

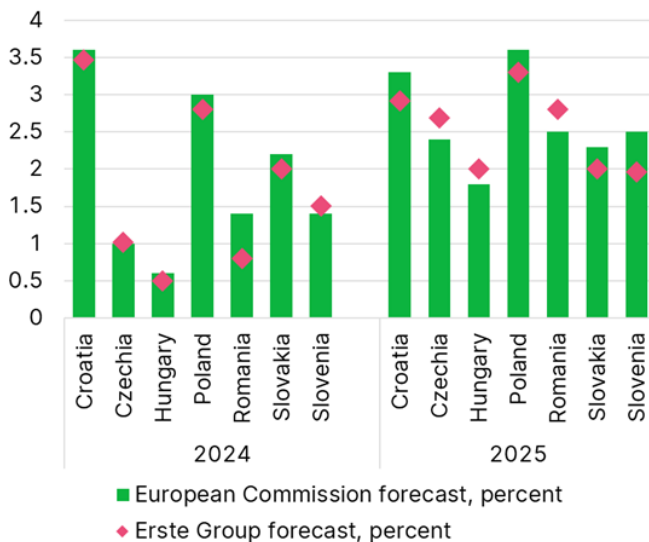
CEE MACRO AND FI DAILY

European Commission growth forecasts

On the Radar

- October's inflation was confirmed at 5.0% y/y in Poland and at 2.2% y/y in Croatia.
- Producer prices in Czechia increased by 0.8% y/y in October.
- In Poland core inflation will be published at 2 PM CET.
- Otherwise, there are no other releases scheduled.

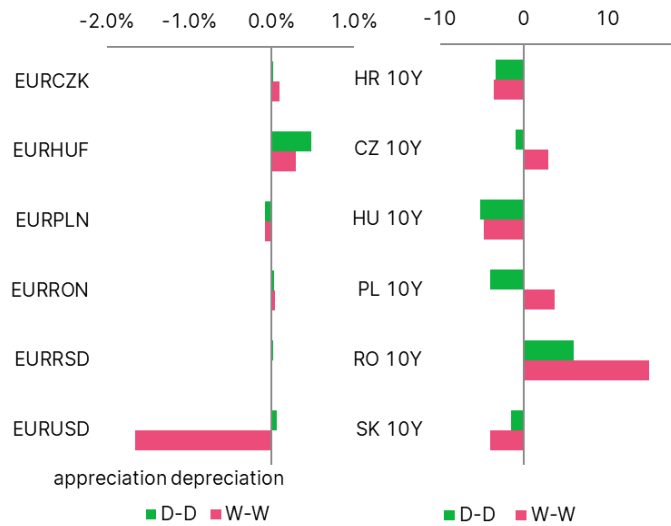
GDP forecasts of European Commission Economic developments and Erste, percent



Source: Erste Group Research

According to the Autumn Forecast of the European Commission, real GDP growth in 2024 is expected to be 0.9% in the EU and 0.8% in the euro area. For the EU, this represents a 0.1 percentage point decrease compared to the spring forecast, while the euro area forecast remains unchanged. Growth in the EU is expected to pick up to 1.5% in 2025, as consumption accelerates and investment recovers from the 2024 contraction. Regarding growth projections, most are consistent with our forecasts except for Romania, where the 2024 GDP forecast has been revised down to 0.8% following the economy's disappointing performance in Q3. In terms of the outlook for 2025, we are slightly more pessimistic than the European Commission for Croatia, Poland, Slovakia, and Slovenia. However, our current 2025 GDP expectations for Czechia, Hungary, and Romania are somewhat stronger. Nonetheless, they are susceptible to downward revision, given recent developments. The recovery has been sluggish thus far, and the outcome of the US election adds to uncertainty about next year's projections, not only in these three countries but also across the region.

Market performance



Source: Erste Group Research

Market developments

On Friday, the Czech central bank released minutes from November's meeting. While the worsening growth outlook is considered disinflationary, concerns about inflationary risks remain strong among policymakers. We still believe that another 25 basis points cut in December is a viable option, but caution prevails. At the end of last week, CEE currencies strengthened against the euro, and the EURPLN remained close to 4.31 on Monday. The CEE bond market was relatively calm last week, with one exception – Romania. While 10Y yields hardly changed in CEE (or slightly declined in Hungary) this week, the ROMGB curve moved up. Disappointing flash GDP growth would normally call for lower rates and yields in Romania, but uncertainty surrounding future fiscal prospects and consolidation measures weighed on Romanian bonds.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
18. Nov	9:00	CZ	PPI (y/y)	Oct			0.6%
19. Nov		SK	Unemployment Rate	Oct			5.0%
	10:30	SK	Current Account Balance (monthly)	Sep			-251.30
	14:00	HU	Central Bank Rate	Nov-24	6.50%	6.5%	6.5%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.25	0.0	0.1
EUR/HUF	408.07	0.5	0.3
EUR/PLN	4.32	-0.1	-0.1
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.87	0.0	0.0
EUR/USD	1.05	0.1	-1.7

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.93	0	-2
HUF	6.50	0	-1
PLN	5.85	0	1
RON	5.58	2	3
RSD	4.78	0	-1
EUR	3.00	-1	-3

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.98	-1	3
HU 10Y	6.56	-5	-5
PL 10Y	5.62	-4	4
RO 10Y	7.06	6	15
HR 10Y	3.17	-3	-4
SK 10Y	3.26	-1	-4

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