

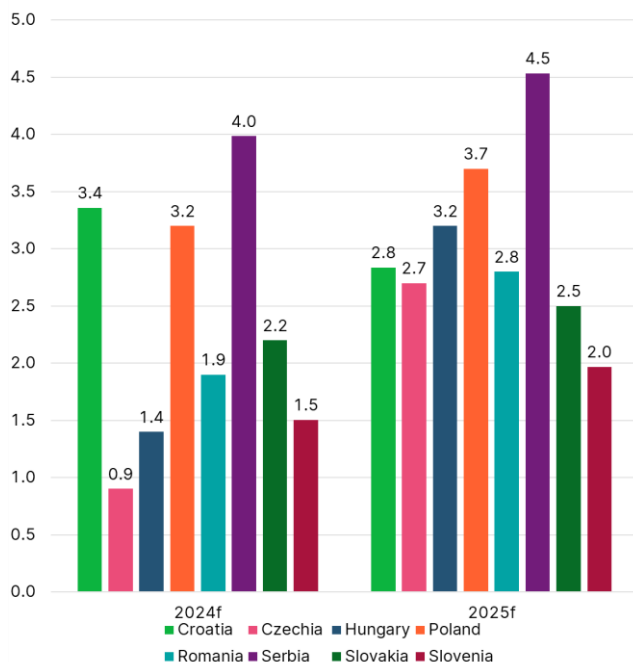
CEE MACRO AND FI DAILY

# Germany's underperformance is sneaking into CEE

## On the Radar

- Lorem Net wage growth in Romania accelerated to 14.8% y/y in July in nominal terms.
- Today at noon, Serbia will publish inflation rate in August and interest rate decision.

## GDP forecast, percent

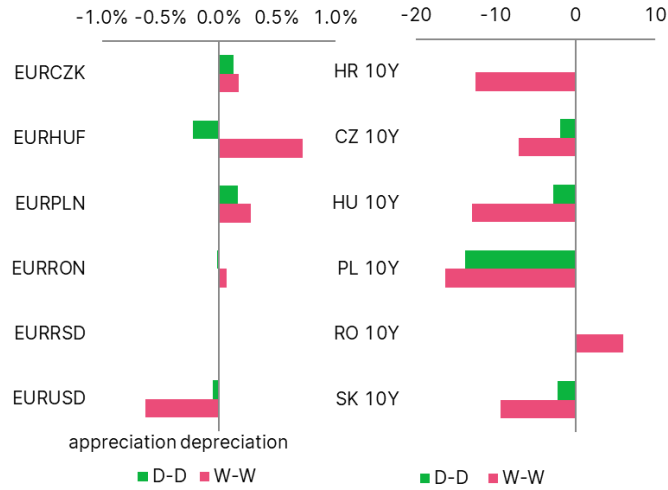


Source: Erste Group Research

## Economic developments

In the new CEE Macro Outlook [Germany's underperformance is sneaking into CEE](#) we revised the 2024 growth forecast down in several countries. There are growing risks that 2025 will also be weaker than expected. In Czechia, the revision is marginal (from 1% to 0.9% in 2024), while in Hungary, Romania and Slovenia, revision is more extensive, reflecting the size of the 2Q24 GDP growth surprise. In Hungary, 2024 growth forecast sits at 1.4% (down from 2%), in Romania we reduced our expectations to 1.9% (from 2.6%), while in Slovenia to 1.5%. Serbia and Croatia are on track, as real wage growth is strong, and these two countries will grow the most dynamic in 2024. Poland surprised to the upside, and we fine-tuned 2024 Polish GDP to 3.2%. As far as the outlook is concerned there are some clouds, however. Germany's weakness is sneaking into CEE and we touch upon recent development in Germany as well. Average inflation is expected to ease further in 2025, and monetary easing should continue in all CEE countries next year.

## Market performance



Source: Erste Group Research

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## Market developments

Today, the Serbian central bank holds a rate setting meeting. We expect a 25 basis points interest rate cut to 5.75% as inflation should fall toward the tolerance band in August. The Serbia's central bank decision will come shortly before the ECB announcement on the interest rate that is scheduled on Thursday afternoon. It is expected that the ECB will almost certainly make its next interest rate cut of 25 basis points today. The Czech koruna and the Hungarian forint remain weaker against the euro this week, while EURPLN moved up to 4.28. Long-term yields have moved down ahead of the ECB meeting. Poland successfully placed bonds maturing between 2027 and 2036. The total supply reached PLN 8 billion. Romania announced plans to tap Japanese market and place Samurai bonds in the fourth quarter.

## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
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%
13. Sep		RO	Current Account Balance (monthly)	Jul			-12176.00
	08:00	RO	Industrial Production (y/y)	Jul		-0.50%	0.50%
	09:00	SK	CPI (y/y)	Aug		2.90%	2.60%
	09:00	SK	CPI (m/m)	Aug		0.30%	0.30%
	10:00	PL	CPI (y/y)	Aug F			4.30%
	10:00	PL	CPI (m/m)	Aug F			0.10%
	14:00	PL	Trade Balance	Jul	-72750.00%		-191.00

## FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.06	0.1	0.2
EUR/HUF	395.85	-0.2	0.7
EUR/PLN	4.28	0.2	0.3
EUR/RON	4.97	0.0	0.1
EUR/RSD	116.88	0.0	0.0
EUR/USD	1.10	-0.1	-0.6

## 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.33	0	-2
HUF	6.49	0	-1
PLN	5.85	-1	-2
RON	5.55	0	0
RSD	5.15	0	0
EUR	3.47	1	2

## 10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.68	-2	-7
HU 10Y	6.01	-3	-13
PL 10Y	5.14	-14	-16
RO 10Y	6.74	0	6
HR 10Y	3.22	0	-13
SK 10Y	3.17	-2	-9

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