

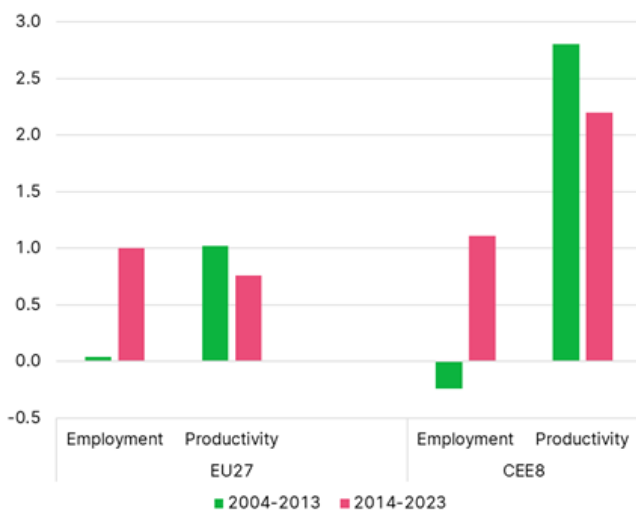
CEE MACRO AND FI DAILY

# Productivity growth in CEE outpaces the EU

## On the Radar

- 3Q24 GDP growth in Croatia landed at 3.9% y/y while 2Q24 GDP was revised up to 3.5% y/y.
- Producer prices in Slovakia declined by -10.8% y/y in October.
- Unemployment rate in Poland dropped marginally to 4.9% in October.
- Today, Poland will release 3Q24 GDP breakdown at 10 AM CET.
- At 10.30 AM CET Slovenia will publish retail sales growth for October.

## Employment and productivity growth, percent

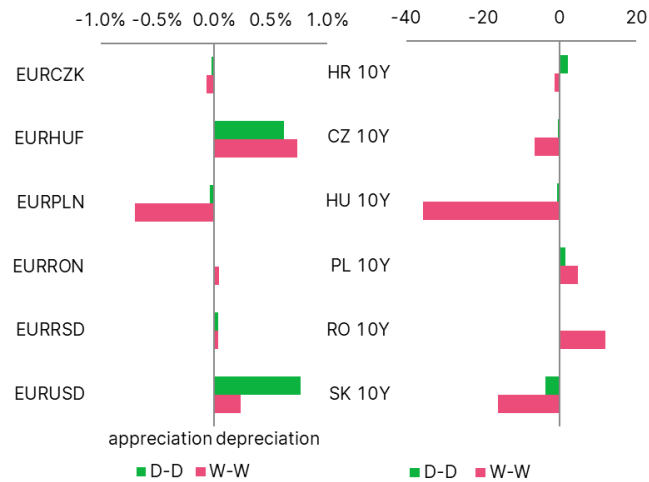


Source: Erste Group Research

## Economic developments

Today we delve into one of the special topics covered in the recent Autumn 2024 Economic Forecast of the European Commission, which zooms in on the potential trade-off between employment and productivity growth in the EU. The past decade (period between 2014 and 2023) was characterized by sustained employment growth, combined with a mild slowdown in labor productivity growth. While employment growth dynamics were pretty much the same in the whole EU and the region over the last decade, productivity growth in CEE outpaced that of the whole EU. Comparing the dynamics to the previous decade's developments (period between 2004 and 2013), employment growth recovered (in CEE, employment actually contracted on average between 2004 and 2013), while productivity growth slowed. According to the European Commission, changes in the workforce's composition likely did not contribute to the productivity slowdown, as the employed population became progressively more educated and experienced, particularly in the region. Most of the productivity dynamics appear to be driven by intra-sector dynamics, underscoring the role of sluggish investment. Additionally, the slowdown can be attributed to weaker total factor productivity growth, stemming from reduced technological diffusion and a decline in innovation performance.

## Market performance



Source: Erste Group Research

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## Market developments

While the Czech koruna and the Polish zloty have strengthened against the euro throughout the week, the Hungarian forint weakened on Wednesday. The markets await the nomination for the next central bank governor nervously as it will have a great influence on further monetary policy directions. EURHUF is at 412 on Thursday morning. On the bond market, long-term yields have moved lower since the beginning of the week in all CEE countries, including Romania, which reversed the trend from the beginning of the week. Only the Polish bond market remains mostly stable. There are no other market-related news.

## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
28. Nov	10:00	PL	GDP (y/y)	3Q F			2.70%
	10:30	SI	Retail Sales (y/y)	Oct		0.00%	-3.00%
29. Nov	08:30	HU	Unemployment Rate	Oct		4.30%	4.60%
	08:30	HU	PPI (y/y)	Oct			0.92%
	09:00	CZ	GDP (q/q)	3Q P		0.30%	0.30%
	09:00	CZ	GDP (y/y)	3Q P		1.30%	1.30%
	10:00	PL	CPI (y/y)	Nov P		4.70%	5.00%
	10:30	SI	CPI (y/y)	Nov		1.00%	
	10:30	SI	CPI (m/m)	Nov			-0.50%

## FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.24	0.0	-0.1
EUR/HUF	412.57	0.6	0.7
EUR/PLN	4.30	0.0	-0.7
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.86	0.0	0.0
EUR/USD	1.06	0.8	0.2

## 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.89	0	-3
HUF	6.50	0	0
PLN	5.85	0	0
RON	5.91	4	32
RSD	4.71	-2	-7
EUR	2.91	1	-9

## 10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.91	0	-6
HU 10Y	6.16	-1	-36
PL 10Y	5.57	1	5
RO 10Y	7.23	0	12
HR 10Y	3.21	2	-1
SK 10Y	3.09	-4	-16

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