

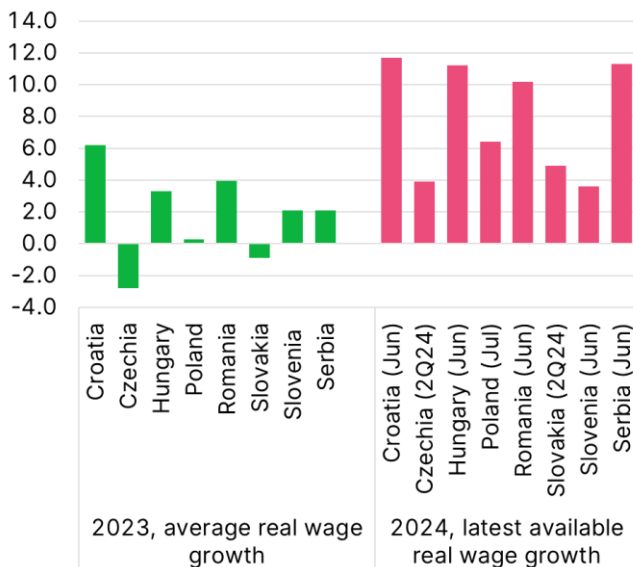
CEE MACRO AND FI DAILY

Real wages keep growing, but the pace starts to slow down

On the Radar

- Today, Polish central bank holds a rate setting meeting. We expect no change in the key policy rate.
- Slovenia will publish trade balance at 10.30 AM CET.
- Otherwise, there are no other releases scheduled for today.

Real wage growth, %

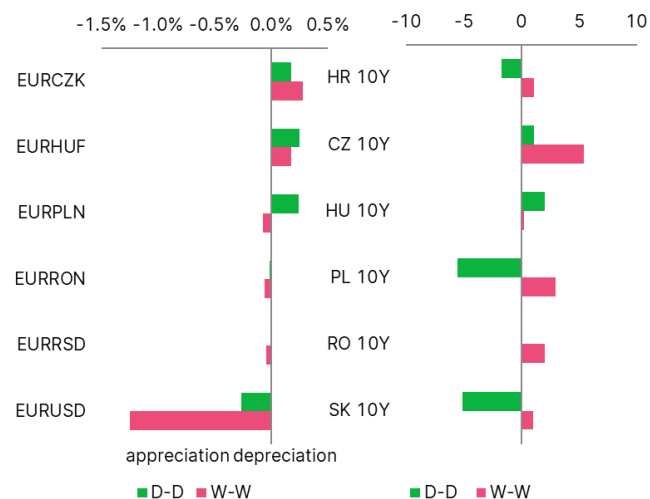


Source: Erste Group Research

Economic developments

Today, we are analyzing the development of real wage growth. Most recently, Czechia and Slovakia published their real wage growth for the second quarter of 2024, and in both countries, the growth dynamics eased slightly compared to the beginning of the year. This is particularly important in the case of Czechia, where wage development was stressed as an important factor in decision-making by the central bank. The fact that real wage growth eased to 3.9% in 2Q24 from 5.0% in 1Q24 supports the monetary easing scenario so that the key policy rate is below 4% at the end of the year. As for other countries, real wage growth remains in double digits in Croatia, Hungary, Romania, and Serbia. In Poland, the recent increase in inflation, as well as lower growth dynamics of nominal wages, pushed real wage growth down to 6.0% year on year in July. Nevertheless, solid real wage growth is reflected in the private consumption development that remained a key driver of growth in the second quarter.

Market performance



Source: Erste Group Research

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Market developments

Today, the Polish central bank is holding a rate-setting meeting, and we do not expect any change in the key policy rate. However, it will be interesting to hear whether the fiscal plans for 2025 and the no-consolidation scenario will have any impact on Monetary Policy Council decisions. Fiscal easing will be inflationary in nature. At this point, we expect monetary easing to begin in the course of 2025 in Poland. Romania will make attempts to limit expenditures until the end of 2024 amid rising budget deficits. It also plans fiscal pardons to raise some revenues. The Hungarian central bank issued a warning about the negative impact of the drought on third-quarter GDP. Since the beginning of the week, CEE currencies have been strengthening against the euro, while long-term yields have declined.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
04. Sep		PL	Central Bank Rate	Sep 24	5.75%		5.8%
	10:30	SI	Trade Balance	Jul			-64.0%
05. Sep	08:00	RO	Retail Sales (y/y)	Jul		10.00%	10.0%
	08:30	HU	Retail Sales (y/y)	Jul		2.9%	2.6%
	09:00	SK	Retail Sales (y/y)	Jul		4.5%	1.1%
	09:00	SK	GDP (y/y)	2Q F		1.9%	1.9%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.06	0.2	0.3
EUR/HUF	393.50	0.2	0.2
EUR/PLN	4.28	0.2	-0.1
EUR/RON	4.97	0.0	-0.1
EUR/RSD	116.91	0.0	0.0
EUR/USD	1.10	-0.3	-1.3

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.36	0	-2
HUF	6.50	-1	-2
PLN	5.85	0	0
RON	5.55	-1	-3
RSD	5.15	0	-1
EUR	3.46	-1	-6

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.86	1	5
HU 10Y	6.17	2	0
PL 10Y	5.41	-6	3
RO 10Y	6.67	0	2
HR 10Y	3.36	-2	1
SK 10Y	3.33	-5	1

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