

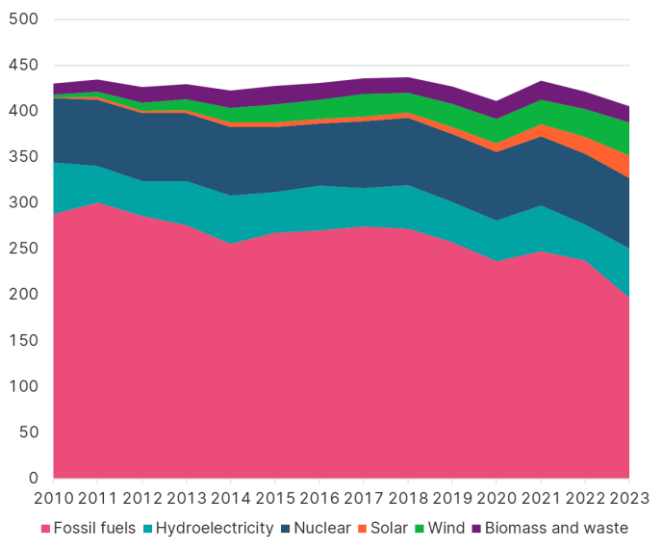
CEE MACRO AND FI DAILY

CEE moves away from fossil fuels for electricity generation

On the Radar

- Core inflation in Poland dropped to 4.1% y/y in October.
- Today, Hungarian central bank holds a rate setting meeting. We expect no change in the key policy rate.
- Other than that Slovakia will publish unemployment rate and current account balance for September.

Electricity generation by source, CEE aggregate (TWh)

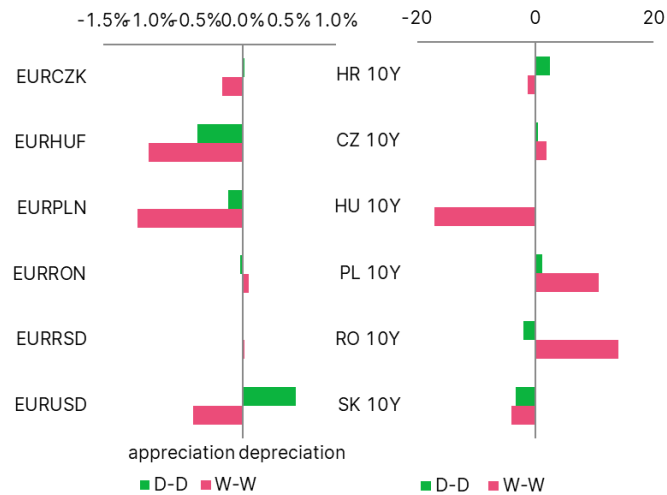


Source: Erste Group Research

Economic developments

Last Friday, Eurostat released data on the greenhouse gas emission in the second quarter of 2024. Greenhouse gas emissions of the EU were estimated at 790 million tons of CO₂-equivalents (CO₂-eq), a 2.6% y/y decrease. As far as countries are concerned, greenhouse gas emissions were estimated to have decreased in 19 EU countries. More importantly, 14 of them decreased emissions while growing their GDP. From the region, Poland, Croatia, Slovakia, Hungary and Czechia were among those 14 countries. Looking at the long-term trends, we see a clear pattern of the reduction of fossil fuels used for electricity generation in CEE. At the beginning of the previous decade, approximately 300 TWh of power was generated from this source. However, this figure has decreased by one-third to just below 200 TWh in 2023. Solar and wind energy have played a significant role in phasing out fossil fuels, with their capacities expanding by 20-fold and 10-fold, respectively. Even more importantly, the overall generation capacity has remained unchanged. In terms of individual countries, Poland accounts for about half of the decline in power generation from fossil fuels. Romania and Hungary have successfully halved their reliance on fossil sources for electricity, whereas Serbia has experienced little change in this regard.

Market performance



Source: Erste Group Research

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Market developments

The Hungarian central bank is the key event this week and we expect no change in the key policy rate of 6.5%. October inflation went up to 3.2% y/y and the Hungarian forint has been weak lately. EURHUF holds at 406 on Tuesday morning, while EURCZK moved up to 25.27 and EURPLN to 4.32. The Czech central bank Governor Michl warned against period of higher volatility of inflation around the central banks' targets that will require tighter monetary policies. Long term yields moved slightly down in most of the CEE countries.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
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%
20. Nov			No releases scheduled				

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.25	0.0	-0.2
EUR/HUF	406.09	-0.5	-1.0
EUR/PLN	4.31	-0.2	-1.1
EUR/RON	4.97	0.0	0.1
EUR/RSD	116.86	0.0	0.0
EUR/USD	1.06	0.6	-0.5

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.92	-1	-2
HUF	6.50	0	-1
PLN	5.85	0	1
RON	5.58	0	3
RSD	4.78	0	-1
EUR	3.00	1	-4

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.99	0	2
HU 10Y	6.56	0	-17
PL 10Y	5.63	1	11
RO 10Y	7.04	-2	14
HR 10Y	3.20	2	-1
SK 10Y	3.23	-3	-4

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