

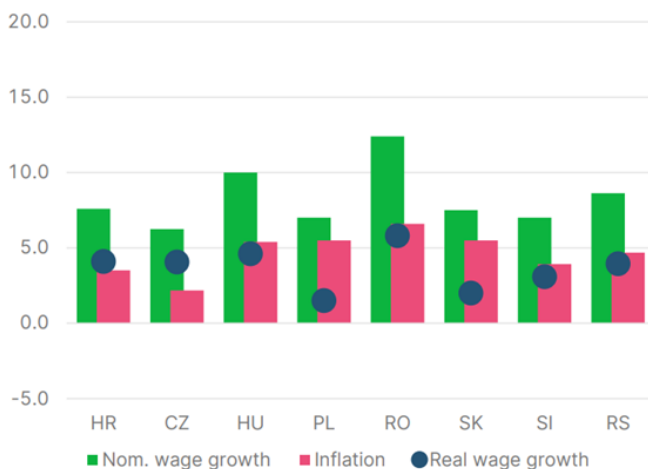
CEE MACRO AND FI DAILY

# Real wage growth to support consumption next year

## On the Radar

- In Hungary, PPI index declined by -6.6% y/y in October compared to -2.5% decline in September.
- Today, Poland will publish the 3Q23 GDP structure at 10 AM CET. At the same time, November's flash inflation will be released.
- In Slovenia and other Eurozone countries, we will also see the flash estimates of HICP inflation in November.
- Later today, Croatia and Serbia will publish industry and retail sales growth in October.
- Tomorrow, PMI indices for November will be published in Czechia, Hungary and Poland. 3Q23 GDP structure will be released in Hungary and Czechia.

## 2024 forecast of real wage growth in CEE, percent



Source: Erste Group Research

## Economic developments

In our latest outlook [How CEE will develop in 2024?](#) we present our expectations for economic development in the region in 2024. We see recovery of private consumption as a key driver of the growth. In the first half of 2023, private consumption contracted in most CEE countries, with the exception of Croatia, Romania and Slovenia. Czechia, on the other hand, experienced the biggest drop in private consumption. In 2024, real wage growth should support increasing spending of households across the region. In other words, nominal wage should sustain dynamic growth while inflation is expected to ease further. Households should thus regain the purchasing power. Investment will be driven by the ongoing flow of EU funds, as we see Recovery and Resilience Funds cushioning the switch between multi-annual budgeting periods that is usually associated with lower investment activity. The downside risks prevail, however, as external environment is expected to weaken and the Eurozone has been stagnating.

## Market performance



Source: Erste Group Research

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## Market developments

FX market keeps gaining against the euro since the beginning of the week, while long term yields have been declining by as much as 30 basis points in Hungary and 20 basis points in Romania and Slovakia. Such development is driven by global factors as 10Y German yields also went down by 20 basis points this week. The Czech Parliament approved the 2024 budget proposal assuming fiscal consolidation by CZK 43 billion (roughly 0.8% of GDP). The budget is based on the assumption that Czech economy will grow by 2.3% with private consumption increasing by 3.9% and inflation at 2.8% on average in 2024.

## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.	Pre Comment
30. Nov	08:30	HU	PPI (y/y)	Oct			-2.5%	
	10:00	PL	CPI (y/y)	Nov P	6.5%		6.6%	
	10:00	PL	CPI (m/m)	Nov P	0.4%		0.3%	
	10:00	PL	GDP (y/y)	3Q F			0.4%	
	10:30	SI	CPI (y/y)	Nov		6.2%	6.9%	We see inflation additionally decelerating in November
	10:30	SI	CPI (m/m)	Nov			0.2%	
	11:00	HR	Industrial Production (y/y)	Oct		1.5%	1.6%	October industrial production expected to keep similar performance as seen in September
	11:00	HR	Retail Sales (y/y)	Oct		5.5%	5.5%	Retail trade seen delivering another strong footprint
	12:00	RS	Industrial Production (y/y)	Oct		2.0%	3.0%	Industry likely expanded at similar pace as in previous months
	12:00	RS	Retail Sales (y/y)	Oct		0.1%	-0.7%	We forecast a first positive, albeit barely, reading since January
	12:00	RS	Trade Balance	Oct			-572.60	
	12:00	RS	GDP (y/y)	3Q F		3.5%	3.5%	We expect confirmation of flash estimate
01. Dec	08:30	HU	Trade Balance	Sep F			1262.80	
	08:30	HU	GDP (q/q)	3Q F			0.9%	
	08:30	HU	GDP (y/y)	3Q F			-0.4%	
	09:00	CZ	GDP (q/q)	3Q P	-0.3%		-0.3%	
	09:00	CZ	GDP (y/y)	3Q P	-0.6%		-0.6%	
		CZ HU PL	Manufacturing PMI indices	Nov				

## FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.23	-0.1	-0.8
EUR/HUF	377.69	0.2	-0.9
EUR/PLN	4.34	0.6	-0.5
EUR/RON	4.97	0.0	0.0
EUR/RSD	117.03	0.0	0.2
EUR/USD	1.10	-0.2	0.8

## 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	7.06	-1	-1
HUF	10.73	-2	-9
PLN	5.83	-1	1
RON	6.25	0	0
RSD	5.71	0	0
EUR	3.98	2	1

## 10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.19	-13	-11
HU 10Y	6.78	-17	-11
PL 10Y	5.47	-6	-5
RO 10Y	6.88	-17	-17
HR 10Y	3.66	-10	-10
SK 10Y	3.61	-7	-18

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