

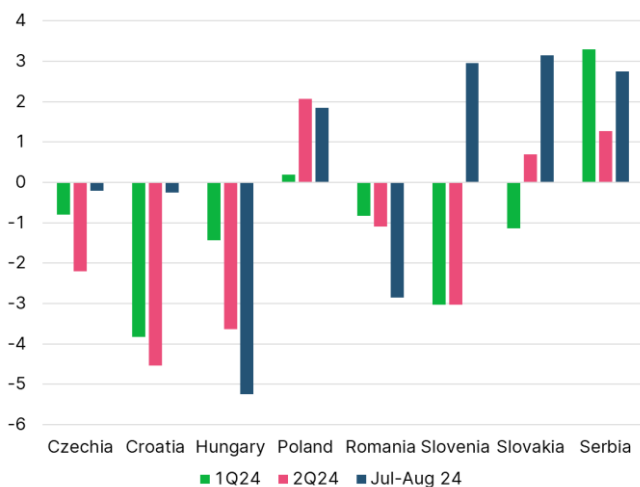
CEE MACRO AND FI DAILY

CEE industry's performance improves during the summer

On the Radar

- Fitch and Moody's affirmed Slovenia's credit rating at A and A3, respectively. Moody's changed the outlook from stable to positive.
- S&P affirmed Romania's outlook at BBB- with stable outlook.
- In Slovakia, average real monthly in industry arrived at 3.4% y/y.
- In Romania industrial output declined by -2.0% y/y in August.
- Czechia, Poland and Romania will publish current account data throughout a day.
- Poland will release trade balance and exports and imports growth for August.

Industrial output growth, average % y/y

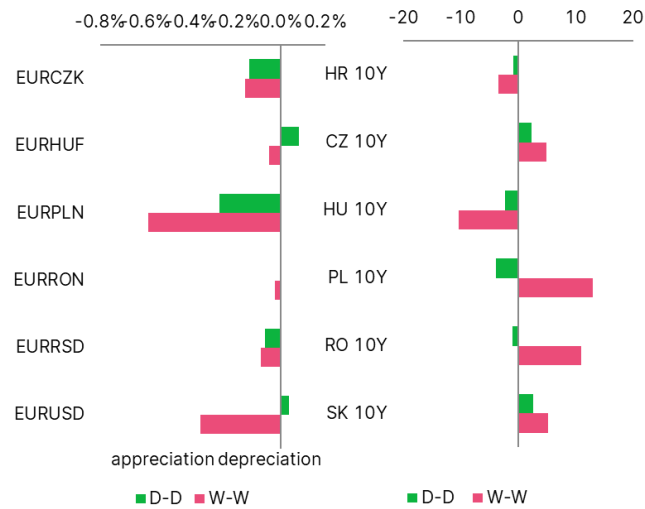


Source: Erste Group Research

Economic developments

Last week, we discussed the performance of the retail sector for two months in the third quarter. Today, release of industrial output growth in Romania completes the data for the manufacturing sector in the region. The average industrial output growth for July and August was positive in Poland, Slovenia, Slovakia, and Serbia. However, only in Poland and Serbia, industry has been growing since the beginning of the year. For Slovakia, the average industrial output growth has been positive since the second quarter, while in Slovenia, particularly strong performance of the industry in August flipped the third-quarter figure into black. In other CEE countries, namely Czechia, Croatia, Hungary, and Romania, the industry has been contracting since the beginning of the year. While the dynamics in Czechia and Croatia showed promising signs of a turnaround in 3Q, Hungary is the clear outlier as performance has not been improving. On the contrary, the decline of industrial production is the most sizable within the region. In Romania, performance of the industry in the third quarter so far is also weaker compared to the first half of the year.

Market performance



Source: Erste Group Research

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Market developments

Fitch and Moody's affirmed Slovenia's credit rating at 'A' and 'A3', respectively. While Fitch left the outlook unchanged at stable, Moody's upgraded the outlook from stable to positive, with improving fiscal position being the key element behind the upgrade. Further, S&P affirmed Romania's outlook at BBB- with a stable outlook. The key event this week will be the ECB decision. Since the September meeting, economic data has been released indicating the need for a further rate cut of 25bp at next week's meeting. Locally, there are no central bank meetings scheduled. As for CEE currencies, the EURCZK, EURHUF, and EURPLN all remained higher at the end of last week. We believe that global factors are mostly behind these movements, but they are likely to have implications for local monetary policy decisions in Czechia and Hungary in particular. Finally, over last week, CEE government bond yields followed the increase in yields on major markets, which have seen upward movements since the beginning of the month.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
14. Oct		RO	Current Account Balance (monthly)	Aug			-15178.00
	08:00	RO	Industrial Production (y/y)	Aug		-2.00%	-3.90%
	09:00	SK	Wages (y/y)	Aug			7.00%
	14:00	PL	Trade Balance	Aug	-98978.00%		-1450.00
15. Oct	09:00	SK	CPI (y/y)	Sep		2.60%	2.80%
	09:00	SK	CPI (m/m)	Sep		0.00%	0.20%
	10:00	PL	CPI (y/y)	Sep F			4.90%
	10:00	PL	CPI (m/m)	Sep F			0.10%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.27	-0.1	-0.2
EUR/HUF	400.99	0.1	0.0
EUR/PLN	4.29	-0.3	-0.6
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.86	-0.1	-0.1
EUR/USD	1.09	0.0	-0.4

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.15	0	-2
HUF	6.32	1	1
PLN	5.87	2	2
RON	5.55	0	0
RSD	4.88	0	-5
EUR	3.18	-1	-7

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.92	2	5
HU 10Y	6.23	-2	-10
PL 10Y	5.45	-4	13
RO 10Y	6.74	-1	11
HR 10Y	3.04	-1	-3
SK 10Y	3.28	3	5

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