

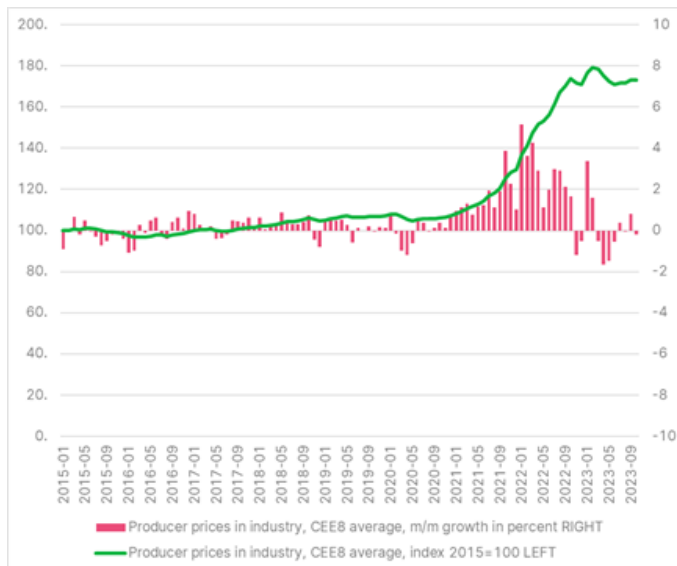
CEE MACRO AND FI DAILY

Producer prices keep steady in CEE

On the Radar

- 3Q23 GDP growth in Slovakia was confirmed at 1.1% y/y.
- In Romania, PPI index landed at -2.2% y/y.
- Today, retail sales growth for October will be published in Czechia, Hungary, Romania and Slovakia.
- In Hungary, industrial output will be published as well.
- Poland is expected to keep policy rate unchanged.

Producer prices in industry

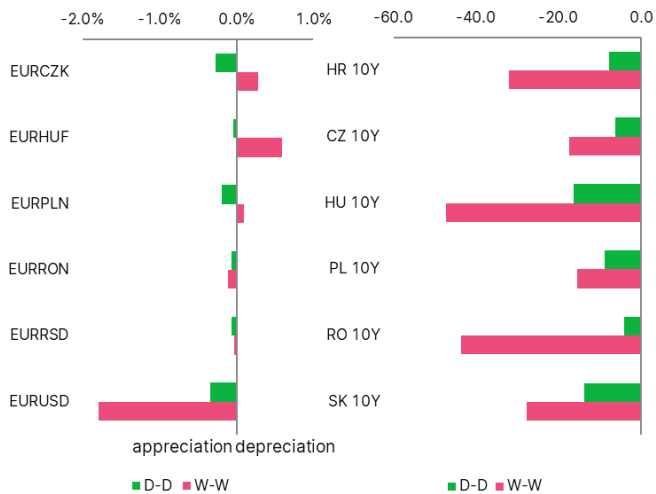


Source: Erste Group Research

Economic developments

In October 2023, industrial producer prices rose by 0.2% m/m in both the euro area and the EU, while in y/y terms industrial producer prices decreased by 9.4% in the euro area and by 8.7% in the EU. In the region producer prices declined by -0.2% m/m (CEE8 average) in October 2023. Looking across the countries, producer prices declined in most of them apart from Poland, Romania and Slovakia, where producer prices were higher in October 2023 compared to the previous month. Over last two years, the costs of production increased tremendously, however after years of rather sideways trend (between 2015 and 2020). Currently, producer prices are 73% higher compared to 2015 (producer prices index in CEE8 was 172.9 in October 2023).

Market performance



Source: Erste Group Research

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Market developments

As for the CEE currencies, the Czech koruna and the Hungarian forint weakened since the beginning of the week while the Polish zloty gained marginally against the euro. On the bond market, we see continuation of the yields decline as inflation keeps falling and the market expectations for major central banks to begin with monetary easing are shifting. Polish central bank is expected to keep policy rate unchanged. More interesting news came from the S&P rating agency that suggested that Poland's credit rating could benefit from unlocking the EU funds. In Slovakia, the government plans to impose the 30% additional tax on banks to improve the tax revenues and reduce the budget deficit next year.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.	Pre Comment
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	24.32	-0.3	0.3
EUR/HUF	379.33	0.0	0.6
EUR/PLN	4.32	-0.2	0.1
EUR/RON	4.96	-0.1	-0.1
EUR/RSD	116.99	-0.1	0.0
EUR/USD	1.08	-0.3	-1.8

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	7.05	0	-2
HUF	10.64	-3	-11
PLN	5.84	0	0
RON	6.25	0	0
RSD	5.71	0	0
EUR	3.96	0	0

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.14	-6	-17
HU 10Y	6.47	-16	-47
PL 10Y	5.38	-9	-15
RO 10Y	6.61	-4	-44
HR 10Y	3.43	-8	-32
SK 10Y	3.40	-14	-28

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