

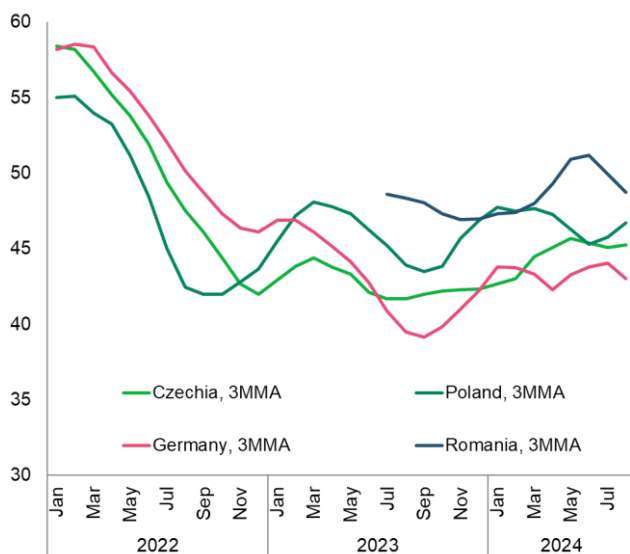
CEE MACRO AND FI DAILY

PMIs improve in August, but remain in contraction territory

On the Radar

- Industrial output grew by 1.7% y/y in Croatia in July.
- In Serbia, 2Q24 final GDP reading landed at 4.0% with private consumption accelerating by 4.8% year-on-year.
- In Romania PPI Index arrived at 2.6% y/y
- In Hungary the 2Q24 GDP was confirmed at 1.5% y/y (-0.2% q/q) driven by private consumption (up by 4.2% y/y).

Manufacturing PMI Indices

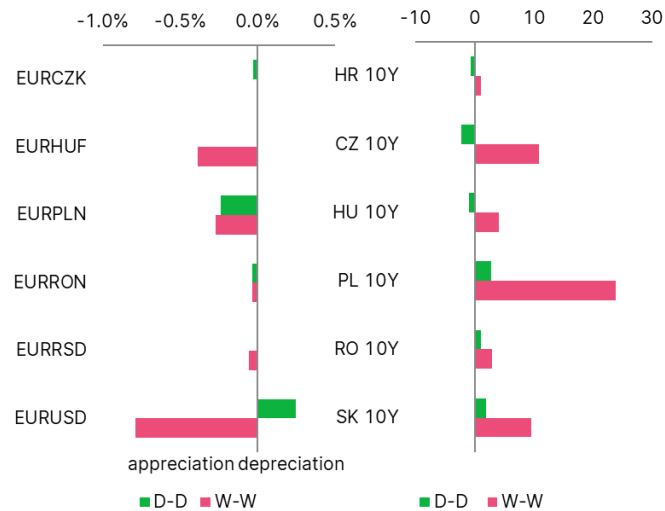


Source: Erste Group Research

Economic developments

Although the manufacturing PMI indices remain below the threshold of 50 in all CEE countries, August brought an improvement in market sentiment in Czechia, Poland, and Romania as the PMIs inched toward 46.7, 47.8, and 48.4, respectively. Moreover, the manufacturing PMI in Czechia reached the highest level in two years, which we see as encouraging. Such developments come in contrast with Germany, where the manufacturing PMI dropped further in August to 42.4, reflecting underlying structural weaknesses of the entire sector. The PMI index in Hungary arrived at 47.6 but, due to different methodology, cannot be directly compared with other CEE countries. It is also worth noticing that the improvement of PMIs is in line with better sentiment in the industry sector, according to the Economic Sentiment Indicator surveys. The assessment of the situation has also improved further in the two months of the third quarter, and it is almost as good as it was at the beginning of 2023. The composite Economic Sentiment Indicator has also increased in most of the region.

Market performance



Source: Erste Group Research

Analyst:

Juraj Kotian
+43 (0)5 0100 17357
juraj.kotian@erstegroup.com

Analyst:

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

Market developments

Hungary opened the books on a Samurai bond sale in four parts. The sale follows the announcement that EUR 500 million could still be sold in the autumn of 2024, despite Hungary getting close to the limit of the share of foreign-denominated bonds in total debt, which is set at 30%. In Czechia, the year-to-date budget deficit narrowed to CZK 175.8 billion, the lowest in roughly five years. Romania sold 2027 and 2032 bonds worth RON 495.2 million and RON 450 million, respectively, on Monday. The amount sold was below the targeted one. In Poland, the central bank began its two-day rate-setting meeting, with the interest rate decision due Wednesday. Both the FX market and CEE bond market were stable on Monday.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
03. Sep	08:00	RO	PPI (y/y)	Jul			1.1%
	08:30	HU	GDP (q/q)	2Q F			-0.2%
	08:30	HU	GDP (y/y)	2Q F		0.0%	1.5%
	09:00	CZ	Wages (y/y)	2Q	4.23%	4.2%	4.8%
04. Sep		PL	Central Bank Rate	Sep 24	5.75%		5.8%
	10:30	SI	Trade Balance	Jul			-64.0%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.01	0.0	0.0
EUR/HUF	392.52	0.0	-0.4
EUR/PLN	4.27	-0.2	-0.3
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.91	0.0	-0.1
EUR/USD	1.11	0.2	-0.8

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.36	0	-4
HUF	6.51	0	-2
PLN	5.85	0	0
RON	5.56	-1	-1
RSD	5.15	0	-1
EUR	3.47	-2	-5

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.85	-2	11
HU 10Y	6.15	-1	4
PL 10Y	5.47	3	24
RO 10Y	6.67	1	3
HR 10Y	3.37	-1	1
SK 10Y	3.38	2	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 Kranzl-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 Navrátil (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 Klagen Christopher Lampe-Traupe Danijel Popovic Michael Schmotz Christoph Ungerböck Klaus Vosseler	+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
Romania Ciprian Dascalu (Head) Eugen Sinca Dorina Ilasco Vlad Nicolae Ionita	+40 3735 10108 +40 3735 10435 +40 3735 10436 +40 7867 15618	Slovakia Šarlota Šipulová Monika Směliková	+421 2 4862 5619 +421 2 4862 5629
Slovakia Maria Valachyova (Head) Matej Hornak Marian Kocis	+421 2 4862 4185 +421 902 213 591 +421 904 677 274	Institutional Distribution CEE & Insti AM CZ Head: Antun Burić Jaromir Malak	+385 (0)7237 2439 +43 (0)5 0100 84254
Major Markets & Credit Research Head: Rainer Singer Ralf Burchert, CEFA®, CESGA® (Sub-Sovereigns & Agencies) Hans Engel (Global Equities) Maurice Jiszda, CEFA®, CFDS® (USA, CHF) Peter Kaufmann, CFA® (Corporate Bonds) Heiko Langer (Financials & Covered Bonds) Stephan Lingnau (Global Equities) Maximilian Mösti (Credit Analyst Austria) Carmen Riefler-Kowarsch (Financials & Covered Bonds) Bernadett Povaszal-Römhild, CEFA®, CESGA® (Corporate Bonds) Elena Statelov, CIAA® (Corporate Bonds) Gerald Waiek, CFA® (Eurozone)	+43 (0)5 0100 17331 +43 (0)5 0100 16314 +43 (0)5 0100 19835 +43 (0)5 0100 19630 +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 17203 +43 (0)5 0100 19641 +43 (0)5 0100 16300	Czech Republic Head: Ondřej Čech Milan Bartoš Jan Porvich Pavel Zdichynec	+420 2 2499 5577 +420 2 2499 5562 +420 2 2499 5566 +420 2 2499 5590
CEE Equity Research Head: Henning EBkuchen, CESGA® 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	Institutional Asset Management Czech Republic Head: Petr Holeček Petra Maděrová Martin Peřina David Petráček Blanka Weinerová Petř Valenta Croatia Head: Antun Burić Zvonimir Tukač Ana Tunjić Natalija Zujic Hungary Head: Peter Csizmadia Gábor Bálint Balázs Papay Gergő Szabo Romania Head: Cristian Vasile Pascu	+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 8205 +36 1 237 8213 +36 1 237 8209 +40 373 511 695
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	Group Institutional Equity Sales Head: Michal Řízek Werner Fürst Viktoria Kubalcova Thomas Schneidhofer Oliver Schuster Czech Republic Head: Michal Řízek Jiří Fereš Martin Havian 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 +40 3735 16541
Czech Republic Petr Bartek (Head, Utilities) Jan Bystřický	+420 956 765 227 +420 956 765 218	Group Fixed Income Securities Markets Head: Goran Hobljaj	+43 (0)50100 84403
Hungary József Miró (Head) András Nagy Tamás Pletser, CFA® (Oil & Gas)	+361 235 5131 +361 235 5132 +361 235 5135	Fixed Income Flow Sales Head: Gorjan Hobljaj Margit Hrasček Christian Kienesberger Ciprian Mitu Bernd Thaler Zsuzsanna Toth Poland Pawel Kielek Michal Jarmakowicz	+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
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	Fixed Income Flow Trading Head: Gorjan Hobljaj	+43 (0)5 0100 84403
Romania Caius Rapanu	+40 3735 10441	Group Fixed Income Securities Trading Head: Goran Hobljaj	+43 (0)50100 84403
Group Markets		Group Equity Trading & Structuring Head: Ronald Nemeč	+43 (0)50100 83011
Head of Group Markets Oswald Huber	+43 (0)5 0100 84901	Business Support Bettina Mahoric	+43 (0)50100 86441
Group Markets Retail and Agency Business Head: Christian Reiss	+43 (0)5 0100 84012		
Markets Retail Sales AT Head: Markus Kaller	+43 (0)5 0100 84239		
Group Markets Execution Head: Kurt Gerhold	+43 (0)5 0100 84232		
Retail & Sparkassen Sales Head: Uwe Kolar	+43 (0)5 0100 83214		
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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