September 2026

Global Strategy

Financial Markets in Q4 2026

Global Strategy Team

Investment Strategy	Friedrich Mostböck, Rainer Singer
Economics	
USA	Fabian Prettenthaler
Eurozone	Gerald Walek
CEE	Juraj Kotian
Emerging Markets	Gerald Walek, Stephan Lingnau
Currencies	
US-Dollar	Rainer Singer
Gold	Hans Engel
CEE	Katarzyna Rzentarzewska
Swiss Franc	Gerald Walek
Bonds	
US	Rainer Singer
Germany	Rainer Singer, Gerald Walek
CEE	Juraj Kotian, Katarzyna Rzentarzewska
EUR Corporate Bonds	Peter Kaufmann
Equities	
Global	Hans Engel, Stephan Lingnau
Europe	Stephan Lingnau
USA	Hans Engel
CEE	Henning Esskuchen
Real Estate	Christoph Schultes
Emerging Markets	Hans Engel, Stephan Lingnau

Prices as of
19.06.2026, 22:00

Report created
29.09.2026, 13:55

Report published
29.09.2026, 14:05

Editor
Friedrich Mostböck, CEFA®, CESGA®
Head of Group Research

Note:
Our estimates are in absolute and not in relative terms. Bond yields and equity market returns in local currencies. Past performance is not a reliable indicator of future performance.

Table of Contents

Investment Strategy 4Q 2026

Yields			Estimates			
		current	**4Q26**	1Q27	2Q27	3Q27
10y. Govt. bonds	**Germany**	3.60	**3.50**	3.40	3.20	3.20
	Austria	3.83	**3.75**	3.65	3.45	3.45
	US	5.21	**5.00**	4.80	4.70	4.60
	CEE					
	Czech Republic	5.37	**4.72**	4.60	4.48	4.38
	Hungary	5.80	**5.58**	5.48	5.55	5.43
	Poland	6.36	**5.59**	5.44	5.33	5.27
	Romania	7.42	**6.90**	6.85	6.72	6.52

Source: Erste Group Research estimates

Currencies			Estimates			
		current	**4Q26**	1Q27	2Q27	3Q27
Global	**EURUSD**	1.14	**1.12**	1.12	1.12	1.12
	EURCHF	0.95	**0.94**	0.94	0.94	0.94
	Gold (USD)	4,146	**4,300**	4,700	4,750	5,000
CEE	**CZK**	24.3	**24.2**	24.2	24.1	24.1
	HUF	364.9	**360.0**	360.0	355.0	355.0
	PLN	4.37	**4.30**	4.30	4.30	4.30
	RON	5.27	**5.27**	5.27	5.30	5.32

Source: Erste Group Research estimates

Equities		Estimate 4Q 2026	min	max	FX
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
	Health Care	↗	0%	+5%	USD
	Communication Services	↗	0%	+5%	USD
	Energy	↗	0%	+5%	USD
	Consumer Staples	↘	-5%	0%	USD
	Consumer Discretionary	↘	-5%	0%	USD
	Utilities	↘	-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.

Markets between resilience and risks

The assessment of the crisis in the Persian Gulf has changed fundamentally over the past quarter. While the prospects for a resolution looked promising at the end of June, it currently appears that the status quo will remain in place for the time being. This means persistently high energy prices. At the same time, the global economy has shown resilience, not least due to significant support from AI-related investments. The prospect of persistently high energy prices, combined with continued strong economic data, was the key factor in the bond market's reaction over the past few weeks, as it reassessed the situation. These yield levels are expected to hold through the fourth quarter. The price of oil will remain a key factor. Of course, an agreement between the US and Iran could ease tensions, but there are no signs of that happening at this time.

The ECB is proceeding cautiously, weighing the duration of high energy prices against the resilience of the economy - and thus the likelihood of broader inflationary pressures. The risks associated with the latter will increase in the coming months. We therefore expect another interest rate hike of 25 basis points (bp) in December. With regards to inflation risks, the US Federal Reserve faces greater challenges. Not only is the path to the target longer, but the investment boom also makes it more difficult to determine the right interest rate. We expect another interest rate hike of 25bp in December. Risks are generally skewed to the upside, more so for the US than for the Eurozone.

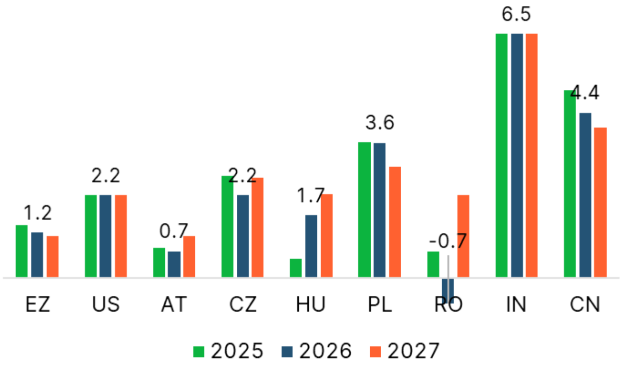
EUR corporate bond markets have, on the whole, weathered the global environment unscathed so far. The continued strong business performance of companies has certainly been a key factor. The market evidently sees good reasons to look to the future with optimism. For us, however, risks are mounting, and we therefore expect slight spread widening.

The uncertain environment - particularly rapidly rising interest rates - left its mark on the stock markets in the third quarter. Nevertheless, performance still managed to reach 3% based on the Erste Global Index. Globally, the energy sector posted the best performance. Overall, we have a positive outlook for the stock markets, albeit with significant variation by country, sector, and individual stock. There is much debate over whether valuations in the technology sector - which are driven primarily by the growth potential of AI applications - are justified. We do not see any overvaluation here and expect strong future growth in demand for AI applications.

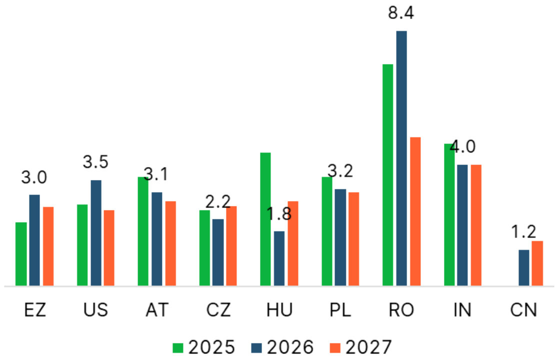
Gold is facing strong headwinds due to high interest rates. While central bank purchases are likely to remain high, this is unlikely to be enough to cause prices to rise significantly. We expect the dollar to strengthen somewhat. The reason is that, in this highly uncertain environment, there is more potential for interest rate hikes in the US than in the Eurozone. This argument also applies to the Swiss franc, albeit with the opposite sign. With virtually no interest rate expectations for the franc, the recent slight weakening against the euro should be sustained.

Economy

GDP-Forecast, in %



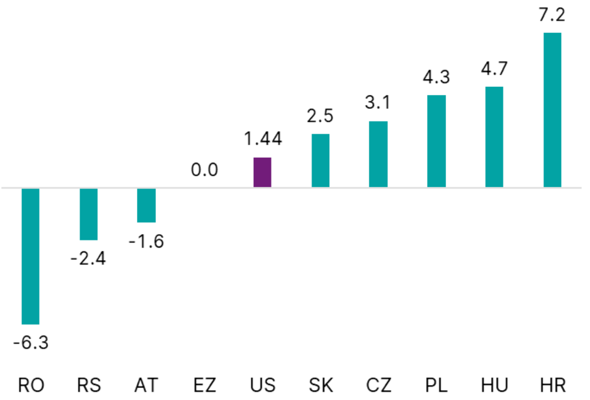
Inflation-Forecast, in %



Source: IMF, Erste Group Research

Industrial production, real y/y in %

latest available values

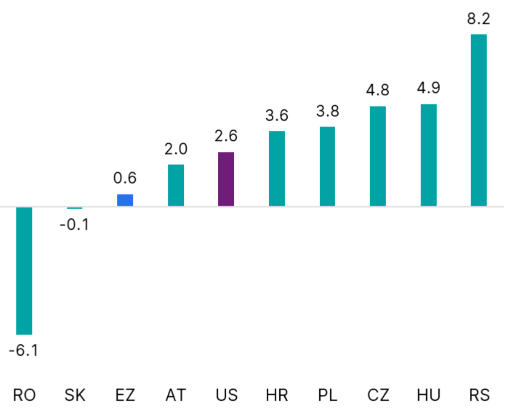


Unemployment rate, in %

latest available values

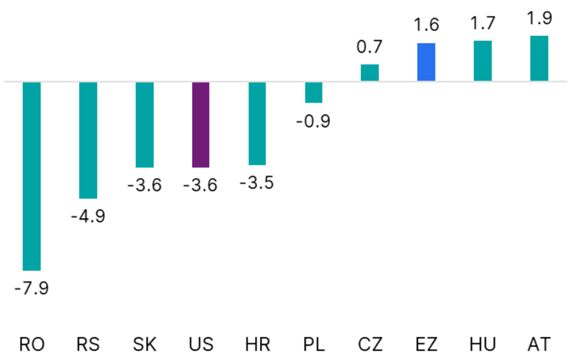
Retail sales, real y/y in %

latest available values



Current Account Balance , yearly in % of GDP

2025

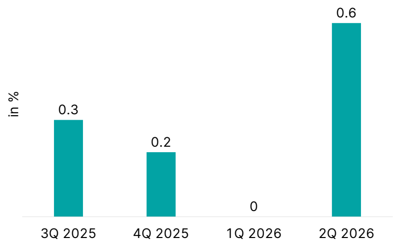


Source: Eurostat, Erste Group Research

Eurozone

Robust growth despite geopolitical crises

Eurozone GDP growth (including Ireland), q/q



Source: Eurostat, Erste Group Research

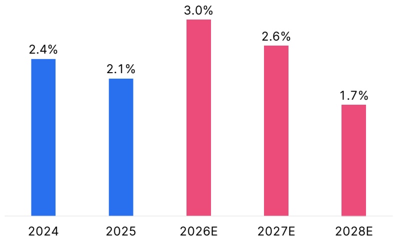
Eurozone GDP grew by a surprisingly strong 0.6% q/q in 2Q26. In 1Q, however, economic output had stagnated. The pronounced fluctuations were largely attributable to Ireland's volatile GDP data. Adjusted for this effect, growth in both quarters would have been around 0.3% q/q. With growth of 0.7% q/q, Spain continued to make an above-average contribution to the Eurozone economy in the second quarter. The Spanish economy remains buoyed by robust private consumption, while investment activity cooled somewhat in the first half of the year. Germany and Italy also posted solid performances in the second quarter, with growth rates of 0.2% to 0.3% q/q, while the French economy stagnated.

The recovery in sentiment and activity indicators continued through September. This points to sustained solid growth in the third quarter of 2026 as well. However, the unusually dry summer poses a downside risk, particularly for Germany, as restricted shipping traffic on key inland waterways may have weighed on economic activity. At the same time, the escalation in the Middle East continued to intensify in September, further driving up global energy prices. So far, higher energy prices have not posed a significant obstacle to economic activity, as companies had long assumed the conflict would soon ease. However, this hope is increasingly fading. This presents a potential downside risk to the economy.

Households in the Eurozone have been burdened by higher gasoline and diesel prices since the spring. Nevertheless, consumer spending growth remained robust, averaging 0.25% q/q. During the winter months, rising gas and electricity costs are likely to place additional strain on disposable income. For 2027, however, we expect conditions to improve again: As energy price pressures ease, real wage growth should accelerate, which should improve the outlook for consumption.

Investment activity was somewhat weaker in the first half of the year following the strong momentum of the previous quarters. However, several factors point to a revival in investment growth in the coming quarters. Continued favorable financing conditions resulting from historically low risk premiums indicate an unabated high availability of investment capital, as well as a likely increase in AI-related investments in Europe.

EZ inflation 2024–2028E, in %



Source: Eurostat, Erste Group Research

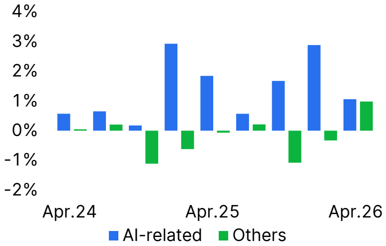
Foreign trade delivered a positive surprise in the first half of the year. This is particularly true for Germany, where exports rose by about 2% q/q in both the first and second quarters. From a regional perspective, exports to both the US and China showed signs of recovery. By sector, exports of electrical equipment showed particularly strong growth, while exports from the automotive industry continued to decline in the first half of 2026. Manufacturers of electrical equipment are benefiting from rising global energy demand, which is closely linked to the AI investment boom. Despite the situation in the Middle East being difficult to assess, the outlook for exports remains positive.

Inflation is expected to rise to 3.0% in 2026, due to the war in Iran. Our forecast is based on the expectations for oil and electricity prices currently priced into the futures markets. These point to a gradual decline in energy prices over the course of 2027. Against this backdrop, we expect inflation to decline to 2.6% in 2027. In the coming months, it will be crucial to see whether inflationary pressures spread beyond the energy sector to other goods and services. For goods, an acceleration in price dynamics was already observed this summer. In the services sector, wage agreements linked to higher inflation could generate additional price pressure in 2027.

USA

Demand-driven growth, inflation risks persist

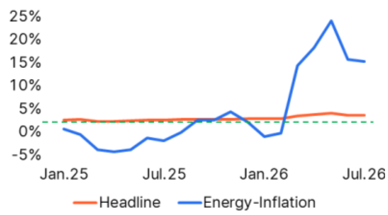
AI-related investments boost growth
Contributions, q/q, annualized



Source: Bureau of Economic Analysis, Erste Group Research

The latest US GDP figures paint a mixed picture. While the growth momentum from the previous quarter did not continue into the second quarter, this was primarily due to a negative contribution from foreign trade. Domestic demand, on the other hand, remained robust. On a q/q basis, US GDP rose by an annualized 1.5%, whereas the growth rate in the first quarter of this year had been 2.1%. A look at the components, however, offers room for optimism. Private consumption, the most important component of US GDP, rose strongly in the second quarter, despite persistently high inflation. This was supported by continued growth in real disposable income as well as a declining savings rate. However, the risks to consumption have increased. Higher energy prices are likely to weigh on household purchasing power and could partially offset the recent positive trend in real income. Accordingly, consumption is likely to lose some momentum in the coming quarter. In addition to private consumption, business investment also remained at a high level. A key driver is likely to be the continued high level of investment in artificial intelligence. Information processing equipment and software - a proxy for AI investment - have been making a significant contribution to corporate investment momentum for about two years and accounted for more than half of total investment growth in the second quarter of 2026 as well. Against this backdrop, the US economy is likely to continue growing solidly in the second half of the year. We continue to expect growth rates of well over 2% for the second half of the year. For economic growth in 2026, we expect 2.2%. The robust domestic economy continues to be reflected in the labor market. The unemployment rate remained largely stable, and job growth was particularly strong in August.

Energy prices drive inflation
US inflation rates (PCE), y/y in %



Source: Bureau of Economic Analysis, Erste Group Research

Inflation remains well above the central bank's 2% target. Following a brief lull in the Persian Gulf, the conflict has flared up again, and an end is still not in sight. This continues to drive energy prices higher and keeps inflation expectations at elevated levels. Energy prices in July were 15.3% higher than a year ago. Compared to levels three months ago, however, they have fallen by 3.6%, indicating an easing of short-term price pressures. Energy prices, however, remain at high levels. The tariffs introduced by President Trump have further increased goods prices. As the base effects fade, however, these price increases are likely to be increasingly factored out of inflation rates by the end of the year. A sustained decline in inflation, however, is unlikely to begin until the crisis in the Persian Gulf is resolved. Furthermore, persistently high energy prices are likely to contribute to ongoing price pressure in other sectors of the economy through higher transportation, production, and input costs. We therefore expect an inflation rate of 3.5% for 2026 and a decline to 2.5% for 2027.

CEE

Domestic demand is the main driver of growth in CEE

The region appears to have weathered the external headwinds relatively well in the first half of the year. Therefore, there is some good news for the region. GDP growth was revised up in Serbia and Slovenia compared to our previous CEE Macro Outlook. Further, Hungary keeps benefiting from a spur of optimism following the parliamentary elections and the change of government. The country seems determined to proceed with reforms and pursue Eurozone membership, which has supported a market rally. In Croatia, Poland and Slovakia, slight downward adjustments were made. Finally, in Romania, the recession will be deeper than initially expected, as we revised our 2026 GDP growth forecast to -0.7%.

The 2Q26 data suggests that CEE growth remains primarily a domestic story rather than an export-led development. Resilient labor markets and real wage growth are supporting household consumption, which increased in all CEE countries except Romania in the first half of the year. Although growth dynamics mostly slowed in 2Q26, private consumption remains one of the key drivers of growth. Investment is increasingly supporting growth in Poland, Czechia, Slovenia and Serbia, backed by EU funds, infrastructure spending and construction. Moreover, strong investment, particularly supported by EU funds, was the only positive growth driver in Romania. On the other hand, investment declined in Hungary and Slovakia. Domestic demand should remain a key driver of growth in CEE.

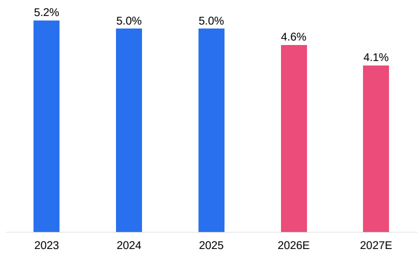
A prolonged period of geopolitical tensions and persistently high energy prices continues to pose a risk to economic developments in the region, however. On the other hand, economic activity held up well in 3Q, improving the region's economic prospects beyond 2026. Global growth is also expected to pick up in 2027, which is positive for the CEE region. At this point, we expect growth to accelerate slightly next year.

The clearest inflationary impulse currently comes from energy and fuel, reflecting the consequences of the Middle East conflict as well as changes in government support schemes. This is particularly visible in Poland, where fuel prices jumped by 5.2% m/m in August, pushing headline inflation from 3.0% to 3.4%. Another common feature is the decline in food prices in Czechia, Poland, Slovakia and Hungary. Compared to our previous CEE Macro Outlook, average 2026 inflation was revised down in Czechia, Hungary, Romania, Serbia and Slovakia. In Romania, rapid disinflation is expected over the course of the third quarter of the year. The external environment remains a key risk to the inflation outlook, particularly the Middle East conflict and weather conditions.

Emerging Markets

China

GDP Growth in China



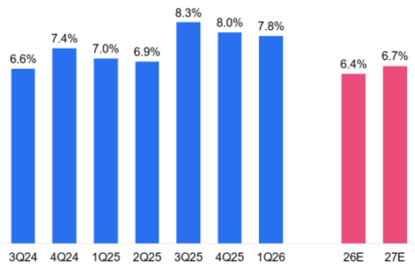
Source: National Bureau of Statistics of China, IMF, Erste Group Research

In the second quarter of 2026, growth in the Chinese economy slowed to 4.3% year-over-year, down from 5.0% y/y in the first quarter. The expansion was driven primarily by the services sector and industry, while activity in the real estate sector continued to decline. The recent measure to support the financial sector, amounting to approximately EUR 60 billion, is intended to stimulate investment and strengthen economic growth. Based on data from the Purchasing Managers' Indices, activity in the industrial and service sectors cooled slightly in the third quarter. For 2026 and 2027, the IMF raised its growth forecasts to 4.6% and 4.1%, respectively. We view the low inflation rate of around 1% y/y as an indication of persistently weak domestic demand.

Interestingly, Eurozone exports to China have also gained momentum in recent months, underscoring a general revival in global trade. The next round of talks between the EU and China will take place in early October. The topic will be China's substantial trade surplus with the EU. From the EU's perspective, import restrictions and tariffs on imports from China are currently on the table. In addition, the EU is seeking a reform of public procurement law. As part of a stronger "European preference," access to the European market for Chinese companies is to be made more difficult.

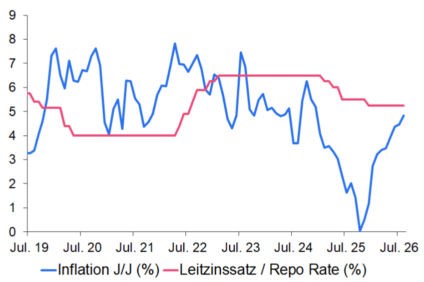
India

India: GDP Growth Y/Y in %



Source: Central Statistical Organization of India, IMF Forecasts

India: Inflation and Key Interest Rates, in %



Source: Central Statistical Organization of India, RBI

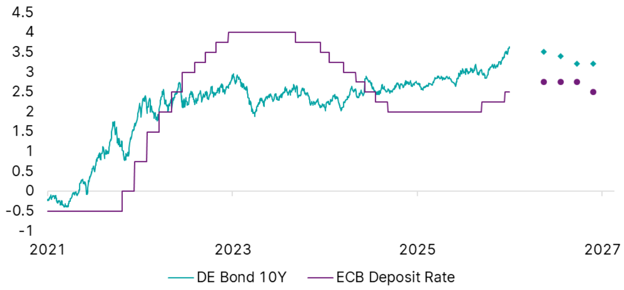
The Indian economy continues to perform robustly despite very high energy prices. In Q2 2026, GDP rose by 7.8% y/y. A positive highlight is the solid growth across all segments of the economy. The services sector expanded by 10%, industry by 9%, and the construction sector by 8%. The demand side also remained dynamic, with investment rising by 12% and private consumption by 7%. For 2026, the IMF currently expects growth of 6.4%, and the Reserve Bank of India (RBI) forecasts a 6.7% increase for fiscal year 2026. India thus remains one of the world's fastest-growing major economies. The positive momentum is expected to continue, as monthly leading indicators continue to signal solid expansion. The Manufacturing Purchasing Managers' Index (PMI), already released for September, rose to 55.7 points (Aug.: 52.8 points). Domestic new orders grew at an accelerated pace. The services PMI, which is also important for India, stood at 55.8 points (Aug. 54.1 points).

Inflation accelerated to 4.8% y/y in August, up from 4.5% in July, and thus remained above the Reserve Bank of India's (RBI) 4% target. The main driver was food inflation, which rose to 6%. The RBI most recently left its benchmark interest rate at 5.25% and reaffirmed its neutral stance. It expects average inflation of 5.0% for 2026. This limits the scope for further interest rate cuts. At the same time, high oil imports and capital outflows are weighing on the Indian rupee. It has depreciated by about 6% against the USD since the beginning of the year. However, India's foreign exchange reserves of approximately USD 781 billion (about 19% of 2026e GDP) limit external financing risks.

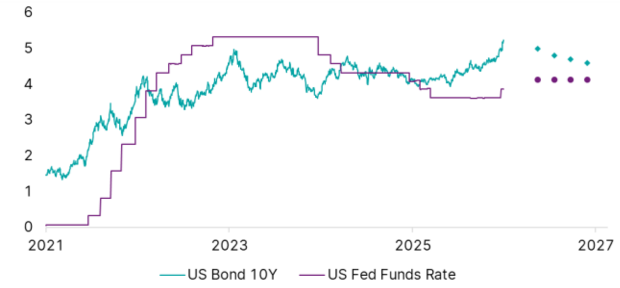
Inflation has recently picked up again, rising to 3.9% y/y in May (April: 3.5%), but remained just below the Reserve Bank of India's (RBI) 4% target. As high oil prices are intensifying upward pressure, the RBI left its benchmark interest rate at 5.25% on June 5 for the third consecutive time and maintained 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

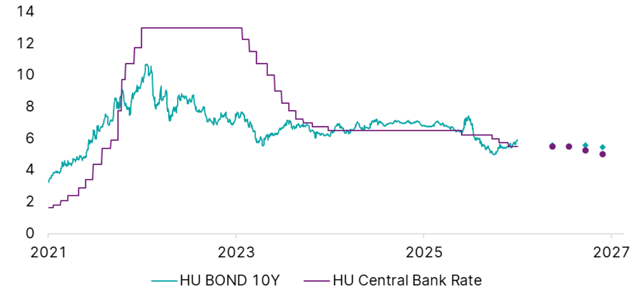
Eurozone, in %



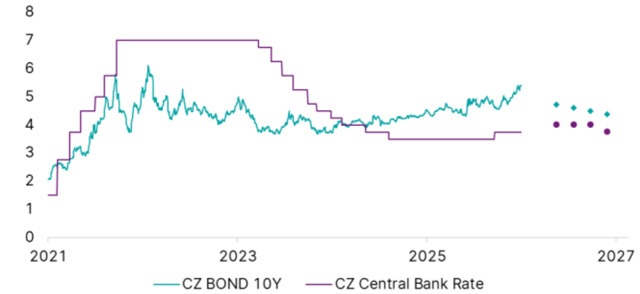
USA, in %



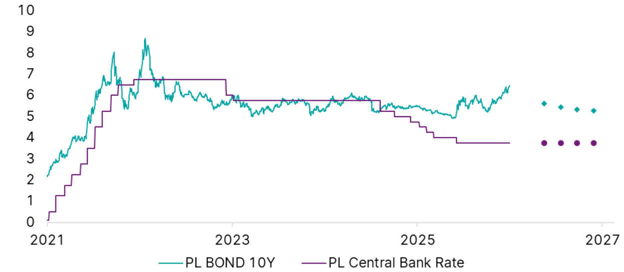
Hungary, in %



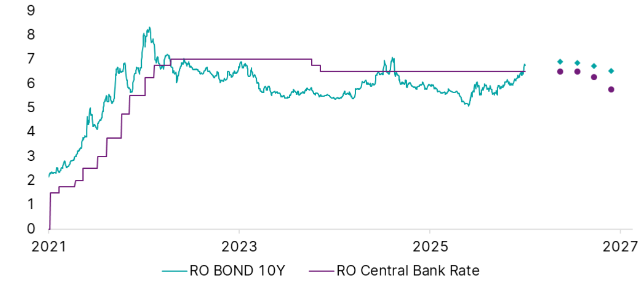
Czechia, in %



Poland, in %

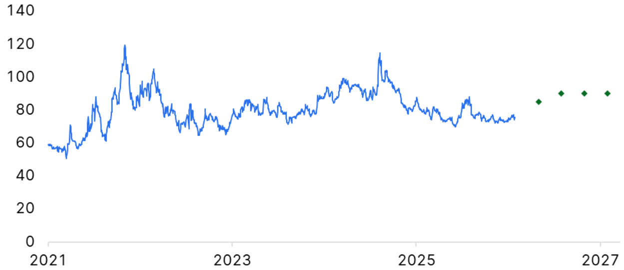


Romania, in %



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

	Yield Forecast 4Q 2026
ECB Deposit Facility	2.75%
German Bond	3.5% (10Y)

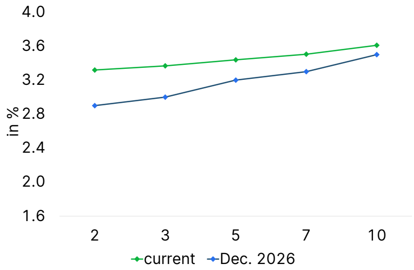
ECB continues tightening

At its September meeting, the ECB Governing Council raised key interest rates by 25 basis points, as expected. The deposit rate, which is the key rate from a monetary policy perspective, now stands at 2.5%. The ongoing conflict in the Middle East continues to pose upside risks to energy prices and is intensifying inflationary pressures. The rate hike underscores the ECB's determination to bring inflation back to its 2% target in a sustainable manner over the medium term.

ECB economists have once again raised their inflation forecasts due to higher energy prices. An inflation rate of 2.5% (previously 2.3%) is now expected for 2027 and 2.1% (previously 2.0%) for 2028. Forecasts for core inflation have also been revised upward. The ECB now expects 2.6% for 2027 and 2.3% for 2028. As a result, inflation is likely to move significantly closer to the target starting in the third quarter of 2028. At the same time, growth forecasts for 2026 and 2027 were revised upward against the backdrop of a robust economy.

The ECB has so far been surprised by the limited upward pressure on inflation. However, the Governing Council now expects inflation to remain elevated over a longer period due to the anticipated broad-based rise in goods prices. As usual, the ECB is taking a data-dependent approach and is not committing to a specific interest rate path in advance. Against this backdrop, we expect the ECB to raise key interest rates by another 25 basis points in December. This should mark the peak of the rate-hiking cycle. However, the risks to interest rates remain tilted to the upside. Furthermore, financial markets are currently pricing in three additional rate hikes of 25 basis points each through September 2027.

Yields remain largely at elevated levels
German yield curve, in %



Source: Market data providers, Erste Group Research

In the global bond market, yields have risen significantly in recent weeks as a result of higher inflation expectations. The yield on 10-year German government bonds rose from just under 2.9% before the escalation of the Middle East conflict to over 3.5%. Since yields at the short end of the curve rose to a similar extent, the steepness of the yield curve remained largely unchanged. On one hand, the rise in yields reflects investors' heightened inflation concerns. On the other hand, the continued positive term premium suggests that market participants expect the economy to remain robust. Expansive fiscal policy measures - including Germany's economic stimulus package and higher European spending on defense and digitalization - are creating additional upward pressure on long-term yields.

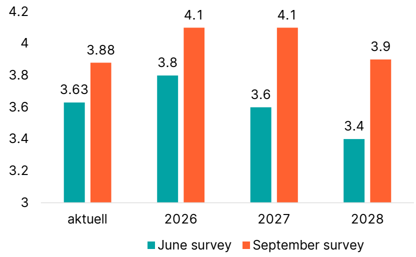
In the short term, the bond market is likely to remain under pressure, as no change is in sight for either energy prices or economic data. In our base scenario, however, falling energy prices in 2027 will lead to declining inflation expectations. This should favor falling yields, particularly for shorter maturities, as markets are likely to price in lower future policy rates. At the long end, however, we see only limited downside potential. Robust economic prospects, a high volume of government bond issuance, and the influence of US yields are likely to keep long-term yields at elevated levels. Overall, we see potential for a moderate decline in German yields in the medium term, accompanied by a slight steepening of the yield curve.

USA

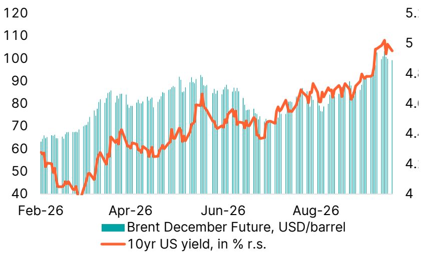
	Yield Forecast 4Q 2026
Federal Funds Rate	4.00 – 4.25%
US Treasuries	5.0% (10y)

Interest rates in the U.S. to remain high

FOMC participants' expectations for the federal funds rate
Median, year-end, in %



Yields Follow the Oil Price
10-year U.S. Treasury yield and oil price



Source: Market data providers, Erste Group Research

Although somewhat belated, the Federal Reserve did respond to the deteriorating prospects of reaching the 2% inflation target. On top of an already high baseline level of inflation, fuel prices have risen sharply since this spring amid a resilient economy. As a result, the FOMC, the committee responsible for setting interest rates, decided in September to raise the benchmark interest rates by 25 basis points (bp). The survey of meeting participants also revealed a significant shift in expectations. Through the end of 2026, the median forecast among respondents points to one additional rate hike. The resulting interest rate level is expected to remain unchanged in 2027. For 2028, the median forecast calls for a rate cut. This means that expectations for 2027 and 2028 are 50 BP higher than those in the June survey. We view this shift in opinion among FOMC members as justified. Even if the current one-off factors driving up inflation, such as the pass-through of U.S. tariffs and the rise in energy prices, were to completely drop out of the calculation, which is already unlikely, we believe this would not be enough to bring the inflation rate down to 2%. For that to happen, the inflation rate for services would also have to decline, which is difficult to imagine without a contribution from higher interest rates. We therefore expect another interest rate hike in December, although a rate hike as early as October cannot be ruled out. After that, we anticipate that interest rates will remain unchanged. However, the combination of a solid economy and the long road to the 2% target clearly points to upside risks.

Led by the U.S. market, global bond markets have come under heavy selling pressure in recent months. This was due to the recent escalation of the crisis in the Persian Gulf, which caused prices for oil and other energy sources to rise. Yields followed the oil price, as they have in recent months. However, the level of yields relative to the oil price has been shifting steadily upward. We attribute this to rising inflation risks stemming from persistently high energy prices coupled with a resilient economy. Added to this is the high U.S. budget deficit, with no prospect of consolidation, which will keep the supply of U.S. Treasuries high. Attempts by the U.S. Treasury Department to at least slow the rise in yields on longer-term bonds through increased buybacks were unsuccessful.

A decline of oil and energy prices—which we expect to see next year—should lead only to a gradual decline in yields. This is because the "supply side" will remain high regardless. Even after the midterm elections and any potential shifts in the balance of power, we do not expect the U.S. budget to be consolidated. More important, however, will be the uncertainty surrounding the pace at which inflation will decline. Inflation rates will indeed fall as one-time effects lose significance. However, bringing inflation down to 2% will be a protracted and slow process, and the extent of the interest rate hikes required to achieve this will remain uncertain. This should prevent yields from falling rapidly.

CEE Government Bonds

	Yield Forecast 4Q 2026
Czech Republic	4.72% (10Y Government bond)
Hungary	5.46% (10Y Government bond)
Poland	5.59% (10Y Government bond)
Romania	6.90% (10Y Government bond)

Interest Rate Markets in motion

Monetary policy outlook depends strongly on global developments and trends in commodity prices. The Czech National Bank continues to sound hawkish, and another rate hike is likely, bringing the key rate to 4% by the end of the year. Although headline inflation is below the central bank's target, policymakers seem to be concerned about wage pressures and core inflation developments. In Hungary, on the other hand, we have seen a short monetary easing cycle, supported by low inflation and the strong Hungarian forint against the euro. Hungary is taking steps toward Eurozone membership and is expected to lower its inflation target to 2.5% as of 2028. This may affect the course of expected monetary easing (we adjust interest rate outlook to no change in key rate until 2Q27) and in the long term it should help anchor inflation expectations at a lower level. Poland and Serbia are expected to keep rates stable. In Poland, such outlook is conditional on the commodity prices reversing their upward trend soon in line with the forward curve. We see the risk of monetary tightening definitely rising, though. In Serbia, core inflation remains at the upper edge, limiting room for rate cuts. Finally, Romania should begin discussions on monetary easing once inflation falls below the key policy rate, which is expected around the turn of 2026 and 2027. Interest rate cuts should thus follow over the course of next year.

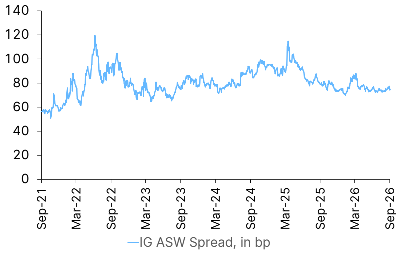
On the bond market, renewed concerns that commodity prices will remain elevated for longer are putting the long end of the curve under pressure again. Local factors are also playing a role in the development of 10Y yields. In Czechia, expected monetary tightening keeps long-term yields as high as the peak reached in March 2026. In Poland and Romania, challenging fiscal situations add to the pressure. In Hungary, on the other hand, yields have been declining. The Hungarian central bank is preparing to lower its inflation target. While reduced prospects for monetary easing would normally be bond-negative, a stronger commitment to bringing inflation down should be positive for Hungarian bonds in the longer run.

EUR-Corporate Bonds

	Spread Forecast 4Q 2026
Investment Grade*	85 basis points
High Yield**	285 basis points

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

IG risk premiums remained stable despite the war in the Middle East
IG-Asset Swap Spread (ASW), in bp

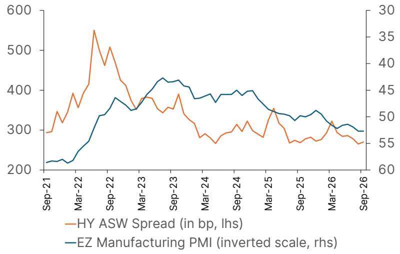


Source: Markit, Erste Group Research
As of September 25, 2026

Risk premiums remain low despite the challenging environment

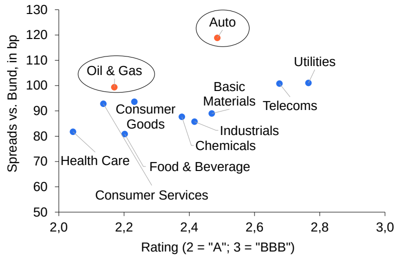
Despite high energy prices and rising refinancing costs, risk premiums on EUR corporate bonds in the investment-grade (IG) segment remained remarkably stable at around 75 basis points in Q3 2026 (see chart top left).
In the high-yield (HY) segment, they actually narrowed slightly to 270 basis points. This was partly due to the improvement in industrial sentiment, as reflected in the rise in the eurozone Purchasing Managers' Index (see the middle chart on the left).

Improving industrial sentiment supports HY-spreads
EZ Purchasing Managers' Index vs. HY-Asset Swap Spread



Source: Market data provider, Erste Group Research

Oil & gas and Auto sectors remain attractive from a relative value perspective
Spreads (in bp) vs Ø ratings, in %



Source: Market data provider, Erste Group Research

Furthermore, the second-quarter results of European companies were a positive surprise, which was reflected in consistently solid credit metrics. For instance, the interest coverage ratios of issuers of IG and HY bonds have improved slightly since the start of the year. On average, their debt repayment periods remained stable. Significant improvements were recorded in the energy sector. At the same time, the default rate in the high-yield segment remained low.

Significant rises in government bond yields weighed on the overall returns of corporate bonds. In 3Q, HY bonds still performed best (-1.0%) thanks to slight narrowing of spreads and higher coupons, followed by IG hybrid bonds (-2.6%) and senior IG bonds (-3.0%). Thanks to robust risk premiums, corporate bonds outperformed government bonds such as German Bunds (total return: -3.6%). Strained public finances are increasing the relative attractiveness of corporate bonds.

Within the IG segment, bonds from the auto sector delivered the strongest relative performance. The sector faces fundamental challenges (the mobility transition, competition from China) and has seen the sharpest widening of spreads since the start of the year. However, this has so far been more than offset by yields that are above average compared with other sectors.

Attractive yields and sound fundamentals are driving robust demand for corporate bonds in the primary market. In the current environment, caution is advised, particularly with regard to issuers with low interest coverage ratios and correspondingly weak ratings. Further increases in key interest rates could make refinancing more difficult for them and increase the likelihood of defaults.

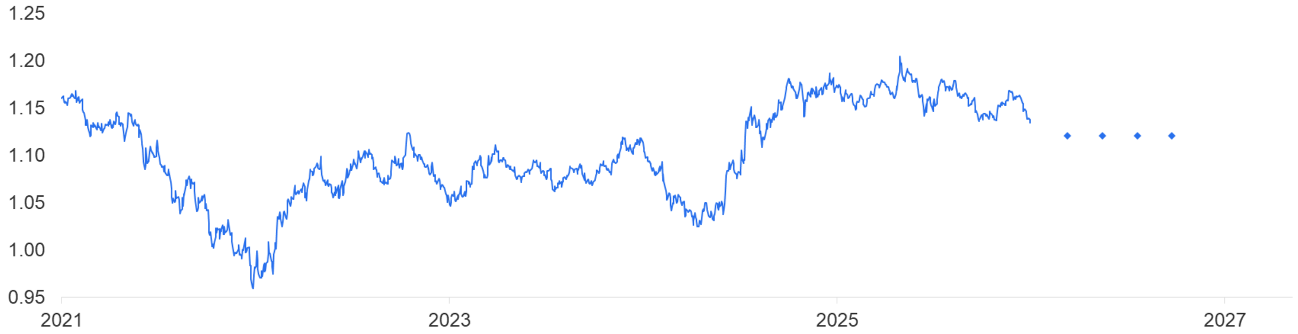
Given the challenging environment, with persistent upward pressure on inflation and refinancing costs, we see little scope for spreads to narrow.

Given their attractive yields, we recommend IG hybrid bonds and BB-rated bonds from issuers with high interest coverage ratios. Bonds from the oil & gas and auto sectors have delivered the strongest relative performance since the start of the year. Within the IG segment, they continue to offer the best risk/return profile (see chart bottom left). We favor bonds with short to medium maturities (3–7 years). For bonds with longer maturities, the risk premiums are only marginally higher and, in our view, do not sufficiently compensate investors for the higher interest rate risk.

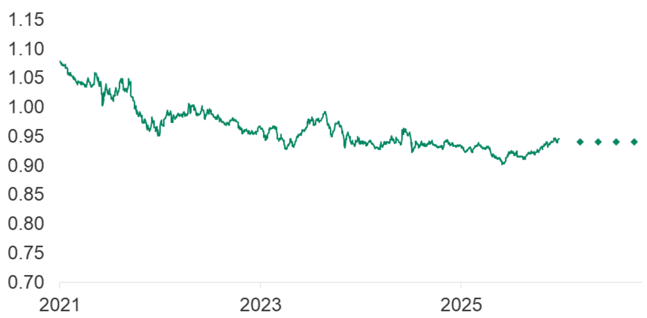
From a fundamental perspective, we believe the tight spreads are certainly justified. We expect spreads to remain relatively stable in Q3 2026. In addition to Investment Grade Hybrid bonds, we continue to view the automotive and oil & gas sectors within the IG segment as attractive from a risk/return 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

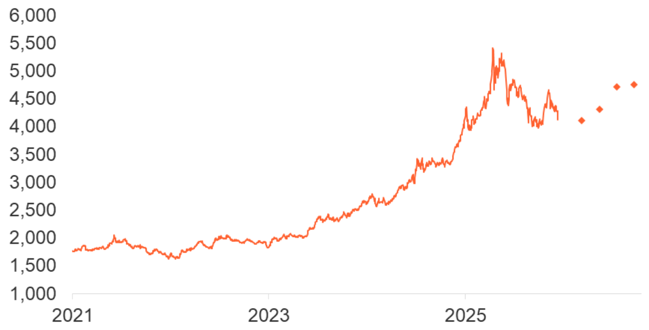
EURUSD



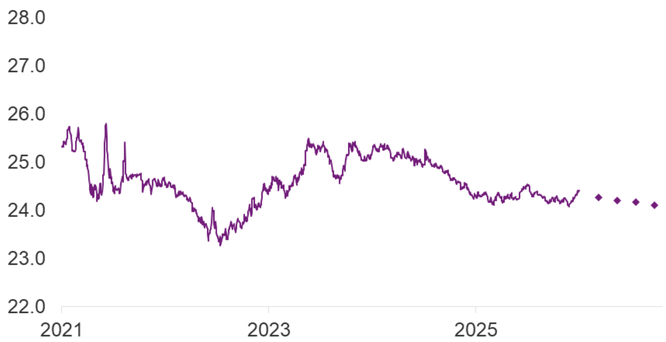
EURCHF



Gold in Dollar/ Ounce

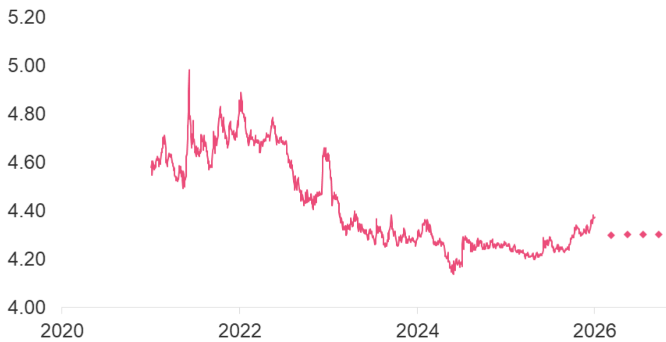


EURCZK

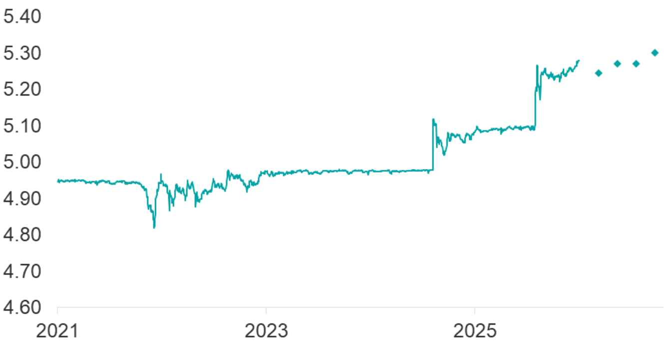


EURHUF

EURPLN



EURRON



Source: Market data provider, Erste Group Research

Forecast 4Q 2026
1.12

US-Dollar

Potential for U.S. interest rate hikes supports the dollar

Following a significant weakening of the dollar, the exchange rate returned almost to its level at the start of the quarter over the course of September. Starting in July, doubts had emerged in the market as to whether US interest rate hikes were imminent. This weighed on the dollar. However, Kevin Warsh's speech at the Jackson Hole symposium in late August reinforced signs of an imminent rate hike, which was then implemented in mid-September. In addition, the latest survey of FOMC meeting participants indicated expectations for a significantly steeper rate path over the coming years than had been anticipated in June. As a result, the dollar strengthened significantly once again.

We expect a stronger dollar
EURUSD exchange rate

Source: Market data provider, Erste Group Research

We expect the dollar to remain strong over the coming months. The interest rate differential between the U.S. and the eurozone will remain the decisive factor. We anticipate one more rate hike this year for both economic regions. However, the strong dollar is supported by the fact that, in our view, there is greater potential for interest rate hikes in the U.S. Inflation in the U.S. is further from the target than in the eurozone. Added to this is the more dynamic U.S. economy, driven not least by the AI boom, which is fueling inflation risks and, consequently, interest rate expectations. We do not foresee any fundamental change in these trends for the foreseeable future and therefore expect the dollar to strengthen, followed by a sideways movement in the EURUSD around the 1.12 level.

CEE

	Forecast 4Q 2026
EURCZK	24,20
EURHUF	360
EURPLN	4,30
EURRON	5,27

Mostly slight strengthening expected

The Hungarian forint has been the clear outperformer. Recently, however, it has lost some of the momentum observed in the middle of the year. A strong commitment to Eurozone membership supports lower EURHUF levels in the medium term. By contrast, the Polish zloty has weakened (EURPLN as high as 4.36) with most of the depreciation occurring since June, while the Czech koruna has remained remarkably stable, hovering close to its January level. For these two currencies we expect a moderate firming ahead. The Romanian leu, after a sharp adjustment in May, has been moving sideways and should trend weaker slowly.

Forecast 4Q 2026
0.93

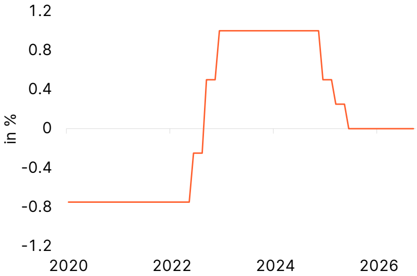
Swiss Franc

SNB and ECB continue to drift apart

At its September meeting, the SNB left its key interest rate unchanged at 0%. It remains prepared to intervene in the foreign exchange market as needed to ensure appropriate monetary conditions. From the SNB's perspective, the current monetary policy stance is sufficient to keep inflation within the price stability range.

Medium-term inflationary pressures have increased slightly compared with the last monetary policy assessment due to higher commodity prices. The SNB expects inflation of 0.7% in 2026 (previously 0.6%), and the forecast for 2027 has been raised to 0.8%, from 0.6%. Assuming that the policy rate remains unchanged, inflation is also expected to stabilize at 0.8% in 2028. The SNB thus continues to anticipate significantly lower inflation rates than the ECB does for the Eurozone, where inflation rates of around 3% in 2026 and 2.5% in 2027 are expected.

Interest rates remain at zero
SNB key interest rate, in %



Source: SNB, market data providers

At the press conference, the SNB once again emphasized its data-dependent approach. Since inflation is expected to remain within the target range over the entire forecast horizon, the SNB currently sees no reason to change the key interest rate. Furthermore, the SNB currently sees no signs that the Swiss franc is being used more extensively for carry trades due to the high interest rate differentials. However, such a development cannot be ruled out in the future.

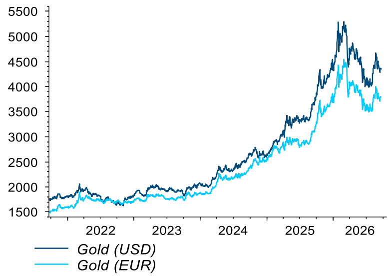
The Swiss franc depreciated steadily against the euro over the course of the third quarter and was last trading at around 0.94 francs per euro. This primarily reflects the Eurozone's interest rate advantage over Switzerland. Furthermore, the Eurozone's robust economic performance - despite the conflict in the Middle East - is likely to have supported the euro. The financial markets' continued positive interest rate expectations for the Eurozone also suggest that the euro will continue to receive support in the coming months.

As long as the franc does not depreciate significantly - and thereby increase inflation risks in Switzerland - we consider the likelihood of an interest rate hike by the SNB in December to be low. Financial markets currently expect the SNB's first interest rate hike to occur in March 2027. At the same time, there are risks to this scenario. The politically unstable situation in France could strengthen the Swiss franc in the coming months, just as a further significant rise in energy prices could increase the risks of an economic slowdown in the Eurozone. Furthermore, the Swiss franc remains a classic safe haven during periods of heightened uncertainty. Should geopolitical tensions escalate, it could therefore appreciate rapidly and significantly against the euro at any time.

Forecast 4Q 2026
USD 4,300

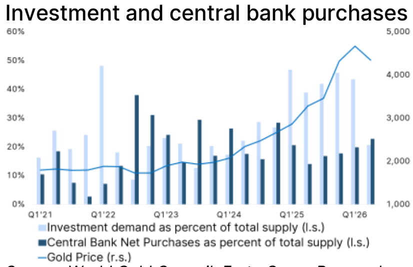
Gold

Gold in EUR und USD



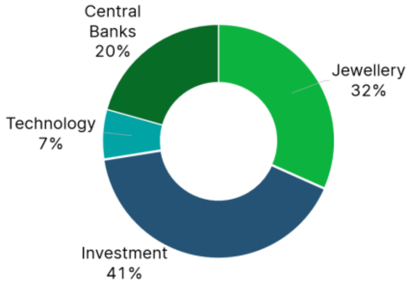
Source: Datastream, Erste Group Research

Investment and central bank purchases



Source: World Gold Council, Erste Group Research

Demand Segments Global
2Q25 - 2Q26



Source: World Gold Council, Erste Group Research

Strong demand from central banks continues

The price of gold rose by 6.7% in EUR in the third quarter. Year-to-date performance stands at +2.3% in EUR and -0.7% in USD.

Volume-based demand for gold showed mixed results in the second quarter. Jewelry production fell 17% y/y to 310 metric tons, and investment demand declined y/y across all segments. Overall, investment demand fell by 46% y/y in the second quarter to 262 metric tons. The decline was sharpest among global ETFs, at 44%, while demand for coins and bars fell by only 3% y/y. During the third quarter, however, global demand for gold ETFs rebounded strongly, reaching a high of 171 metric tons by mid-September (compared with a decline in the third quarter of the previous year).

Global central banks, on the other hand, significantly increased their gold purchases in the second quarter. They purchased a net total of 289 metric tons of gold, representing a very high annual growth rate of 62%. Strong demand from central banks is a trend that has been ongoing for over a decade and will continue due to gold's reliable performance in times of crisis. Since gold is not subject to credit or default risk, it remains an effective tool for many central banks to diversify their assets. Demand for gold from the technology sector—where it is primarily used in semiconductor manufacturing—has increased slightly y/y, rising 2% y/y to 80 metric tons. This segment accounts for only about 7% of global demand—the smallest share—and is also becoming less significant.

Currently, there are numerous factors negatively influencing the future trajectory of the gold price. First and foremost, the increased opportunity costs of holding gold are particularly relevant. Yields on government bonds have risen sharply in the U.S. and globally. The strong U.S. dollar and higher key interest rates are reducing gold's appeal. Furthermore, additional key interest rate hikes are expected in the medium term in both the U.S. and Europe. The Purchasing Managers' Indexes (PMIs) in the U.S., Europe, and Japan signal expanding economic activity in their respective countries and regions. Economic uncertainties are therefore not high at present. Strong global corporate earnings growth of 31% y/y is a key factor supporting stock indices.

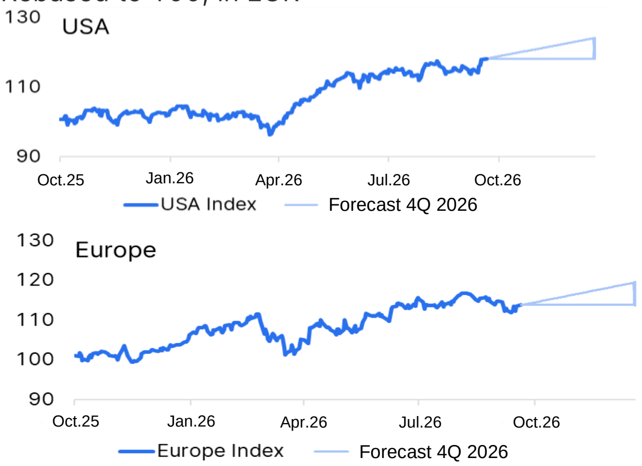
Investors are therefore also finding attractive investment opportunities in the stock markets. From this perspective, a flight to safe-haven investments such as gold is therefore not currently advisable. By contrast, the exceptionally robust demand from global central banks is supporting gold prices, as are the persistently high levels of geopolitical uncertainty.

Outlook: We expect the price of gold to trade sideways in the fourth quarter of 2026, with higher volatility than recently. Our year-end price forecast is approximately USD 4,300.

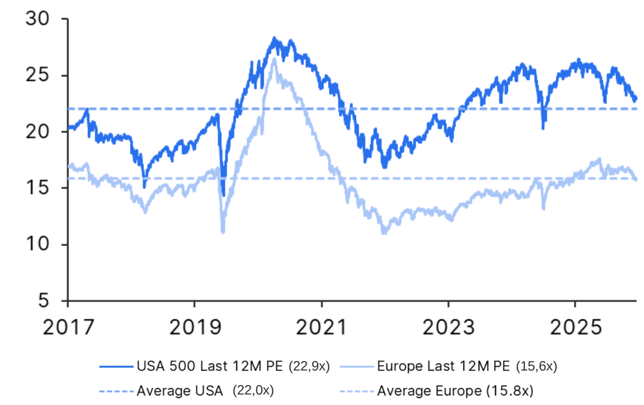
Equities

Global Index & Forecast
Rebased to 100, in EUR

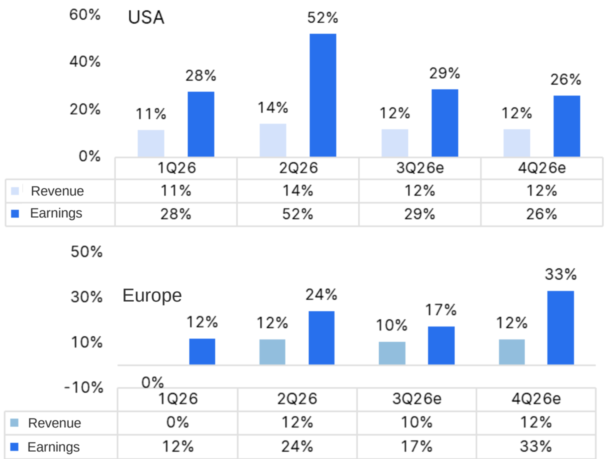
USA & Europe Index & Forecast
Rebased to 100, in EUR



Valuation USA & Europe
12M FWD PE



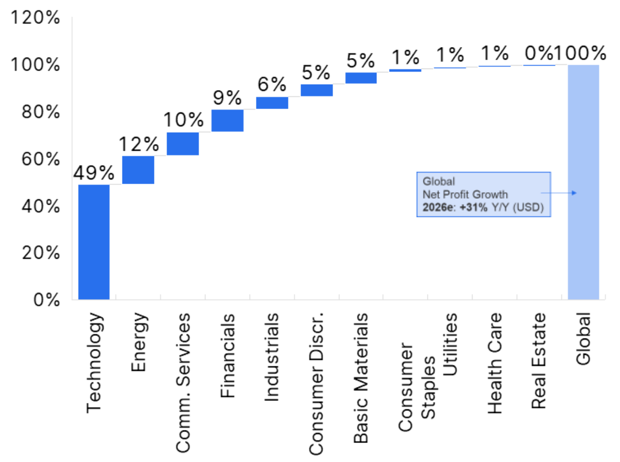
Quarterly results USA & Europe
Y/Y, local Currencies



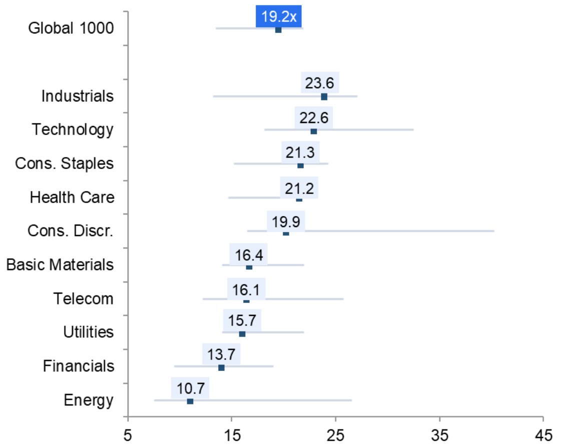
	1Q26	2Q26	3Q26e	4Q26e
Revenue	11%	14%	12%	12%
Earnings	28%	52%	29%	26%

	1Q26	2Q26	3Q26e	4Q26e
Revenue	0%	12%	10%	12%
Earnings	12%	24%	17%	33%

Global Sectors: Share of global earnings growth
Global 1000 Index, Profit contribution 2026, USD



Valuation Global Sectors
12M Fwd PE, 5Y Range



Source: Erste 1000 Index, Erste Group Research, Factset. LSEG

Forecast 4Q 2026
0% to +5%

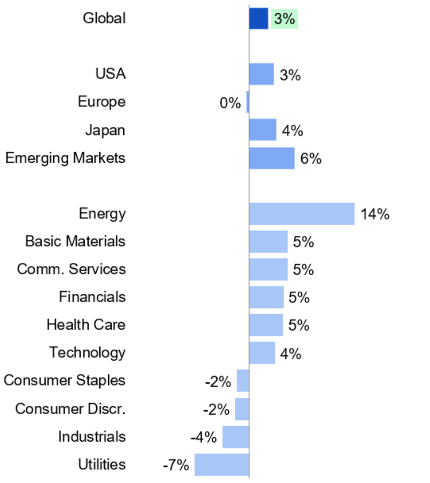
Global Equities

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

	Net Profit		PE	
USD	26e	27e	26e	27e
North America	29.6%	13.9%	22.3x	19.8x
Europe	19.0%	6.4%	16.0x	15.1x
Asia	88.8%	29.6%	15.0x	11.4x
EM Asia	9.5%	7.0%	10.6x	10.0x
EM LatAm	45.1%	-3.8%	9.9x	9.9x
World	**31.5%**	**13.8%**	**18.5x**	**16.3x**

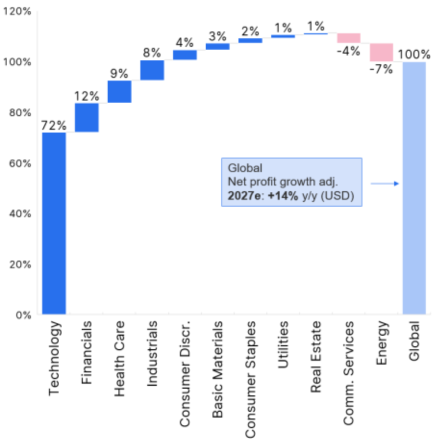
Source: Erste Group Research Index, FactSet.

Global Regions & Sectors Perf. 3Q 2026
Erste Global 1000 Index, EUR



Source: Erste Group Research Index, FactSet

Sector contributions global growth 27e
USD



Source: Erste Group Research Index, FactSet

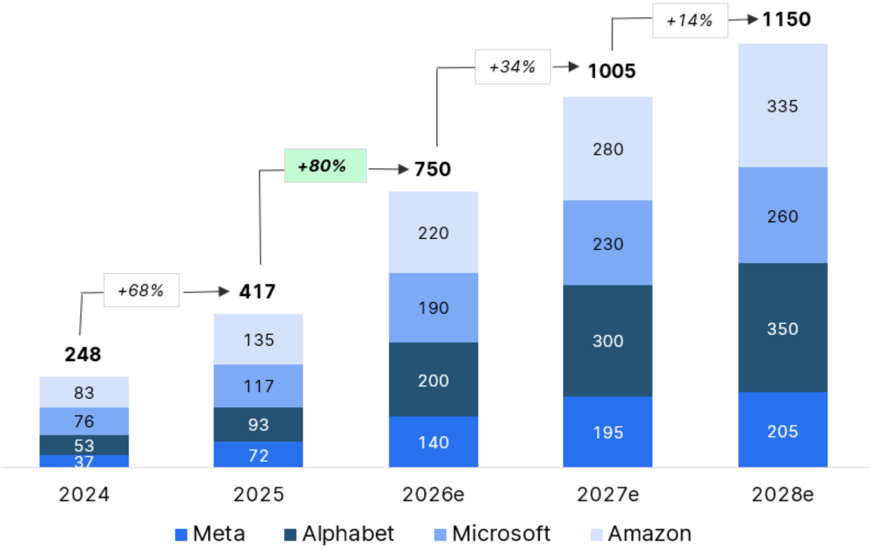
The global stock market index rose 3% in EUR in the third quarter, continuing its upward trend. The increase since the beginning of the year is +15% in EUR. Driven by strong 2Q corporate earnings, the U.S. stock market gained +3% in the third quarter while the European stock market traded sideways.

The global emerging markets index posted above-average gains, rising 6% in the third quarter. However, performance varied widely across the region. The Chinese stock market rose by 11% in EUR, while the Indian benchmark index fell by 2% in EUR.

The energy sector was the main beneficiary of higher prices for oil, refined products, and natural gas. In line with the sharp rise in earnings, the global energy sector posted a very strong return of 14% in Q3. Companies in the materials, communications, and financials sectors also reported above-average earnings growth and returns. By contrast, the sharp rise in global government bond yields during the third quarter weighed on the capital-intensive utilities and industrial sectors. These sectors posted negative returns, as did the consumer sector.

The technology sector, the largest global sector by market capitalization, benefited from the excellent results companies reported for the second quarter. Consequently, the global technology index rose by 4% in the third quarter. The positive trend in revenue and earnings growth is expected to continue here in the coming quarters. Investments in new data centers will continue to rise globally in the coming year. According to their own company data, the four largest U.S. hyperscalers alone (Alphabet, Amazon.com, Meta Platforms, and Microsoft) will increase their investments from USD 750 billion to approximately USD 1 trillion by 2027 (+34% year-over-year).

Hyperscaler CAPEX: Growth to continue through at least 2028
USD bn



Sources: Company Data, Erste Group Research estimates

The third-quarter earnings reporting season kicks off on October 13 with results from major U.S. banks JPMorgan Chase, Citigroup, and Morgan Stanley. The consensus forecast for the U.S. stock market in Q3 is a strong year-over-year earnings increase of 29%. For Q4, projected earnings growth is 26% year-over-year, and for the full year 2026, it is 30% y/y.

For European companies as well, the trend of rising earnings is expected to continue in the third and fourth quarters. The annual earnings growth expected for 2026 is +16% y/y and +8% y/y for 2027.

Emerging markets will post revenue and earnings growth that is well below the global average in 2026 and 2027. The consensus earnings forecast for 2026 anticipates earnings growth of 14% y/y. Revenues are expected to rise by 11%. For emerging markets, the projected growth rates for revenue and earnings in 2027 are only 5% each. Furthermore, the trend in earnings estimates for 2027 is downward. This is a negative development. The potential for an increase in the global emerging market index appears limited.

The global rise in government bond yields is currently having a negative impact on sectors that are heavily leveraged, such as real estate, telecommunications, and utilities. Investors who have invested in slow-growing companies with high dividend yields are now finding higher yields in government bonds without operational risk and are shifting their investments there. The cyclical consumer sector is also suffering from rising yields. The changed interest rate environment is directly reflected in higher financing costs- for example, on lease obligations- which noticeably restricts household spending power. At the same time, the refinancing situation is becoming more challenging for young growth companies whose business models are not yet profitable.

For highly profitable technology companies, the higher yields do not pose an operational problem. They are even generating significant interest income on their large cash reserves. However, higher discount rates reduce the enterprise values determined by investors. In our view, this development has already been largely priced into current stock market valuations. Otherwise, given the above-average earnings growth, the global stock market index would likely have risen more sharply in the last quarter.

Outlook

Overall, the consensus estimates for 2026 for companies in the global stock market index projects annual revenue growth of 13% y/y and very high earnings growth of 31% y/y. Earnings growth for global companies will slow to a still-high 14% year-over-year in 2027. The earnings growth rate expected for next year is well above the long-term historical annual average. The projected annual revenue growth for 2027 is +8% y/y.

Overall, the global stock market index offers very good growth prospects. With a 2026e P/E ratio of 18.5x, the valuation is also moderate, making the risk/reward profile attractive. We expect the global stock market index to rise in Q4 2026 within a range of approximately 0% to +5% due to the positive outlook for earnings growth.

Sectors - Positive Outlook

Technology

Forecast 4Q 2026
0% to +5%

Estimate 4Q	0% to +5%
World Index Weight	31,3%
2026 Perf. EUR	+40,0%
P/E 26e	22,6x
Net Profit y/y 26e	+86,1%

Source: Erste Research Index, FactSet.

EGR Global Sector
EUR, rebased, 12 months

Source: Erste Research Index, FactSet.

The global technology sector posted a gain of +3.5% in EUR in Q3 2026 (2026: +40%). The sector accounts for nearly one-third of the market capitalization of the Erste Global 1000 Index. Within the sector, there was a pronounced rotation in Q3: software rose by +25% and hardware by +6%, while semiconductors (including equipment manufacturers) fell by -4%. Since the beginning of the year, however, the subsector remains up +61%, and another rally has been underway since early September (+20%). The Q2 earnings season was once again outstanding. In the U.S., technology stocks increased their earnings by +75% y/y, with revenue up +37%. Once again, the semiconductor industry, including equipment manufacturers (+142%), was the key growth driver, while software (+32%) and IT service providers (+5%) lagged significantly behind. In Asia, Samsung and SK Hynix reported record profits. European tech stocks grew more slowly, with revenue up +16% y/y, but the outlooks were largely positive.

Many investors remain skeptical about the expansion of AI capacity by at least USD 1,000 billion in the coming year. However, we consider this AI expansion to be justified given the strong demand. In our view, there are several factors and indicators supporting this, which we monitor regularly. First, demand for AI computing capacity is rising due to rapid advancements in large language models (LLMs). In Q3, Anthropic's Fable 5.1 and OpenAI's GPT-6 Astra were launched. NVIDIA's CEO describes GPT-Astra as the first AGI (Artificial General Intelligence) model. These models are now capable of significantly improving themselves. At Anthropic, Claude already writes over 80% of the new code. OpenAI has a very powerful in-house model (Bell) that is set to succeed Astra soon and is causing a stir with its solutions to old and highly complex mathematical problems. These capabilities will enable new business models and keep demand for data centers high.

An important medium-term indicator of AI demand is GPU rental prices on the open market, as they reveal the level of demand for AI computing capacity outside the long-term contracts held by major data centers.
Prices continued to rise in Q3. The rental price for NVIDIA's older B200 GPU chip (release: 2024) rose in Q3 from USD 5.4 to USD 5.9 per hour (2026: +33%). Even prices for older chips such as the H100 (released in 2022) are stable or rising slightly. In general, it appears that the depreciation period for GPU chips is significantly longer than the historically assumed five years. In line with GPU rental prices, data on available GPU capacity from hyperscalers such as AWS and Google Cloud, as well as from neo-clouds (specialized cloud firms that provide only AI computing capacity) show that supply is very low due to high demand, and that there are long wait times for GPU capacity.

Revenue figures from the major frontier labs (Anthropic, OpenAI, Alphabet, SpaceX) are key to assessing AI demand. A positive trend is evident here. Anthropic's annualized revenue is expected to rise from USD 9 billion in January to over USD 100 billion this December, thus increasing tenfold. Overall, we estimate that approximately USD 200 billion in revenue will be generated by the Frontier Labs' LLM services by the end of the year. According to open-source model analyses using Nvidia B200 GPUs and slightly weaker

Chinese open-source models, the operating margins of Anthropic and OpenAI could exceed 80%.

In our view, one of the main risks of AI expansion is, first, technological leaps that require significantly less computing power. At this point, that does not appear to be the case: efficiency gains are more than offset by increased usage (i.e., global token volume has risen at least 25-fold over the past 12 months). Furthermore, demand for high-end Frontier model intelligence remains strong. We see another major risk in the social and political resistance to AI data centers, for example due to rising electricity prices and the risks posed by AI systems carrying out cyberattacks. However, since neither the political leadership in the U.S. nor in China plans to pause development due to geopolitical interests, security remains the responsibility of AI producers (i.e., the Frontier Labs). We therefore do not expect these risk factors to reverse the trend in demand for GPUs, as Frontier Labs will continue to need more GPUs to train new models, and nation-states will build up AI computing capacity for security reasons (Sovereign AI).

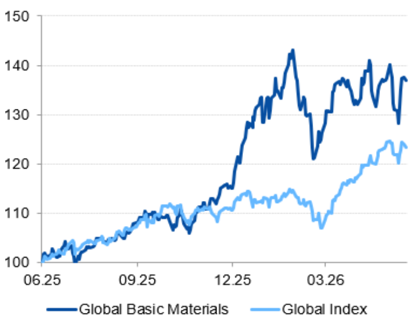
Overall, the global technology sector is expected to achieve revenue growth of +41% y/y and profit growth of +86.1% y/y in 2026. For 2027, growth of +30% and +39% y/y, respectively, is expected. With a P/E ratio of 22.6x for the current year and 16.2x for the coming year, the global sector's valuation is attractive given the growth momentum described for the coming years. We expect strong earnings growth to continue supporting the sector and forecast a rise in the sector index for 4Q at the upper end of the range of 0% to +5%.

Basic Materials

Forecast 4Q 2026
0% to +5%

Estimate 4Q	↗ 0% to +5%
World Index Weight	3.3%
2026 Perf. EUR	+13.9%
P/E 26e	16.4x
Net Profit y/y 26e	+49.3%

Source: Erste Research Index, FactSet.



Source: Erste Research Index, FactSet.

The global commodities index rose by +5% in EUR in Q3. The stocks of mining companies Newmont Mining, Southern Copper, and Freeport-McMoran posted the best performances. By contrast, the worst-performing stocks were those of building materials manufacturers Amrize (the U.S. spin-off of Holcim), CRH, Heidelberg Materials, and those of lithium producer Albemarle.

The weakness in building materials stocks stems primarily from the global rise in government bond yields and the resulting slowdown in the construction sector. Companies in the mining sector, on the other hand, are operating in a persistently favorable market environment, driven by above-average momentum in industrial metals—especially copper. Demand is driving growth in this sector. In addition to the global energy transition and the expansion of transmission grids, the worldwide expansion of AI data center capacity in particular is creating additional demand for raw materials. Supply cannot be expanded quickly enough here because new mining projects have lead times of up to 10 years or more. The imbalance between significant demand growth and sluggish supply adjustments will support price levels in the long term.

The largest earnings growth is forecast for the coming year at ArcelorMittal, LG Chem, Zijin Mining, and Freeport-McMoran. According to consensus estimates, revenue for the entire commodities sector is expected to rise by +16% y/y, with earnings up +49% y/y. Earnings growth for 2027 is projected at 10%. The valuation of the global commodities sector based on the 2026e P/E ratio is 16.4x. The P/E ratio is thus lower than that of the global stock market. Given the positive outlook for earnings growth, we expect the sector index to rise in Q4, with performance ranging from 0% to +5%.

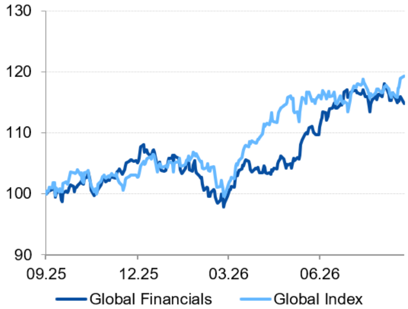
Financials

Forecast 4Q 2026
0% to +5%

Estimate 4Q	↗ 0% to +5%
World Index Weight	17.4%
2026 Perf. EUR	+9.3%
P/E 26e	13.6x
Net Profit y/y 26e	+10.8%

Source: Erste Research Index, FactSet.

EGR Global Sector
EUR, rebased, 12 months



Source: Erste Research Index, FactSet.

The global financial index rose by +5% in EUR in Q3. Year-to-date performance in EUR stands at +9%. The best performers in Q3 were Mastercard, Visa, China Construction Bank, and ICBC (Industrial & Commercial Bank of China). By contrast, shares of the major U.S. banks Morgan Stanley, Bank of America, and Wells Fargo were among the underperformers in the third quarter.

The earnings season for financial stocks went very well in the second quarter in the U.S. and Europe. U.S. financial groups increased revenue by 14% y/y and profits by 40%. European financial groups were able to increase profits by 16% y/y. Rising government bond yields in the U.S. and Europe are supporting high net interest margins for banks in the medium term. At the same time, the slight expansion of credit in the eurozone is leading to an increase in credit volume. The consensus estimate for European banks therefore projects annual profit growth of 10% for 2027. The European financial sector is therefore also among our top picks in Europe.

Consensus estimates are also positive for the global financial sector. Expected revenue growth this year is +7% y/y, and earnings growth is 11% y/y. The global sector's valuation, based on the 2026e P/E ratio, stands at 13.6x and is significantly below the expected P/E ratio of the global stock market. We expect the financial index to rise in the fourth quarter within a range of 0% to +5%.

Industrials

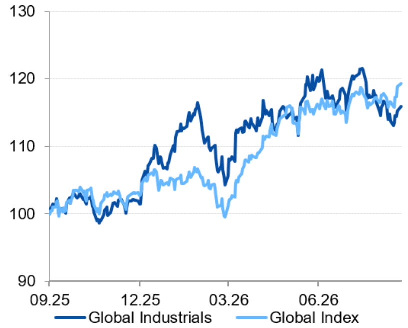
Forecast 4Q 2026
0% to +5%

Estimate 4Q	↗ 0% to +5%
World Index Weight	9.6%
2026 Perf. EUR	+14.2%
P/E 26e	23.5x
Net Profit y/y 26e	+21.7%

Source: Erste Research Index, FactSet.

The global industrial sector index fell 4% in EUR terms in Q3. Year-to-date performance stands at 14% in EUR terms. Shares of Deere, Eaton, and Schneider Electric posted the strongest gains. By contrast, shares of Caterpillar, GE Aerospace, and GE Vernova—which had previously risen sharply—fell by a greater-than-average margin.

EGR Global Sector
EU



Source: Erste Research Index, FactSet.

Many companies in this sector continue to benefit from high levels of investment in data centers. Investment volume is expected to grow by a high double-digit percentage in 2027 as well. Companies benefiting from this boom include Caterpillar, ABB, Schneider Electric, Siemens Energy, GE Vernova, Hitachi, and Comfort Systems. The defense segment of the industrial sector, however, continues to show relative weakness. The defense sector's reliance on governments—some of which are heavily indebted—as customers makes it vulnerable in a high-yield environment. Given the limited budgetary leeway of public authorities, the outlook for the originally projected revenue growth continues to deteriorate.

The global Purchasing Managers' Index (PMI) for the industrial sector remains at 52.3 points, indicating continued expansion, and the consensus forecast is above average, with earnings expected to rise by +22% year-over-year this year and +15% year-over-year next year. The sector's valuation, based on this year's P/E ratio, stands at 23.5x and is above the global average due to the fundamentally strong growth outlook. We expect the global industrial index to rise by between 0% and +5% in Q4 2026.

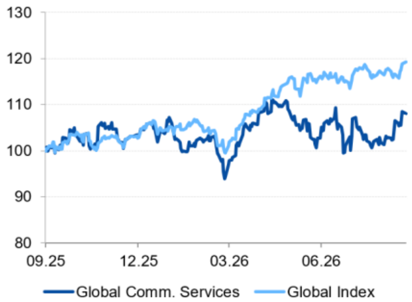
Communication Services

Forecast 4Q 2026
0% to +5%

Estimate 4Q	↗ 0% to +5%
World Index Weight	8.6%
2026 Perf. EUR	+4.8%
P/E 26e	17.0x
Net Profit y/y 26e	+33.0%

Source: Erste Research Index, FactSet.

EGR Global Sector
EUR, rebased, 12 months



Source: Erste Research Index, FactSet.

The global sector gained 5% in EUR in Q3 2026 and is thus also up 5% year-to-date. Meta Platforms (Buy), the sector's second-largest company by market capitalization after Alphabet, posted a strong rise in its share price at the end of the quarter. This was driven by the success of the new AI agent Muse, which made the stock one of the top performers in the third quarter. Muse is currently available exclusively in the U.S. and is considered one of the first AI solutions to have made the transition from a pure chatbot to a practical digital assistant. The agent can independently perform online tasks on behalf of users and even make simple phone calls to do so. The combination of high practicality and Meta Platforms' global reach—with approximately 3.6 billion daily active users—makes Muse a significant new player in the current competition for AI applications. Furthermore, Muse's success in its first few weeks—reaching No. 1 on the Apple App Store in the U.S.—already partially demonstrates the economic benefits of Meta Platforms' significant investments in AI data centers.

For the Interactive Media & Services segment, in which Alphabet and Meta Platforms are the leading companies, very strong earnings growth of +49% is forecast for this year, followed by an earnings decline of -8% in 2027. The consensus estimate for 2027 seems implausible to us, as it assumes a decline in profits solely for Alphabet. The segment of traditional telecom companies (e.g., AT&T, Verizon, Deutsche Telekom) is suffering from rising yields due to its high capital intensity. Telecom stocks globally offer an above-average dividend yield, which had prompted many investors to buy shares in this segment. However, the dividend yield here is now lower than that of government bonds. Combined with very low revenue growth, we consider this segment unattractive.

The current consensus estimate for the entire global sector projects annual earnings growth of 33% for 2026 and a 6% decline in earnings next year. We do not consider the consensus forecast for 2027 to be plausible, especially since the earnings of the dominant companies, Alphabet and Meta Platforms, are performing very well. The 2026 P/E ratio is comparatively low at 17x. We expect the global sector index to rise by between 0% and 5% in Q4.

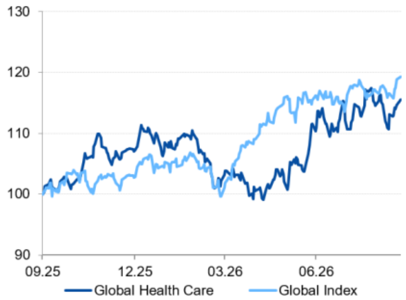
Healthcare

Forecast 4Q 2026
0% to +5%

Estimate 4Q	0% to +5%
World Index Weight	8.1%
2026 Perf. EUR	+7.9%
P/E 26e	21.2x
Net Profit y/y 26e	+2.8%

Source: Erste Research Index, FactSet.

EGR Global Sector
EUR, rebased, 12 months



Source: Erste Research Index, FactSet.

The healthcare sector index rose by +5% in EUR in Q3. It thus outperformed the global stock market index. The global index for life sciences equipment and services (companies such as Thermo Fisher Scientific, Danaher, Agilent Technologies, and Lonza Group) rose by a substantial +21% in Q3.

The world's two largest pharmaceutical companies, Eli Lilly (Buy) and Johnson & Johnson (Buy), reported very strong results for the second quarter. At Eli Lilly, the exceptionally strong sales trend for the obesity therapies Mounjaro and Zepbound continued. With the recent launch of the weight-loss pill Foundayo, this trend is set to continue. Johnson & Johnson also recently reported successful trial results in the important oncology segment. Both companies therefore provided very positive outlooks for future revenue and earnings growth. In the biotechnology segment, Moderna, in collaboration with Merck, reported the world's first successful Phase 3 demonstration of efficacy for an mRNA-based cancer therapy, in this case for melanoma. Additional studies are already underway for lung cancer, bladder cancer, and renal cell carcinoma.

The consensus forecast for revenue growth across the entire healthcare sector this year is +6% y/y. Earnings are expected to grow by only +3% y/y. Earnings growth is expected to rise to 17% y/y next year, exceeding the global average of 14%. The sector's 2026e P/E ratio is 21.8x. Given the positive growth outlook, the valuation is reasonable. Within the sector, we currently favor established pharmaceutical companies. Unlike research-intensive biotech companies, these are less sensitive to interest rate hikes. Our forecast for Q4 is for the healthcare index to rise by between 0% and +5%.

Energy

Forecast 4Q 2026
0% to +5%

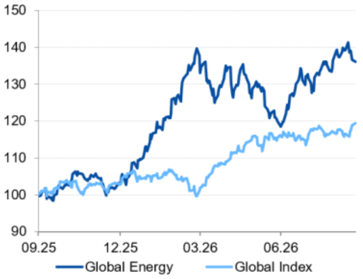
Estimate 4Q	0% to +5%
World Index Weight	4.6%
2026 Perf. EUR	+32.0%
P/E 26e	10.9x
Net Profit y/y 26e	+59.4%

Source: Erste Research Index, FactSet.

The global energy sector index rose by +14% in EUR in Q3, posting the largest gain of any sector. Year-to-date performance stands at +32%. Shares of the largest global companies, such as ExxonMobil, Chevron, ConocoPhillips, Shell, and TotalEnergies, as well as those of the refining company Valero Energy, posted above-average price gains.

Disruptions to supplies of crude oil, natural gas, and refined products from the Middle East and Russia led to sharp global increases in energy prices. For the time being, no sustained improvement in the tight supply situation for petroleum products is in sight. As the main beneficiaries, global energy companies posted very strong profit growth in the second quarter. Consequently, Exxon, Chevron, and the major European companies Shell and TotalEnergies increased their share buybacks or dividends, or accelerated

EGR Global Sector
EUR, rebased, 12 months



Source: Erste Research Index, FactSet.

their debt reduction. Only BP has suspended its share buybacks while reducing debt.

Since refining margins—particularly for diesel—are at record levels, earnings estimates for Valero Energy and Marathon Petroleum have risen significantly for the third quarter. However, a potential U.S. export ban on diesel poses a significant risk to these companies. Brent crude is likely to remain within a volatile trading range. Upside risks stem from geopolitical escalations, while the fundamental data paint a picture of a balanced to slightly oversupplied crude oil market.

The consensus forecast for 2026 calls for an annual revenue increase of +19% and a profit increase of +59%. For 2027, the consensus forecast anticipates a revenue decline of -6% and a profit decline of -13%. The energy stock index is undervalued with a P/E ratio of 10.9x. We expect energy prices to remain above average in the fourth quarter and therefore forecast further gains for the global energy index in the range of 0% to +5%.

Sectors - Negative Outlook

Consumer Staples

Forecast 4Q 2026
-5% to 0%

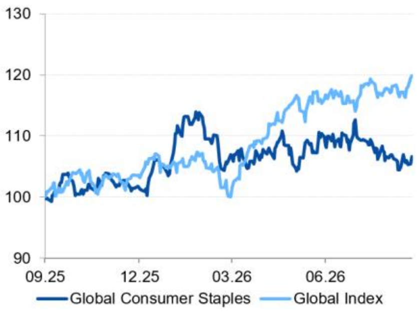
Estimate 4Q	-5% to 0%
World Index Weight	5.0%
2026 Perf. EUR	+5.2%
P/E 26e	21.5x
Net Profit y/y 26e	+7.6%

Source: Erste Research Index, FactSet.

In contrast to the global index, the global consumer staples index fell by -1.6% in EUR in Q3. Food producers and consumer staples retail chains remained under pressure. The beauty and household goods manufacturers sub-segment (L'Oréal, P&G) performed slightly better. The second-quarter earnings season turned out to be slightly weaker than the market had expected.

In particular, the new guidance from Walmart- the largest stock in the global index- weighed on the sector. The new fiscal-year-2027 earnings forecast fell significantly short of market expectations. Although the company increased revenue in Q2 by +5.1% to USD 188 bn and raised its full-year revenue forecast to +4% to +5%, the guidance for earnings per share was weaker than expected. Price cuts and higher fuel costs are weighing on the logistics and delivery sectors.

EGR Global Sector
EUR, rebased, 12 months



Source: Erste Research Index, FactSet.

Overall, comparable revenue growth in the U.S. domestic market slowed to +2.6%, the lowest level in six years. The decline in drug prices resulting from Medicare's price regulation accounted for approximately 1.25 percentage points of this slowdown. The increase in profit in Q2 was also significantly boosted by the one-time effect of U.S. customs refunds.

The business outlooks from other major consumer staples companies during the Q2 earnings season were mixed. Unilever stands out positively with revenue growth guidance of 4–6%. Procter & Gamble, on the other hand, expects only 1-3% organic revenue growth and 0-3% profit growth for this fiscal year, weighed down by an additional USD 1 billion in costs for raw materials, energy, and transportation. PepsiCo (organic: +2-4%) and Nestlé (+3-4%) confirmed their full-year revenue targets. On a positive note, volume growth at Unilever, PepsiCo, and Nestlé has recently accelerated. However, their pricing power remains limited. In the U.S., private-label brands reached a new record market share of 24% by unit volume in the first half of the year.

Market expectations for the global sector in 2026 are for revenue growth of +7% and earnings growth of 8% this year, followed by a slowdown in growth next year (2027: +4% and +7%, respectively). Given the modest revenue growth and declining pricing power, the sector remains expensively valued at a P/E ratio of 21.5 for 2026e. We maintain our negative outlook and expect a negative performance in the range of -5% to 0% for Q4.

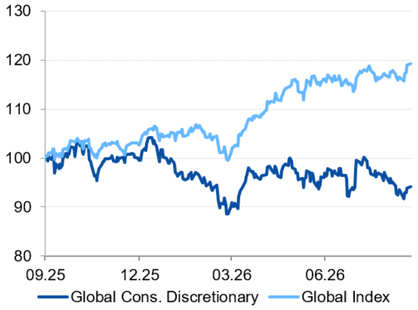
Consumer Discretionary

Forecast 4Q 2026
-5% to 0%

Estimate 4Q ↘	-5% to 0%
World Index Weight	8.9%
2026 Perf. EUR	-5.4%
P/E 26e	20.7x
Net Profit y/y 26e	+18.2%

Source: Erste Research Index, FactSet.

EGR Global Sector
EUR, rebased, 12 months



Source: Erste Research Index, FactSet.

The global sector fell by -1.8% in EUR in Q3 2026. With a year-to-date performance of -5.4%, the sector remains the weakest of all sectors in 2026. The positive exception among the sector's large-cap stocks is Amazon (Buy), which posted a +10% return in Q3. The MAG7 stock, which accounts for 26% of the global cyclical consumer index, impressed with its Q2 earnings report, showing growth in both AWS cloud revenue (+37% y/y) and traditional online retail revenue (+16% y/y).

Apart from Amazon, the cyclical consumer sector was characterized by broad weakness in Q3. By far the sharpest price declines were recorded in the textiles, apparel, and luxury goods segment (Q3: -13.0%, year-to-date: -27.3%). The major stocks LVMH and Hermès each lost around -37% so far this year. This was primarily due to ongoing weak sales in the fashion and leather goods segment (LVMH Q2 2026: organic growth of only +1%) as well as lower tourism revenues in Europe resulting from the war in the Middle East. The only bright spot is the jewelry segment, and U.S. consumers are showing strength. In general, demand signals from the still-very-important Chinese market are mixed. While Richemont reported double-digit growth in China and LVMH recorded strong growth in Asia in the first half of the year, Hermès does not yet see a fundamental recovery in the region. According to Hermès, the situation is stable, but the momentum of previous years is clearly lacking. Despite the sharp correction, the luxury goods segment is not cheaply valued at a P/E ratio of 21x, especially since consensus estimates for 2027 assume a very ambitious earnings growth rate of +12%.

In the automotive industry, our expectation of further profit warnings in the third quarter has been confirmed. In mid-September, Volkswagen lowered its forecast for the operating margin to just 1% (previously 4–5.5%), weighed down by impairment charges of approximately EUR 10 billion at Porsche, the Group's increasingly weak position in the Chinese market, and U.S. tariffs. Consensus estimates for the automotive industry's 2027 earnings have not yet been adjusted, as y/y earnings growth of +16% next year is unrealistic. The low valuation level of European auto stocks (2026e P/E ratio of 8.6x) and the already significant underweighting by institutional investors are likely to limit downside potential, we maintain our negative outlook until manufacturers have adjusted their 2027 targets to reflect the changed market environment.

The cyclical consumer segment Hotels, Restaurants & Leisure declined by -3% in EUR terms in Q3. September, in particular, was very negative at -10%. The onset of interest rate hikes is weighing on sentiment, and lower-income U.S. households are showing noticeable reluctance to spend (McDonald's U.S. sales in Q2 were up only +0.8%). In addition, new AI agents in the sector are coming into focus. Following the successful U.S. launch of Meta's "Muse" agent, which handles flight and hotel bookings online and by phone for users, the stocks of Expedia, Airbnb, and Booking in particular lost significant value. In contrast, hotel chains (Marriott) and the U.S. discount retailer (Ross Stores) are showing solid operating performance in the segment.

Current consensus estimates for the cyclical consumer sector project a +7% YoY increase in revenue and a +18% y/y increase in earnings for 2026. However, the profit increase is distorted by paper gains of over 100 billion from Amazon's stake in Anthropic (approx. 15–20%). With a P/E ratio of 20.7x for the current year, the sector's valuation is high. We continue to recommend a selective approach to stock picking and expect continued weakness in the automotive segment. For the cyclical consumer sector as a whole, we forecast a slight decline in Q4 2026 within a range of -5% to 0%.

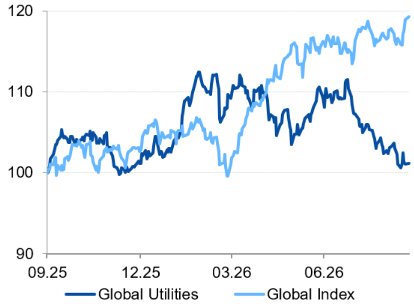
Utilities

Forecast 4Q 2026
-5% to 0%

Estimate 4Q	-5% to 0%
World Index Weight	2.0%
2026 Perf. EUR	+0.1%
P/E 26e	15.8x
Net Profit y/y 26e	+10.8%

Source: Erste Research Index, FactSet.

EGR Global Sector
EUR, rebased, 12 months



Source: Erste Research Index, FactSet.

The global sector index was by far the weakest in Q3 2026, falling -7% globally in EUR. Its year-to-date performance has also remained unchanged. Utility stocks in both Europe and the U.S. were heavily impacted by the rapid rise in interest rates since the end of August. In the U.S., the correction was particularly pronounced: The sector index fell by -11% in USD during the third quarter. The rise in interest rates is weighing particularly heavily here, as the sector's dividend yield - at 3% - is now about two percentage points below the yield on 10-year Treasury bonds. In addition, political headwinds are growing. Ahead of the U.S. congressional elections in November, the affordability of electricity is a central campaign issue. Fundamentally, however, the outlook for the sector remains robust, as electricity supply is struggling to keep pace with demand. This was confirmed by the capacity auction held in July by PJM, the largest U.S. grid operator. For the third consecutive time, the auction reached the regulatory price cap.

European utilities proved to be significantly more resilient in Q3 (-3.7%), and the sector is still up 25% over the past 12 months. Despite rising interest rates, the sector was buoyed by a strong earnings season. European utilities increased their earnings by +24% y/y in Q2. Network investments driven by electrification remain the key growth drivers

The projected revenue growth for the global sector remains unchanged since June at +6% y/y this year, and earnings are expected to rise by +11% y/y. These growth rates are below the global average but are slightly higher than last year. Earnings growth in 2027, at +8.5% y/y, will be significantly lower than this year, as interest expenses have risen sharply. The sector's valuation based on the 2026e P/E ratio stands at 15.8x, in line with the sector's historical average. The expected dividend yield for 2027e remains unchanged at 3.5%. In our view, it would need to rise to compensate investors for high inflation.

The structurally rising demand for electricity driven by AI data centers and electrification remains intact; however, by the end of the year, the higher interest rate environment is likely to negatively impact the sector's price performance. We expect the sector to post a negative return in the range of -5% to 0% in Q4.

Forecast 4Q 2026
0% to +5%

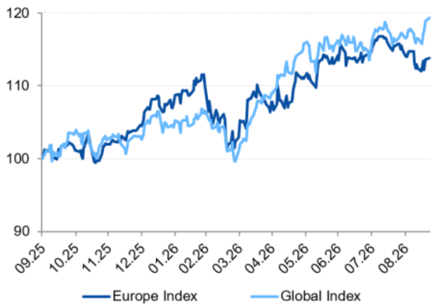
Europe

Revenue and net profit growth
EUR, y/y

EUR	Net Profit 26e	Net Profit 27e	PE 26e	PE 27e
France	15,0%	8,6%	15,4x	14,2x
Germany	9,5%	13,0%	15,4x	13,5x
Switzerland	18,6%	7,2%	19,0x	17,6x
UK	17,8%	4,7%	15,0x	14,2x
Netherlands	23,9%	15,0%	23,1x	20,2x
Europe	**15,6%**	**7,8%**	**16,3x**	**15,1x**

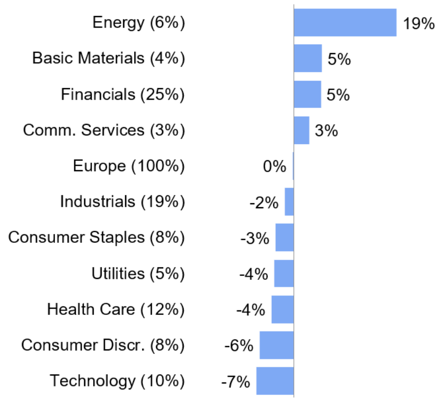
Source: Erste Group Research Index, FactSet.

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



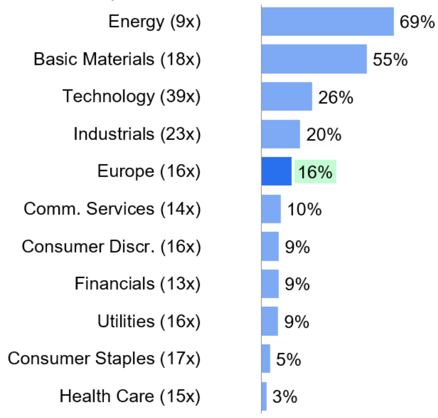
Source: Erste Group Research Index, FactSet.

Europe: Performance 2026 YTD
Marktcap. weight in parentheses, in EUR



Source: Erste Group Research Index, FactSet.

Europe: Net profit growth adj. 26e J/J
P/E 26e in parentheses, in EUR



Source: Erste Group Research Index, FactSet.

The European index has risen by +9% since the start of the year, although the overall index began to trade sideways in the third quarter. Sector performance varied widely over the course of the quarter. The energy sector posted by far the strongest gain in the third quarter at +19%, followed by financials and materials, each up +5%. The cyclical consumer sector once again underperformed, down -6% (down -22% since the start of the year). Companies in this sector continue to suffer from poor consumer sentiment in Europe, the recent rise in interest rates on consumer loans, and increasingly fierce competition from China—as evidenced by Chinese export statistics to Europe.

The technology sector (-7%) experienced a temporary correction in Q3 (year-to-date: +53%). Leading indicators for European tech companies—such as order intake driven by the expansion of chip production capacity in the U.S. and Southeast Asia—remain very strong; ASML (Buy) and ARM Holdings, in particular, are benefiting from this trend.

The Q2 2026 earnings season for the entire European stock market went very well. Based on results reported through the end of August, earnings growth stands at 24% y/y. This means the earnings season turned out better than expected at the start of the quarter, when the consensus had forecast earnings growth of +15%. Sector divergence remained high. The strongest earnings growth was recorded in energy (140% y/y, from a low prior-year base) and materials (68%), followed by industrials (17%), financials (15%), and technology (15%). Cyclical consumer goods remained weaker, with growth of just 2% y/y. Aggregate revenue rose by +12% y/y (excluding the energy sector: +7% y/y).

Starting in mid-October, the 3Q26 earnings season will be the focus for European investors. The consensus forecast calls for a +17% y/y increase in earnings. The strongest y/y growth is expected in energy (79%), consumer discretionary (20%), technology (23%), and industrials (17%). Materials (13%) and financials (10%) are also expected to post solid growth, while expectations for healthcare (4%) and utilities (5%) are significantly more subdued. For the full year 2026, consensus estimates point to earnings growth of +16% y/y, accompanied by revenue growth of +10%.

The valuation of European stocks remains low compared to the U.S., with a 2026e P/E ratio of 15.6x, and the dividend yield of 3.0% is well above the global average. Given the improving earnings trend and the low relative valuation, we see a positive risk/reward profile for European stocks.

Stock selection remains crucial in 4Q as well. In the European cyclical consumer sector, investors should continue to avoid automotive stocks, as we believe earnings forecasts are still too high and further profit warnings for 2026/27 are highly likely. We continue to recommend, in particular, stocks from the technology (hardware), industrial, and financial sectors. For the overall European market, we forecast a positive return in the range of 0% to +5% for the fourth quarter of 2026.

USA

Forecast 4Q 2026

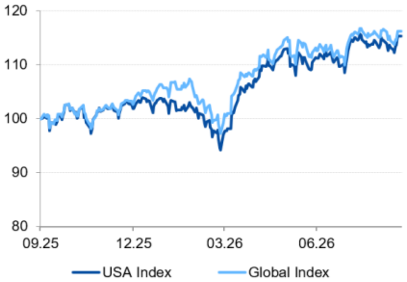
0% to +5%

USA Index

USD	2026	2027e
Rev./Sales	+12.4%	+8.6%
EBIT	+26.5%	+19.1%
Net Profit adj.	+30.2%	+14.3%
PE	22.2x	19.4x
Div. Yield	1.1%	1.1%

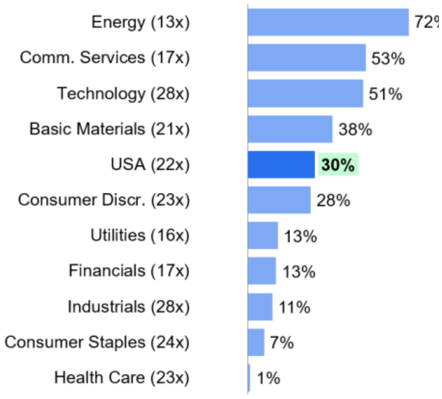
Source: Erste Group Research Index, FactSet.

USA 500 Index vs. Global Index
Rebased to 100, USD



Source: Erste Group Research Index, FactSet.

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



Source: Erste Group Research Index, FactSet.

The S&P 500 rose 3% in the third quarter of 2026, reaching new all-time highs. The year-to-date gain in euros is 16%. Six out of eleven sector indices posted gains in the last quarter. The energy, technology, healthcare, and communications sector indices recorded the strongest gains. The largest declines were seen in the utilities, industrials, and cyclical consumer goods sector indices.

Earnings for S&P 500 companies were exceptionally strong in the second quarter. Company revenues rose 14% y/y, and earnings growth reached a very high 52% y/y. The energy sector posted the highest earnings growth, with a 133% annual increase, followed by the communications (86% y/y) and technology (72% y/y) sectors. Only the healthcare (-6% y/y) and real estate (-24% y/y) sectors posted declines in earnings in the second quarter. Despite high inflation and rising yields, the profitability of major U.S. corporations proved very robust. The net profit margin of U.S. corporations even reached a historic record high of 16.9% in Q2.

The U.S. purchasing managers' indices signal strong expansion in the U.S. economy. The manufacturing purchasing managers' index, with a September reading of a high 57.0 points, confirms strong expansion in the manufacturing sector. The U.S. services sector is also growing. The relevant services index most recently stood at 58.7 points, significantly above the neutral level of 50 points. Labor market data also confirm the strong health of the U.S. economy.

The outlook for corporate revenue and earnings growth is positive for the coming quarters. The boom in AI investments continues. According to the companies' own reports, investments by the largest U.S. hyperscalers will rise by 34% y/y next year to over one trillion USD. This is boosting the profits of technology companies and those of other sectors involved in the construction of data centers.

According to the consensus forecast, revenue is expected to rise by 12% in the third quarter, with a strong 29% increase in earnings. Annual profit growth will be strongest in the third quarter in the energy (83%), technology (60%), materials (26%), and communications (22%) sectors. For the fourth quarter, U.S. companies are forecast to see revenue increases of 11% and year-over-year profit growth of 18%. For the full year 2026, this results in above-average revenue growth of 12% and a very strong profit increase of 30% year-over-year. The outlook for corporate growth remains positive for 2027 as well. According to the current consensus estimate, revenue is expected to rise by 9% in 2027 and earnings by approximately 14%.

The valuation of the U.S. stock market, with a 2026e P/E ratio of 22.5x, is reasonable given the strong growth prospects and high profitability of companies. The 2026e dividend yield of 1.1% is below average by global standards. However, the Fed's current cycle of interest rate hikes and the sharp rise in U.S. Treasury yields are dampening the upward trends in U.S. stock indices. We expect the stock market to perform positively in the fourth quarter. Our performance forecast ranges from 0% to +5%.

CEE

Forecast 4Q 2026
0% to +5%

CEE coverage index

EUR	2026e	2027e
Sales	12.9%	4.3%
EBIT	18.1%	6.5%
Net Profit adj.	21.5%	4.4%
PE	12.7x	12.2x
Div. Yield	3.6%	3.6%

Source: Erste Group Research Estimates.

The stock markets in Central and Eastern Europe have, of course, not remained unaffected by external geopolitical influences. To date, these shocks have consistently been absorbed quite quickly, and attention has swiftly shifted to an outlook that has, in fact, proven to be stable and even improving over time.

Now, however, the markets are confronted not only with a further escalation of the Iran conflict and its corresponding impact on energy prices and inflation. The ECB and the Fed have had to respond to inflation trends. The factor that is significantly more negative for the markets, however, is the prospect of further interest rate hikes, which neither central bank has ruled out. In CEE, only Hungary may see the possibility of lowering interest rates further. All other regional central banks will, at best, leave interest rates unchanged for the foreseeable future. The interest rate situation, further fueled by the tight budget situation in the U.S., is also affecting CEE markets.

Sentiment indicators have recently risen again, though not for CEE. The key question will be whether stock markets will once again be able to weather an escalation and focus on a stable outlook.

In the positive revisions to expected earnings for CEE companies, a shift toward 2027 is increasingly evident, and 2026 appears to be largely off the table. Overall, growth of 17% is currently expected for the region over the next 12 months. However, the outlook had already reached 22% in the summer of 2026. The current situation has therefore clearly left its mark. In particular, increased cost pressure on operating margins is expected in 2026, and it remains to be seen whether the impact of higher energy costs will subside in 2027.

The once attractively low valuations in the Eurozone and CEE had increasingly demanded justification through corresponding growth outlooks over the course of the year. In this regard, it makes sense that currently weaker markets have largely erased the premiums relative to historical valuations that had built up in the meantime. A consolidation and renewed recovery in earnings expectations could then make valuations in CEE appear quite attractive again at this level.

In our country allocation, we would continue to favor Poland and take a selective approach in Hungary and the Czech Republic. Romania has performed strongly but should be viewed with caution given the current economic challenges.

Earnings expectations for cyclical sectors continue to show increases, which also justify this segment’s relative outperformance. Industrial stocks and consumer goods—including non-daily necessities—offer good growth prospects here but remain moderately to attractively valued.

Emerging Markets

China

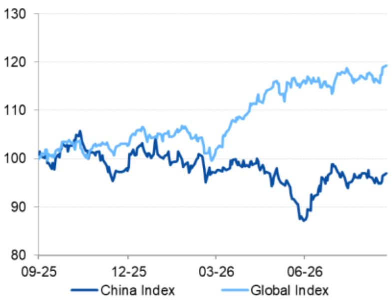
Forecast 4Q 2026
0% to +5%

EGR China Index

USD	2026e	2027e
Rev./Sales	+9.9%	+4.4%
EBIT	+14.5%	+6.8%
Net Profit adj.	+9.9%	+6.2%
PE	8.6x	8.1x
Div. Yield	3.8%	3.9%

Source: Erste Group Research Indices, FactSet

China Index vs Global Index
Rebased to 100, EUR



Source: Erste Group Research Indices, FactSet

The Erste China Index performed very well in Q3 2026, rising by +11% in EUR. The 3Q performance represents a significant improvement over the weak first half of the year. The strong performance of industrial companies and the low valuation of the Chinese stock market were particularly supportive factors.

Chinese economic indicators continued to paint a slightly positive picture in the third quarter. The Purchasing Managers' Indexes (PMI) for August were slightly positive, at 51.5 points for the industrial sector (July: 50.9 points) and 51.4 points for the services sector (July: 50.4 points). At the same time, industrial production accelerated to +5% year-over-year in August, while private consumption remained weak, with retail sales rising by only +0.4% year-over-year.

The fundamentals of Chinese companies have improved since the beginning of the year. For the China Index, adjusted net income is expected to rise by +10% y/y in 2026e, followed by +6% next year. At the same time, valuations remain very low by global standards, with an expected P/E ratio of just 8.6x for 2026e and 8.1x for 2027e. Following the strong performance in 3Q, we expect a positive trend in 4Q as well, given the attractive valuation and solid earnings growth. However, in our view, weak domestic demand and continued sluggish investment momentum limit the upside potential. We forecast a performance of 0% to +5% for the China Index in Q4 2026.

India

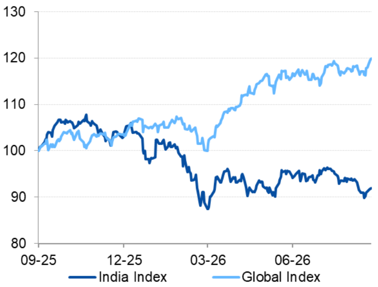
Forecast 4Q 2026
0% to +5%

EGR India Index

USD	2026e	2027e
Rev./Sales	+4.4%	+6.7%
EBIT	+5.5%	+11.7%
Net Profit adj.	+4.5%	+12.1%
PE	20.3x	18.1x
Div. Yield	1.6%	1.7%

Source: Erste Group Research Indices, FactSet.

India Index vs. Global Index
Rebased to 100, EUR



Source: Erste Group Research Indices, FactSet

The Indian stock index performed negatively in Q3 2026, falling by -2.4% in EUR. Since the beginning of the year, the decline has thus totalled -12%; over a 12-month period, the index is down -10%. India thus remains one of the weaker stock markets in Asia in 2026. Among other factors, the renewed rise in energy prices in September and the ongoing weakness among IT service providers weighed heavily on the market, while financial and industrial stocks outperformed.

Corporate earnings growth for 2026e remains subdued. Earnings for the Erste India Index are expected to rise by only +5% y/y. For 2027e, however, a significant acceleration to +12% year-over-year is forecast. Valuations have fallen following the price correction but, with an expected P/E ratio of 20.3x for 2026e and 18.1x for 2027e, remain significantly higher than in China and above the global stock market average. The dividend yield is in line with the long-term average of 1.6%.

The robust economy and the expected acceleration in earnings growth point to recovery potential following the weak performance in Q3. We forecast a performance of 0% to +5% for the Indian stock index in Q4 2026.

Real Estate Europe

European real estate investment markets continued their gradual recovery, although momentum eased somewhat during the second quarter. In Germany, Europe's largest and most liquid real estate market, transaction volume reached EUR 16.2bn in the first half of 2026, representing an increase of around 13% year-on-year. Of this total, almost EUR 13bn was invested in commercial real estate, up more than 20% compared to the previous year. While geopolitical uncertainties led to delays in individual transactions and a more cautious approach towards new deals, the overall market recovery remained intact. The market continued to be dominated by high-quality single-asset transactions, with investors primarily focusing on liquid core markets. The number of large-scale transactions above EUR 100m increased to 30, while the portfolio share remained relatively low at 31%.

Looking at the different asset classes, the picture remained mixed. Residential properties retained their position as the largest asset class, with investment volume of EUR 3.6bn despite a decline of around 10% compared to the previous year. Office properties, by contrast, experienced a noticeable recovery, reaching almost EUR 3.5bn and benefiting from a rising number of large single-asset transactions. Logistics and industrial assets also performed strongly, with transaction volume increasing by 24% to EUR 3.3bn. Healthcare real estate recorded a 48% increase to EUR 1.4bn, whereas retail investment volumes fell by 35% to EUR 1.9bn. Hotels continued to suffer from the absence of larger transactions and recorded a lower investment volume of EUR 721m.

Among Germany's top seven investment markets, Düsseldorf, Frankfurt, Hamburg and Cologne benefited in particular from their high liquidity and several large transactions. Berlin and Munich, however, remained below the prior-year level. According to CBRE, prime yields remained broadly stable across most sectors. Prime office yields in the top seven cities declined slightly to an average of 4.73%, while prime residential yields remained unchanged at around 3.40%. Logistics and hotel assets recorded modest yield increases to 4.50% and 5.25%, respectively.

Price discovery has improved significantly compared to a year ago, and the gap between buyers' and sellers' expectations has narrowed. Nevertheless, investors remain selective in light of geopolitical risks, higher financing costs and an overall challenging market environment. At the same time, a well-filled transaction pipeline points to a continuation of the moderate market recovery. CBRE expects total German transaction volume to exceed EUR 35bn in 2026. Investment activity is likely to remain focused on high-quality assets in established locations with stable cash flows, while opportunistic strategies are gradually gaining importance.

The STOXX 600 Real Estate Index largely reflects these developments. Since the beginning of the year, the index has declined by around 7%, while the broader market has gained roughly 8%. The key themes for the sector over the past three months have been the landmark acquisition of SEGRO by Prologis, which has significantly reshaped the European logistics real estate landscape, the continued challenges facing open-ended property funds, and a meaningful deterioration in the UK residential market driven by stretched affordability and persistently high mortgage rates. Among the weakest-performing stocks over the past three months were the German residential real estate companies Vonovia, TAG and LEG.

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**	**1.2**	**1.1**	3.0	2.6	6.2	6.1	1.3	1.5	-3.3	-3.4	87.8	88.4
	Germany	**1.1**	**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	**0.7**	**0.7**	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**	3.1	2.8	5.9	5.7	0.9	1.2	-3.7	-3.5	82.7	83.5
	UK	**1.0**	**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	2.9	6.8	7.1	0.2	0.3	38.5	37.5
Eastern Europe	**Poland**	**3.6**	**3.0**	3.2	3.1	6.1	6.2	-1.8	-2.4	-7.1	-7.1	67.8	70.5
	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**	2.2	2.6	3.2	3.4	0.4	0.8	-2.4	-3.2	45.0	46.7
	Romania	**-0.7**	**2.2**	8.4	4.9	6.4	5.8	-6.8	-6.2	-6.2	-5.7	61.1	63.0
	Hungary	**1.7**	**2.2**	1.8	2.8	4.5	4.3	-0.1	0.2	-7.3	-5.3	77.0	76.9
	Slovakia	**0.9**	**1.7**	3.7	3.0	6.0	6.0	-2.7	-2.5	-4.5	-5.0	62.5	64.3
Americas	**USA**	**2.2**	**2.2**	3.5	2.5	4.4	4.2	-3.7	-3.6	-7.5	-7.4	125.8	128.6
	Canada	**1.1**	**1.7**	2.5	2.1	6.5	6.3	-0.2	-0.3	-2.7	-2.5	110.7	109.5
	Brazil	**2.4**	**2.2**	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	**1.2**	**1.9**	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**	**4.6**	**4.1**	1.2	1.5	5.1	5.1	3.5	3.3	-8.2	-8.4	106.9	112.5
	Japan	**0.6**	**0.7**	2.2	2.3	2.5	2.5	3.8	3.9	-2.0	-2.4	204.4	200.1
	India	**6.4**	**6.7**	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	**1.1**	**1.3**	3.9	3.4	32.5	32.4	-0.9	-1.4	-4.9	-4.3	78.9	79.7
	World	**3.0**	**3.4**										

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 (%) EUR 1M	3M	12M	YTD	Growth (%, y/y) Sales 26e	27e	Net Profit Adj. 26e	27e	P/E 26e	27e	DY 26e
	World	**USD**	**1,235**	**101,287**	**100**	**2.4**	**3.6**	**20.5**	**16.2**	**12.5**	**7.5**	**31.5**	**13.8**	**18.3**	**16.1**	**1.6**
Developed Markets	**North America**	**USD**	**594**	**65,929**	**65.1**	**3.1**	**4.8**	**19.6**	**16.1**	**12.4**	**8.3**	**29.6**	**13.9**	**22.1**	**19.4**	**1.1**
	Canada	USD	54	2,717	2.7	-1.2	3.7	20.9	14.0	12.5	1.6	19.3	5.1	19.4	18.5	2.0
	USA	USD	540	63,212	62.4	3.3	4.9	19.6	16.2	12.4	8.6	30.2	14.3	22.2	19.4	1.0
	Europe	**EUR**	**260**	**14,634**	**14.4**	**-1.5**	**0.7**	**15.8**	**9.0**	**6.5**	**3.4**	**15.6**	**7.8**	**16.2**	**15.0**	**3.0**
	France	EUR	36	2,403	2.4	-4.5	-3.0	-0.8	-4.6	4.1	3.9	15.0	8.6	15.4	14.2	3.1
	Germany	EUR	37	1,996	2.0	-2.0	3.3	4.2	1.3	1.8	5.0	9.5	13.0	15.2	13.4	2.9
	Italy	EUR	16	825	0.8	-1.7	2.8	27.2	21.7	8.1	3.1	14.3	6.0	13.8	13.0	4.7
	Netherlands	EUR	19	1,403	1.4	0.0	-0.5	24.5	21.2	9.4	8.9	23.9	15.0	22.9	19.9	1.8
	Spain	EUR	15	1,067	1.1	-1.1	2.5	32.0	14.5	7.1	3.3	14.2	9.7	16.4	15.0	3.5
	Sweden	EUR	18	624	0.6	-0.7	4.7	18.1	7.9	5.5	3.6	7.7	9.8	18.4	16.7	3.5
	Switzerland	EUR	30	1,963	1.9	-3.6	-0.1	18.0	7.6	14.2	1.2	18.6	7.2	18.6	17.3	2.9
	United Kingdom	EUR	44	2,828	2.8	2.3	1.3	30.5	19.4	8.4	1.8	17.8	4.7	14.9	14.2	2.8
	Asia/Pacific	**USD**	**186**	**12,665**	**12.5**	**5.1**	**0.7**	**56.2**	**45.9**	**19.8**	**16.8**	**88.8**	**29.6**	**14.9**	**11.5**	**1.9**
	Japan	USD	99	4,963	4.9	3.8	2.3	28.1	25.1	3.8	5.8	17.3	13.1	22.3	19.7	1.4
	Australia	USD	26	1,230	1.2	-2.8	3.4	13.2	12.1	12.1	4.2	18.8	4.4	17.6	16.8	3.7
	South Korea	USD	30	2,834	2.8	4.0	-7.0	172.8	104.1	50.4	30.4	304.9	43.6	7.0	4.9	2.3
	Taiwan	USD	23	3,243	3.2	11.9	3.3	80.2	68.4	39.5	33.4	63.4	31.9	24.9	18.9	1.5
Emerging Markets	**Emerging Asia/Pacific**	**USD**	**162**	**6,725**	**6.6**	**-0.3**	**3.2**	**-4.3**	**-5.0**	**8.8**	**4.7**	**9.5**	**7.0**	**10.8**	**10.1**	**3.1**
	China (incl. HK)	USD	64	4,274	4.2	0.1	7.1	-0.3	-0.4	9.9	4.4	9.9	6.2	8.6	8.1	3.8
	India	USD	76	2,021	2.0	-1.8	-3.2	-9.9	-11.5	4.4	6.7	4.4	12.1	20.3	18.1	1.6
	Emerging Europe	**USD**	**5**	**151**	**0.1**	**-1.6**	**1.8**	**17.2**	**17.9**	**25.9**	**2.5**	**36.0**	**0.2**	**10.7**	**10.7**	**3.3**
	Emerging Americas	**USD**	**28**	**1,164**	**1.1**	**5.0**	**6.7**	**21.2**	**18.9**	**24.2**	**3.6**	**45.1**	**-3.8**	**9.5**	**9.8**	**4.3**
	Brazil	USD	16	698	0.7	10.1	10.9	29.9	23.0	25.7	1.0	41.9	-6.9	7.4	7.9	5.4
	Global Sectors															
Erste Sectors	Information Technology	USD	89	23,744	23.4	34.9	7.6	32.5	27.1	31.9	27.1	51.2	38.1	37.6	27.9	0.5
	Communication Services	USD	23	6,760	6.7	12.5	5.6	8.3	11.9	13.0	11.9	23.2	15.3	-7.1	16.7	0.6
	Financials	USD	89	7,856	7.8	4.4	2.1	2.3	5.6	9.4	5.6	14.6	7.6	6.2	16.7	1.5
	Health Care	USD	63	5,903	5.8	27.6	6.9	12.4	4.5	5.9	4.5	5.3	18.0	22.4	23.5	1.5
	Consumer Discretionary	USD	49	5,829	5.8	1.2	-2.7	-1.0	8.4	8.0	8.4	15.2	15.1	-2.6	22.6	0.6
	Consumer Staples	USD	36	3,113	3.1	9.8	-0.5	8.9	4.2	6.4	4.2	8.2	6.0	6.5	23.7	2.3
	Industrials	USD	82	4,717	4.7	16.9	-8.6	14.5	8.4	9.6	8.4	13.0	17.0	18.2	28.1	1.2
	Energy	USD	25	2,183	2.2	41.2	15.6	40.5	-5.4	22.6	-5.4	80.4	-9.2	-10.1	13.4	2.7
	Materials	USD	27	1,239	1.2	19.3	0.1	15.6	4.1	10.4	4.1	35.1	8.7	7.5	20.7	1.5
	Utilities	USD	29	1,029	1.0	-3.1	-10.7	-3.0	5.1	8.1	5.1	16.0	12.5	10.3	15.9	3.1
	Real Estate	USD	28	839	0.8	3.5	-2.4	7.4	7.6	9.6	7.6	9.4	13.1	13.0	32.2	3.3

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

Erste CEE Indices

				Weight	Performance (%)				Growth (%, y/y)							
		No. of	Mkt. Cap.	(%)	EUR				Sales		Net Profit Adj.		P/E		DY
Erste CEE Index		Comp.	EUR bn	Total	1M	3M	12M	YTD	26e	27e	26e	27e	26e	27e	26e
CEE Coverage	**EUR**	**78**	**439**	**100**	**0.7**	**7.0**	**36.4**	**22.3**	**12.9**	**4.3**	**21.5**	**4.4**	**12.7**	**12.2**	**3.6**
CEE Austria	EUR	20	137	31.2	3.5	3.7	35.7	19.6	7.4	5.8	14.0	22.9	15.7	12.8	3.0
CEE Czech Republic	EUR	1	30	6.9	-1.8	8.9	9.4	4.8	0.7	-4.0	29.9	-5.2	20.9	22.0	3.7
CEE Croatia	EUR	9	11	2.6	0.8	1.2	16.3	13.8	6.3	5.8	6.4	8.2	19.5	18.0	3.1
CEE Poland	EUR	36	163	37.1	3.0	12.2	37.7	22.9	17.0	2.5	20.5	-5.7	11.4	12.1	3.7

Source: Erste Group Research, FactSet. Closing Prices as of: 22.09.2026

Contacts

Group Research

Head of Group Research
Friedrich Mostböck, CFA®, CESGA® friedrich.mostboeck@erstegroup.com

CEE Macro/Fixed Income Research
Head: Juraj Kotian (Macro/FI) juraj.kotian@erstegroup.com
Katarzyna Rzentarzewska (Fixed income) katarzyna.rzentarzewska@erstegroup.com
Jakub Cery (Fixed income) jaku.cery@erstegroup.com

Croatia/Serbia
Alen Kovac (Head) akovac2@hr.erstebank.com
Mate Jelić mjelic1@erstebank.hr
Ivana Rogic irogic@erstebank.com

Czech Republic
David Navratil (Head) dnavratil@csas.cz
Jiri Polansky jpolansky@csas.cz
Michal Skorepa mskorepa@csas.cz

Hungary
Orsolya Nyeste orsolya.nyeste@erstebank.hu
János Nagy janos.nagy@erstebank.hu

Poland
Piotr Bielski (Head) piotr.bielski@erste.pl
Bartosz Białas bartosz.bialas@erste.pl
Adrian Domitrz adrian.domitrz@erste.pl
Marcin Luziński marcin.luzinski@erste.pl
Grzegorz Ogonek grzegorz.ogonek@erste.pl

Romania
Ciprian Dascalu (Head) ciprian.dascalu@bcr.ro
Vlad Nicolae Ionita vlad.ionita@bcr.ro

Slovakia
Maria Valachyova (Head) valachyova.maria@slsp.sk
Marian Kocis kocis.marian@slsp.sk
Maximilian Weber weber.maximilian@slsp.sk

Major Markets & Credit Research
Head: Rainer Singer rainer.singer@erstegroup.com
Ralf Burchert, CEFA®, CESGA® (Sub-Sovereigns & Agencies) ralf.burchert@erstegroup.com
Hans Engel (Global Equities) hans.engel@erstegroup.com
Peter Kaufmann, CFA® (Corporate Bonds) peter.kaufmann@erstegroup.com
Heiko Langer (Financials & Covered Bonds) heiko.langer@erstegroup.com
Stephan Lingnau (Global Equities) stephan.lingnau@erstegroup.com
Maximilian Möstl (Credit Analyst Austria) maximilian.moestl@erstegroup.com
Fabian Prettenthaler, PhD (USA, CHF) fabian.prettenthaler@erstegroup.com
Carmen Riefler-Kowarsch (Financials & Covered Bonds) carmen.riefler-kowarsch@erstegroup.com
Bernadett Povazsai-Römhild, CEFA®, CESGA® (Corp. Bonds) bernadett.povazsai-roemhild@erstegroup.com
Elena Statelov, CIIA® (Corporate Bonds) elena.statelov@erstegroup.com
Gerald Walek, CFA® (Eurozone) gerald.walek@erstegroup.com

CEE Equity Research
Head: Henning Eßkuchen, CESGA® henning.esskuchen@erstegroup.com
Daniel Lion, CIIA® (Technology, Ind. Goods&Services) daniel.lion@erstegroup.com
Michael Marschallinger, CFA® michael.marschallinger@erstegroup.com
Nora Varga-Nagy, CFA® (Telecom) nora.varga-nagy@erstegroup.com
Christoph Schultes, MBA, CIIA® (Real Estate) christoph.schultes@erstegroup.com
Thomas Unger, CFA® (Banks, Insurance) thomas.unger@erstegroup.com
Vladimira Urbankova, MBA (Pharma) vladimira.urbankova@erstegroup.com
Martina Valenta, MBA martina.valenta@erstegroup.com

Croatia/Serbia
Mladen Dodig (Head) mladen.dodig@erstebank.rs
Magdalena Basic mbasic@erstebank.hr
Ivan Lisec ilisec@erstebank.hr
Boris Pevalek, CFA® bpevalek@erstebank.hr
Marko Plastic mplastic@erstebank.hr
Davor Spoljar, CFA® dspoljar@hr.erstebank.com

Czech Republic
Petr Bartek (Head, Utilities) pbartek@csas.cz
Jan Bystřický jbystricky@csas.cz

Hungary
József Miró (Head) jozsef.miro@ersteinvestment.hu
András Nagy andras.nagy@ersteinvestment.hu

Poland
Cezary Bernatek (Head) cezary.bernatek@erstegroup.com
Piotr Bogusz piotr.bogusz@erstegroup.com
Łukasz Jańczak lukasz.janczak@erstegroup.com
Jakub Szkopek jakub.szkopek@erstegroup.com
Krzysztof Tkocz krzysztof.tkocz@erstegroup.com

Romania
Caius Rapanu caiusroa.rapanu@bcr.ro
Liviu-Mihai Bogdan liviumihai.bogdan@bcr.ro

Group Markets

Head of Group Markets
Oswald Huber oswald.huber@erstegroup.com

Group Markets Retail and Agency Business
Head: Martin Langer martin.langer@erstegroup.com

Markets Retail Sales AT
Head: Markus Kaller markus.kaller@erstegroup.com
Group Markets Execution
Head: Kurt Gerhold kurt.gerhold@erstegroup.com
Retail & Sparkassen Sales
Head: Uwe Kolar uwe.kolar@erstegroup.com
Markets Retail Sales & PM SK
Monika Pálová palova.monika@slsp.sk

Markets Retail Sales HUN
Head: Peter Kishazi peter.kishazi@erstegroup.com
Markets Retail Sales CZ
Head: Martin Vlcek mavlcek@csas.cz
Markets Retail Sales & PM CRO
Head: Neven Radaković neven.radakovic@erstegroup.com
Head: Tamas Nagy tnagy1@erstebank.hr
Markets Retail Sales & PM RO
Head: Laura Hexan laura.hexan@bcr.ro

GM Retail Products &Business Development
Head: Michael Tröthann michael.troethann@erstegroup.com

Group Treasury Markets
Head: Valentin Popovici valentin.popovici@erstegroup.com

MM Trading
Head: Arsen Milasinovic arsen.milasinovic@erstegroup.com

Collateral Trading, Management and Optimization
Head: Danijela Lukic danijela.lukic@erstegroup.com

Interest Rates and FX Options Trading
Head: Martin Sramko martin.sramko@erstegroup.com

FX Trading & Corporate Treasury Sales
Head: Valentin Popovici valentin.popovici@erstegroup.com

E-FX Trading
Head: Helmut Kroboth helmut.kroboth@erstegroup.com

CEE FX Trading
Head: Juraj Zabadal juraj.zabadal@erstegroup.com

Markets Corporate Sales AT
Head: Martina Kranzl-Carvell martina.kranzl-carvell@erstegroup.com

Markets Corporate Sales HUN
Head: Adam Farago adam.farago@erstegroup.com

Markets Corporate Sales CRO
Head: Neven Radaković neven.radakovic@erstegroup.com

Markets Corporate Sales CZ
Head: Tomas Picek tpicek@csas.cz

Markets Corporate Sales RO
Head: Bogdan Ionut Cozma ionut.cozma@bcr.ro

Markets Corporate Sales SK
Head: Lubomir Hladik lubomir.hladik@erstegroup.com

Group Securities Markets
Head: Thomas Einramhof thomas.einramhof@erstegroup.com

Institutional Distribution Core
Head: Jürgen Niemeier juergen.niemeier@erstegroup.com

Institutional Distribution CEE & Insti AM CZ
Head: Antun Burić antun.buric@erstegroup.com

Institutional Distribution DACH+
Head: Marc Friebertshäuser marc.friebertshaeuser@erstegroup.com

Institutional Asset Management CZ
Head: Petr Holeček pholecek@csas.cz

Group Institutional Equity Sales
Head: Michal Řízek mrizek@csas.cz
Czech Republic
Head: Michal Řízek mrizek@csas.cz
Poland
Head: Jacek Jakub Langer jacek.langer@erstegroup.com
Croatia
Matija Tkaličanac mtkalicanac@erstebank.com
Hungary
Peter Csizmadia peter.csizmadia@erstegroup.com
Romania
Adrian Barbu adriannicola.barbu@bcr.rom

Group Fixed Income Securities Markets
Head: Goran Hoblaj goran.hoblaj@erstegroup.com

Fixed Income Flow Sales
Head: Goran Hoblaj goran.hoblaj@erstegroup.com
Bernd Thaler bernd.thaler@erstegroup.com

Group Fixed Income Securities Trading
Head: Goran Hoblaj goran.hoblaj@erstegroup.com
Credit Trading
Head: Christoph Fischer-Antze christoph.fischer-antze@erstegroup.com
CEE Rates Trading
Head: Peter Provotiak peter.provotiak@erstegroup.com
Euro Government Bonds Trading
Head: Gottfried Ziniel gottfried.ziniel@erstegroup.com

Group Equity Trading & Structuring
Head: Ronald Nemec ronald.nemec@erstegroup.com

Group Markets Financial Institutions
Manfred Neuwirth manfred.neuwirth@erstegroup.com

Group Financial Institutions
Head: Christina Linzer christina.linzer@erstegroup.com

Group Non-Bank Financial Institutions
Head: Michael Aschauer michael.aschauer@erstegroup.com

Disclaimer

This investment research (the "Document") has been prepared by Erste Group Bank AG or any of its consolidated subsidiaries (together with consolidated subsidiaries "Erste Group") independently and objectively for the purpose of providing additional economical information about the analyzed company or companies. The Document is based on reasonable knowledge of Erste Group's analyst in charge of producing the Document as of the date thereof and may be amended from time to time. It only serves for the purpose of providing non-binding information and does not constitute investment advice or marketing communication.

This Document does not constitute or form part of, and should not be construed as, an offer, recommendation or invitation to subscribe for or purchase any financial or connected financial instrument, and neither this Document nor anything contained herein shall form the basis of or be relied on in connection with or act as an inducement to enter into any contract or inclusion of a financial or connected financial instrument in a trading strategy.

The document is also not a prospectus in the sense of the Regulation (EU) 2017/1129, Austrian Capital Market Act 2019 or comparable legal provisions. All information, analysis and conclusions provided herein are of general nature. This Document does not purport to provide a comprehensive overview about any investment, the potential risks and results nor does this Document take into account any individual needs of an investor (the "Investor") in relation to proceeds, tax aspects, risk awareness and appropriateness of the financial instrument or connected financial instruments. Therefore, this Document does not replace any investor- and investment-related evaluation nor any comprehensive risk disclosure; any financial instrument has a different risk level. Performance charts and example calculations do not provide any indication for future performance of a financial instrument resp. connected financial instruments. Information about past performance does not necessarily guarantee a positive development in the future and investments in financial instruments incl. connected financial instruments can be of risk and speculative nature. All projections, forecasts and price targets are clearly and prominently labelled as such, and the material assumptions made in producing or using them are indicated. Forecasts of future developments are based purely on estimates and assumptions. Actual future developments may differ from the forecast. Forecasts are therefore not a reliable indicator of future results and developments. The weaker the Company's credit-worthiness is, the higher the risk of an investment will be. Not every investment is suitable for every investor. Neither this document nor any of its components form the basis of any contract or commitment whatsoever. Therefore, Investors shall consult their advisors (in particular legal and tax advisors) prior to taking any investment decision to ensure that – irrespective of information provided herein – an intended transaction of a financial or connected financial instrument is appropriate for the Investor's needs and intention, that the Investor has understood all risks and that, after due examination, the Investor has concluded to make the investment and is in a position to bear the economical outcome of such investment. Investors are referred, for instance, to the suitability test according to the Austrian Securities Act 2018 and are advised to mind the client information pursuant to the Austrian Securities Supervision Act 2018. The performance of an investment is reduced by commissions, fees and other charges that depend on the individual circumstances of the investor. As a result of currency fluctuations, the investment result may increase or decrease.

Investment research is produced by Erste Group Research within the framework provided by applicable laws. The opinions featured in the equity and credit research reports may vary. Investors in equities may pursue different interests compared to those of investors on the credit side, related to the same issuer. The analyst has no authority whatsoever to make any representation or warranty on behalf of the analyzed company resp. issuer, Erste Group, one of its companies, or any other person. Care is taken, that all substantially material sources of information are clearly and prominently indicated. While all reasonable care has been taken to ensure that the facts stated herein are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, Erste Group (including its representatives and employees) neither expressly nor tacitly makes any guarantee as to or assumes any liability for the up-to-dateness, completeness and correctness of the content of this Document. Neither Erste Group nor any of its respective managing directors, supervisory board members, executive board members, directors, officers or other employees shall be in any way liable for any costs, losses or damages (including subsequent damages, indirect damages and loss of profit) howsoever arising from the use of or reliance on this Document.

Erste Group as well as representatives and employees principally may, to the extent permitted by law, have a position in stated financial instruments resp. connected financial instruments and may provide trading support or otherwise engage in transactions involving these financial instruments and/or connected financial instruments. Further, Erste Group as well as representatives and employees may principally offer investment services to, or may take over management function in a company or issuer referred to in this Document.

This Document has been produced in line with Austrian law and for the territory of Austria. Forwarding this Document as well as marketing of financial instruments resp. connected financial instruments described herein are restricted or interdicted in certain jurisdictions. This, inter alia, applies to the United States, Canada, Australia, Switzerland, Korea and Japan. In particular, neither this Document nor any copy hereof may be taken or transmitted or distributed, directly or indirectly, into the United States or to US Persons (as defined in the U.S. Securities Act of 1933, as amended) unless applicable laws of the United States or certain federal states of the United States provide for applicable exemptions. Any failure to comply with these restrictions may constitute a violation of the laws of any such other jurisdiction. Persons receiving possession of this Document are obliged to inform themselves about any such restrictions and to adhere to them. By accepting this Document, the recipient agrees to be bound by the foregoing limitations and to adhere to applicable regulations. The document may not be reproduced or redistributed to other persons without the consent of Erste Group. Further information may be provided by Erste Group upon request. This Document and information, analysis, comments and conclusions provided herein are copyrighted material. Erste Group reserves the right to amend any opinion and information provided herein at any time. Erste Group further reserves the right not to update any information provided herein or to cease updates at all. Misprints and printing errors reserved.

Erste Group is not registered or certified as a credit agency in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the Credit Rating Agencies Regulation). Any assessment of the issuers creditworthiness does not represent a credit rating pursuant to the Credit Rating Agencies Regulation. Interpretations and analysis of the current or future development of credit ratings are based upon existing credit rating documents only and shall not be considered as a credit rating itself.

If one of the clauses provided for in this disclaimer is found to be illicit, inapplicable or not enforceable, the clause has to be treated separately from other clauses provided for in this disclaimer to the largest extent possible. In any case, the illicit, inapplicable or not enforceable clause shall not affect the licitness, applicability or enforceability of any other clauses.

Important Disclosures

THIS DOCUMENT MAY NOT BE BROUGHT INTO THE UNITED STATES OF AMERICA, CANADA, SWITZERLAND, AUSTRALIA, KOREA OR JAPAN, TO ANY PERSON WHO IS A CITIZEN OF THOSE STATES, OR SENT OR DISTRIBUTED TO ANY MEDIA IN ANY OF THOSE STATES.

General disclosures
All recommendations given by Erste Group Research are independent, objective and are based on the latest company, industry and other general information publicly available which Erste Group Research considers being reliable; however, Erste Group does not represent or assume any liability for the completeness of accuracy of such information or its recommendation. The best possible care and integrity is used to avoid errors and/or misstatements. No influence on the rating and/or target price is being exerted by either the covered company or other internal departments of Erste Group. Each research drawn up by an analyst is reviewed by a senior research executive or agreed with a senior analyst/deputy (4-eyes-principle). Erste Group has implemented thorough Compliance Rules on personal account dealings of analysts (please see "Conflicts of Interest"). Analysts are not allowed to involve themselves in any paid activities with the covered companies except as disclosed otherwise. No part of their compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or views expressed by them contained in this document. Erste Group may engage in transactions with financial instruments, on a proprietary basis or otherwise, in a manner inconsistent with the view taken in this research report. In addition, others within Erste Group, including strategists and sales staff, may take a view that is inconsistent with that taken in this research report.

Conflicts of Interest
Erste Group Bank AG ensures with internal policies that conflicts of interest are managed in a fair and reasonable manner. The policy „Managing Conflict of Interest in connection with Investment Research" is provided under the following link:
https://www.erstegroup.com/legal/Managing_Conflicts_of_Interest_-_Umgang_mit_IK.pdf

Disclosures of potential conflicts of interest relating to Erste Group Bank AG and affiliated companies as well as relevant employees and representatives with respect to the issuer(s) resp. financial instruments are updated daily.

An overview of conflicts of interest for all analysed companies by Erste Group Research is provided under the following link:
Disclosure | Erste Group Bank AG.

The distribution of all recommendations and the distribution of recommendations in relation to which investment services have been provided is available under the following link:
https://www.erstegroup.com/legal/Recommendations_Distribution.pdf

A history of all recommendations within the last 12 months is provided under the following link:
Research Disclaimer | Erste Group Bank AG

Valuation and Methodology

Detailed information about the valuation and methodology of investment research by the Erste Group Bank AG is provided under the following link:
https://www.erstegroup.com/legal/Bewertungsmethoden_and_Valuations.pdf

All market prices within this publication are closing prices of the previous trading day (unless otherwise mentioned within the publication).

Planned frequency of updates

Target prices or recommendations for financial instruments are meant to be 12 month target prices or equivalent recommendations (except if other validity period is stipulated) starting from the date of the publication. Target prices and recommendations are reviewed usually upon release of quarterly reports, or whenever circumstances require (e.g. company updates, ad-hoc publications, etc.).

Periodical publications are identified by their respective product name and indicate update frequency as such (e.g. Quarterly). Recommendations mentioned within these publications are updated in an according frequency, unless otherwise mentioned (e.g. target price or recommendation is not updated on a monthly base, even when mentioned in summarizing monthly/quarterly product).

If a recommendation change has been made in this publication, please see the following link for a detailed overview of the previous recommendation(s): https://www.erstegroup.com/en/research/research-legal

Links

Erste Group may provide hyperlinks to websites of entities mentioned in this document, however the inclusion of a link does not imply that Erste Group endorses, recommends or approves any material on the linked page or accessible from it. Erste Group does not accept responsibility whatsoever for any such material, including in particular the completeness and accuracy, nor for any consequences of its use.

Additional notes to readers in the following countries:

Austria: Erste Group Bank AG is registered in the Commercial Register at Commercial Court Vienna under the number FN 33209m. Erste Group Bank AG is authorized and regulated by the European Central Bank (ECB) (Sonnemannstraße 22, D-60314 Frankfurt am Main, Germany) and by the Austrian Financial Market Authority (FMA) (Otto-Wagner Platz 5, A-1090, Vienna, Austria).

Germany: Erste Group Bank AG is authorised for the conduct of investment business in Germany by the Austrian Financial Market Authority (FMA) and subject to limited regulation by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

United Kingdom (UK): Erste Group Bank AG is regulated for the conduct of investment business in the UK by the Financial Conduct Authority and the Prudential Regulation Authority. This document is directed exclusively to eligible counterparties and professional clients. It is not directed to retail clients. No persons other than an eligible counterparty or a professional client should read or rely on any information in this document. Erste Group Bank AG does not deal for or advise or otherwise offer any investment services to retail clients.

Czech Republic: Česká spořitelna, a.s. is regulated for the conduct of investment activities in Czech Republic by the Czech National Bank (CNB).

Croatia: Erste Bank Croatia is regulated for the conduct of investment activities in Croatia by the Croatian Financial Services Supervisory Agency (HANFA).

Hungary: Erste Bank Hungary ZRT. and Erste Investment Hungary Ltd. are regulated for the conduct of investment activities in Hungary by the Hungarian Financial Supervisory Authority (PSZAF).

Serbia: Erste Group Bank AG is regulated for the conduct of investment activities in Serbia by the Securities Commission of the Republic of Serbia (SCRS).

Romania: Banka Comerciala Romana is regulated for the conduct of investment activities in Romania by the Romanian National Securities Commission (CNVM).

Poland: Erste Securities Polska S.A. is regulated for the conduct of investment activities in Poland by the Polish Financial Supervision Authority (PFSA).

Slovakia: Slovenská sporiteľňa, a.s. is regulated for the conduct of investment activities in Slovakia by the National Bank of Slovakia (NBS).

Switzerland: This research report does not constitute a prospectus or similar communication in connection with an offering or listing of securities as defined in Articles 652a, 752 and 1156 of the Swiss Code of Obligation and the listing rules of the SWX Swiss Exchange.

Hong Kong: This document may only be received in Hong Kong by 'professional investors' within the meaning of Schedule 1 of the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made there under.

Published by:

Erste Group Bank AG
Group Research
1100 Vienna, Austria, Am Belvedere 1
Head Office: Wien
Commercial Register No: FN 33209m
Commercial Court of Vienna

Erste Group Homepage: www.erstegroup.com