Coffee Break

Coffee Break is our daily publication, offering topical insights as an intellectual ingot to start the day.

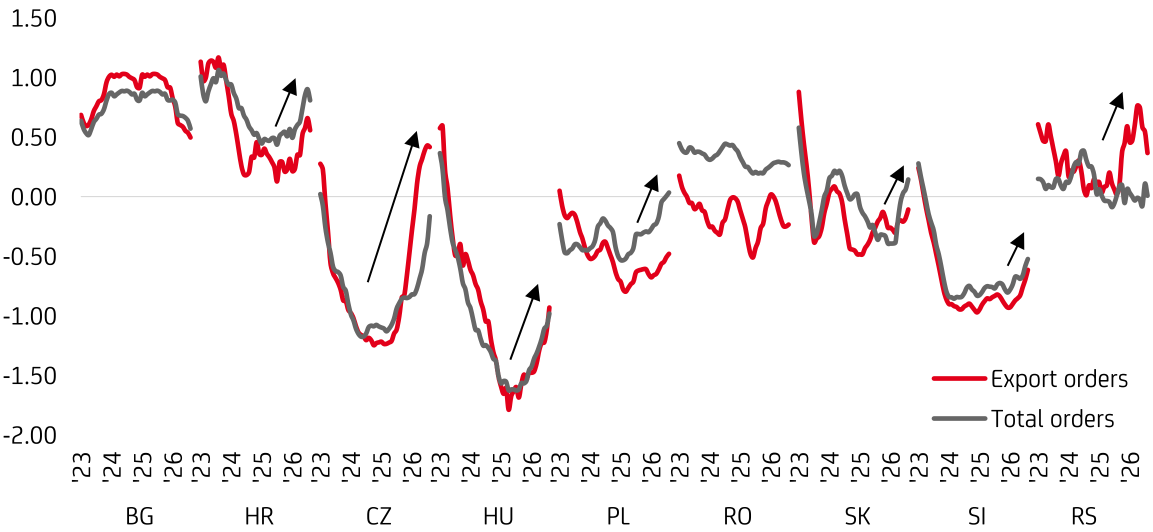
CEE manufacturing: signs of a broader recovery?

11 September 2026

Manufacturing sentiment is improving in CEE, with signs of a recovery becoming more widespread, supported by better export demand and a more favourable European industrial backdrop. However, order-book indicators remain below historical norms and the recovery is likely to be gradual, uneven and subject to considerable uncertainty.

BROADENING RECOVERY IN CEE INDUSTRY

INDUSTRY ORDER BOOKS, BALANCE OF ANSWERS (STANDARDISED, 6M MA)



Source: European Commission Economic Sentiment Indicator, Macrobond, The Investment Institute by UniCredit
Note: The y-axis shows the number of standard deviations each observation is from its historical average.

THE CONTEXT

Manufacturing plays a central role in the CEE growth model, with the region highly export-oriented and deeply embedded in European value chains. The performance of the sector over the past three years has been mixed, reflecting a challenging external environment and structural changes weighing on activity. More recently, demand conditions have improved.

German industry is showing increasing signs of stabilisation and intra-EU trade is strengthening, while investment linked to the energy transition, AI, digital infrastructure and defence is supporting selected parts of European industry. Against this backdrop, we examine whether these improving conditions are beginning to translate into a broader recovery across CEE manufacturing.

THE DATA

The chart shows the European Commission's industry order-books indicator, which captures firms' assessments of current order-book strength. As a sentiment indicator rather than a measure of actual orders, values are shown in standardised form, with the y-axis indicating the number of standard deviations from the historical average. Industry is used as a proxy for manufacturing given its dominant role across most CEE economies.

The chart points to broadening signs of recovery in CEE manufacturing, with improving order books across much of the region. The improvement has been particularly visible in export order books.

While the recovery is becoming more widespread, progress continues to vary across countries. The rebound has been particularly strong in Czechia and Hungary, where order-book indicators have recovered sharply from previously depressed levels. By contrast, improvements in Poland and Romania have been more gradual, as their larger domestic markets tend to cushion manufacturing activity during both downturns and recoveries in external demand. Country-specific factors also matter, including a less supportive policy environment in Slovakia and energy-infrastructure investment in Croatia.

Gains are broad-based across sectors, with machinery and equipment, electrical equipment, electronics, fabricated metals and, to a lesser extent, vehicles leading the improvement. These sectors are among the most export-oriented in the region and stand to benefit from investment linked to defence, AI and digital infrastructure.

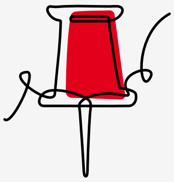
Despite the recent improvement, order-book balances remain below their long-term averages in most countries, suggesting that manufacturing is recovering from a weak starting point rather than entering a period of strong expansion.

OUR VIEW

Recent survey evidence points to a more broad-based recovery in CEE manufacturing than earlier this year. Improving external demand and investment linked to the energy transition, AI, digital infrastructure and defence are supporting the region's manufacturers. With order books still below historical norms, there is scope for further improvement.

That said, caution remains warranted. Order-book indicators capture firms' perceptions of demand and therefore need to be confirmed by hard data. Not all tailwinds are equally durable. Defence-related spending may boost selected industries, but its effects are likely to be concentrated and may fade over time. The outlook for the automotive sector remains uncertain amid electrification, global competition and trade tensions. By contrast, investment linked to the energy transition and AI infrastructure appears more structural. Higher commodity prices also pose a risk.

Overall, the picture for CEE manufacturing looks more encouraging than it did a few months ago. Although order books remain below historical norms, the recovery has room to broaden further if external demand continues to improve.



OTHER THINGS TO NOTE

All eyes on US CPI

In August, the price of petrol rose again, albeit moderately, by around 3%. We expect headline CPI to have risen by 0.3% mom, with core CPI up by 0.2%. Yearly rates for both headline and core inflation probably eased by 0.1pp to 3.3% and 2.4%, respectively. Overall, we expect core inflation to confirm that the tariff-related boost to goods prices is weakening, while the bottlenecks caused by the AI-driven surge in demand for technology equipment are likely to have affected only a small number of items.

TODAY'S DATA RELEASES

Time (CET)	Country	Data	Period	UniCredit	Consensus	Previous
14:30	US	Consumer price index (% yoy)	Aug	3.3	3.4	3.4
14:30	US	Core inflation (% yoy)	Aug	2.4	2.4	2.5
14:30	US	Consumer price index (% mom)	Aug	0.3	0.4	0.1
14:30	US	Core inflation (% mom)	Aug	0.2	0.2	0.2

Source: Bloomberg, The Investment Institute by UniCredit

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