

CEE MARKET INSIGHTS

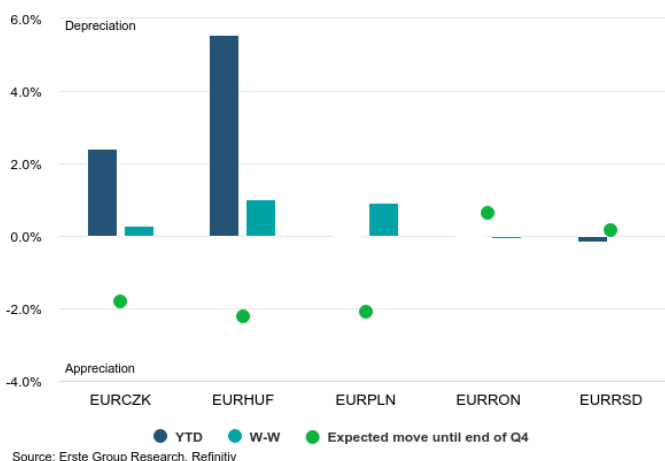
First data on GDP growth in the third quarter

This week in CEE

Hungary and Czechia will publish flash estimates of GDP growth in the third quarter. In Hungary, the likelihood that the economy contracted on a q/q basis is quite substantial, while in Czechia, we believe that private consumption should drive economic expansion in 3Q. For the region, it will be important to see how the Eurozone developed in the third quarter as well (due Wednesday). Further, flash inflation estimates will be published in Croatia, Poland, and Slovenia, as well as in Slovakia within the HICP flash inflation release for the Eurozone. Other than that, we will see the performance of the retail and industry sectors in September in Croatia, Serbia, and Slovenia. Finally, on Friday, manufacturing PMIs for October will be released for Czechia, Hungary, and Romania. Last week's flash Eurozone PMIs showed a slight improvement but remained in contraction territory.

Monday	Tuesday	Wednesday	Thursday	Friday
SK: Producer prices		HU CZ: 3Q GDP	RS: 3Q GDP, Retail, Industry, Trade	RO HU CZ: PMI Index
SI: Retail		SI: Inflation	HR PL: Inflation	
		HR: Retail	HR: Industry	
			HU: Producer prices	
RO: 2038 Bonds	PL: Bonds		HU: Bonds	
	HU: Bills		RO: 2028 Bonds	

FX market



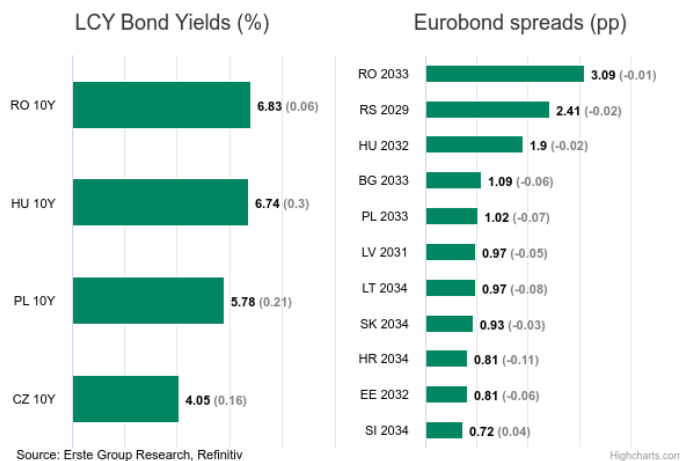
FX market developments

The CEE currencies weakened over the course of the week against the euro, with the Polish zloty and the Hungarian forint losing the most (around 1%). The EURHUF touched 404, while the EURPLN reached as high as 4.35 on Friday. The Czech koruna outperformed its peers, and the losses were not as extensive as those of the Polish zloty and the Hungarian forint. We see global factors behind such development, particularly changes in the outlook regarding monetary easing in the US. Nevertheless, the weakness of the currency was a key factor behind the Hungarian central bank's decision to keep interest rates stable at the October meeting. Although some central bankers suggest the pause in monetary easing may last beyond October, we still see space for another 25bp cut by the end of the year.

With regard to the monetary policy outlook in other CEE countries, Czech board members see space for cautious monetary easing. In Poland, weak economic data for September has not changed the stance that monetary easing is most likely to begin in 2025. In Romania, board

members have made it clear that stability of rates until the end of the year is the most likely scenario.

LCY yields, Eurobond spreads



Bond market developments

The long end of the curve went up in most CEE countries in response to the change in outlook for US Federal Reserve monetary policy decisions. In Poland and Hungary, 10-year yields increased by as much as 20bp. In this regard, Romania outperformed its peers as long-term yields increased only marginally over last week. Romania has been tapping the international bond market with private placements amid discussions on how fiscal consolidation will look after the parliamentary elections.

In case you missed

CEE: [Car registration dynamics slow down](#)

Hungary: [Another pause in the rate cutting cycle in October](#)

Hungary: S&P affirmed the rating at BBB- with stable outlook

Slovakia: S&P affirmed the rating at A+ with stable outlook

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Erste Est.	Prev.	Comment
28. Oct	9:00	SK	PPI (y/y)	Sep		-8.40%	
	10:30	SI	Retail Sales (y/y)	Sep	2.00%	11.40%	Retail trade seen keeping modest recovery pace
29. Oct			No releases scheduled				
30. Oct	8:30	HU	GDP (q/q)	3Q P	-0.20%	-0.10%	Thanks mainly to the weak performance of industrial exports, economy probably continued to decline on quarterly comparison
	8:30	HU	GDP (y/y)	3Q P	0.20%	1.50%	Industry, construction and agriculture plummeted in 3Q; the performance of services however might have kept the yearly GDP growth slightly above zero.
	9:00	CZ	GDP (q/q)	3Q A	0.30%	0.40%	Growth was driven mainly by household consumption, with foreign trade acting in the opposite direction.
	9:00	CZ	GDP (y/y)	3Q A	1.30%	0.60%	GDP growth remains low, with weak external demand and rising imports for household consumption still holding it back. The year-on-year value is affected by the low base.
	10:30	SI	CPI (y/y)	Oct	1.10%	0.60%	Inflation seen somewhat edging up, albeit remaining overall at lower levels
	10:30	SI	CPI (m/m)	Oct			
	11:00	HR	Retail Sales (y/y)	Sep	4.50%	5.70%	Strong growth momentum on the retail side seen continuing
31. Oct	8:00	RO	Unemployment Rate	Sep		5.50%	
	8:30	HU	PPI (y/y)	Sep		3.00%	
	8:30	HU	Trade Balance	Aug F		671.00	
	10:00	PL	CPI (y/y)	Oct P	5.00%	4.90%	
	10:00	PL	CPI (m/m)	Oct P	0.20%	0.00	
	11:00	HR	Industrial Production (y/y)	Sep	-1.00%	-2.10%	Industrial production downturn expected to slightly moderate
	11:00	HR	CPI (y/y)	Oct P	2.00%	1.60%	Inflation expected to show some acceleration
	11:00	HR	CPI (m/m)	Oct P		0.40%	
	12:00	RS	Industrial Production (y/y)	Sep	1.00%	0.90%	We expect continuation of small industry gains
	12:00	RS	Retail Sales (y/y)	Sep	5.00%	5.30%	Retail growth likely remained in mid-single digit area
	12:00	RS	Trade Balance	Sep		-902.10	
	12:00	RS	GDP (y/y)	3Q P	3.60%	4.00%	We expect GDP growth slowed a bit comparing to 1H24 figures due to weaker agricultural output and higher base, but still remained relatively upbeat
01. Nov	8:00	RO	PMI Index	Oct		47.00	
	8:30	HU	PMI Index	Oct		49.70	
	9:30	CZ	PMI Index	Oct		46.00	

Source: Erste Group Research

Note: Past performance is not necessarily indicative of future results

Forecasts

LCY Government bond yields	Friday's close	2024Q4	2025Q1	2025Q2	2025Q3
Czechia 10Y	4.05	3.70	3.63	3.54	3.46
Hungary 10Y	6.74	6.29	5.98	5.89	5.76
Poland 10Y	5.78	5.10	4.90	4.80	4.60
Romania 10Y	6.83	6.80	6.70	6.50	6.40
Serbia 10Y	5.83	5.10	4.90	4.70	4.50

Spreads vs. German Bunds (bps)	2024Q4	2025Q1	2025Q2	2025Q3
Croatia 10Y	81.00	95.00	90.00	90.00
Slovakia 10Y	93.00	115.00	110.00	110.00
Slovenia 10Y	72.00	80.00	80.00	80.00
DE10Y yields	2.30	2.50	2.60	2.60

3M Money Market Rate	Friday's close	2024Q4	2025Q1	2025Q2	2025Q3
Czechia	4.08	4.07	4.00	3.76	3.50
Hungary	6.42	6.25	6.10	5.85	5.60
Poland	5.85	5.85	5.80	5.60	5.30
Romania	5.55	5.65	5.95	5.70	5.30
Serbia	4.81	4.60	4.14	3.93	3.72
Eurozone	3.06	3.09	2.86	2.64	2.40

Real GDP growth (%)	2022	2023	2024f	2025f
Croatia	7.3	3.3	3.5	2.9
Czechia	2.9	0.0	1.0	2.7
Hungary	4.3	-0.9	1.4	3.2
Poland	5.6	0.2	3.0	3.7
Romania	4.0	2.4	1.9	2.8
Serbia	2.6	3.8	4.0	4.5
Slovakia	0.4	1.4	2.2	2.0
Slovenia	2.5	1.6	1.5	2.0
CEE8 avg	4.3	0.8	2.3	3.2

Public debt (% of GDP)	2022	2023	2024f	2025f
Croatia	68.5	61.8	59.1	58.2
Czechia	42.5	42.4	43.5	44.2
Hungary	74.1	73.5	73.1	72.5
Poland	49.2	49.6	54.0	58.0
Romania	47.5	48.8	52.4	54.2
Serbia	52.4	48.0	47.3	47.0
Slovakia	57.7	56.1	58.3	59.4
Slovenia	72.3	69.2	68.5	67.5
CEE8 avg	52.5	52.2	54.7	56.6

FX	Friday's close	2024Q4	2025Q1	2025Q2	2025Q3
EURCZK	25.26	24.80	24.52	24.44	24.40
EURHUF	403.95	395.00	398.00	400.00	400.00
EURPLN	4.34	4.25	4.30	4.30	4.20
EURRON	4.97	5.00	5.02	5.05	5.07
EURRSD	116.91	117.10	117.10	117.00	117.00
EURUSD	1.08	1.13	1.14	1.14	1.15

Key Interest Rate (deposit facility in Eurozone)	Friday's close	2024Q4	2025Q1	2025Q2	2025Q3
Czechia	4.25	4.00	4.00	3.75	3.50
Hungary	6.50	6.25	6.00	5.75	5.50
Poland	5.75	5.75	5.75	5.25	5.00
Romania	6.50	6.50	6.50	6.25	6.00
Serbia	5.75	5.50	5.25	5.00	4.75
Eurozone	3.25	3.00	2.75	2.50	2.25

Average inflation (%)	2022	2023	2024f	2025f
Croatia	10.8	8.1	2.9	2.5
Czechia	15.1	10.7	2.5	2.5
Hungary	14.5	17.6	3.7	4.1
Poland	14.4	11.4	3.8	3.9
Romania	13.7	10.5	5.5	3.7
Serbia	11.9	12.5	4.6	3.6
Slovakia	12.8	10.5	2.8	4.6
Slovenia	8.8	7.4	2.1	2.3
CEE8 avg	13.9	11.5	3.8	3.6

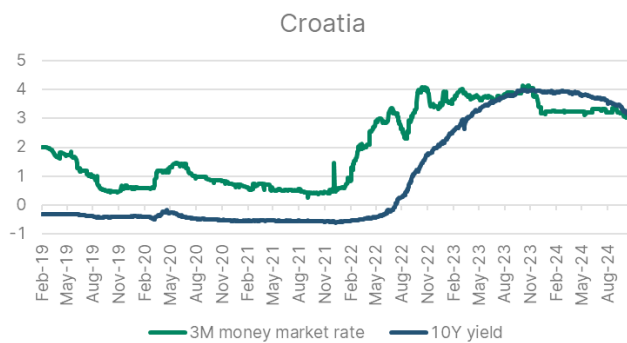
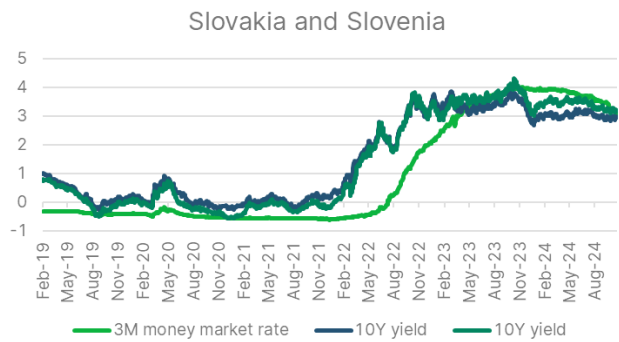
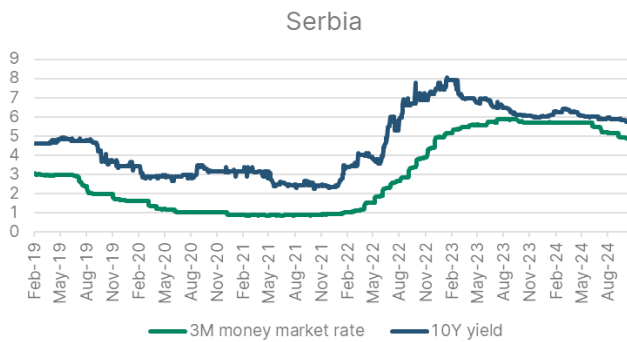
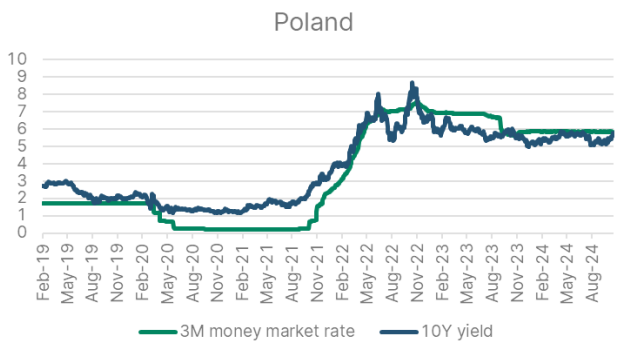
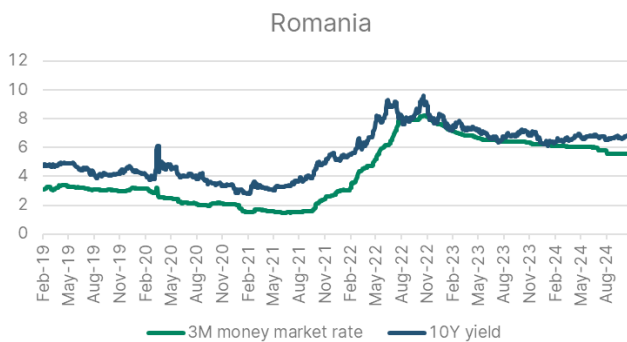
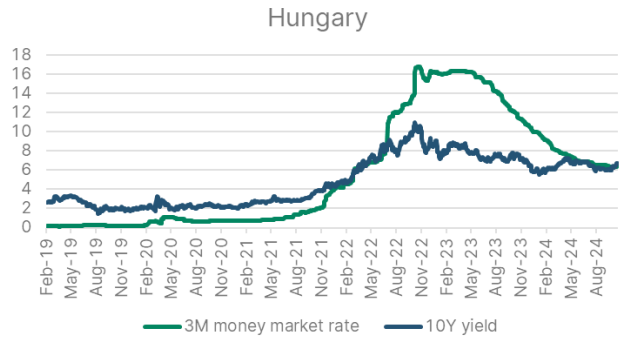
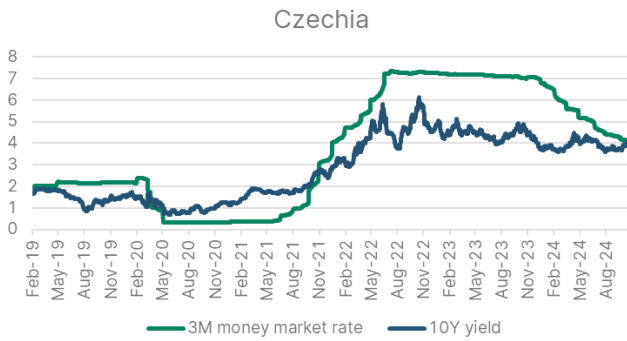
C/A (%GDP)	2022	2023	2024f	2025f
Croatia	-3.5	0.4	0.1	-0.3
Czechia	-5.9	1.2	0.5	0.8
Hungary	-8.5	0.7	2.2	2.0
Poland	-2.2	1.8	0.0	-1.0
Romania	-9.2	-7.0	-8.1	-7.8
Serbia	-5.6	-2.0	-4.3	-5.0
Slovakia	-7.3	-1.6	-0.6	-0.2
Slovenia	-1.1	4.5	3.2	2.8
CEE8 avg	-5.1	-0.2	-1.2	-1.5

Unemployment (%)	2022	2023	2024f	2025f
Croatia	7.0	6.1	5.2	5.1
Czechia	2.2	2.6	2.7	3.2
Hungary	3.6	4.1	4.4	3.9
Poland	5.2	5.1	5.1	5.0
Romania	5.6	5.6	5.3	5.3
Serbia	9.4	9.5	8.5	8.2
Slovakia	6.1	5.8	5.5	5.5
Slovenia	4.0	3.7	3.6	3.6
CEE8 avg	4.9	4.9	4.8	4.8

Budget Balance (%GDP)	2022	2023	2024f	2025f
Croatia	0.1	-0.9	-2.6	-2.2
Czechia	-3.1	-3.8	-3.1	-2.4
Hungary	-6.2	-6.7	-4.7	-4.4
Poland	-3.7	-5.6	-5.7	-5.8
Romania	-6.3	-6.6	-7.9	-6.0
Serbia	-3.0	-2.1	-2.5	-2.5
Slovakia	-1.7	-5.2	-6.0	-5.0
Slovenia	-3.0	-2.5	-3.0	-2.5
CEE8 avg	-3.9	-5.1	-5.3	-4.8

Source: Bloomberg, Erste Group Research

Appendix



Source: Bloomberg, Erste Group Research

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