

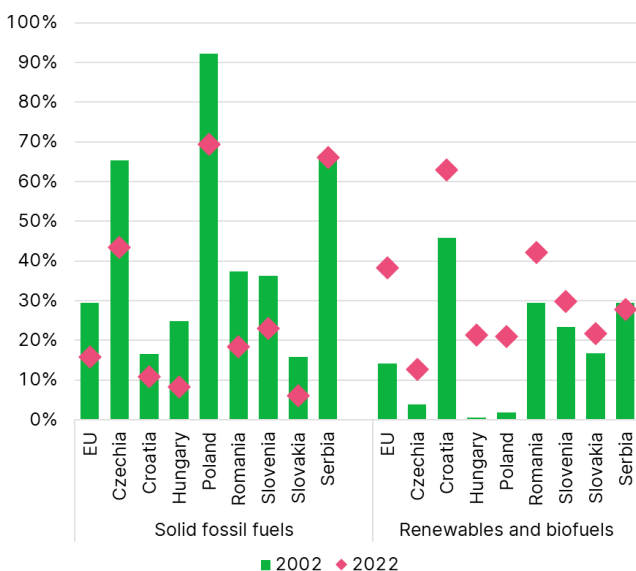
CEE MACRO AND FI DAILY

Share of renewables in electricity production rises

On the Radar

- Current account in Slovakia posted a surplus of EUR 64 million in June. The unemployment rate increased to 5.1% in July.
- Today, Poland will release series of July's data: industrial output growth, producer prices, employment and nominal wage growth.
- At 11 AM CET, Croatia will publish July's unemployment rate and June's real wage growth.

Share of solid fossil fuels and renewables in electricity production, %

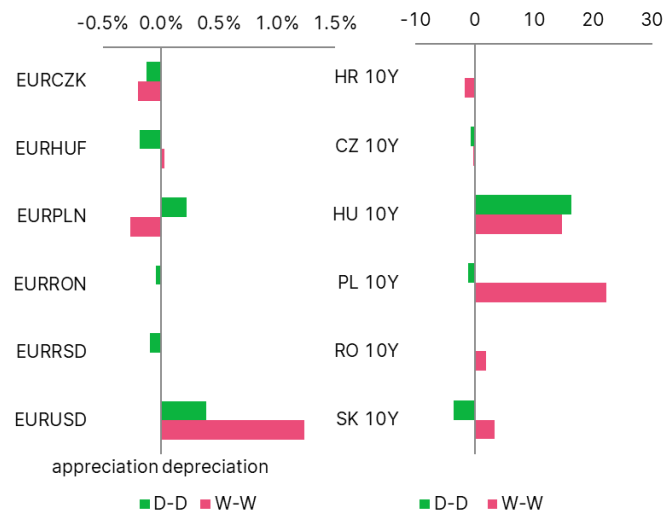


Economic developments

The share of solid fossil fuels (hard coal, brown coal and coal products) in electricity production declined over the last two decades in the region and in the whole EU. Actually, Poland and Czechia are the only two remaining producers of hard coal in the EU. Although, Poland keeps using hard coal as a major source for electricity generation, the share of solid fossil fuels in electricity generation declined from 90% in 2002 to 70% in 2022. Further, brown coal (that is coal with lower energy content) is used in electricity generation by nine EU countries. Slovakia, Hungary and Croatia, on the other hand have the lowest share of solid fossil fuels in electricity generation within the region. Setting the climate goals helps the share of renewables and biofuels to keep growing. In fact, in the EU more electricity is generated using renewables and biofuels than solid fossil fuels. In the region, Croatia leads in terms of use of renewables in electricity generation (more than 60% share).

Source: Erste Group Research

Market performance



Source: Erste Group Research

Market developments

According to the Romanian Fiscal Council's annual report, Romania's fiscal deficit is expected to surpass 7 percent of GDP in 2024 and has the potential to rise towards 8 percent mostly due to additional costs from new pension legislation and public sector wage increases in the latter half of the year. At this point we see budget deficit in the range of 6.5% to 7% of GDP in 2024. In Poland, the Constitutional Court ruled that a parliamentary probe into the actions of Governor Glapinski is unconstitutional. Such a ruling will make the investigation into the central bank's governor more difficult. On the monetary policy front, Governor Glapinski admitted that discussion about monetary easing may be possible prior to 2026 if there is certainty that inflation is on downward trajectory. On the FX market, while the EURCZK and EURHUF have been moving slightly lower, the Polish zloty on the contrary weakened somewhat against the euro since the beginning of the week. Long-term yields have been lower this week everywhere but in Romania.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
21. Aug	10:00	PL	Industrial Production (y/y)	Jul	8.52%		0.3%
	10:00	PL	PPI (y/y)	Jul	-5.03%		-6.1%
	10:00	PL	Wages (y/y)	Jul	11.18%		11.0%
	10:30	SI	PPI (y/y)	Jul			-2.1%
	11:00	HR	Unemployment Rate	Jul		4.9%	4.7%
	11:00	HR	Wages (y/y)	Jun			13.6%
22. Aug	10:00	PL	Retail Sales (y/y)	Jul	6.52%		4.7%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.11	-0.1	-0.2
EUR/HUF	393.15	-0.2	0.0
EUR/PLN	4.27	0.2	-0.3
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.89	-0.1	0.0
EUR/USD	1.11	0.4	1.2

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.40	-1	-2
HUF	6.54	0	-1
PLN	5.85	-1	-1
RON	5.58	0	0
RSD	5.16	0	0
EUR	3.54	-1	0

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.72	-1	0
HU 10Y	6.30	16	15
PL 10Y	5.29	-1	22
RO 10Y	6.60	0	2
HR 10Y	3.20	0	-2
SK 10Y	3.27	-4	3

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Published by:

Erste Group Bank AG
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1100 Vienna, Austria, Am Belvedere 1
Head Office: Wien
Commercial Register No: FN 33209m
Commercial Court of Vienna

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