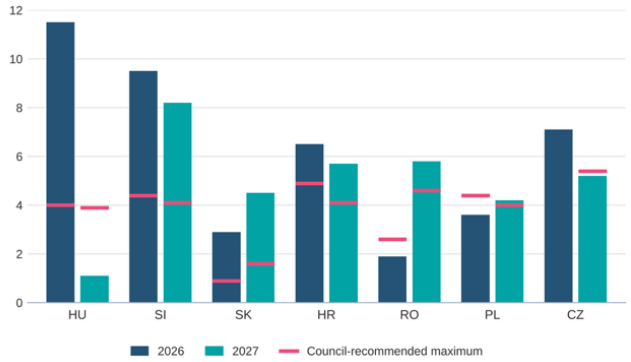
CEE MACRO AND FI DAILY

Expenditure growth exceeds fiscal limits

On the Radar

- Polish registered unemployment stood at 5.8% in October.
- Serbian wages rose 9.1% y/y in September.
- In Slovakia PPI for October is due at 09:00 CET today.
- Today, unemployment rate in Hungary for October will be posted.

Net expenditure growth vs Council-recommended limit, y/y (%)

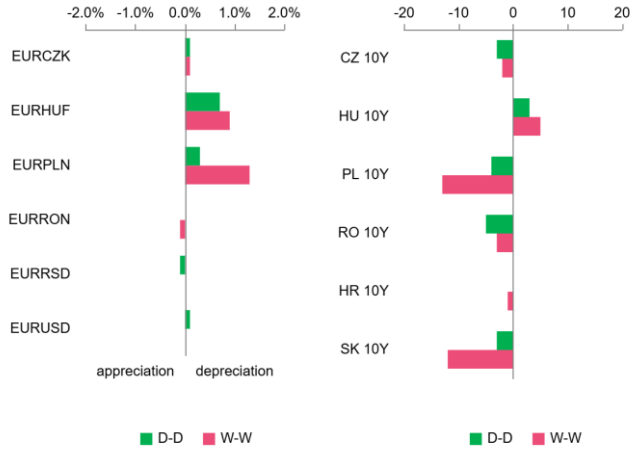


Source: Erste Group Research

Economic developments

Following the European Commission's autumn fiscal assessment published on 24 November, today we look at net expenditure growth, the main indicator under the EU fiscal rules. The chart compares projected annual growth in 2026 and 2027 with the maximum rates recommended by the Council (pink lines), before accounting for defence-related flexibility under the national escape clause. For Czechia, no ceiling is shown for 2026, as this year's rate only anchors the new expenditure path following a recalculation requested by the new government upon taking office. Overall, expenditure growth is projected to exceed the annual ceilings in most countries, although this does not necessarily imply non-compliance. Hungary records the largest overshoot in 2026, with projected growth of 11.5% against a 4.0% ceiling and a government deficit of 7.3% of GDP. The Commission has recommended stepping up Hungary's excessive deficit procedure, while its forecast deficit of 5.2% for 2027 remains above the government's 4.9% target. Poland and Slovakia also exceed their ceilings in 2027 but are assessed as compliant after accounting for higher defence spending, with both procedures remaining on hold. Romania's procedure also remains on hold, despite projected deficits of 6.0% of GDP this year and 5.8% in 2027, although the Commission identifies a risk of non-compliance next year. Slovenia and Croatia face risks of material non-compliance, while Czechia remains at risk due to cumulative deviations despite staying within its 2027 annual ceiling. For Slovenia, confirmation of the projected deviation in 2026 could trigger an assessment under the debt criterion next spring. All in all, expenditure pressures persist across much of the region, with further corrective action possible following the spring assessment.

Market performance



Source: Erste Group Research

Market developments

Public financing developments remained in focus across the region. In Poland, the Finance Ministry sold PLN 12.9bn of government bonds, with demand reaching PLN 17.7bn at the regular auction. On the policy front, Energy Minister Miłosz Motyka said decisions on extending electricity-price protection into 2027 are expected in mid-December. Fiscal financing also remains an issue in Romania, where the government deferred a second 2026 budget revision pending clarity over its EUR 4.35bn recovery-fund payment request, while ministries seek around RON 60bn in additional spending. Looking further ahead, Croatia's Prime Minister Plenković expects the country to receive around EUR 7bn more than it contributes under the proposed 2028–2034 EU budget. Separately, in Czechia, the ČNB left its countercyclical capital buffer and mortgage lending limits unchanged. In FX markets, the forint and zloty weakened by 0.7% and 0.3% d/d against the euro, respectively. Meanwhile, regional 10-year yields declined 5bp in Romania and 4bp in Poland but rose 3bp in Hungary.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
26. Nov		**HU**	Unemployment Rate	Oct			4.7%
	09:00	**SK**	PPI (y/y)	Oct			5.3%
27. Nov	**10:30**	**SI**	Retail Sales (y/y)	Oct			5.4%
	11:00	**HR**	GDP (y/y)	3Q			1.68%

FX Market

	Last	Change (%) d/d	w/w
EUR/CZK	24.40	0.1	0.1
EUR/HUF	371.73	0.7	0.9
EUR/PLN	4.47	0.3	1.3
EUR/RON	5.34	0.0	-0.1
EUR/RSD	117.50	-0.1	0.0
EUR/USD	1.10	0.1	0.0

3M Market

	Last	Change (bps) d-d	w-w
CZK	4.09	-1	-1
HUF	5.50	0	0
PLN	3.89	0	-3
RON	6.07	0	-1
RSD	4.95	0	1
EUR	2.81	2	-2

10Y Yields

	Last	Change (bps) d-d	w-w
CZ 10Y	5.25	-3	-2
HU 10Y	5.50	3	5
PL 10Y	6.13	-4	-13
RO 10Y	7.09	-5	-3
HR 10Y	3.82	0	-1
SK 10Y	4.16	-3	-12

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