

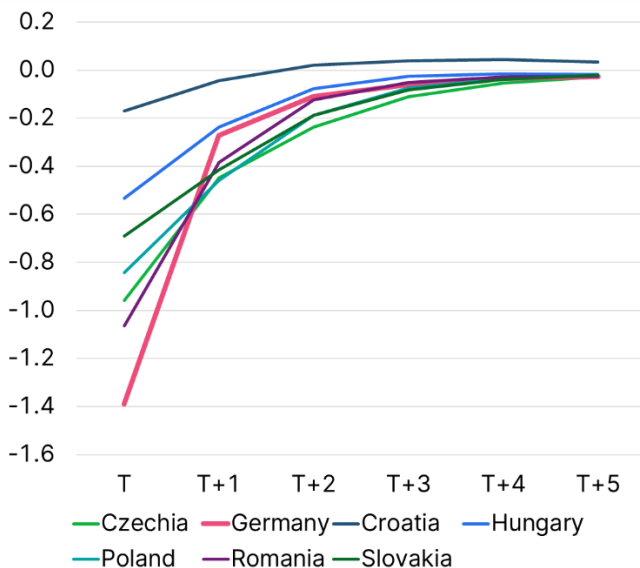
CEE MACRO AND FI DAILY

Trade war with the US would negatively impact CEE

On the Radar

- Unemployment rate in Hungary arrived at 4.2%.
- At 10.30 AM CET Slovenia will release retail sales growth in August.
- There are no other releases scheduled in CEE.

Responses of GDP growth to -1.4% shock to annual GDP in Germany

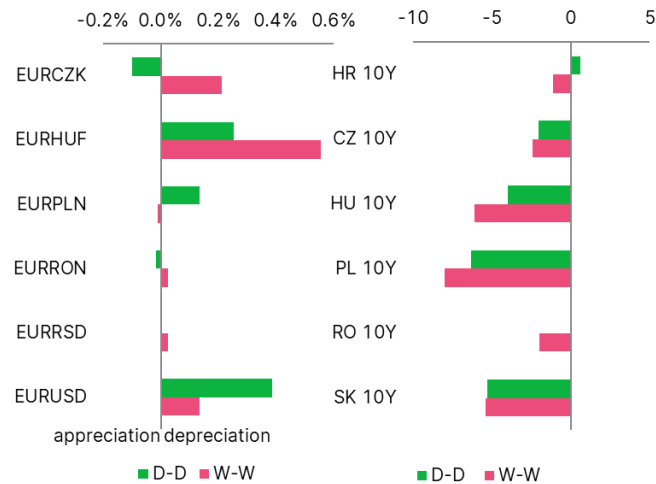


Source: Erste Group Research

Economic developments

There are two issues we see having potentially the greatest impact on the markets globally: future US trade policy and the development of the country's public budget. Donald Trump has repeatedly called for tariffs of 10% on all imports and 60% on imports from China. In the latest CEE Special Report [US election: What would a Trump victory mean for CEE](#) we try to quantify the economic impact of global trade wars on CEE based on the German Economic Institute estimates. The institute looked at the impact of tariffs on the world economy, including Germany. We use its estimates for Germany as a key input to estimate the impact on CEE. A -1.4% shock to the German economy would translate into lower GDP growth for CEE economies ranging from -1.0% to -0.2% in the first year after the shock (depending on the country). Romania and Czechia would be the most impacted countries, with GDP growth coming in around 1.0 percentage points lower. The GDP response in Czechia is quite intuitive, given the country's ties to Germany through the manufacturing sector. Romania has the lowest share of gross value added in German exports and final demand. But because Romanian suppliers are smaller and prone to be less integrated in the value chains also due to geographical distance, they are also prone to being cut off first. Poland, Slovakia and Hungary would see GDP growth dropping between -0.8% and -0.5%. Croatia is the least exposed to German underperformance.

Market performance



Source: Erste Group Research

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Market developments

The Polish zloty changed the trend at the end of the week and joined the Czech koruna and the Hungarian forint in being weaker against the euro this week. Long term yields remain lower since the beginning of the week. Polish MPC member Kotecki expressed his hopes that Governor Glapinski will sustain his recent dovish tone according to which the interest rate cut could come in March 2025. As for inflation it is expected to rise toward the end of the year before it moderates in the course of 2025. Hungarian central bank slashed the growth forecast for 2024 and 2025 Romania placed RON 500 million of 2026 government papers.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
27. Sep	08:30	HU	Unemployment Rate	Aug		4.2%	4.3%
	10:30	SI	Retail Sales (y/y)	Aug			6.1%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.12	-0.1	0.2
EUR/HUF	396.01	0.3	0.6
EUR/PLN	4.27	0.1	0.0
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.96	0.0	0.0
EUR/USD	1.12	0.4	0.1

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.19	-8	-11
HUF	6.34	-1	-11
PLN	5.86	1	0
RON	5.55	0	0
RSD	4.94	0	1
EUR	3.35	-1	-11

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.70	-2	-2
HU 10Y	6.03	-4	-6
PL 10Y	5.23	-6	-8
RO 10Y	6.68	0	-2
HR 10Y	3.20	1	-1
SK 10Y	3.20	-5	-5

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