

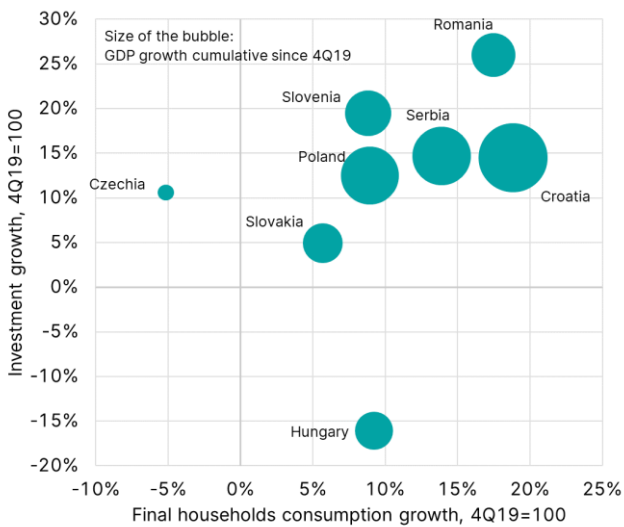
CEE MACRO AND FI DAILY

Czechia and Hungary suffer from unbalanced recovery

On the Radar

- In Slovenia, industrial production grew marginally by 0.3% y/y in July.
- In Croatia, tourism arrivals declined by -2.0% y/y in July.
- In Romania, August's inflation eased to 5.1% y/y.
- In the afternoon, the Hungarian central bank will publish minutes from the last rate setting meeting.

GDP, consumption and investment growth since pandemic, percent change 4Q19=100

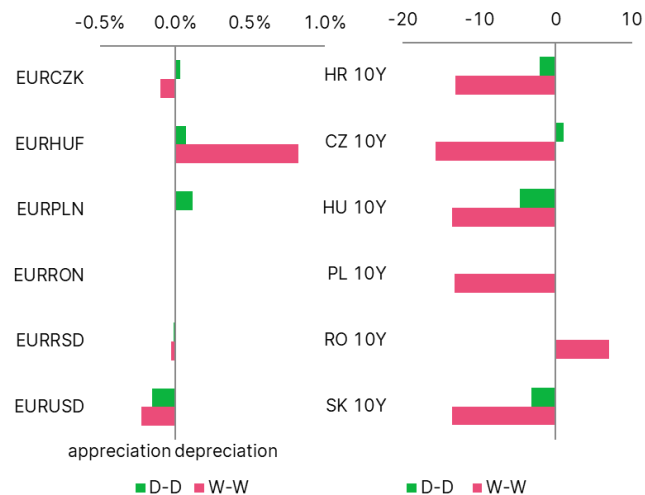


Source: Erste Group Research

Economic developments

In most of the CEE countries, the post-pandemic recovery has been balanced, i.e. both consumption and investment grew compared to 4Q19. Czechia and Hungary are the two exceptions, however. In Czechia, private consumption is roughly 5% lower compared to the pre-pandemic level, as Czechia experienced the biggest loss of purchasing power over the last couple of years. In other words, since 2019, cumulative growth of compensation was much lower compared to the inflation change in Czechia. In Hungary, on the other hand, investment growth lagged behind (what we also touched upon in Tuesday's CEE Daily), roughly 15% lower compared to 4Q19. In other CEE countries, both consumption and investment growth were positive. Slovakia posted the lowest dynamics of both, while Romania leads. Croatia also posted very dynamic growth of consumption (higher than Romania).

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

The Hungarian central bank will publish minutes from the last rate setting meeting. In August, the key interest rate was kept stable. The August's inflation eased however 3.4% that should support further monetary easing. We expect key policy rate to be lowered to 6.25% at the end of the year (that is another 50 basis points). In Czechia, the central banker Zamrazilova said she sees no reason to stop monetary easing, but the Board needs to remain cautious and avoid bigger moves. On the bond market we see yields moving south ahead of the ECB meeting (and the FOMC meeting scheduled for September 18th). On the FX market, the Polish zloty has been slightly stronger against the euro this week, while the Czech koruna and the Hungarian forint on the contrary.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
11. Sep	08:00	RO	CPI (y/y)	Aug	4.99%	5.10%	5.42%
	08:00	RO	CPI (m/m)	Aug		0.24%	0.60%
12. Sep	08:00	RO	Wages (y/y)	Jul			12.52%
	09:00	SK	Wages (y/y)	Jul			4.30%
	12:00	RS	CPI (y/y)	Aug		4.20%	4.30%
	12:00	RS	CPI (m/m)	Aug			0.40%
	12:00	RS	Central Bank Rate	Sep 24		5.75%	6.00%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.03	0.0	-0.1
EUR/HUF	396.73	0.1	0.8
EUR/PLN	4.28	0.1	0.0
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.88	0.0	0.0
EUR/USD	1.10	-0.2	-0.2

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.33	1	-3
HUF	6.49	0	-1
PLN	5.86	0	1
RON	5.55	0	0
RSD	5.15	0	0
EUR	3.46	0	0

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.70	1	-16
HU 10Y	6.04	-5	-14
PL 10Y	5.28	0	-13
RO 10Y	6.74	0	7
HR 10Y	3.22	-2	-13
SK 10Y	3.20	-3	-14

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 Bernad Bolthof 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 Ilaşco 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®, CESA® (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®, CESA® (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: Ondrej 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, CESA® 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 Bernad 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		

Disclaimer

This publication was prepared by Erste Group Bank AG or any of its consolidated subsidiaries (together with consolidated subsidiaries "Erste Group") independently and objectively as general information. This publication serves interested investors as additional source of information and provides general information, information about product features or macroeconomic information without emphasizing product selling marketing statements. This publication does not constitute a marketing communication pursuant to Art. 36 (2) delegated Regulation (EU) 2017/565 as no direct buying incentives were included in this publication, which is of information character. This publication provides only other information without making any comment, value judgement or suggestion on its relevance to decisions which an investor may make and is therefore also no recommendation. Thus this publication does not constitute investment research pursuant to Art. 36 (1) delegated Regulation (EU) 2017/565. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and it is not subject to the prohibition on dealing ahead of the dissemination of investment research. The information only serves as non-binding and additional information and is based on the level of knowledge of the person in charge of drawing up the information on the respective date of its preparation. The content of the publication can be changed at any time without notice. This publication does not constitute or form part of, and should not be construed as, an offer, recommendation or invitation for a transaction in any financial instrument or connected financial instruments, and neither this publication nor anything contained herein shall form the basis of or be relied on in connection with or act as an inducement to enter into any contract or inclusion of a financial or connected financial instrument in a trading strategy. Information provided in this publication is based on publicly available sources which Erste Group considers as reliable, however, without verifying any such information by independent third persons. While all reasonable care has been taken to ensure that the facts stated herein are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, Erste Group (including its representatives and employees) neither expressly nor tacitly makes any guarantee as to or assumes any liability for the up-to-dateness, completeness and correctness of the content of this publication. Erste Group may provide hyperlinks to websites of entities mentioned in this document, however the inclusion of a link does not imply that Erste Group endorses, recommends or approves any material on the linked page or accessible from it. Neither a company of Erste Group nor any of its respective managing directors, supervisory board members, executive board members, directors, officers or other employees shall be in any way liable for any costs, losses or damages (including subsequent damages, indirect damages and loss of profit) howsoever arising from the use of or reliance on this publication. Any opinion, estimate or projection expressed in this publication reflects the current judgment of the author(s) on the date of publication of this document and does not necessarily reflect the opinions of Erste Group. They are subject to change without prior notice. Erste Group has no obligation to update, modify or amend this publication or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. The past performance of a financial or connected financial instrument is not indicative for future results. No assurance can be given that any financial instrument or connected financial instrument or issuer described herein would yield favorable investment results or that particular price levels may be reached. Forecasts in this publication are based on assumptions which are supported by objective data. However, the used forecasts are not indicative for future performance of financial instruments incl. connected financial instruments. Erste Group, principals or employees may have a long or short position or may transact in financial instrument(s) incl. connected financial instruments referred to herein or may trade in such financial instruments with other customers on a principal basis. Erste Group may act as a market maker in financial instruments, connected financial instruments or companies resp. issuers discussed herein and may also perform or seek to perform investment services for those companies resp. issuers. Erste Group may act upon or use the information or conclusion contained in this publication before it is distributed to other persons. This publication is subject to the copyright of Erste Group and may not be copied, distributed or partially or in total provided or transmitted to unauthorized recipients. By accepting this publication, a recipient hereof agrees to be bound by the foregoing restrictions.

Erste Group is not registered or certified as a credit agency in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the Credit Rating Agencies Regulation). Any assessment of the issuers creditworthiness does not represent a credit rating pursuant to the Credit Rating Agencies Regulation. Interpretations and analysis of the current or future development of credit ratings are based upon existing credit rating documents only and shall not be considered as a credit rating itself.

© Erste Group Bank AG 2024. All rights reserved.

Published by:

Erste Group Bank AG
Group Research
1100 Vienna, Austria, Am Belvedere 1
Head Office: Wien
Commercial Register No: FN 33209m
Commercial Court of Vienna

Erste Group Homepage: www.erstegroup.com