

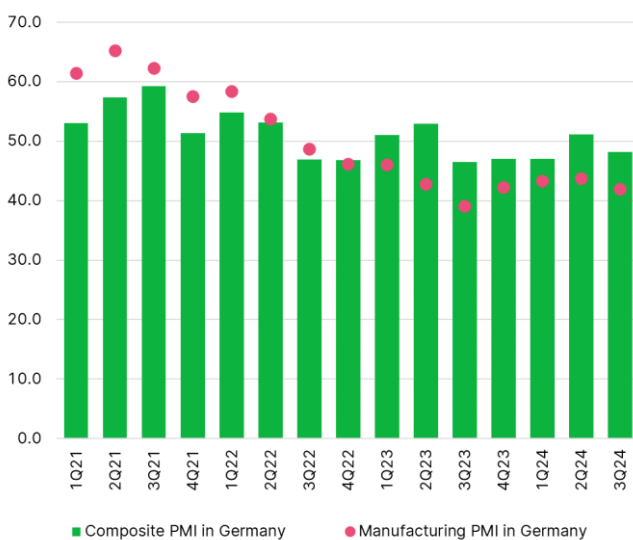
CEE MACRO AND FI DAILY

PMIs disappoint in Germany and Eurozone

On the Radar

- Real retail sales in Poland grew 3.2% y/y in August.
- Today at 10 AM CET, Poland will release unemployment rate.
- In the afternoon, Hungarian central bank holds a rate setting meeting and we expect rate cut.

PMI Index in Germany

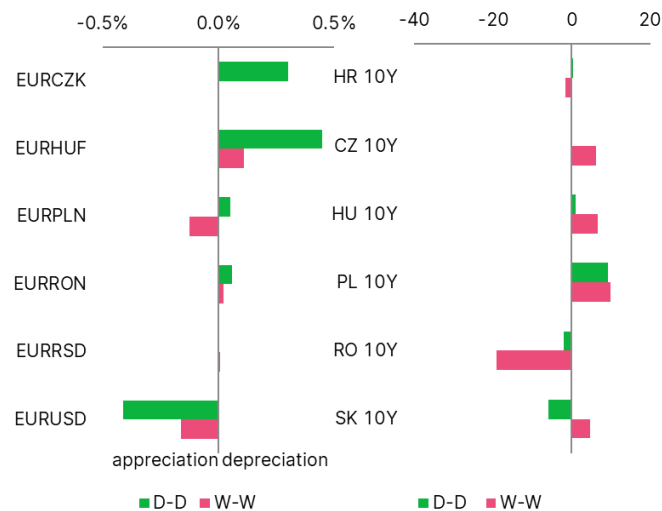


Source: Erste Group Research

Economic developments

Flash PMI indices in Germany and in the whole Eurozone dropped and surprised to the downside in August. Moreover, the Composite PMI Index was below the threshold of 50 both in Germany and in the whole Eurozone, meaning the economies are in a contraction zone. As far as Eurozone is concerned, it seems that the positive momentum from the Olympics disappeared. Such a steep drop of Composite PMI Index in Eurozone seems to be mainly driven by a sharp decline in services' sentiment in France. Also, the manufacturing sector remains problematic. The Manufacturing PMI index in the Eurozone is in the recession zone already for the twenty-seventh months while in Germany it is at the lowest level (40.3) in one year. The continued declines in both domestic and export orders do not indicate an improvement in the near term. Moreover, expectations about the future continue to fall as well. The underlying weakness of industry sector in Germany is already visible in the region. Most recently, Poland published industrial output growth in August that was disappointing and reflects the underperformance of German economy.

Market performance



Source: Erste Group Research

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Market developments

In Hungary, the central bank took a pause in August, but after the ECB and the FOMC meetings, we expect another 25bp rate reduction to 6.5% on today's meeting. August's headline inflation surprised to the downside and the inflation outlook has not really changed. Further, new inflation and growth projections will be published by the Hungarian central bank. The Hungarian forint began the week slightly weaker against the euro and similar development could have been observed on the Czech FX market. In Poland, the MPC member Kotecki sustains his view that the first moment to discuss monetary easing in Poland will be March 2025 when central bankers get to see the inflation and growth projection. The long-term yields moved down at the beginning of this week. Romania held a successful bond auction of local government papers on Monday selling more than planned of 2031 bonds.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
24. Sep	10:00	PL	Unemployment Rate	Aug	5.00%		5.0%
	14:00	HU	Central Bank Rate	Sep 24	6.50%	6.50%	6.8%
25. Sep	08:30	HU	Current Account Balance (quarterly)	2Q	1832.67	1832.00	1859.80
	12:00	RS	Wages (y/y)	Jul			8.0%
	14:30	CZ	Central Bank Rate	Sep 24	4.25%	4.25%	4.5%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.10	0.3	0.0
EUR/HUF	394.51	0.4	0.1
EUR/PLN	4.27	0.1	-0.1
EUR/RON	4.97	0.1	0.0
EUR/RSD	116.94	0.0	0.0
EUR/USD	1.11	-0.4	-0.2

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.28	-1	-4
HUF	6.43	-1	-4
PLN	5.85	0	0
RON	5.55	0	0
RSD	4.94	0	-3
EUR	3.43	0	-6

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.75	0	6
HU 10Y	6.09	1	7
PL 10Y	5.37	9	10
RO 10Y	6.65	-2	-19
HR 10Y	3.18	0	-2
SK 10Y	3.23	-6	5

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