

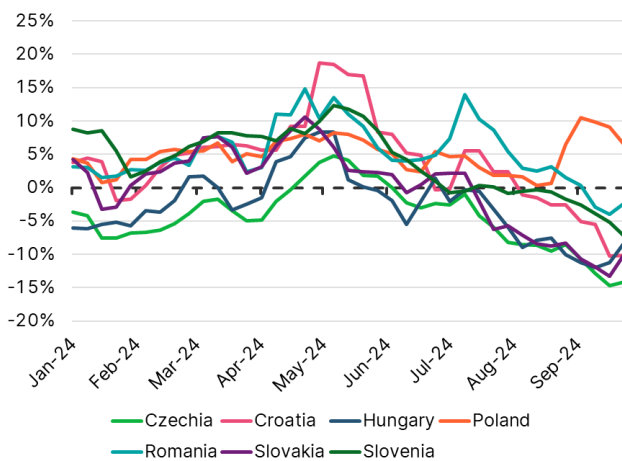
CEE MACRO AND FI DAILY

Fuel prices might have reached a temporary bottom

On the Radar

- Yesterday, the National bank of Poland kept the policy rate unchanged at 5.75%.
- There are no other releases today.

NAT95 EUR price change, % y/y

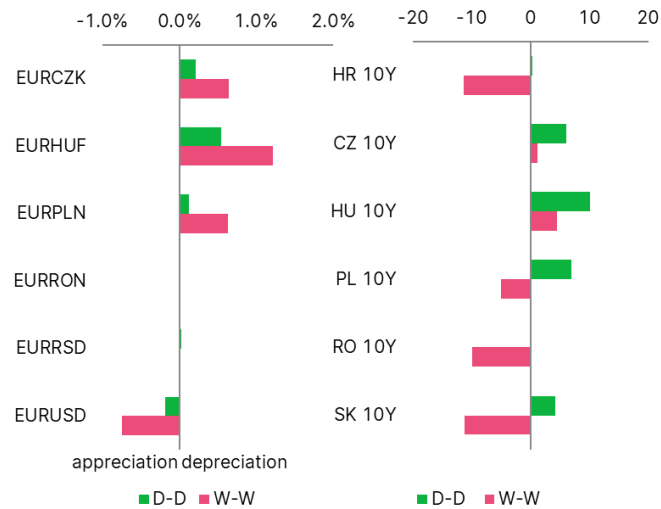


Source: Erste Group Research

Economic developments

Since mid-summer, drivers in CEE have experienced a consistent decline in fuel costs at gas stations. Among all CEE countries, nearly all report an annual decrease in NAT95 prices when converted to euros. Poland is the sole exception due to the base effect, as Orlen temporarily reduced their fuel prices exactly a year ago, diverging from the peers in CEE. The current decline is primarily attributed to the drop in oil prices, with Brent oil decreasing from \$88 per barrel in July to \$70 at the beginning of September. However, recent tensions in the Middle East have exerted upward pressure on oil. Since the end of last week, Brent oil has surged from around \$71 to \$76, in response to the escalating conflict between Israel, Iran, and Lebanon. While it is premature to assess the medium-term impact of the conflict on oil prices, we foresee an upside risk to higher prices at gas stations in CEE. Such a scenario would, in turn, exert upward pressure on inflation dynamics, which have so far benefited from declining fuel costs.

Market performance



Source: Erste Group Research

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Market developments

The escalation of the conflict in the Middle East has increased risk aversion in financial markets, negatively impacting CEE currencies. The Hungarian forint proved to be the most vulnerable, weakening towards the EURHUF 400 level. The central bank has already signalled to the market that they will be careful in their interest rate policy supported by tightening of liquidity in 2025. The Czech koruna also slightly weakened, while the Polish zloty remained relatively strong. The strength of the zloty was supported by the central bank's decision to keep rates unchanged. The NBP is the only central bank in the region that has not cut rates this year. Consequently, forward points on EURPLN have been rising (unlike EURHUF or EURCZK), providing more reward and cushion to investors going long on PLN.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.	
03. Oct			No releases scheduled					
04. Oct		RO	Central Bank Rate	Okt 24		6.25%	6.50%	
	08:30	HU	Industrial Production (y/y)	Aug		-3.70%	-6.40%	
	10:30	SI	Trade Balance	Aug			32.0%	

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.31	0.2	0.6
EUR/HUF	399.81	0.5	1.2
EUR/PLN	4.29	0.1	0.6
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.95	0.0	0.0
EUR/USD	1.10	-0.2	-0.7

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.18	-2	-9
HUF	6.30	-1	-5
PLN	5.84	-1	-1
RON	5.55	0	0
RSD	4.94	0	0
EUR	3.25	-1	-11

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.74	6	1
HU 10Y	6.12	10	4
PL 10Y	5.25	7	-5
RO 10Y	6.58	0	-10
HR 10Y	3.08	0	-11
SK 10Y	3.14	4	-11

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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

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