

CEE MACRO AND FI DAILY

Labor market slack visibly below EU average

On the Radar

- S&P has affirmed Slovakia's A+ rating with a negative outlook.
- There are no other releases scheduled for today.

Labor market slack, 2024

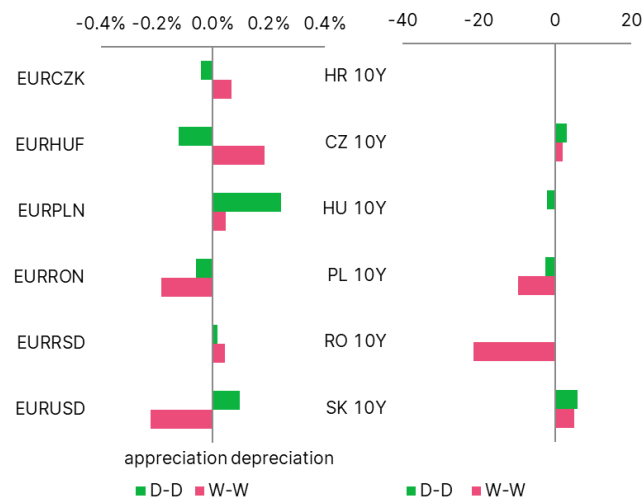


Source: Erste Group Research

Economic developments

Today, we look at labor market slack that represents people aged 15 to 74 that are available for work but not participating in the labor market to their potential. This includes unemployed and underemployed people, those seeking a job even though they are not immediately available to work and those immediately available to work but not seeking a job. In 2024, labor market slack in the EU accounted for 11.7% of the extended labor force. Unemployed people made up most of the labor market slack in 23 EU countries. In the CEE region, labor market slack stood at 7.8% in 2024, well below the EU average. Labor market slack was the lowest in Poland (5.0%) as well as in Slovenia and Hungary (both 6.3%). This just shows another measure pointing towards the tightness of the labor market.

Market performance



Source: Erste Group Research

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Market developments

S&P has affirmed Slovakia's A+ rating with a negative outlook. It continues to rate Slovakia two notches higher than the other two major rating agencies. The agency positively assessed the government's efforts to improve tax collection, and although public debt will exceed 60% of GDP, Slovakia still maintains a strong liquidity buffer. As for the FX and bond market in the region: EURCZK opens a week at 24.3, EURHUF is at 389 while EURPLN at 4.24, while the long-term yields have been prone to declines ahead of the FOMC and ECB meetings scheduled for this week.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
28. Oct	09:00	SK	PPI (y/y)	Sep			0.80%
	10:30	SI	Retail Sales (y/y)	Sep		1.50%	0.70%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.29	0.0	0.1
EUR/HUF	389.79	-0.1	0.2
EUR/PLN	4.24	0.2	0.0
EUR/RON	5.08	-0.1	-0.2
EUR/RSD	117.11	0.0	0.0
EUR/USD	1.16	0.1	-0.2

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.52	0	0
HUF	6.50	0	0
PLN	4.47	-2	-3
RON	6.40	0	0
RSD	4.68	0	0
EUR	2.07	1	6

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.36	3	2
HU 10Y	6.77	-2	0
PL 10Y	5.31	-3	-10
RO 10Y	7.00	0	-22
HR 10Y	3.01	0	0
SK 10Y	3.37	6	5

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