

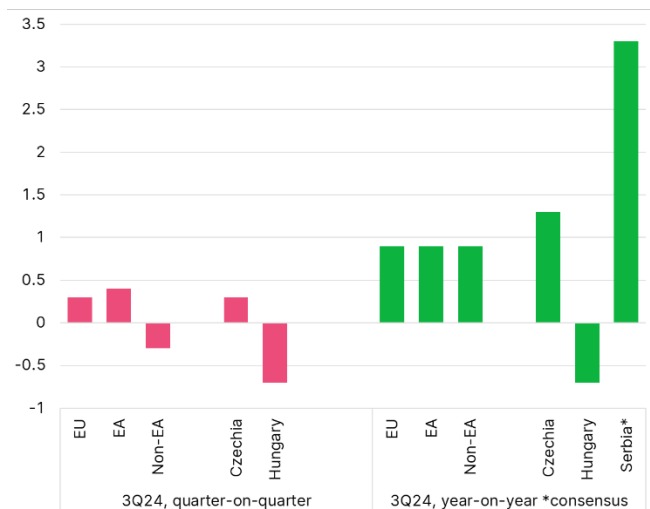
CEE MACRO AND FI DAILY

Hungarian Q3 growth disappoints, while Germany beats expectations

On the Radar

- CEE FX and FI Daily will not be released on Friday, November 1 due to a public holiday.
- Hungarian economy contracted in the 3Q24 by -0.7% q/q and by -0.8% y/y.
- Czech economy expanded 0.3% q/q and 1.3% y/y.
- Flash October's inflation estimate arrived at 0% y/y in Slovenia.
- Unemployment rate in Romania was published at 5.5%.
- Producer price rose by 0.9% y/y in September and August trade surplus was EUR443mIn in Hungary.
- At 10 AM CET Poland will release October's inflation estimate.
- At 11 AM CET, Croatia will publish flash inflation for October as well as industrial output growth in September.
- At noon CET, Serbia will publish 3Q24 GDP data and retail and industrial output growth for September.

Flash 3Q24 GDP growth, percent

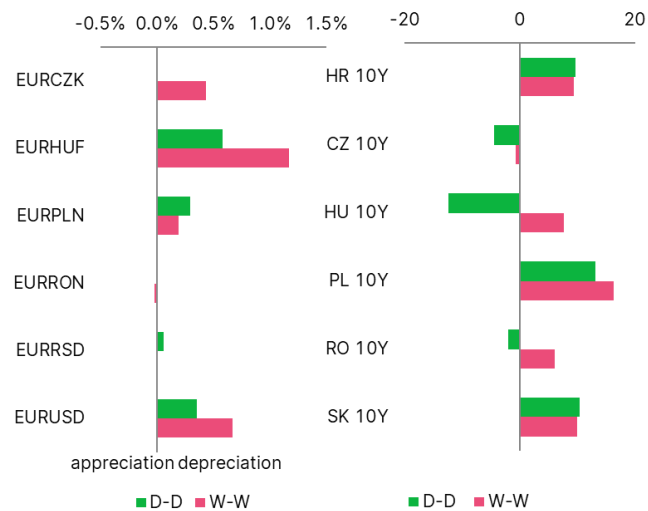


Source: Erste Group Research

Economic developments

In the third quarter of 2024, seasonally adjusted GDP increased by 0.4% q/q in the euro area and by 0.3% q/q in the EU according to a preliminary flash estimate. That corresponds to 0.9% y/y growth both in the Eurozone and EU. Importantly, German economy expanded by 0.2% q/q beating market expectations of marginal decline of quarter-on-quarter growth in the third quarter. As far as the region is concerned, Czechia and Hungary published their flash estimates of GDP growth. While in Czech economy performed in line with expectations, Hungary surprised visibly to the downside. The 3Q24 GDP arrived at -0.7% q/q and -0.8% y/y (headline number in non-adjusted terms) or -0.7% y/y if seasonally adjusted. The GDP structure will be known only at the beginning of December. So far, investment growth has underperformed visibly, and we suspect it may again be the reason for such sizable contraction. According to the Hungarian statistical office, performance of agriculture, industry and construction, making up about one-third of the economy, contributed to the decline. We will be revising our FY 2024 GDP forecast down towards 0.5%. Finally, Serbia will release its 3Q24 GDP figure on Thursday noon. We expect a solid performance of the economy with market consensus betting on 3.3% y/y growth.

Market performance



Source: Erste Group Research

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Market developments

The EURHUF moved visibly up to 408 in response to very weak performance of the Hungarian economy in the third quarter. EURCZK is at 25.4 while EURPLN reached 4.35. The economist Jakub Seidler (chief economist of the Czech Banking Association) was appointed by the Czech President to become a new central bank board member. His six-year term will begin on December 1. As Poland widened the 2024 budget deficit, the country's borrowing need will increase to PLN 308.6 billion according to the budget amendment. The gap is likely to be financed by the domestic market. Polish 10Y yields are up by roughly 20 basis points since the beginning of the week making Poland quite an outlier in the region. In other countries, increases were rather marginal, while in Croatia, Czechia or Hungary the long-term yields have declined over the course of this week.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
31. Oct	08:00	RO	Unemployment Rate	Sep			5.50%
	08:30	HU	PPI (y/y)	Sep			3.00%
	08:30	HU	Trade Balance	Aug F			671.00
	10:00	PL	CPI (y/y)	Oct P		5.00%	4.90%
	10:00	PL	CPI (m/m)	Oct P		0.20%	0.00
	11:00	HR	Industrial Production (y/y)	Sep		-1.00%	-2.10%
	11:00	HR	CPI (y/y)	Oct P		2.00%	1.60%
	11:00	HR	CPI (m/m)	Oct P			0.40%
	12:00	RS	Industrial Production (y/y)	Sep		1.00%	0.90%
	12:00	RS	Retail Sales (y/y)	Sep		5.00%	5.30%
	12:00	RS	Trade Balance	Sep			-902.10
	12:00	RS	GDP (y/y)	3Q P		3.60%	4.00%
01. Nov	08:00	RO	PMI Index	Oct			47.00
	08:30	HU	PMI Index	Oct			49.70
	09:30	CZ	PMI Index	Oct			46.00

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.34	0.0	0.4
EUR/HUF	407.37	0.6	1.2
EUR/PLN	4.35	0.3	0.2
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.94	0.1	0.0
EUR/USD	1.09	0.4	0.7

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.06	-2	-4
HUF	6.45	0	5
PLN	5.85	-1	0
RON	5.55	0	0
RSD	4.80	0	-1
EUR	3.06	0	-3

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.06	-4	-1
HU 10Y	6.80	-12	8
PL 10Y	5.92	13	16
RO 10Y	6.91	-2	6
HR 10Y	3.19	10	9
SK 10Y	3.30	10	10

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