

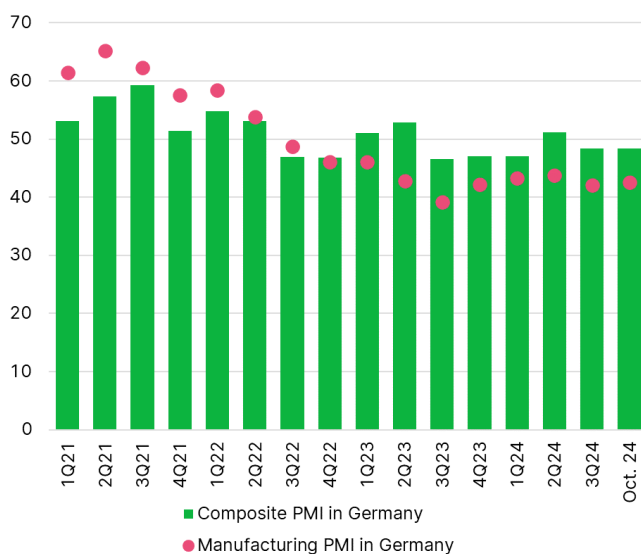
CEE MACRO AND FI DAILY

Flash Eurozone PMI with slight improvement, but remain in contraction territory

On the Radar

- Unemployment rate in Hungary was reported at 4.5%.
- At noon, Serbia will release real wage growth in August.

Germany PMI, period average



Source: Erste Group Research

Economic developments

Yesterday, flash PMI figures were released for the Eurozone and Germany, among other major economies. The Eurozone composite PMI rose slightly to 49.7, remaining just below the neutral threshold of 50, which differentiates contraction from expansion. The manufacturing PMI for the Eurozone remains firmly in contraction territory at 45.9, although this represents a five-month high. Germany's manufacturing PMI is in an even more challenging position, recorded at 42.6. However, this reflects an improvement from September's figure of 40.6, marking it a three-month high. The services PMI also saw an increase, being the only sub-index above 50, with the October figure reported at 51.4. The composite PMI for Germany stood at 48.4, an increase of 0.9 points from September. Interestingly, France, the second country in the Eurozone to release its flash PMI yesterday, reported an even lower composite PMI of 47.3, which is a nine-month low. In contrast, the UK has a composite PMI and all sub-indices firmly in expansion territory. Nevertheless, for the CEE region, the most relevant figures remain from Germany and its struggling manufacturing sector.

Market performance



Source: Erste Group Research

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Market developments

The Czech koruna reversed the depreciating trend against the euro from the beginning of the week. The EURHUF remains at 403 and EURPLN is at 4.34. On the bond market, the long-term yields have been marginally lower only in Croatia and in Slovakia, otherwise we have seen the long end of the curve moving up this week. The Czech central banker Prochazka keeps seeing space for monetary easing amid weak growth prospects, however, he would remain cautious with the size of interest rate cuts. In Poland very weak economic performance in September has not changed the stance of the members of MPC and beginning of 2025 remains the most likely timing for first rate cut. Slovakia had the EU funds unblocked by the European Commission.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
25. Oct		HU	Unemployment Rate	Sep		4.20%	4.30%
	12:00	RS	Wages (y/y)	Aug			12.10%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.18	-0.2	-0.1
EUR/HUF	402.49	0.0	0.6
EUR/PLN	4.34	0.0	0.9
EUR/RON	4.97	-0.1	0.0
EUR/RSD	116.94	0.0	0.0
EUR/USD	1.08	0.4	0.0

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.09	-1	-4
HUF	6.41	1	6
PLN	5.85	0	-1
RON	5.55	0	0
RSD	4.81	0	-4
EUR	3.07	-1	-15

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.02	-5	9
HU 10Y	6.72	-1	31
PL 10Y	5.67	-9	12
RO 10Y	6.83	-2	5
HR 10Y	3.10	1	5
SK 10Y	3.17	-4	-1

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