

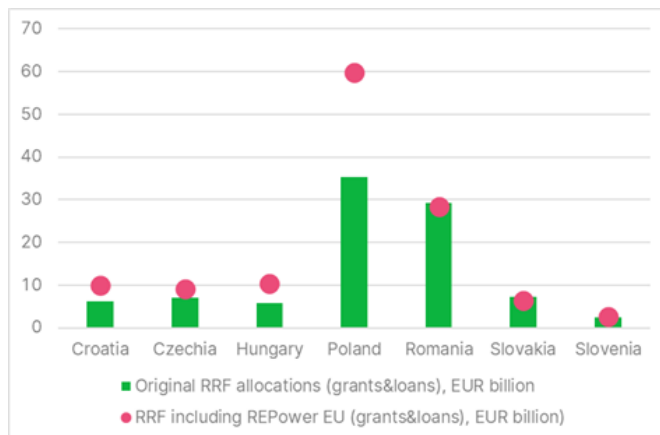
CEE MACRO AND FI DAILY

RePowerEU chapter boosts RRF allocations for CEE

On the Radar

- Moody's affirmed Czechia's rating at Aa3 but change the outlook from negative to stable. For Slovakia Moody's kept the rating (A2) and outlook (negative) unchanged.
- Today there are no other releases scheduled in the region.
- Tomorrow, Croatia will publish 3Q23 GDP figures (11 AM CET), Hungary will release PPI index for October (8.30 AM CET) while Slovenia will release retail sale growth in October (10.30 AM CET).

RRF allocations for CEE



Source: Erste Group Research

Economic developments

Recently, the European Commission gave positive assessments of the modified Recovery and Resilience plans, which include a REPowerEU chapter for Croatia, Hungary, Poland, and Romania. The assessment for other CEE countries, such as Czechia, Slovakia, and Slovenia, had been granted earlier. The REPowerEU chapter significantly increases the total amount of RRF funds for most of the CEE countries. In the case of Poland, the modified RRF will be twice as high as the originally planned amount, while in Hungary, the REPowerEU chapter adds 80% of the original RRF plan, and in Croatia almost 60%. The positive assessment of the REPowerEU chapter is particularly important for Poland and Hungary as they will get access to pre-financing from this chapter immediately. However, the European Commission emphasized that in both Hungary and Poland, no disbursement following a payment request under the RRF is possible until the "super milestones" are satisfactorily implemented. On the other hand, the REPowerEU chapter will not considerably change the original RRF allocations for Romania and Slovakia.

Market performance



Source: Erste Group Research

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Market developments

In terms of market news, Moody's affirmed Czechia's rating at Aa3, but changed its outlook from negative to stable. The reduction in risks related to Russian gas supply drives this change in outlook. In contrast, Moody's kept Slovakia's rating (A2) and outlook (negative) unchanged. Last week, the Czech koruna and Polish zloty appreciated against the euro, while the Hungarian forint weakened marginally vs. the euro. The Polish MPC Wnorowski stated that there is a strong case for interest rates to stay higher for longer and that there is no room for a rate cut in December. Yields went up in several CEE countries over the last week, reflecting the development in major markets. This week, Romania, Hungary, and Poland will be active on the bond market.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.	Pre Comment
27. Nov			No releases scheduled					
28. Nov	09:00	SK	PPI (y/y)	Oct			-2.0%	
	10:30	SI	Retail Sales (y/y)	Oct		-12.0%	-17.0%	Headline figure expected to remain in red, albeit showing moderation of the downturn vs 3Q performance
	11:00	HR	GDP (y/y)	3Q		2.0%	2.6%	We see headline figure accelerating in 3Q
29. Nov			No releases scheduled					

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.39	0.0	-0.2
EUR/HUF	380.20	0.2	0.5
EUR/PLN	4.36	0.0	-0.4
EUR/RON	4.96	-0.1	0.0
EUR/RSD	117.30	0.2	0.3
EUR/USD	1.09	0.3	0.3

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	7.07	-1	-1
HUF	10.78	-1	-30
PLN	5.83	0	2
RON	6.25	0	0
RSD	5.71	0	1
EUR	3.94	-2	-5

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.32	-3	-4
HU 10Y	7.09	4	20
PL 10Y	5.62	2	15
RO 10Y	7.09	5	7
HR 10Y	3.78	3	3
SK 10Y	3.86	0	6

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