

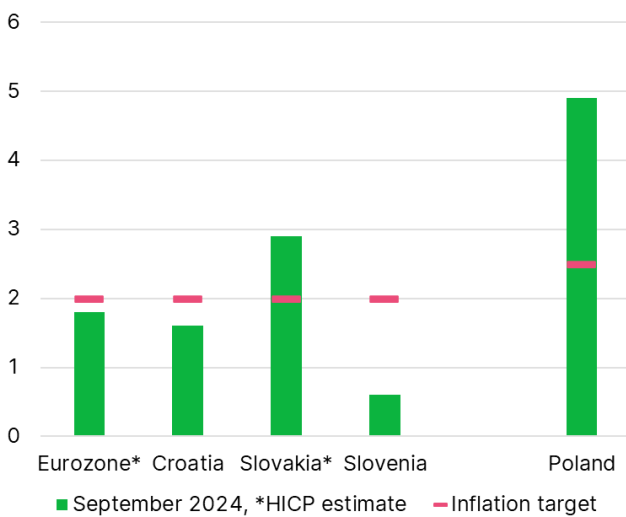
CEE MACRO AND FI DAILY

Inflation in Eurozone below two percent

On the Radar

- Producer prices in Romania landed at 2.7% y/y in August.
- Unemployment rate in August arrived at 5.5% y/y in Romania, marginally up compared to July.
- In the afternoon, Polish central bank will announce interest rate decision. We expect no change.

Inflation rate in September, y/y %

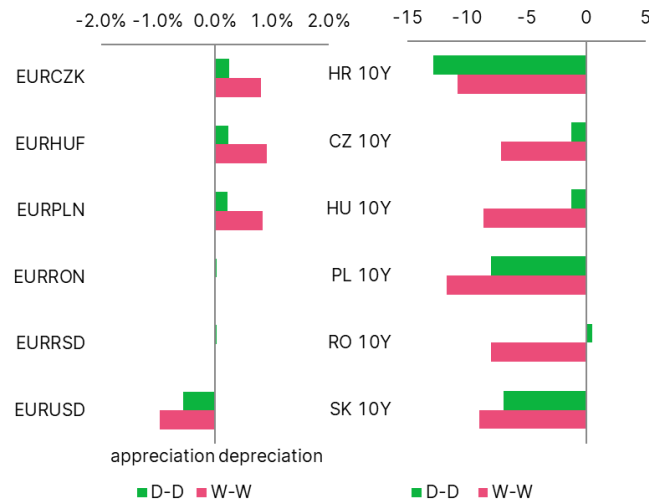


Source: Erste Group Research

Economic developments

Flash estimate of euro area inflation arrived at 1.8% y/y in September 2024, down from 2.2% in August. While prices for services are expected to have the highest annual growth rate in September (4.0%, compared with 4.1% in August), energy prices dragged the headline footprint visible down (-6.0% y/y compared with -3.0% y/y in August). This effect is likely to fade out in the months to come, however. As far as September's flash estimates are concerned in the region, we have seen inflation falling in Croatia and Slovenia to 1.6% y/y and 0.6% y/y according to local statistical offices' estimates. In Croatia, September figure adds a notch or two of downside risks to our 3% CPI average forecast for 2024. Further, in Slovakia, HICP inflation also edged down in September. Only in Poland, headline inflation increase was quite substantial to 4.9% y/y from 4.3% y/y in August. In Poland, our projection anticipates broadly stable annual inflation through the remainder of the year.

Market performance



Source: Erste Group Research

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Market developments

The key event today is the central bank meeting in Poland. We believe that the key policy rate will remain unchanged at 5.75%. Poland is the only country in the region that has been holding off with interest rate cuts in 2024. First and foremost, inflation rate increased and is visibly above the central bank target and out of the tolerance band. However, it should be noted that it is due to statistical effects. Further, Poland has sustained solid growth as opposed to the peers. In Romania, Isarescu will remain in the post of the central bank's governor. He commented on the prospects of Romania joining the Eurozone, underlying that fiscal consolidation must come first. Transition to budget deficit at the 3% of GDP (Maastricht criteria) will take another five or seven years. In Czechia, 2024 budget deficit was increased by CZK 30 billion (around 0.4% of GDP) due to flood damages. The CEE currencies have been weaker against the euro at the beginning of the week, while long term yields moved marginally down in most of the CEE countries.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.	
02. Oct		PL	Central Bank Rate	Okt 24			5.75%	
	08:00	RO	Unemployment Rate	Aug			5.40%	
	08:00	RO	PPI (y/y)	Aug			2.62%	
03. Oct			No releases scheduled					
04. Oct		RO	Central Bank Rate	Okt 24		6.25%	6.50%	
	08:30	HU	Industrial Production (y/y)	Aug		-3.70%	-6.40%	
	10:30	SI	Trade Balance	Aug			32.0%	

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.25	0.3	0.8
EUR/HUF	397.66	0.2	0.9
EUR/PLN	4.29	0.2	0.8
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.92	0.0	0.0
EUR/USD	1.11	-0.6	-1.0

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.20	0	-8
HUF	6.31	-1	-10
PLN	5.85	0	0
RON	5.55	0	0
RSD	4.94	0	0
EUR	3.25	-3	-15

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.67	-1	-7
HU 10Y	6.02	-1	-9
PL 10Y	5.18	-8	-12
RO 10Y	6.58	0	-8
HR 10Y	3.08	-13	-11
SK 10Y	3.10	-7	-9

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Published by:

Erste Group Bank AG
Group Research
1100 Vienna, Austria, Am Belvedere 1
Head Office: Wien
Commercial Register No: FN 33209m
Commercial Court of Vienna

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