

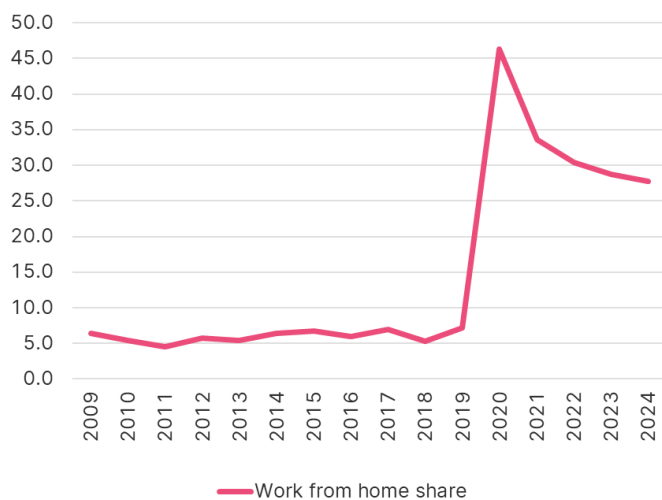
CEE MACRO AND FI DAILY

# Hybrid work arrangements have become the standard

## On the Radar

- Romanian central bank lowered the key interest rate by 25 basis points to 6.5% on Wednesday.
- Inflation rate in Hungary landed at 4.1% y/y.
- Today, at noon CET, Serbian central bank will announce interest rate decision.

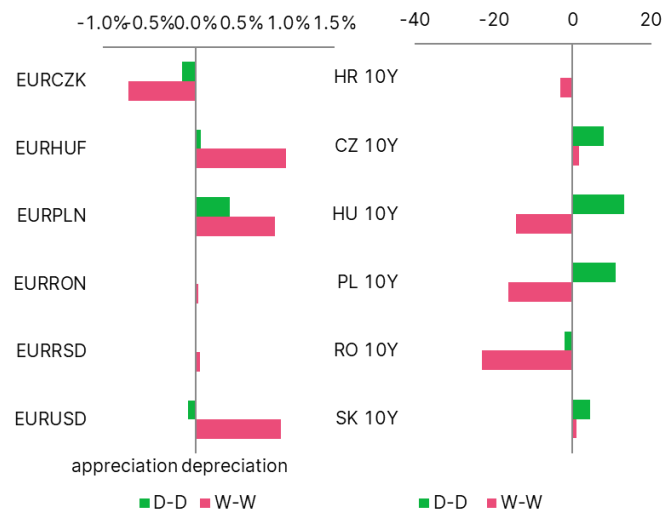
## Share of work from home, % of full paid working days in the US Economic developments



The pandemic outbreak resulted in tremendous changes of work arrangements that increased the flexibility on the labor market. As of 2023, roughly one-fourth of employees had hybrid work arrangements and another 7.9% worked fully from home. Although these results are based on US data, we believe that similar changes took place across Europe and work from home became a permanent arrangement for many employers. The cross-country data show that while the number of desired full workdays at home oscillates between 1.5 and 2 days, employees are offered mostly up to 1 day work from home. Hybrid or fully remote work is industry-dependent, however. While almost 70% of full-time workers in information or finance and insurance enjoy hybrid or fully remote work arrangements, the opposite is true for hospitality and the food industry. We see flexible work arrangements as an incentive to remain active on the labor market for longer.

Source: Erste Group Research

## Market performance



Source: Erste Group Research

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## Market developments

The National Bank of Romania decided to cut the interest rates by 25bp. We maintain our view that the monetary policy rate will reach 6.00% by year-end with 25bp cuts at each of the two remaining meetings this year. We do not exclude, however, the possibility of only one cut this year if inflation surprises to the upside. Political noise, as we are heading into year-end general and presidential elections might also determine the NBR to be more cautious. Today, Serbian central bank holds a rate setting meeting and we expect another 25 basis points cut to 5.75% and see the key rate at 5.25% at the end of the year. On the FX market little has changed in the case of EURCZK and EURHUF. The Polish zloty weakened against the euro on Wednesday and EURPLN moved up to 4.32. On the bond market, the free fall of long-term yields seen at the end of the previous week came to an end and long-term interest rates began to rise across the region.

## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
08. Aug	08:30	HU	CPI (y/y)	Jul		4.20%	3.70%
	08:30	HU	CPI (m/m)	Jul		0.70%	
	12:00	RS	Central Bank Rate	Aug 24		5.75%	6.00%
09. Aug	08:00	RO	Trade Balance	Jun			-2971.80
	09:00	SK	Trade Balance	Jun		340.00	367.00
	09:00	SK	Industrial Production (y/y)	Jun		0.00%	0.10%
	10:30	SI	Industrial Production (y/y)	Jun			-5.00%

### FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.22	-0.1	-0.7
EUR/HUF	397.61	0.1	1.0
EUR/PLN	4.32	0.4	0.9
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.91	0.0	0.0
EUR/USD	1.09	-0.1	0.9

### 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.43	0	-9
HUF	6.53	0	-3
PLN	5.85	0	-1
RON	5.80	0	0
RSD	5.18	0	0
EUR	3.57	5	-8

### 10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.74	8	2
HU 10Y	6.06	13	-14
PL 10Y	5.17	11	-16
RO 10Y	6.52	-2	-23
HR 10Y	3.21	0	-3
SK 10Y	3.32	4	1

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