subindex for telecom equipment companies (e.g., Xiaomi, Motorola Solutions, L3Harris, Nokia) is in a better long-term market position. Although the index also fell by -1% in EUR in Q2 2026 due to Xiaomi's weakness (-30%), the revenue growth trend for many of these companies is significantly more positive, with expected revenue growth of +7% y/y in 2026 and +11% y/y in 2027.

The valuation of the entire telecom sector is reasonable at a P/E ratio of 15x. However, given the below-average growth outlook and the prospect of revenue growth rates that will, at best, stagnate in the coming years, we expect the sector index to decline by -5% to 0% in the third quarter of 2026.

Forecast 3Q 2026

Energy

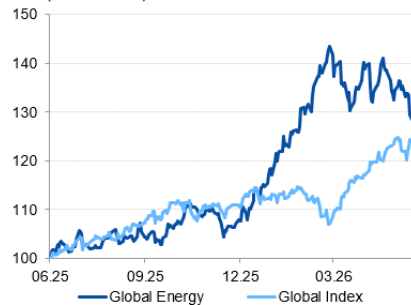
-5% to 0%

Estimate 3Q	-5% to 0%
World Index Weight	4.7%
2026 Perf. EUR	+18.6%
P/E 26e	11.4x
Net Profit y/y 26e	+45.3%

Source: Erste Research Index, FactSet.

The global energy sector index fell by -10% in EUR terms in Q2. The main driver of this negative performance was the sharp decline in oil prices amid signs of a de-escalation of the conflict in the Middle East. Shares of the Chinese companies CNOOC and PetroChina, as well as those of the oil giants Shell, Exxon Mobil, and Chevron, posted the largest price declines in Q2.

EGR Global Sector
EUR, rebased, 12 months



Source: Erste Research Index, FactSet.

The very small segment of alternative energy providers (0.2% of global market capitalization) bucked the sector-wide downtrend and rose by +9% in EUR. Stocks such as First Solar, Vestas Wind Systems, and Siemens Energy (Buy) posted gains in Q2. European companies had already posted profit increases in the first quarter, while U.S. energy companies were still suffering profit declines. For the second quarter, high double-digit percentage profit increases are expected for both European and U.S. firms. However, this is likely to be only a short-term improvement, as the oil price has already fallen significantly again.

For the full year 2026, the consensus forecast is for annual revenue growth of +16% and profit growth of +45%. Since the price of crude oil is expected to continue trending moderately lower and crude oil inventories are likely to begin building up again starting in the fourth quarter, the outlook for energy companies for next year is negative once more. For 2027, the consensus forecast anticipates a profit decline of -7% y/y. From this perspective, the sector appears unattractive despite its high dividend yield of 3.8%. We expect the sector index to post a negative return in the range of -5% to 0% in Q3.

Forecast 3Q 2026

Europe

0% to +5%

Revenue and net profit growth
EUR, y/y

EUR	Net Profit		PE	
	26e	27e	26e	27e
France	13.5%	10.0%	16.5x	15.0x
Germany	8.4%	15.6%	15.2x	13.0x
Switzerland	14.3%	9.5%	19.5x	17.9x
UK	14.2%	5.4%	15.4x	14.6x
Netherlands	17.0%	14.0%	25.4x	22.4x
Europe	12.1%	9.1%	16.8x	15.5x

Source: Erste Group Research Index, FactSet.

The European index has risen by +9% since the start of the year, with most of the gain occurring in the second quarter (+11%). Sector performance varied widely over the course of the year. The technology sector posted by far the strongest gain in the second quarter, rising by +55%. Hardware stocks (ASML, Arm Holdings) once again performed strongly, while software stocks such as SAP continued to lose value in Europe as well. The industrial sector also posted a significantly positive performance (+12%). Highly weighted financial stocks (+16%) continue to be a strong pillar of the European stock market. The banking sub-sector, in particular, has gained +22% since the start of the quarter and thus remains one of the index's main pillars. The automotive sector once again underperformed, posting a -3% decline (2026: -17%). These companies continue to suffer from weak global consumer sentiment and intensifying competition from China.

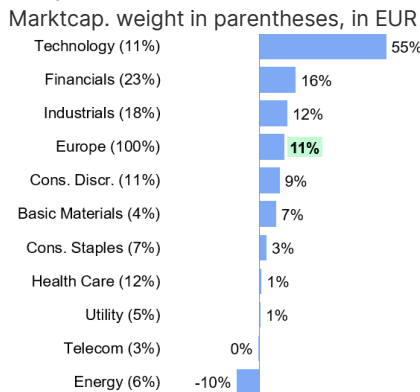
Europe 250 Index vs. Global Index
Rebased to 100, EUR



Source: Erste Group Research Index, FactSet.

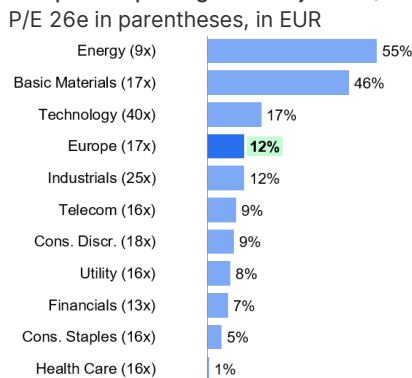
The first-quarter earnings season went significantly better than in the previous quarter. With estimated earnings growth of +12% y/y, the European index returned to positive territory after posting -2% y/y in 4Q 2025. Sector divergence remained high: The strongest earnings growth was recorded in energy (+52%, albeit from a low prior-year base), financials (+18%), technology (+10%), and materials (+9%). Cyclical consumer goods (-9%), utilities (-8%), and the industrial sector (-7%) performed more weakly. However, revenue for European companies remained virtually unchanged at -0.3% y/y.

Europe: Performance 2026 YTD



Source: Erste Group Research Index, FactSet.

Europe: Net profit growth adj. 26e J/J



Source: Erste Group Research Index, FactSet.

Starting in mid-July, European investors will focus on the 2Q26 earnings season, for which the market expects growth to accelerate. Earnings are expected to rise by +14% y/y in 2Q26. The strongest growth is expected in energy (+100%, from a very low prior-year base), materials (+50%), technology (+16%), and cyclical consumer goods (+14.6%), while earnings in the utilities (-5%) and healthcare (-4%) sectors are likely to decline. For the full year 2026, consensus estimates point to earnings growth of +12% y/y with revenue growth of +5%.

The valuation of European stocks remains low compared to the U.S., with a 2026e P/E ratio of 16.8x, and the dividend yield of 2.9% is well above the global average. Given the improving earnings trend and low relative valuation, we see a positive risk/reward profile for European stocks and forecast a performance for the European index in the range of 0 to +5% for 3Q26.

Stock selection remains crucial in the second half of the year as well. In the European cyclical consumer sector, investors should avoid European auto stocks, as we believe companies' guidance is too high and further profit warnings for 2026/27 are highly likely in Q3. By contrast, we continue to view financial stocks positively. Following a strong Q1 earnings season with an 18% y/y increase in earnings, these stocks continue to offer an attractive risk-reward profile given their low valuation (2026e P/E of 12.5x) and a dividend yield of 4.5%. Although the industrial sector posted slightly weaker results in Q1, it will benefit from strong demand for AI data centers as the year progresses.

Forecast 3Q 2026

0% to +5%

USA

USA Index

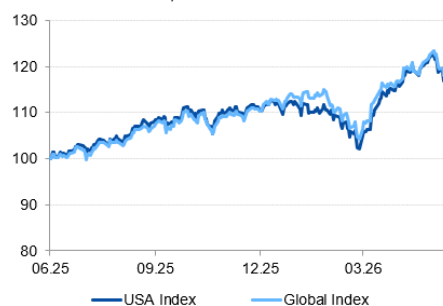
USD	2026	2027e
Rev./Sales	+10.7%	+7.5%
EBIT	+22.6%	+16.0%
Net Profit adj.	+21.6%	+15.1%
PE	22.8x	19.8x
Div. Yield	1.1%	1.2%

Source: Erste Group Research Index, FactSet.

The S&P 500 rose by +16% in the second quarter of 2026 and reached new all-time highs amid expectations that the conflict in the Middle East would ease. Seven of the ten sectors posted significant gains. The technology sector, in particular, posted the strongest performance, surging +32% following a record earnings season. The industrial and financial sectors also rose significantly. By contrast, the sector indices for telecommunications, energy, and utilities posted negative returns.

USA 500 Index vs. Global Index

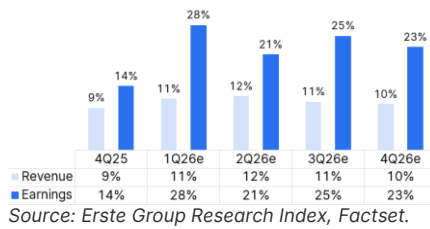
Rebased to 100, USD



Source: Erste Group Research Index, FactSet.

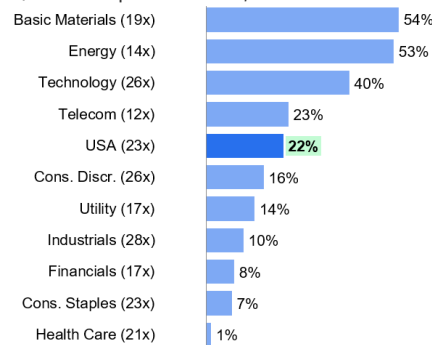
The U.S. purchasing managers' indices signal an expansion of the U.S. economy. The ISM Manufacturing Index has risen in recent months, reaching 54 points in May—its highest level in the past four years. This indicates that expansion in the manufacturing sector is accelerating. The U.S. services sector is also expanding, as the latest ISM Services Index stands at 54.5 points, well above the neutral level of 50 points. The latest labor market data also confirm that the U.S. economy is in good shape. The consumer confidence index, on the other hand, remains at a very low level. However, the June data showed a slight improvement.

Reported earnings growth for S&P 500 companies was once again above average in Q1. Revenues for S&P 500 companies rose by +11% y/y in Q1. Year-over-year profit growth was very strong at +28%. The technology sector posted profit growth of +54% y/y, followed by the communications sector at +49% and the materials sector at +43%.



Corporate growth will continue in the second quarter. The consensus forecast calls for revenue growth of +10% y/y and earnings growth of +21% y/y, and the trend in earnings estimates for the second quarter has been upward over the past month. This is particularly true for the technology, materials, and communications sectors. Only the healthcare sector has seen its outlook deteriorate. The positive revenue and earnings momentum of U.S. companies is expected to continue in Q3 and Q4. The consensus estimate for Q3 is an earnings increase of +25% y/y, and for Q4, +23% y/y.

USA 500: Net Profit Growth 26e y/y
P/E 26e in parentheses, in USD



Source: Erste Group Research Index, FactSet.

For 2026, this translates to an expected +11% y/y increase in corporate revenue and a +22% y/y increase in earnings. The projected P/E ratio is 23.3x. It remains above the historical average and reflects the companies' strong growth and high profitability. The dividend yield of the U.S. stock market is 1.1%. This is due to the composition of the U.S. index, which includes a high proportion of fast-growing technology companies that typically pay no dividends or only very small dividends.

We expect the U.S. stock market to continue its positive trend in Q3. Our performance forecast ranges from 0% to +5%.

Forecast 3Q 2026
0% to +5%

CEE

CEE coverage index

EUR	2026e	2027e
Sales	12.7%	5.8%
EBIT	13.5%	11.4%
Net Profit adj.	10.8%	9.2%
PE	14.3x	13.1x
Div. Yield	3.5%	3.5%

Source: Erste Group Research Estimates.

Even though negotiations between the U.S. and Iran are, as expected, proving difficult and volatile, hopes for a resolution have risen. The immediate impact of any progress in the negotiations on oil prices is affecting stock markets in Central and Eastern Europe (CEE) as well as their regional and global neighboring markets. Israel's future actions, as well as Trump's statements, are likely to pose the greatest risks to a positive outcome of the negotiations. Furthermore, it remains to be seen whether conditions similar to those before the outbreak of the conflict can be restored.

The possibility of a soon-to-be-reached solution would at least allow the region to eliminate a major risk. Current sentiment indicators are subdued at best, and economic growth forecasts for 2026 have been lowered. However, stock markets in the region, as well as in the rest of the world, have proven quite resilient and have tended to push growth expectations into 2027. This naturally entails a realization risk, which would now be significantly reduced by a potential negotiated settlement.

The balance between positive and negative revisions to consensus earnings estimates shows quite clearly that a stronger growth impulse is shifting toward 2027 rather than 2026. Thus, while earnings estimates over the next 12 months show a slight downward correction, they continue to provide a solid foundation for further positive market performance. To the extent that global regions, including CEE, are currently showing positive momentum in consensus estimates, this momentum is rather modest. However, with expected growth of 22.6% over the next 12 months and an anticipated improvement in sentiment—assuming a positive outcome to the negotiations—the CEE region is in a fairly solid position.

Operating margins remain a key driver of expected earnings improvements. For 2026, consensus estimates quite clearly reflect the impact of higher input costs. To the extent that energy prices, in particular, decline, margins should improve in the outlook for 2027.

Even though CEE markets have now made up for any discount to historical valuations, we currently see a valuation for the region that can be well justified by the given growth expectations and that should also leave room for upside. This should allow CEE stock markets to participate well in a general market recovery without immediately falling into critical valuation situations.

Cyclical sectors in CEE continue to show a strong trend in earnings expectations. However, this is primarily driven by energy and commodity stocks. Positioning in industrial and consumer stocks therefore remains a premature decision, though it should be justifiable given the outlook.

We continue to view the Polish market as an attractive option in the region, particularly due to its market breadth and the opportunity to act selectively.

Emerging Markets

Forecast 3Q 2026

0% to +5%

China

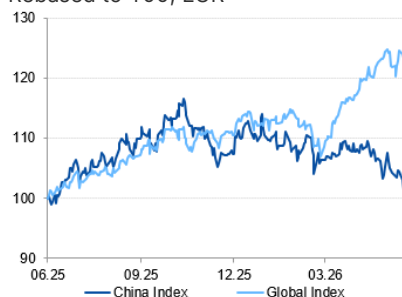
EGR China Index

USD	2026e	2027e
Rev./Sales	+9.4%	+4.3%
EBIT	+10.9%	+8.4%
Net Profit adj.	+8.0%	+8.1%
PE	8.5x	7.9x
Div. Yield	3.9%	4.0%

Source: Erste Group Research Indices, FactSet

The Erste China Index rose by +2.4% in EUR terms in 1Q26. On a 12-month basis, however, the index is only unchanged and thus a clear underperformer in an international comparison. There was a strong divergence in sector performance in the first quarter, as the major technology stocks (Alibaba, Tencent) lost -13% in value. However, cyclical sectors such as banks and energy producers like PetroChina (+30%) and CNOOC (+41%) rose sharply.

China Index vs Global Index
Rebased to 100, EUR



Source: Erste Group Research Indices, FactSet

Chinese leading economic indicators such as the Purchasing Managers' Index (PMI) in February continue to signal stable, solid growth. The EMI for the services sector soared to 56.7 points in February (Jan.: 52.3 points) and thus remains well above the expansion mark of 50 points. The important component of incoming orders from Germany and abroad showed a positive trend. The EMI for Chinese industry also developed very positively at 52.1 points (Jan.: 50.3 points). The index of new orders rose for the ninth month in a row and reached its highest level since September 2020.

Forecasts for corporate earnings growth in 2026e have improved from +5% to +6.5% y/y in 1Q. At 9.5x, the expected P/E ratio remains low by global standards. We expect this low valuation, as well as the continued strong earnings growth in the highly weighted technology sector (especially Tencent and Alibaba) in our view, to have a positive impact on the performance of Chinese equities. We forecast a performance of 0% to +5% for the 2Q.

Forecast 3Q 2026

0% to +5%

India

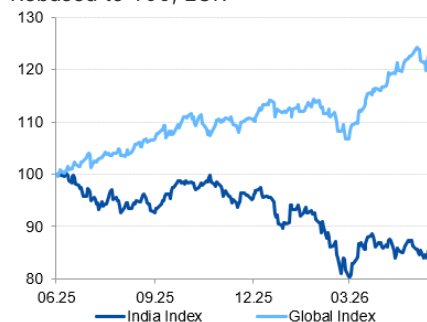
EGR India Index

USD	2026e	2027e
Rev./Sales	+4.6%	+7.5%
EBIT	+5.4%	+13.2%
Net Profit adj.	+5.4%	+13.0%
PE	21.1x	18.7x
Div. Yield	1.5%	1.6%

Source: Erste Group Research Indices, FactSet.

The Indian stock market fell by -9% in EUR terms in the first quarter. The Indian market was still developing positively until the start of the war in Iran. The Nifty 50 Index in INR reached a new all-time high at the beginning of January. With the start of the war, however, both the currency and the share index fell sharply (-13%). Fundamentally, however, the development on the Indian stock market was clearly positive during the 4Q25 reporting season. Most companies exceeded profit expectations. This data is also in line with the very strong leading indicators such as the purchasing managers' indices.

India Index vs. Global Index
Rebased to 100, EUR



Source: Erste Group Research Indices, FactSet

Overall, the index achieved earnings growth of +12% y/y, with margins rising to a multi-year high. If the index is calculated excluding financial stocks, profit growth was a strong +21% y/y. For 2026, profit forecasts have fallen from +11% to +9% since the start of the year due to the expected problems for the Indian economy caused by high energy prices. However, only five of the 76 companies in the Indian index are forecast to see a fall in profits. This applies to commodity and energy companies (Coal India, Indian Oil). The expected P/E ratio has thus fallen only slightly to 21x after the correction.

The P/E ratio is slightly below the long-term average and the high profitability of the companies and solid earnings growth justify the valuation level, which is slightly above the global equity market. Assuming our base case scenario and the fact that several oil tankers passed through the Strait of Hormuz to India in mid-March, we expect Indian equities to rise between 0% and +5% in 2Q26.

Real Estate Europe

The European real estate investment markets continue to show rather weak momentum. A look at investment volumes in Germany, Europe's largest and most liquid market, initially revealed a dynamic trend, but this was slowed by the recent geopolitical escalation in the Middle East. While ongoing transactions were mostly allowed to proceed, caution regarding new deals increased noticeably. The transaction volume stood at around EUR 8.6bn, slightly above the previous year but about 19% below the strong final quarter of 2025, with the market – according to CBRE – clearly dominated by individual transactions, which totaled around EUR 6.2bn, representing an increase of about 28% over the volume of the previous year. Portfolio purchases remained weak at around EUR 2.5bn, despite a few large deals. The number of large-volume investments (EUR >100mn) increased; a total of 16 deals with a combined volume of EUR 3.6bn were completed.

A look at the asset class shows that office real estate currently dominates the market with the largest share (about half of the large deals) and the highest growth. Residential real estate ranked second in Germany in the first quarter of 2026 with a market share of about 20%, ahead of the logistics/industrial asset class. While healthcare real estate gained ground thanks to a large transaction, retail and hotels recorded declines. In the top 7 cities, however, there were signs of slight stabilization, albeit to varying degrees. While Düsseldorf and Frankfurt recorded rising transaction volumes, Berlin saw declines this time around. Yields remained largely stable, averaging 4.73% for prime office properties in the Top 7 cities.

Geopolitical uncertainties and higher interest rates continue to prompt investors to act cautiously. The real estate market is characterized by rising capital market and financing rates as well as higher inflation expectations, which are expected to put pressure on prices and yields, although the latter could rise moderately again. The Stoxx 600 Real Estate largely reflects these developments. Since the beginning of the year, it has posted a decline of about 1.5%, while the overall market has gained about 7.5%.

Tables & Appendix

Economic indicators

		GDP (%yoy)		Inflation (%yoy)		Un-employ. (%)		CA Balance (%GDP)		Fiscal Balance (%GDP)		Gross Debt (%GDP)	
		26e	27e	26e	27e	26e	27e	26e	27e	26e	27e	26e	27e
Europe	Eurozone	0.5	1.1	2.9	2.2	6.2	6.1	1.3	1.5	-3.3	-3.4	87.8	88.4
	Germany	0.7	1.0	2.7	2.3	3.9	3.5	3.9	3.8	-3.8	-4.2	64.6	66.5
	France	0.7	0.9	1.8	1.7	7.9	7.9	-0.3	-0.2	-4.9	-4.8	118.4	120.5
	Spain	2.1	1.8	3.0	2.3	9.8	9.8	2.2	1.9	-2.1	-2.3	98.2	96.2
	Italy	0.8	1.0	2.6	2.4	6.0	6.1	0.6	1.1	-2.8	-2.6	138.4	138.8
	Austria	0.7	1.1	3.2	2.6	5.8	5.6	0.9	1.0	-3.9	-3.6	82.9	83.8
	UK	0.8	1.3	3.2	2.4	5.6	5.3	-3.4	-3.1	-3.9	-3.1	103.6	104.1
	Switzerland	1.3	1.3	0.5	0.5	3.0	3.0	6.8	7.1	0.2	0.3	38.5	37.5
Eastern Europe	Poland	3.6	2.9	2.8	3.3	6.2	6.3	-1.9	-2.4	-6.9	-6.9	65.3	68.4
	Turkey	3.4	3.5	28.6	21.4	8.3	8.7	-2.8	-2.5	-3.4	-3.7	25.5	26.9
	Czechia	2.2	2.7	2.5	2.6	3.4	3.5	0.4	0.8	-2.4	-3.0	45.1	46.4
	Romania	-0.3	2.5	8.3	4.5	6.3	5.8	-6.8	-6.2	-6.2	-5.7	61.1	63.0
	Hungary	1.7	2.2	2.8	4.3	4.5	4.3	-0.3	0.8	-6.5	-4.8	76.0	76.2
	Slovakia	1.0	1.7	4.0	3.0	6.0	5.8	-2.7	-2.5	-4.5	-4.5	63.0	64.8
Americas	USA	2.1	2.0	3.5	2.5	4.4	4.2	-3.7	-3.6	-7.5	-7.4	125.8	128.6
	Canada	1.5	1.9	2.5	2.1	6.5	6.3	-0.2	-0.3	-2.7	-2.5	110.7	109.5
	Brazil	1.9	2.0	4.0	3.4	6.8	7.4	-2.7	-2.4	-7.7	-6.9	96.5	100.0
	Chile	2.4	2.6	2.9	3.3	8.1	7.6	-0.8	-1.8	-2.5	-1.9	42.5	44.4
	Mexico	1.6	2.2	3.9	3.4	2.7	2.8	-0.4	-0.5	-4.4	-3.5	62.7	63.1
	Colombia	2.3	2.5	5.9	5.2	9.0	10.0	-2.5	-2.6	-5.2	-4.3	60.9	61.3
Asia	China	4.4	4.0	1.2	1.5	5.1	5.1	3.5	3.3	-8.2	-8.4	106.9	112.5
	Japan	0.7	0.6	2.2	2.3	2.5	2.5	3.8	3.9	-2.0	-2.4	204.4	200.1
	India	6.5	6.5	4.7	4.0	na	na	-2.0	-1.6	-7.4	-7.3	83.4	82.5
	Indonesia	5.0	5.1	3.0	2.6	4.9	4.8	-1.1	-0.9	-2.9	-2.9	41.5	41.8
	South Korea	1.9	2.1	2.5	1.9	2.8	2.9	5.6	5.4	-1.5	-1.3	54.4	56.6
	Thailand	1.5	2.1	0.9	1.0	1.0	1.0	0.7	1.4	-2.2	-1.9	66.8	67.8
	Australia	2.0	1.7	4.0	3.2	4.2	4.3	-2.3	-2.2	-2.4	-2.1	50.6	50.7
	South Africa	1.0	1.3	3.9	3.4	32.5	32.4	-0.9	-1.4	-4.9	-4.3	78.9	79.7
	World	3.1	3.2										

Source: IMF, EU Commission, Erste Group Research estimates

Equities

Erste Global 1000 Index

Erste Global 1000 Index		No. of Comp.	Mkt. Cap. EUR bn	Weight (%) World	Performance (%)				Growth (% , y/y)				P/E		DY	
					EUR				Sales	Net Profit Adj		26e	27e	26e		27e
					1M	3M	12M	YTD	26e	27e	26e	27e	26e	27e	26e	
World		USD	1,229	97,341	100	2.7	10.7	24.3	11.6	11.7	6.5	25.1	13.7	18.9	16.7	1.6
Developed Markets	North America	USD	593	62,221	63.9	0.9	11.0	22.7	9.5	10.6	7.2	21.5	14.5	22.6	19.8	1.1
	Canada	USD	54	2,606	2.7	2.3	6.1	22.2	9.3	9.2	0.9	19.3	3.2	18.9	18.3	1.5
	USA	USD	539	59,615	61.2	0.8	11.2	22.7	9.5	10.7	7.5	21.6	15.1	22.8	19.8	1.1
	Europe	EUR	259	14,637	15.0	6.1	8.3	18.4	9.0	5.2	3.6	12.1	9.1	16.7	15.3	2.9
	France	EUR	36	2,522	2.6	5.8	5.2	7.2	0.1	2.5	4.7	13.5	10.0	16.4	14.9	2.9
	Germany	EUR	37	1,948	2.0	1.2	2.1	0.5	-1.2	2.1	5.0	8.4	15.6	15.0	12.9	2.9
	Italy	EUR	15	772	0.8	7.7	13.6	27.7	13.8	7.8	3.2	12.2	4.9	13.7	13.1	4.7
	Netherlands	EUR	19	1,455	1.5	15.0	19.3	37.9	25.7	7.7	7.3	17.0	14.0	25.0	22.0	1.7
	Spain	EUR	15	1,041	1.1	9.7	11.7	38.3	11.7	6.5	2.8	10.1	9.1	16.6	15.2	3.6
	Sweden	EUR	18	611	0.6	3.7	3.0	27.9	5.6	5.2	5.0	7.0	10.5	18.1	16.4	3.6
	Switzerland	EUR	30	1,961	2.0	3.7	7.2	20.2	7.4	9.2	2.4	14.3	9.5	19.2	17.5	2.8
	United Kingdom	EUR	44	2,823	2.9	9.1	12.2	34.5	19.4	7.9	0.9	14.1	5.4	15.3	14.5	2.7
	Asia/Pacific	USD	184	12,679	13.0	11.6	25.5	73.4	46.0	23.9	12.0	80.4	22.4	16.6	13.6	1.5
	Japan	USD	99	4,842	5.0	7.4	12.1	33.3	21.9	14.7	6.6	20.2	15.0	24.5	21.3	1.4
	Australia	USD	26	1,224	1.3	4.1	3.3	13.7	11.5	11.3	4.6	19.5	5.6	17.2	16.3	3.6
South Korea	USD	28	3,225	3.3	21.9	57.9	279.3	132.2	45.5	16.0	261.0	29.9	9.0	7.0	0.6	
Taiwan	USD	23	3,046	3.1	13.0	36.8	110.8	58.3	32.2	25.5	47.1	25.2	26.3	21.0	1.4	
Emerging Markets	Emerging Asia/Pacific	USD	161	6,601	6.8	-2.2	-5.3	-4.0	-7.2	8.4	4.8	8.1	8.8	10.9	10.0	3.1
	China (incl. HK)	USD	63	4,059	4.2	-5.1	-7.7	0.7	-5.4	9.4	4.3	8.0	8.1	8.5	7.9	3.9
	India	USD	76	2,110	2.2	3.1	0.5	-11.0	-8.9	4.6	7.5	5.4	13.0	21.1	18.7	1.5
	Emerging Europe	USD	5	149	0.2	0.4	8.8	60.2	17.0	27.0	5.1	17.2	10.5	12.5	11.3	3.4
	Emerging Americas	USD	28	1,095	1.1	-2.7	-3.1	17.2	11.8	22.1	5.8	36.9	7.6	9.5	8.9	5.3
Brazil	USD	16	624	0.6	-6.2	-9.3	18.5	9.9	23.1	4.1	32.5	6.9	7.1	6.7	7.4	
Global Sectors																
Erste Sectors	Basic Materials	USD	72	2,873	3.0	2.4	7.2	37.4	19.0	15.1	1.9	53.9	6.7	15.3	14.4	2.3
	Consumer Discretionary	USD	156	10,941	11.2	-1.2	1.5	1.4	-4.3	5.0	7.5	12.0	16.9	22.7	19.4	1.2
	Consumer Staples	USD	80	4,409	4.5	-2.6	0.2	5.3	6.1	5.7	3.8	8.0	7.8	20.9	19.4	2.7
	Energy	USD	72	4,529	4.6	-8.6	-7.0	23.0	18.6	15.7	-4.5	45.3	-7.4	11.3	12.2	3.8
	Financials	USD	233	16,622	17.1	5.6	9.5	15.6	4.7	5.6	5.3	7.7	7.5	13.7	12.8	2.7
	Health Care	USD	106	7,190	7.4	2.9	0.2	8.7	-3.1	5.8	5.2	2.6	16.5	19.5	16.7	1.9
	Industrials	USD	219	10,166	10.4	3.8	6.1	19.6	13.1	8.3	6.5	11.8	14.0	26.1	22.9	1.3
	Real Estate	USD	42	1,129	1.2	-1.0	0.4	2.1	7.3	6.0	4.1	4.7	9.5	27.1	24.7	3.1
	Technology	USD	158	35,497	36.5	5.1	27.2	53.4	26.1	32.8	20.7	63.2	25.3	22.5	18.0	0.6
	Telecom	USD	40	2,191	2.3	-2.3	-3.3	1.2	4.0	4.8	3.7	1.6	4.5	14.6	14.0	3.2
Utility	USD	61	2,078	2.1	1.3	-4.5	11.2	4.9	5.6	3.7	10.5	9.9	16.9	15.3	3.1	

Source: Erste Group Research, FactSet. Closing Prices as of: 17.06.2026

Erste CEE Indices

Erste CEE Index		No. of Comp.	Mkt. Cap. EUR bn	Weight (%) Total	Performance (%)				Growth (% , y/y)				P/E		DY
					EUR				Sales		Net Profit Adj.		26e	27e	
					1M	3M	12M	YTD	26e	27e	26e	27e	26e	27e	
CEE Coverage	EUR	107	452	100	3.7	10.2	33.2	14.5	12.7	5.8	10.8	9.2	14.3	13.1	3.5
CEE Austria	EUR	23	134	29.8	11.9	18.0	37.7	15.8	6.9	4.8	14.0	16.6	15.3	13.1	3.2
CEE Czech Republic	EUR	3	34	7.3	- 5.3	- 0.3	4.7	- 5.7	- 6.3	- 3.6	28.2	- 10.5	23.6	26.4	2.6
CEE Croatia	EUR	10	11	2.5	6.0	10.6	25.0	10.7	5.6	5.0	- 2.9	6.6	19.5	18.3	3.1
CEE Poland	EUR	56	177	39.4	0.2	5.5	27.8	11.7	17.4	5.6	3.9	4.7	14.2	13.6	3.5

Source: Erste Group Research, FactSet. Closing Prices as of: 17.06.2026

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