

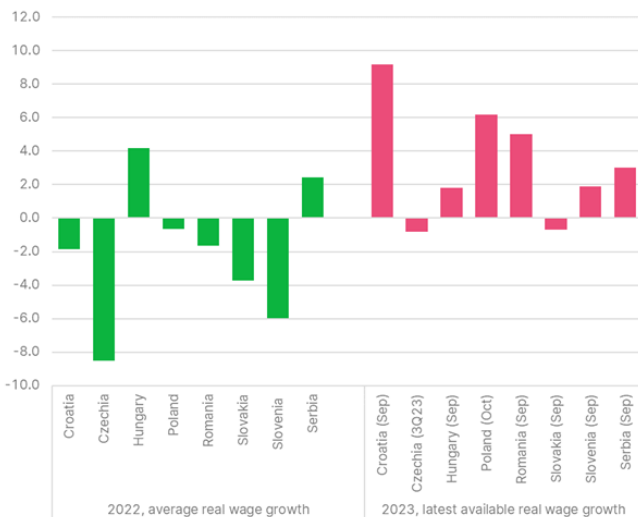
CEE MACRO AND FI DAILY

Real wages grow in most of CEE countries

On the Radar

- In Czechia, real wage growth landed at -0.8% y/y in 3Q23.
- Today, Slovakia will release the 3Q23 GDP structure, while Romania will publish PPI index in October.
- In the afternoon, Polish central bank will announce the interest rate decision.

Real wage growth, percent

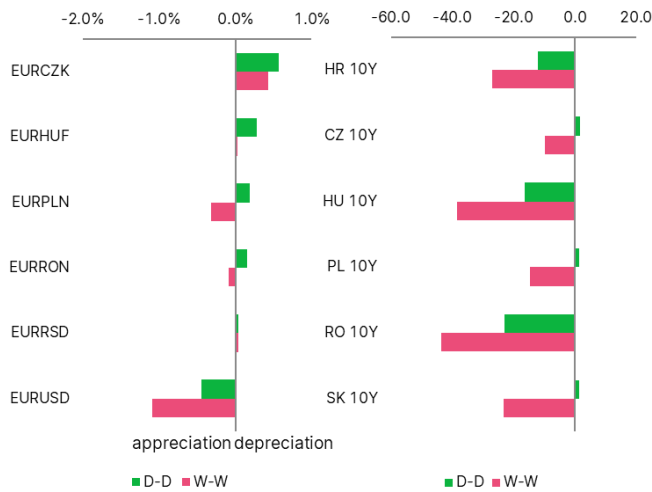


Source: Erste Group Research

Economic developments

Out of all the countries in the region, Czechia and Slovakia are the only ones with negative real wage growth in recent months. Slovakia reported a real wage growth of -0.7% y/y in September, while data released on Monday for Czechia showed a drop in real wages by -0.8% y/y in the third quarter. In Czechia, real wages have been contracting for the second consecutive year. This development is considered anti-inflationary, particularly when combined with the increasing unemployment rate over the past year. The situation in Czechia and Hungary is unique when it comes to unemployment rate, as it went up compared to the previous year, unlike other countries where it went down. Low unemployment rate in combination with wage pressure, along with dynamically falling inflation, turned real wage growth positive in most of the CEE countries.

Market performance



Source: Erste Group Research

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Market developments

Today, Polish MPC holds a rate setting meeting and we expect policy rate to remain unchanged in December at 5.75%. The central bank announced a pause in the easing cycle as, according to some MPC members, inflation in Poland is persistent leaving no room for further rate cuts. On the FX market, the CEE currencies have been slightly weaker against the euro at the beginning of the week. The long-term yields showed mixed performance. Romania sold RON 1.335 billion bonds maturing in 2027. Bonds were priced to yield 6.57%.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.	Pre Comment
05. Dec	08:00	RO	PPI (y/y)	Oct			-0.4%	
	09:00	SK	GDP (y/y)	3Q F		1.1%	1.1%	We expect confirmation of the flash estimate figure.
	10:30	SI	Trade Balance	Oct			-67.0%	
06. Dec		PL	Central Bank Rate	Dez 23	5.8%		5.8%	
	08:00	RO	Retail Sales (y/y)	Oct		0.9%	0.7%	Retail sales are expected to edge up by 0.6% m/m in October, thanks to 10% increase in minimum wages and higher confidence in retail sales.
	08:30	HU	Industrial Production (y/y)	Oct		-2.1%	-5.8%	A more favourable base effect could deliver improvement in y/y terms.
	08:30	HU	Retail Sales (y/y)	Oct		-6.5%	-7.3%	Slight improvement could be seen compared to September. Fuel sales yet to pull down the headline figures with a close to 20% y/y drop.
	09:00	SK	Retail Sales (y/y)	Oct		-1.6%	-5.4%	Retail sales remain under pressure.

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.38	0.6	0.4
EUR/HUF	379.50	0.3	0.0
EUR/PLN	4.33	0.2	-0.3
EUR/RON	4.96	0.2	-0.1
EUR/RSD	117.07	0.0	0.0
EUR/USD	1.08	-0.4	-1.1

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	7.05	-1	-2
HUF	10.67	-2	-9
PLN	5.84	1	1
RON	6.25	0	0
RSD	5.71	0	0
EUR	3.96	0	1

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.20	2	-10
HU 10Y	6.63	-16	-38
PL 10Y	5.46	2	-15
RO 10Y	6.65	-23	-44
HR 10Y	3.51	-12	-27
SK 10Y	3.54	1	-23

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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

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