

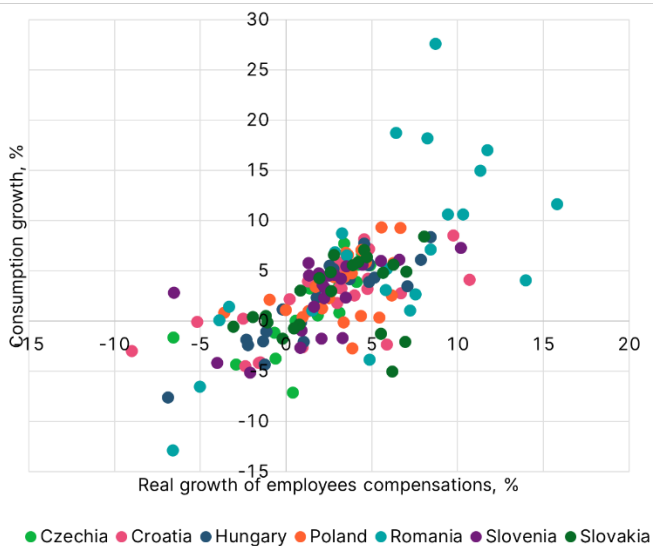
CEE MACRO AND FI DAILY

# Strong real wage growth confirms consumption rebound

On the Radar

- At 10 AM CET, Poland will publish 2Q24 GDP structure.
- At 10.30 AM CET Slovenia will release the retail sale growth in July.
- Today there are no other releases, but tomorrow morning, Romania publishes unemployment, Hungary PPI Index and Czechia releases 2Q24 GDP structure.

## Growth of consumption and compensations, percent

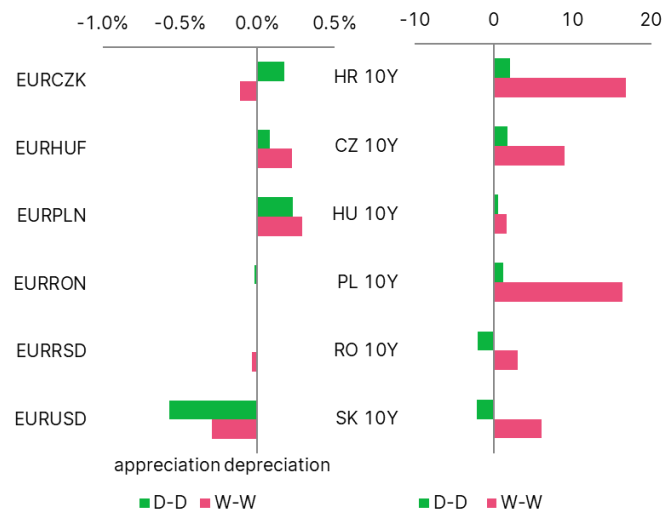


Source: Erste Group Research

## Economic developments

Over the next couple of working days of this and next week, we will see the GDP structure for 2Q24 across the region. On Tuesday, 2Q24 GDP growth in Croatia maintained a solid pace, increasing by 3.3% year over year. The detailed structure revealed strong domestic demand, as private consumption growth remained robust with a 6.1% year-over-year increase. Further, investment activity continued to surprise to the upside, accelerating further (12.9% year over year). On the other hand, developments in external trade weighed on the headline figure. We expect private consumption to be a key growth driver across the region, supported by strong labor market factors. In particular, the positive correlation between private consumption and real wage growth is crystal clear. Further, consumer confidence has strengthened, and loan growth has picked up. It will be interesting to see how investment and net exports contributed to the growth and what the source of the surprise was in Hungary, Romania, and Poland. In Hungary, Economy Minister Nagy already suggested that struggling industrial exports to Western Europe may be the key reason for the disappointing performance of the economy in the second quarter of 2024.

## Market performance



Source: Erste Group Research

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## Market developments

The EURHUF and EURPLN inched marginally higher, while the EURCZK holds close to 25. On the bond market, long-term yields have shown mixed performance this week. Poland presented a loose budget for 2025, with a deficit of more than 5% of GDP as the government plans a massive build-up in defense spending (4.7% of GDP compared to 4.2% of GDP in 2024) and seeks to maintain support ahead of next year's presidential election. Underlying macroeconomic assumptions include faster economic growth and slightly higher inflation.

## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
29. Aug	10:00	PL	GDP (y/y)	2Q F			3.2%
	10:30	SI	Retail Sales (y/y)	Jul			5.2%
30. Aug	08:00	RO	Unemployment Rate	Jul			5.5%
	08:30	HU	PPI (y/y)	Jul			2.7%
	09:00	CZ	GDP (q/q)	2Q P	0.28%	0.30%	0.3%
	09:00	CZ	GDP (y/y)	2Q P	0.38%	0.4%	0.4%
	10:00	PL	CPI (y/y)	Aug P	4.26%	4.3%	4.2%
	10:30	SI	CPI (y/y)	Aug		1.2%	1.3%
	11:00	HR	Retail Sales (y/y)	Jul		7.0%	5.5%
	11:00	HR	CPI (y/y)	Aug P		2.3%	2.2%
	12:00	RS	Industrial Production (y/y)	Jul		4.5%	2.0%
	12:00	RS	Retail Sales (y/y)	Jul		6.5%	7.2%

## FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.03	0.2	-0.1
EUR/HUF	393.13	0.1	0.2
EUR/PLN	4.29	0.2	0.3
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.96	0.0	0.0
EUR/USD	1.11	-0.6	-0.3

## 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.37	-1	-3
HUF	6.52	0	-2
PLN	5.85	0	-1
RON	5.58	0	0
RSD	5.16	0	0
EUR	3.51	-1	-4

## 10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.82	2	9
HU 10Y	6.17	1	2
PL 10Y	5.40	1	16
RO 10Y	6.63	-2	3
HR 10Y	3.37	2	17
SK 10Y	3.30	-2	6

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