

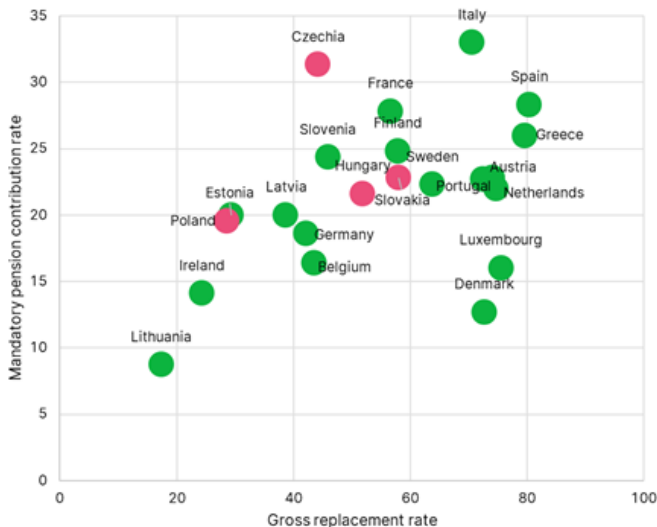
CEE MACRO AND FI DAILY

Pension contributions and replacement rates in CEE

On the Radar

- In Slovenia, producer prices grew by 3.9% y/y
- In Croatia, real wage grew by 2.4% y/y in August and unemployment rate landed at 3.4% in September.
- Today, Poland will release retail sales growth in September.
- Further, Hungary will publish unemployment rate.

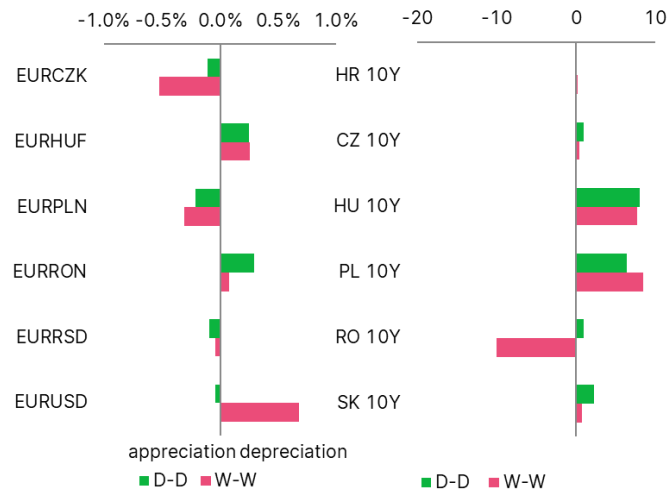
Gross replacement rate and contribution rate, %



Source: OECD, Erste Group Research

Based on OECD data and report on pensions, we look at the broadly positive but far from uniform relationship between mandatory pension contribution rates and projected gross replacement rates. Czechia stands out with exceptionally high contributions (31.3%) but a comparatively moderate replacement rate (44.2%), while Austria achieves a substantially higher projected replacement rate (74.1%) with lower contributions (22.8%). It should also be noted that, in Czechia, the contribution rate also finances disability benefits. Furthermore, Poland combines relatively modest contributions (19.5%) with one of the lowest projected replacement rates (28.6%). Slovakia occupies a more generous position, with contributions of 22.8% and a projected replacement rate of 58%. This comparison, however, should not be interpreted as a direct measure of pension system efficiency as PAYG systems have been already running large deficits which are going to widen with the ageing population. The data on household financial assets that we presented yesterday also suggest a relatively low share of holdings in insurance, pensions and standardized guarantees. The average share stands at 14% in CEE, ranging from 6% in Hungary to 23% in Croatia.

Market performance



Source: Erste Group Research

Market developments

CEE currencies continue to move within a tight range, with EURCZK at 24.23, EURHUF at 364 and EURPLN slightly lower at 4.35. Long-term yields have increased further across the region, and the high-yield environment persists. The US Treasury sold 20-year bonds at a yield of 5.469%, the highest for this maturity since 1986. In Hungary, the beginning of the week was dominated by government communication surrounding the country's 2027 budget proposal and its medium-term fiscal strategy. The key message is that the budget deficit target for 2027 has been set at 4.9% of GDP (down from 7.5% of GDP in 2026). According to the medium-term fiscal path, the deficit would gradually decline to 2.8% of GDP by 2030. The government is planning a front-loaded consolidation strategy based primarily on expenditure restraint, implying that the most significant deficit-reduction measures would be implemented early in the adjustment period. On the revenue side, the planned tax changes aim to reduce the tax burden on households' earned income while increasing contributions from higher wealth brackets and corporate profits. Corporate income taxation will move to a two-tier structure, and several taxes affecting the business sector are expected to increase. Finance Minister Karman said that a spending-led adjustment could open the door to euro adoption as early as 2032, but Hungary should not rush into ERM II. In Czechia, parliament has begun proceedings on the government's 2027 state budget proposal.

Analyst:

Katarzyna Rzentarzewska
+43 5 0100 17356
katarzyna.rzentarzewska@erstegroup.com

Analyst:

Juraj Kotian
+43 (0)5 0100 17357
juraj.kotian@erstegroup.com

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Erste Est.	Prev.
21. Oct	10:30	SI	PPI (y/y)	Sep		3.50%
	11:00	HR	Unemployment Rate	Sep		3.40%
	11:00	HR	Wages (y/y)	Aug		4.10%
22. Oct		HU	Unemployment Rate	Sep	4.60%	4.80%
	9:30	PL	Retail Sales (y/y)	Sep	2.90%	6.40%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.23	-0.1	-0.5
EUR/HUF	364.68	0.3	0.3
EUR/PLN	4.35	-0.2	-0.3
EUR/RON	5.34	0.3	0.1
EUR/RSD	117.29	-0.1	0.0
EUR/USD	1.12	0.0	0.7

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.94	1	3
HUF	5.50	0	0
PLN	3.91	2	2
RON	6.09	0	0
RSD	4.70	0	0
EUR	2.67	2	4

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	5.31	1	0
HU 10Y	5.53	8	8
PL 10Y	6.43	6	8
RO 10Y	6.99	1	-10
HR 10Y	4.10	0	0
SK 10Y	4.37	2	1

Group Research

Head of Group Research Friedrich Mostböck, CEFA®, CESGA®	friedrich.mostboeck@erstegroup.com	Markets Retail Sales HUN Head: Peter Kishazi Markets Retail Sales CZ Head: Martin Vlcek Markets Retail Sales & PM CRO Head: Neven Radaković Head: Tamas Nagy Markets Retail Sales & PM RO Head: Laura Hexan	peter.kishazi@erstegroup.com mavicek@csas.cz neven.radakovic@erstegroup.com tnagy1@erstebank.hr laura.hexan@bcr.ro
CEE Macro/Fixed Income Research Head: Juraj Kotian (Macro/FI) Katarzyna Rzentarzewska (Fixed Income) Jakub Cery (Fixed Income)	juraj.kotian@erstegroup.com katarzyna.rzentarzewska@erstegroup.com jaku.cery@erstegroup.com	GM Retail Products & Business Development Head: Michael Tröthann	michael.troethann@erstegroup.com
Croatia/Serbia Alen Kovac (Head) Mate Jelić Ivana Rogić	akovac2@hr.erstebank.com mjelic1@erstebank.hr irogic@erstebank.com	Group Treasury Markets Head: Valentin Popovici	valentin.popovici@erstegroup.com
Czech Republic David Navrátil (Head) Jiri Polansky Michal Skorepa	dnavrati@csas.cz jpolansky@csas.cz mskorepa@csas.cz	MM Trading Head: Arsen Milasinovic	arsen.milasinovic@erstegroup.com
Hungary Orsolya Nyeste János Nagy	orsolya.nyeste@erstebank.hu janos.nagy@erstebank.hu	Collateral Trading, Management and Optimization Head: Danijela Lukic	danijela.lukic@erstegroup.com
Poland Piotr Bielski (Head) Bartosz Białas Adrian Domitrz Marcin Łuziński Grzegorz Ogonek	piotr.bielski@erste.pl bartosz.bialas@erste.pl adrian.domitrz@erste.pl marcin.luzinski@erste.pl grzegorz.ogonek@erste.pl	Interest Rates and FX Options Trading Head: Martin Sramko	martin.sramko@erstegroup.com
Romania Ciprian Dascalu (Head) Vlad Nicolae Ionita	ciprian.dascalu@bcr.ro vlad.ionita@bcr.ro	FX Trading & Corporate Treasury Sales Head: Valentin Popovici	valentin.popovici@erstegroup.com
Slovakia Maria Valachyova (Head) Marian Kocis Maximilian Weber	valachyova.maria@slsp.sk kocis.marian@slsp.sk weber.maximilian@slsp.sk	E-FX Trading Head: Helmut Kroboth	helmut.kroboth@erstegroup.com
Major Markets & Credit Research Head: Rainer Singer Ralf Burchert, CEFA®, CESGA® (Sub-Sovereigns & Agencies) Hans Engel (Global Equities) Peter Kaufmann, CFA® (Corporate Bonds) Heiko Langer (Financials & Covered Bonds) Stephan Lingnau (Global Equities) Maximilian Möstl (Credit Analyst Austria) Fabian Prettenhaler, PhD (USA, CHF) Carmen Riefler-Kowarsch (Financials & Covered Bonds) Bernadett Povazsai-Römhild, CEFA®, CESGA® (Corp. Bonds) Elena Statelov, CIIA® (Corporate Bonds) Gerald Walek, CFA® (Eurozone)	rainer.singer@erstegroup.com ralf.burchert@erstegroup.com hans.engel@erstegroup.com peter.kaufmann@erstegroup.com heiko.langer@erstegroup.com stephan.lingnau@erstegroup.com maximilian.moestl@erstegroup.com fabian.prettenhaler@erstegroup.com carmen.rieffler-kowarsch@erstegroup.com bernadett.povazsai-roemhild@erstegroup.com elena.statelov@erstegroup.com gerald.walek@erstegroup.com	CEE FX Trading Head: Juraj Zabadal	juraj.zabadal@erstegroup.com
CEE Equity Research Head: Henning EBkuchen, CESGA® Daniel Lion, CIIA® (Technology, Ind. Goods&Services) Michael Marschallinger, CFA® Nora Varga-Nagy, CFA® (Telecom) Christoph Schultes, MBA, CIIA® (Real Estate) Thomas Unger, CFA® (Banks, Insurance) Vladimira Urbankova, MBA (Pharma) Martina Valenta, MBA	henning.esskuchen@erstegroup.com daniel.lion@erstegroup.com michael.marschallinger@erstegroup.com nora.varga-nagy@erstegroup.com christoph.schultes@erstegroup.com thomas.unger@erstegroup.com vladimira.urbankova@erstegroup.com martina.valenta@erstegroup.com	Markets Corporate Sales AT Head: Martina Kranzl-Carvell	martina.kranzl-carvell@erstegroup.com
Croatia/Serbia Mladen Dodig (Head) Magdalena Basic Ivan Lišec Boris Pevalek, CFA® Marko Plastic Davor Spoljar, CFA®	mladen.dodig@erstebank.rs mbasic@erstebank.hr ilišec@erstebank.hr bpevalek@erstebank.hr mplastic@erstebank.hr dspoljar@hr.erstebank.com	Markets Corporate Sales HUN Head: Adam Farago	adam.farago@erstegroup.com
Czech Republic Petr Bartek (Head, Utilities) Jan Bystřický	pbartek@csas.cz jbystricky@csas.cz	Markets Corporate Sales CRO Head: Neven Radaković	neven.radakovic@erstegroup.com
Hungary József Miró (Head) András Nagy	jozsef.miro@ersteinvestment.hu andras.nagy@ersteinvestment.hu	Markets Corporate Sales CZ Head: Tomas Pícek	tpicek@csas.cz
Poland Cezary Bernatek (Head) Piotr Bogusz Łukasz Janiczak Jakub Szkopek Krzysztof Tkocz	cezary.bernathek@erstegroup.com piotr.bogusz@erstegroup.com lukasz.janczak@erstegroup.com jakub.szkopek@erstegroup.com krzysztof.tkocz@erstegroup.com	Markets Corporate Sales RO Head: Bogdan Ionut Cozma	ionut.cozma@bcr.ro
Romania Caius Rapanu Liviu-Mihai Bogdan	caiusroa.rapanu@bcr.ro liviumihai.bogdan@bcr.ro	Markets Corporate Sales SK Head: Lubomir Hladik	lubomir.hladik@erstegroup.com
Group Markets Head of Group Markets Oswald Huber	oswald.huber@erstegroup.com	Group Securities Markets Head: Thomas Einramhof	thomas.einramhof@erstegroup.com
Group Markets Retail and Agency Business Head: Martin Langer	martin.langer@erstegroup.com	Institutional Distribution Core Head: Jürgen Niemeier	juergen.niemeier@erstegroup.com
Markets Retail Sales AT Head: Markus Kaller Group Markets Execution Head: Kurt Gerhold Retail & Sparkassen Sales Head: Uwe Kolar Markets Retail Sales & PM SK Monika Pálová	markus.kaller@erstegroup.com kurt.gerhold@erstegroup.com uwe.kolar@erstegroup.com palova.monika@slsp.sk	Institutional Distribution CEE & Insti AM CZ Head: Antun Buric	antun.buric@erstegroup.com
		Institutional Distribution DACH+ Head: Marc Frieberthshäuser	marc.frieberthshaeuser@erstegroup.com
		Institutional Asset Management CZ Head: Petr Holeček	pholecek@csas.cz
		Group Institutional Equity Sales Head: Michal Řízek Czech Republic Head: Michal Řízek Poland Head: Jacek Jakub Langer Croatia Matija Tkaličanac Hungary Peter Csizmadia Romania Adrian Barbu	mrizek@csas.cz mrizek@csas.cz jacek.langer@erstegroup.com mtkalicanac@erstebank.com peter.csizmadia@erstegroup.com adriannicola.barbu@bcr.ro
		Group Fixed Income Securities Markets Head: Goran Hobljaj	goran.hoblaj@erstegroup.com
		Fixed Income Flow Sales Head: Goran Hobljaj Bernd Thaler	goran.hoblaj@erstegroup.com bernd.thaler@erstegroup.com
		Group Fixed Income Securities Trading Head: Goran Hobljaj Credit Trading Head: Christoph Fischer-Antze CEE Rates Trading Head: Peter Provotíak Euro Government Bonds Trading Head: Gottfried Ziníel	goran.hoblaj@erstegroup.com christoph.fischer-antze@erstegroup.com peter.provotiak@erstegroup.com 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

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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