

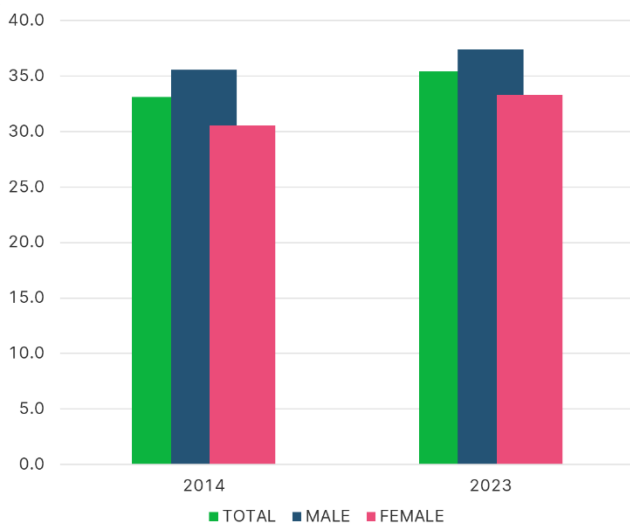
CEE MACRO AND FI DAILY

Number of years in the labor force increased in CEE

On the Radar

- Hungarian central bank cut the policy rate by 25 basis points to 6.75% on Tuesday's meeting.
- Growth of wage arrived at 14.9% y/y in June in Hungary.
- Otherwise, there are no releases scheduled in the region.

Duration of working life, years

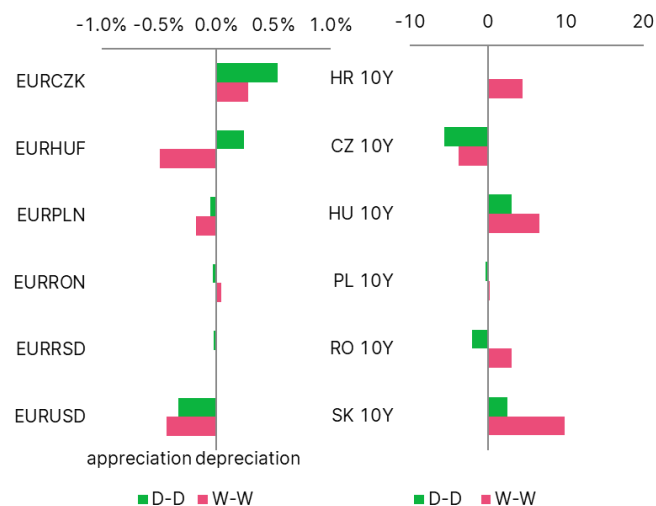


Source: Erste Group Research

Economic developments

Today we look at the labor market indicator that tells us about the duration of working life. It is an estimation of the number of years a person, currently aged 15 years, is expected to be in the labor force (i.e. to be employed or unemployed) throughout his or her life. Over the last decade, the average for the CEE7 has increased by slightly more than two years. Ten years ago, a 15-year-old person was expected to work 33.1 years, while in 2023 the duration of working life averaged 35.4 in CEE7. Interestingly, the duration of working life increased for women more (by three years) than for men (a little less than two years). The change in the duration of working life comes next to other relevant developments, such as increased longevity, dropping fertility rates and shrinking workforce in the region.

Market performance



Source: Erste Group Research

Market developments

Hungarian central bank reduced the policy rate by 25 basis points to 6.75% on Tuesday's meeting. Market analysts were divided on the expected outcome of today's rate-setting meeting as the monetary council indicated a month ago that a new phase of the monetary policy would start in the second half of 2024. Nevertheless, falling inflation and improved risk assessment permitted the continuation of rate cuts, amid the ongoing hawkish communication of the central bank. As the outcome of today's meeting came as a small surprise to us, we think that there is potential for additional minor rate cuts at quarter-ends. Consequently, we have modestly lowered our year-end policy rate forecast to 6.25% from 6.50%. In Czechia, Vice Governor Frait said that the central bank arrived at the point at which fine-tuning of monetary policy begins. He will be deciding between 25 and 50 basis points cut at the upcoming meeting due to surprisingly low inflation in June. The Czech koruna has weakened against the euro since the beginning of the week, while the Hungarian forint and the Polish zloty have been relatively stable. The long end of the curve remains marginally lower this week in the region.

Analyst:

Katarzyna Rzentarzewska
+43 5 0100 17356
katarzyna.rzentarzewska@erstegroup.com

Analyst:

Jakub Cery
+43 (0)5 0100 17338
jakub.cery@erstegroup.com

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.	
23. Jul	10:00	PL	Unemployment Rate	Jun	4.91%		5.0%	
	14:00	HU	Central Bank Rate	Jul 24	6.80%	7.0%	7.0%	
24. Jul			No releases scheduled					

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.37	0.5	0.3
EUR/HUF	389.97	0.2	-0.5
EUR/PLN	4.27	-0.1	-0.2
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.91	0.0	0.0
EUR/USD	1.09	-0.3	-0.4

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.57	-1	-3
HUF	6.77	-2	-6
PLN	5.86	0	0
RON	5.80	0	-1
RSD	5.19	0	-3
EUR	3.69	-2	1

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.78	-6	-4
HU 10Y	6.48	3	7
PL 10Y	5.55	0	0
RO 10Y	6.74	-2	3
HR 10Y	3.32	0	4
SK 10Y	3.48	3	10

Group Research

Head of Group Research Friedrich Mostböck, CEFA®, CESGA®	+43 (0)5 0100 11902	GM Retail Products & Business Development Head: Martin Langer	+43 (0)50100 11313
CEE Macro/Fixed Income Research Head: Juraj Kotian (Macro/FI) Katarzyna Rzentarzewska (Fixed income) Jakub Cery (Fixed income)	+43 (0)5 0100 17357 +43 (0)5 0100 17356 +43 (0)5 0100 17384	Corporate Treasury Product Distribution AT Head: Martina Kranz-Carvell	+43 (0)5 0100 84147
Croatia/Serbia Alen Kovac (Head) Mate Jelić Ivana Rogic	+385 72 37 1383 +385 72 37 1443 +385 72 37 2419	Group Securities Markets Head: Thomas Einramhof	+43 (0)50100 84432
Czech Republic David Navratil (Head) Jiri Polansky Michal Skorepa	+420 956 765 439 +420 956 765 192 +420 956 765 172	Institutional Distribution Core Head: Jürgen Niemeier	+49 (0)30 8105800 5503
Hungary Orsolya Nyeste János Nagy	+361 268 4428 +361 272 5115	Institutional Distribution DACH+ Head: Marc Frieberthäuser Bernd Bollhof Andreas Goll Mathias Gindele Ulrich Inhofner Sven Kienzle Rene Klasen Christopher Lampe-Traupe Danijel Popovic Michael Schmotz Christoph Ungerböck Klaus Vosseler Slovakia Sarlota Šipulová Monika Směliková	+49 (0)711 810400 5540 +49 (0)30 8105800 5525 +49 (0)711 810400 5561 +49 (0)711 810400 5562 +43 (0)5 0100 85544 +49 (0)711 810400 5541 +49 (0)30 8105800 5521 +49 (0)30 8105800 5523 +49 1704144713 +43 (0)5 0100 85542 +43 (0)5 0100 85558 +49 (0)711 810400 5560 +421 2 4862 5619 +421 2 4862 5629
Romania Ciprian Dascalu (Head) Eugen Sinca Dorina Ilasco Vlad Nicolae Ionita	+40 3735 10108 +40 3735 10435 +40 3735 10436 +40 7867 15618	Institutional Distribution CEE & Insti AM CZ Head: Antun Burić Jaromir Malak	+385 (0)7237 2439 +43 (0)5 0100 84254
Slovakia Maria Valachyova (Head) Matej Hornak Marian Kocis	+421 2 4862 4185 +421 902 213 591 +421 904 677 274	Czech Republic Head: Ondrej Čech Milan Bartoš Jan Porvich Pavel Zdrichynec	+420 2 2499 5577 +420 2 2499 5562 +420 2 2499 5566 +420 2 2499 5590
Major Markets & Credit Research Head: Gudrun Egger, CEFA® Ralf Burchert, CEFA®, CESGA® (Sub-Sovereigns & Agencies) Hans Engel (Global Equities) Peter Kaufmann, CFA® (Corporate Bonds) Heiko Langer (Financials & Covered Bonds) Stephan Lingnau (Global Equities) Maximilian Mostl (Credit Analyst Austria) Carmen Riefler-Kowarsch (Financials & Covered Bonds) Rainer Singer (Euro, US) Bernadett Povaszai-Römhild, CEFA®, CESGA® (Corporate Bonds) Elena Stelov, CIAA® (Corporate Bonds) Gerald Walek, CFA® (Euro, CHF)	+43 (0)5 0100 11909 +43 (0)5 0100 16314 +43 (0)5 0100 19835 +43 (0)5 0100 11183 +43 (0)5 0100 85509 +43 (0)5 0100 16574 +43 (0)5 0100 17211 +43 (0)5 0100 19632 +43 (0)5 0100 17331 +43 (0)5 0100 17203 +43 (0)5 0100 19641 +43 (0)5 0100 16360	Institutional Asset Management Czech Republic Head: Petr Holeček Petra Maděrová Martin Peřina David Petráček Blanka Weinerová Petr Valenta Croatia Head: Antun Burić Zvonimir Tukač Ana Tunjić Natalija Zujic Hungary Head: Peter Csizmadia Balazs Papay Gábor Bálint Gergő Szabo Romania Head: Octavian Florin Munteanu	+420 956 765 453 +420 956 765 178 +420 956 765 106 +420 956 765 809 +420 956 765 317 +420 956 765 140 +385 (0)7237 2439 +385 (0)7237 1787 +385 (0)7237 2225 +385 (0)7237 1638 +36 1 237 8211 +36 1 237 8213 +36 1 237 8205 +36 1 237 8209 +40 746128914
CEE Equity Research Head: Henning Eiskuchen Daniel Lion, CIAA® (Technology, Ind. Goods&Services) Michael Marschallinger, CFA® Nora Nagy (Telecom) Christoph Schultes, MBA, CIAA® (Real Estate) Thomas Unger, CFA® (Banks, Insurance) Vladimira Urbankova, MBA (Pharma) Martina Valenta, MBA	+43 (0)5 0100 19634 +43 (0)5 0100 17420 +43 (0)5 0100 17906 +43 (0)5 0100 17416 +43 (0)5 0100 11523 +43 (0)5 0100 17344 +43 (0)5 0100 17343 +43 (0)5 0100 11913	Croatia/Serbia Mladen Dodig (Head) Boris Pevalek, CFA® Marko Plastic Matej Pretkovic Bruno Barbic Davor Spoljar, CFA® Magdalena Basic	+381 11 22 09178 +385 99 237 2201 +385 99 237 5191 +385 99 237 7519 +385 99 237 1041 +385 72 37 2825 +385 99 237 1407
Czech Republic Petr Bartek (Head, Utilities) Jan Bystřický	+420 956 765 227 +420 956 765 218	Group Institutional Equity Sales Head: Michal Řízek Werner Fürst Viktoria Kubalцова Thomas Schneidhofer Oliver Schuster Czech Republic Head: Michal Řízek Jiří Fereš Martin Havlan Pavel Krabička Poland Head: Jacek Jakub Langer Tomasz Galanciak Wojciech Wysocki Przemysław Nowosad Maciej Senderek Croatia Matija Tkalicanac Hungary Nandori Levente Krisztian Kandik Balasz Zankay Romania Valerian Ionescu	+420 224 995 537 +43 (0)50100 83121 +43 (0)5 0100 83124 +43 (0)5 0100 83120 +43 (0)5 0100 83119 +420 224 995 537 +420 224 995 554 +420 224 995 551 +420 224 995 411 +48 22 257 5711 +48 22 257 5715 +48 22 257 5714 +48 22 257 5712 +48 22 257 5713 +385 72 37 21 14 +36 1 23 55 141 +36 1 23 55 162 +36 1 23 55 156
Poland Cezary Bernatek (Head) Piotr Bogusz Łukasz Jańczak Krzysztof Kawa, CIAA® Jakub Szkopek	+48 22 257 5751 +48 22 257 5755 +48 22 257 5754 +48 22 257 5752 +48 22 257 5753	Romania Caius Rapanu	+40 3735 10441
Group Markets		Group Fixed Income Securities Markets Head: Goran Hobljaj	+43 (0)50100 84403
Head of Group Markets Oswald Huber	+43 (0)5 0100 84901	Fixed Income Flow Sales Head: Gorjan Hobljaj Margit Hrasček Christian Kiensberger Ciprian Mitu Bernad Thaler Zsuzsanna Toth Poland Pawel Kielek Michał Jamakowicz	+43 (0)5 0100 84403 +43 (0)5 0100 84117 +43 (0)5 0100 84323 +43 (0)5 0100 85612 +43 (0)5 0100 84119 +36 1 237 8209 +48 22 538 6223 +43 50100 85611
Group Markets Retail and Agency Business Head: Christian Reiss	+43 (0)5 0100 84012	Fixed Income Flow Trading Head: Gorjan Hobljaj	+43 (0)5 0100 84403
Markets Retail Sales AT Head: Markus Kaller	+43 (0)5 0100 84239	Group Fixed Income Securities Trading Head: Goran Hobljaj	+43 (0)50100 84403
Group Markets Execution Head: Kurt Gerhold	+43 (0)5 0100 84232	Group Equity Trading & Structuring Head: Ronald Nemeč	+43 (0)50100 83011
Retail & Sparkassen Sales Head: Uwe Kolar	+43 (0)5 0100 83214	Business Support Bettina Mahoric	+43 (0)50100 86441
Markets Retail Sales CZ Head: Roman Choc	+420 956 765 374		
Markets Retail Sales HUN Head: Peter Kishazi	+36 1 23 55 853		

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