

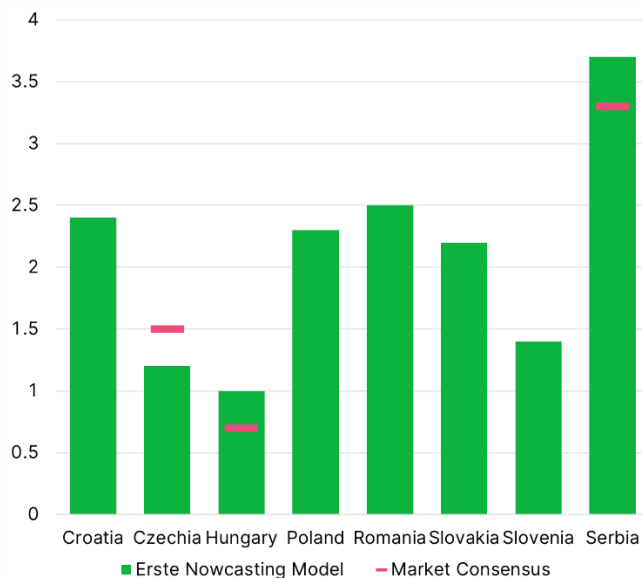
CEE MACRO AND FI DAILY

Third quarter GDP figures start arriving this week

On the Radar

- S&P affirmed Hungary's and Slovakia's ratings at BBB- and A+ respectively. The outlook remained stable for both countries.
- In Slovakia, industrial producers' prices for the domestic market were lower by 8.5% y/y.
- At 10.30 AM CET Slovenia will release retail sales growth in September.

Erste Nowcast Model, GDP in 3Q24 in percent

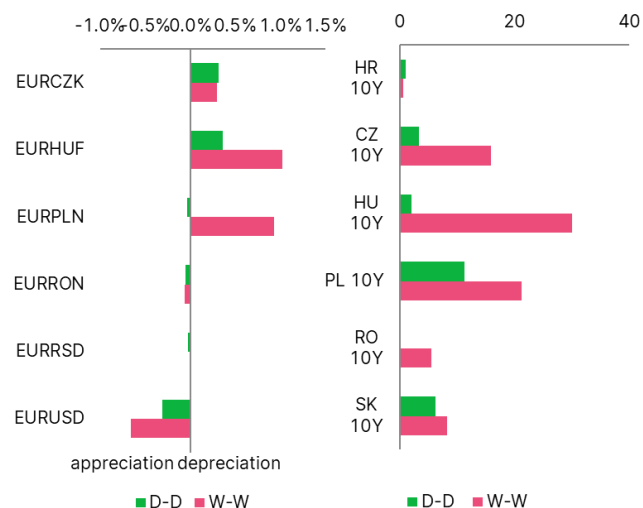


Source: Erste Group Research

Economic developments

This week, three CEE countries (Czechia, Hungary and Serbia) as well as Eurozone will publish the flash estimate of 3Q GDP growth. Our nowcasting model suggest that Czechia should expand by 1.2% y/y, Hungary is expected to grow by 1% y/y while Serbia by as much as 3.7% y/y. Our model is slightly more optimistic compared to the market consensus in case of Hungary and Serbia, while in Czechia the opposite. Our official forecast in Czechia sits at 1.3% y/y, marginally higher compared to the nowcast estimates. While in Czechia, private consumption should drive economic expansion in the third quarter, both in year-on-year and quarter-on-quarter terms, it is not that certain that Hungarian economy expanded in quarter-on-quarter terms as industry contracted quite visibly in Hungary in 3Q24. In Hungary our official point forecast for 3Q24 is only at 0.2% y/y that is consistent with -0.2% q/q contraction. Serbia is clear outlier with solid growth dynamics expected well above 3% y/y as our official forecast is at 3.6% y/y. Other CEE countries will have flash estimate published only in mid-November.

Market performance



Source: Erste Group Research

Market developments

S&P affirmed Hungary's and Slovakia's ratings at BBB- and A+, respectively. The outlook remained stable for both countries. In Slovakia the stable outlook reflects the expectation that Slovakia's budget deficits will narrow from next year, indicating a broad preservation of prudent fiscal policy. It also reflects the agency's view that institutional and governance effectiveness will remain resilient, which is crucial for the continued disbursement of EU funds and to maintain positive investor sentiment. As for Hungary, the stable outlook reflects the expectation that Hungary's economic recovery, ongoing disinflation, and stabilizing cost of debt will support the government's fiscal consolidation efforts in the medium term. Last week was quite turbulent for the FX and bond markets in the region. The Polish zloty and the Hungarian forint lost the most (over 1%) against the euro and the EURHUF touched 404, while the EURPLN reached as high as 4.35 on Friday. 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 20 basis points. Poland will revise the 2024 budget gap due to costs of floods.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
28. Oct	09:00	SK	PPI (y/y)	Sep			-8.40%
	10:30	SI	Retail Sales (y/y)	Sep		2.00%	11.40%
29. Oct			No releases scheduled				

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.26	0.3	0.3
EUR/HUF	403.95	0.4	1.0
EUR/PLN	4.34	0.0	0.9
EUR/RON	4.97	-0.1	-0.1
EUR/RSD	116.91	0.0	0.0
EUR/USD	1.08	-0.3	-0.7

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.08	-1	-4
HUF	6.42	1	5
PLN	5.85	0	0
RON	5.55	0	0
RSD	4.81	0	-4
EUR	3.06	-1	-14

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.05	3	16
HU 10Y	6.74	2	30
PL 10Y	5.78	11	21
RO 10Y	6.83	0	5
HR 10Y	3.11	1	1
SK 10Y	3.23	6	8

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