Global Strategy 4Q 2024

The third quarter was characterized by a fall in interest rate expectations in the US and also in the eurozone. This was driven by a slowdown in the US labor market and a eurozone economy that continued to disappoint. The decisive question for the markets in the fourth quarter will be the pace of interest rate cuts. In addition, the US elections certainly pose a risk, as does a possible escalation of the wars in Ukraine and the Middle East. However, we anticipate a predominantly positive trend on the markets.

Investment Strategy 4Q 2024:

Govt. bond yields	Dec. 2024
Germany (10Y)	2.50
USA (10J)	3.80

Currencies	Dec. 2024
EURUSD	1.13
EURCHF	0.95

Equity Performances		Dec. 2024
Global	↗	0%/ +5%
Europa	↗	0%/ +5%
USA	↗	0%/ +5%

Source: Erste Group Research

Prices as of
04.10.2024, 22:00

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Editor
Friedrich Mostböck, CEFA®, CESGA®
Head of Group Research

Note:
Our estimates are in absolute and not in relative terms. Bond yields and equity market returns in local currencies. Past performance is not a reliable indicator of future performance.

Economy

We expect growth in the eurozone to remain weak for the time being. The further deterioration in sentiment in industry in particular points in this direction in the short term. For 2025, we forecast a slight increase in growth momentum, as higher real household income and interest rate cuts should have a positive impact. By contrast, the US economy should slow down from a solid level, as the labor market will continue to weaken and thus reduce income growth. The already low savings rate is another factor pointing to weaker momentum in consumer spending. In both economic areas, the decreasing price pressure should be further confirmed.

Bonds

The ECB should cut interest rates by 25 basis points in October, which should be followed by a further rate cut of the same magnitude in December. We expect yields on German government bonds to rise, as we are forecasting a slight economic recovery in the eurozone. The market is currently pricing in a persistently weak economy. For the USA, we are forecasting two further interest rate cuts of 25 bp each by the end of the year. The long end of the US yield curve should remain in a volatile sideways trend, as the expectation of a soft landing for the US economy in the coming months will not change much and is already largely priced in. We see the greatest risk for a rise in yields in Donald Trump's election victory.

Currencies

A narrowing interest rate differential between the eurozone and the US suggests a further slight weakening of the dollar. However, Donald Trump's election victory also poses a risk here. We continue to take a positive view of gold, even if the strong performance of the third quarter should not be repeated. We expect the Swiss franc to weaken slightly in the fourth quarter.

Equities

Earnings growth for the companies in the global index should accelerate to +12.2% next year after +6.1% this year. All sectors should achieve profit increases, whereby the main component of growth in the overall index should be the profit increases of the large technology groups. These are benefiting from the strong demand for AI products and applications. Furthermore, stocks from the industrials, consumer staples and healthcare sectors, to name just the most important, are also attractively valued. We expect the global equity market index to perform positively in the fourth quarter.

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Global Strategy Team

Investment Strategy	Friedrich Mostböck, Rainer Singer
Economics	
USA	Maurice Jiszda
Eurozone	Gerald Walek
CEE	Juraj Kotian
Emerging Markets	Hans Engel, Stephan Lingnau, Gerald Walek
Currencies	
US-Dollar	Rainer Singer
Gold	Hans Engel
Swiss Franc	Maurice Jiszda
Bonds	
US	Maurice Jiszda
Germany	Maurice Jiszda
CEE	Juraj Kotian
EUR Corporate Bonds	Peter Kaufmann, Elena Statelov
Equities	
Global	Hans Engel, Stephan Lingnau
Europe	Stephan Lingnau
USA	Hans Engel
CEE	Henning Esskuchen
Real Estate	Christoph Schultes
Emerging Markets	Hans Engel, Stephan Lingnau

Email: firstname.lastname@erstegroup.com
Phone numbers: listed in the appendix.

Investment Strategy 4Q 2024

Yields		current	4Q24	1Q25	2Q25	3Q25
			Estimates			
10y. Govt. bonds	**Germany**	2.25	**2.50**	2.60	2.60	2.60
	Austria	2.76	**2.95**	3.00	2.95	2.90
	US	4.01	**3.80**	3.70	3.70	3.60
	CEE					
	Czech Republic	3.87	**3.70**	3.63	3.54	3.46
	Hungary	6.33	**6.29**	5.98	5.89	5.76
	Poland	5.32	**5.30**	5.20	5.00	4.90
	Romania	6.63	**6.80**	6.70	6.50	6.40

Source: Erste Group Research estimates

Currencies		current	4Q24	1Q25	2Q25	3Q25
			Estimates			
Global	**EURUSD**	1.10	**1.13**	1.14	1.14	1.15
	EURCHF	0.94	**0.95**	0.96	0.96	0.96
	Gold (USD)	2,327	**2,730**	2,850	2,940	3,040
CEE	**CZK**	25.31	**24.80**	24.52	24.44	24.40
	HUF	401.19	**395.00**	398.00	400.00	400.00
	PLN	4.31	**4.25**	4.30	4.30	4.20
	RON	4.97	**5.00**	5.02	5.05	5.07

Source: Erste Group Research estimates

Equities		Estimate 4Q 2024	min	max	FX
Global		↗	**0%**	**+5%**	USD
Regions	**Europe**	↗	**0%**	**+5%**	EUR
	USA	↗	**0%**	**+5%**	USD
	CEE	↗	**0%**	**+5%**	EUR
	Emerging Markets				
	Brazil	↗	0%	+5%	BRL
	India	↗	0%	+5%	INR
	China	↗	0%	+5%	USD
Sectors	Technology	↗	0%	+5%	USD
	Health Care	↗	0%	+5%	USD
	Financials	↗	0%	+5%	USD
	Telecom	↗	0%	+5%	USD
	Utilities	↗	0%	+5%	USD
	Industrials	↗	0%	+5%	USD
	Consumer Staples	↗	0%	+5%	USD
	Consumer Discretionary	↗	0%	+5%	USD
	Energy	↘	-5%	0%	USD
	Basic Materials	↘	-5%	0%	USD

Source: Erste Group Research estimates

Eurozone Economic Outlook

Leading indicators weaken again in 3Q

In 2Q 2024, growth momentum fell to 0.2% Q/Q from 0.3% Q/Q previously. A slightly negative contribution from Germany in particular weighed on the eurozone economy. In contrast, Spain once again recorded above-average growth of 0.8% Q/Q. Germany continues to suffer from structural problems and the ongoing weakness of the global industrial economy. At component level, foreign trade in particular made a significant positive contribution to growth in the eurozone in Q2. In contrast, consumption stagnated, although the real income situation of households continued to improve. The biggest burden on growth was investment, which suffered from the weak global industrial economy and high interest rates.

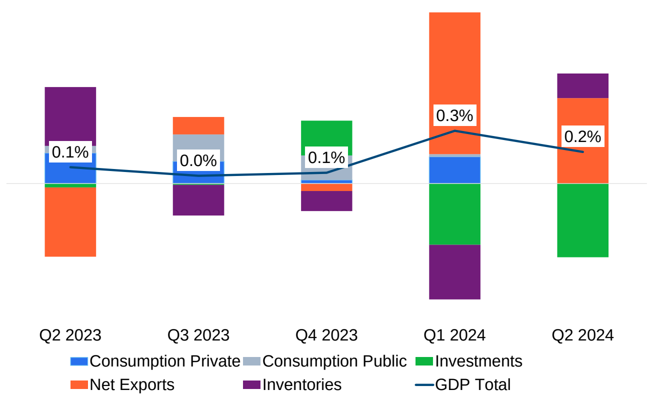
0.6% GDP growth expected in 2024

Unfortunately, key leading indicators weakened again in Q3, so we expect continued weak growth of 0.1% to 0.2% Q/Q in Q3 and Q4. In particular, the further deterioration in industrial sentiment, especially in Germany but also in France, points to downside risks for the economy in the short term. Despite the current poor sentiment, we are forecasting a slight increase in growth momentum for 2025. This is partly because the real income situation of households should continue to improve thanks to falling inflation. Secondly, because the global interest rate reduction cycle should increase the propensity to invest in the major economic areas. Global industrial production should be able to benefit from this. We are therefore forecasting GDP growth of 0.6% in 2024, which should accelerate slightly to 1.0% in 2025.

Inflation should decline further in 2024

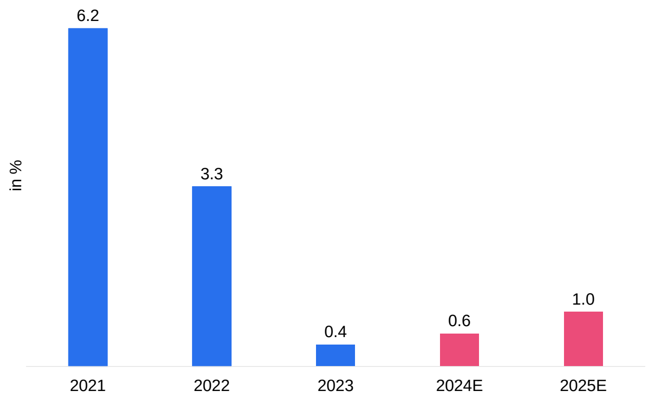
Inflation should fall from 5.5% to 2.4% in 2024 and decline further in 2025. Service provider inflation, which was still at 4.2% in August, will remain the focus of the financial markets for the time being.

Slower growth in 2Q 2024
EZ GDP growth by component



Source: Eurostat, Erste Group Research

Slow recovery expected in 2025
EZ GDP growth 2021 – 2025E



Source: Eurostat, Erste Group Research

US Economic Outlook

Weaker growth amid falling inflation

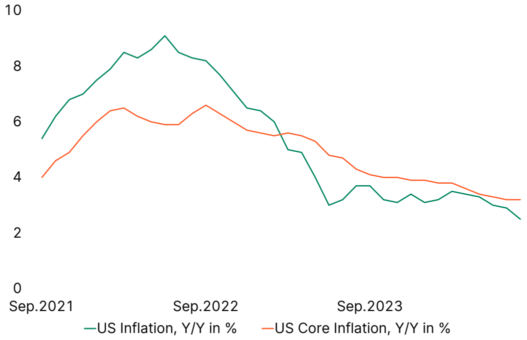
Weakening of the US economy expected

Economic growth in the US in the second quarter of the year was a positive surprise and was revised upwards. The latter was based on a significant upward revision of consumer spending. After a modest 1.4% in the first quarter, US gross domestic product rose at an annualized rate of 3.0%. Private consumption was and is the engine of US economic growth and rose by 2.8%, well above expectations. Although economic growth was strong, it was a noticeable slowdown compared to the figures from the second half of last year. According to the BEA (US Bureau of Economic Analysis) GDP report, the recovery in durable goods and a rise in service spending were the basis for the good growth figures at that time. Increased defense spending also contributed to the higher growth. We expect the economy to slow for the rest of the year as the labor market continues to weaken, thus reducing income growth. Furthermore, the savings rate is low in a long-term comparison and, in our view, an increase is likely. It should therefore not be possible to sustain the current growth momentum in consumer spending. Our assessment is supported by the figures from the Fed's Beige Book for August, in which nine Fed districts reported a decline in economic activity, while only three districts reported weak growth. A fall in consumer confidence in September also points to an impending period of weakness.

Inflation is approaching the Fed's target

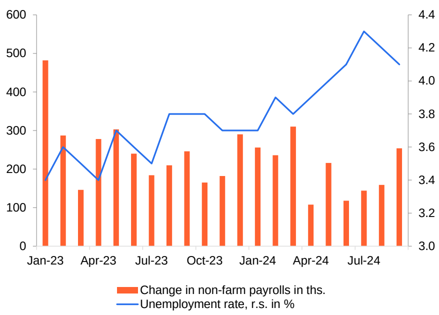
With the labor market cooling and unemployment rising, inflation is trending toward the Fed's 2% target. While headline inflation is at 2.5% and has been declining for months, core inflation is still at 3.2%. This is mainly due to high housing costs, which we estimate will take time to moderate. The core consumer price index (core PCE) published for August, the inflation measure that is important to the US Federal Reserve, shows an inflation rate of just under 2.7% for August, which has remained virtually unchanged since May. We expect that the inflation rate as measured by the PCE index will reach the Fed's 2% target over the course of 2025.

Inflation trends toward 2% target
Inflation and core inflation



Source: Bureau of Economic Analysis, Erste Group Research

Cooling job market needs a boost
New jobs and unemployment rate



Source: Bureau of Labor Statistics, Erste Group Research

CEE Economic Outlook

In 2Q24, several CEE countries, including Hungary, Romania, Slovenia, and Slovakia, experienced a downside surprise in GDP growth, resulting in downward revisions of growth forecasts for 2024 (revised down by 0.5 to 1 percentage points). The revision was marginal in Czechia but more extensive in Hungary, Romania, and Slovenia, reflecting the size of the GDP growth surprise. However, Serbia and Croatia are on track with strong real wage growth, while Poland surprised on the upside, with the Polish GDP revised to 3.2%.

There are some clouds on the horizon, as Germany’s weakness is creeping into CEE, and the manufacturing sector remains in contraction with PMI indices below 50. Many CEE countries are also experiencing an increasing number of firms seeing demand as a factor limiting production, and capacity utilization is at its lowest point in the last decade, except for 2020. In addition, fiscal consolidation is a potential risk for growth beyond 2024, with plans in place for all countries except Poland and possibly Hungary.

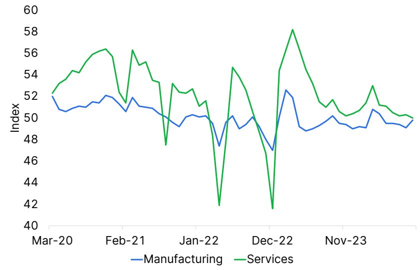
Private consumption was the main driver of growth in the region. In 2Q24, public consumption also contributed significantly to GDP growth, growing dynamically in most countries. Investment grew everywhere except in Hungary and Slovenia, with Hungary experiencing a substantial decline in investment activity.

Several CEE countries are expected to see inflation climb in the remainder of the year, driven by statistical effects and regulatory adjustments, but inflation is expected to ease next year. Downside risks to growth are mounting due to Germany's weakness and fiscal consolidation in CEE, which could be disinflationary if they materialize. However, there are also upside risks from pending adjustments of energy prices in Slovakia and possible tax increases within fiscal consolidation plans.

Emerging Markets Economic Outlook

China

China PMI manufacturing vs. services



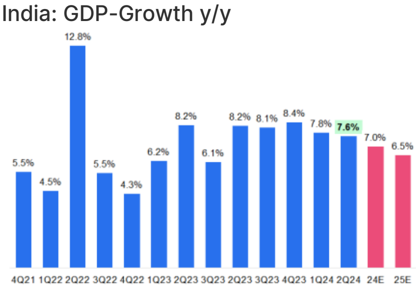
Source: Market data provider, Erste Group Research

Leading indicators suggest that China's economic momentum will slow in the third quarter. Due to the deliberate restriction of the real estate sector, China's growth momentum remains subdued. At the end of the third quarter, however, the Chinese central bank decided to ease monetary policy extensively in order to stimulate the economy. In addition to the real estate market, some of the measures are also aimed at stimulating the Chinese stock market. The central bank may want to boost consumer sentiment by stimulating the capital markets (rising real estate prices and share prices), thereby strengthening consumption and thus growth in general.

European equities that are heavily dependent on Chinese consumption, such as LVMH, have reacted positively to the Chinese central bank's announcement, at least in the short term. We expect the monetary easing to have a temporary positive effect on China's growth, from which not only European consumer goods producers but also manufacturers of capital goods should be able to benefit. However, competition from Chinese suppliers has become much tougher for European manufacturers in some areas (especially durable consumer goods such as cars and capital goods) in recent years. We therefore expect China's economic recovery to have only a moderately positive impact on European industry in the coming quarters.

India

India: GDP-Growth y/y

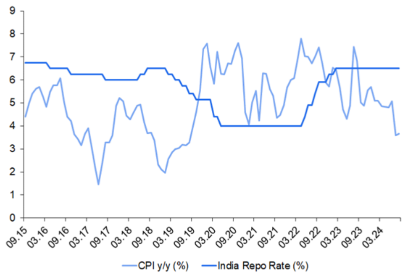


Source: Central Statistical Org. India, IWF Prognosen

India's economy continues to grow very strongly. In 2Q24, GDP growth reached +7.6% year-on-year, after +7.8% in the previous quarter. The long-term economic outlook is clearly positive. The IMF raised its forecast for 2024 from +6.8% to +7.0% due to the good figures to date. The high growth rate reflects the continued strength of domestic demand and the rising proportion of the working-age population.

Short-term economic indicators point to continued solid growth in 3Q24. However, there has recently been a slowdown in the growth trend. The Industrial Purchasing Managers' Index (EMI) stood at 56.5 points in September. In the middle of the year, it was still above 60 points (June: 62.1). International incoming orders, in particular, grew at the slowest rate in a year and a half. There was also a slight decline in the service sector from a very high level. The corresponding EMI reached 58.9 points in September after 60.9 points in August.

India: Inflation & Central Bank Target Rate

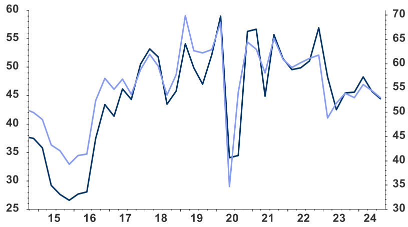


Source: Central Statistical Org. India, RBI

The Reserve Bank of India (RBI) left the key interest rate unchanged at 6.5% in September. Inflation also continued its downward trend in Q3 at +3.7% y/y (August) and reached its lowest level since mid-2019. This means that inflation is even slightly below the RBI's target of 4% (+/- 2%). The RBI's inflation forecast for 24/25 recently remained unchanged at 4.5%. On the currency market, the Indian rupee remains very stable against the USD and the 10Y yield on Indian government bonds fell to 6.7% after 7.0% at the start of the third quarter.

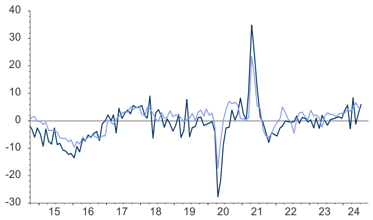
Brazil

Brazil: Sentiment-Indices Industry



Sources: Datastream, Erste Group Research

Brazil: Industrial-Production and Retail-Sales y/y



Sources: Datastream, Erste Group Research

Brazil's GDP should grow by around +2% next year. This is a slowdown in growth compared to 2024, for which a GDP growth rate of +2.8% is still forecast.

With expected growth of +2.5% in 2025, private consumption should make a decisive contribution to GDP growth. Industrial production should grow at a slower rate next year than this year (+2.4%) with an increase of +1.8%.

The assessment of purchasing managers in industry with regard to the current situation is negative. It has also deteriorated in recent months. By contrast, the expectations component of the purchasing managers' index is in positive territory. The service sector is currently showing significant growth. The vast majority of companies here expect their economic situation to improve over the next 12 months.

The fiscal deficit will be very high this year at around 7.6% of GDP. The Brazilian real had already reacted to this outlook in the second quarter with a significant weakening against the USD. As a result, the central bank halted its previous cycle of interest rate cuts and raised the key interest rate for the first time in a long time towards the end of the third quarter. The increase amounted to 25 basis points to 10.75%. The Brazilian real strengthened slightly over the course of the quarter. The consensus estimate for the real is a sideways movement against the USD until the end of the year.

Eurozone

	Yield Forecast 4Q 2024
ECB Deposit Facility	3.00%
German Bond	2.5% (10Y)

Confidence of ECB Governing Council has increased

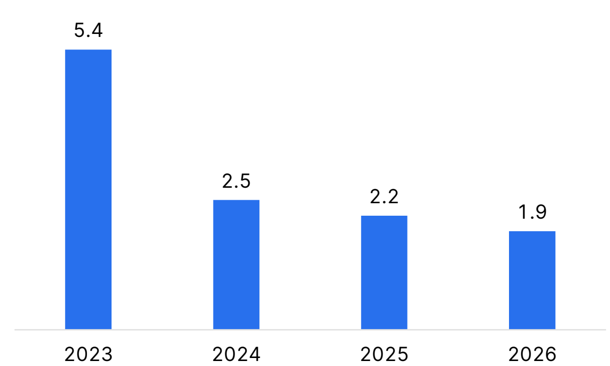
Services inflation data remains in focus

Applying the three criteria - inflation outlook, the dynamics of underlying inflation and the strength of the transmission of monetary policy - the ECB Governing Council felt that the time had come for a further interest rate cut of 25 basis points (bp) in September. The inflation outlook is likely to have continued to play the biggest role here. Although the ECB economists' new forecasts were raised slightly in September, the expected achievement of the inflation target of 2% by the end of 2025 remained unchanged. However, the dynamics of the underlying inflation were still unconvincing. This depends on the prices of services, which are still showing excessively high rates of increase. However, leading data such as wage growth, monthly price momentum and slightly rising productivity give the ECB confidence that services inflation will lose momentum in 2025. Confidence has therefore risen that the inflation target will be reached by the end of 2025. The economy remains weak overall, energy prices have calmed down and wage costs will probably continue to lose momentum. For us, the environment favors a weakening of price pressure. We therefore expect the next interest rate cut of 25 basis points in October, which should be followed by a further rate cut of the same magnitude in December.

Economic recovery should trigger rise in German yields, political risks remain

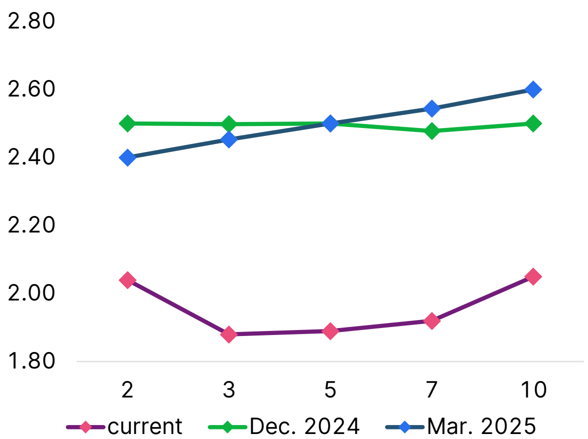
We expect yields on German Bunds to rise, as we forecast a slight economic recovery in the Eurozone. In line with this, the long end should rise more than the short maturities. However, the market is currently pricing in a persistently weak economy. One uncertainty factor is the expected discussions on the member states' new draft budgets for 2025 and 2026 in the fall. As early as the summer, the Commission was recommended to initiate an excessive deficit procedure against France and Italy, among others. A lack of willingness to consolidate public finances in some countries could lead to downward pressure on German yields.

ECB expects inflation target to be reached in 2025
ECB inflation forecast, in %



Source: ECB, Erste Group Research

Yields should rise
Yields on German government bonds by maturity, in %



Source: Market data provider, Erste Group Research

USA
Federal Funds Rate — US Treasuries

Yield Forecast 4Q 2024
Federal Funds Rate 4.25 – 4.50%
US Treasuries 3.8% (10y)

Key interest rates will be cut further

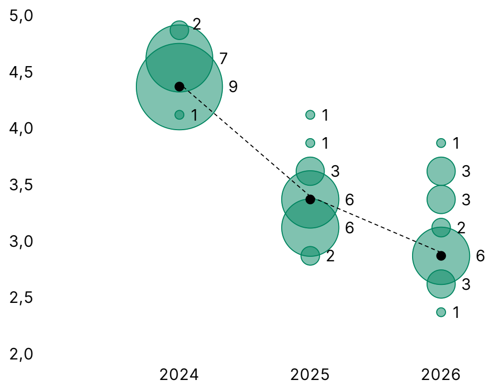
Key interest rate cuts expected well into next year

At the most recent meeting of the Federal Open Market Committee (FOMC), the key interest rates were cut by 50 basis points (bp). The upper limit of the federal funds target rate is now 5%, the lower limit 4.75%. With regard to the Fed's dual mandate, namely the 2% inflation target and full employment, the interest rate-setting committee emphasized that the gains in new jobs have slowed, and the inflation rate has continued to approach the 2% target. The FOMC was confident that the current inflation rate of 2.2% (PCE) would continue to move towards this target and that the labor market would stabilize. The new survey of FOMC meeting participants showed a significantly different picture compared to the previous quarter. The median of expectations for the key rate at the end of the year fell by 0.7 percentage points (pp) to 4.4% for this year and 3.4% for next year, with 2.9% expected in the long term. The wide dispersion of key rate expectations for next year is striking. This increased uncertainty may be due to the upcoming US elections and the labor market, which has been cooling for some time. Inflation expectations fell by 0.3 pp to 2.3% for the end of 2024 and by 0.2 pp to 2.1% for the end of 2025, while the unemployment rate is seen at 4.4% at the end of this year and in 2025. We expect two further interest rate cuts of 25 bp each at the last two FOMC meetings of this year.

A clean sweep victory for Trump is the biggest upside risk for yields

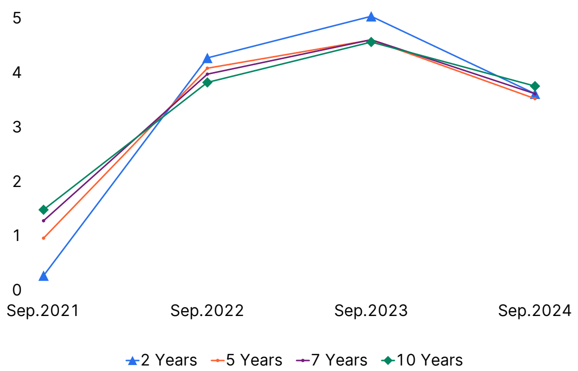
US government bonds posted strong price gains from May of this year. While the yield on two-year securities slumped by 1.4 percentage points to 3.6%, that on 10-year US government securities fell by 1 percentage point to 3.7%. We expect the long end of the US yield curve to move sideways in a volatile fashion, as we believe that the expectation of a soft landing for the US economy over the next few months will not change much and is already priced in accordingly. We see the greatest risk for upward pressure on long-term US government bond yields if the US election is a clean sweep victory for the Republicans. Trump's proposed regime of widespread import tariffs, significant tax cuts, tighter immigration controls and a tightening labor market would create sufficient potential for a significant rise in inflation, which could well be as high as one percentage point.

Wide dispersion of key rate expectations
Key rate expectations of 19 FOMC members



Source: Federal Reserve Bank, Erste Group Research

US Treasuries flat yield curve
Yields of different maturities, in %



Source: Market data provider, Erste Group Research

CEE Government Bonds

	Yield Forecast 4Q 2024
Czech Republic	3.70% (10J)
Hungary	6.29% (10J)
Poland	5.30% (10J)
Romania	6.80% (10J)

Monetary easing is actively underway in all CEE countries except Poland. The Czech central bank has lowered its key policy rate by 250 basis points this year, including yesterday’s move. Hungary has implemented cuts of 425 basis points, bringing its key rate down from 10.75% at the beginning of 2024 to 6.5%. Late adopters of monetary easing, such as Romania and Serbia, have also lowered their key policy rates by 50 and 75 basis points, respectively. We expect monetary easing to continue in all CEE countries in 2025 as inflation falls toward the central bank's target.

Long-term yields appear to have peaked in July and have, since then, been moving southward due to changes in the monetary policy outlook across major markets. Across the region, we anticipate long-term yields to moderately decline further amidst continued monetary easing in both core markets and the region.

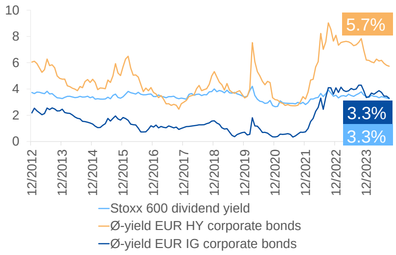
Regarding other developments concerning the bond market, fiscal consolidation continues across the CEE region in 2025, except in Poland and possibly Hungary. Poland plans a large increase in defense spending with a deficit exceeding 5% of GDP, while Hungary may also abandon fiscal consolidation leading up to the 2026 election. Medium-term fiscal consolidation is likely to remain a requirement, as several CEE countries have been placed under the Excessive Deficit Procedure (EDP).

Monetary easing in Czechia and Hungary, and the impact on interest rate differentials, may be factors behind the weakening of both currencies against the euro. Conversely, the Polish zloty has strengthened since the beginning of the year. Looking ahead, fiscal easing may weigh on the Hungarian forint in the medium term, and we have adjusted our FX forecast to anticipate the EURHUF to increase towards 400 at the beginning of 2025.

EUR-Corporate Bonds
Investment Grade
High Yield

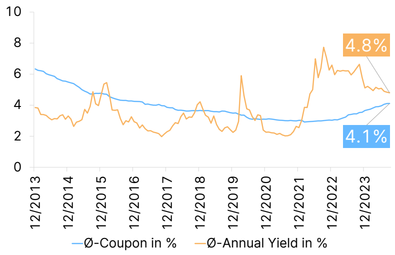
IG bonds outperform in 3Q, Credit metrics of HY issuers stabilize

Corporate bond yields are falling, but remain high by historical standards
Corporate bond- vs. dividend yields



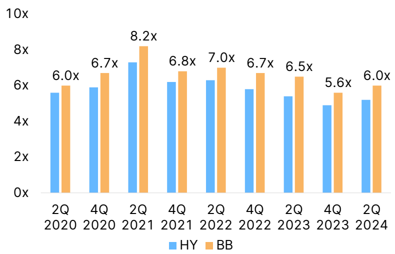
Source: Markit, Erste Group Research
As of 30 September, 2024
* Ø dividend yield of the STOXX 600 index in %
Ø residual term to maturity (IG): ca. 5 years
Ø residual term to maturity (HY): ca. 4 years

BB: falling yields make (re)financing cheaper again
Ø-BB-yield* and -coupon** in %



Source: Markit, Erste Group Research
As of 30 September, 2024
*Ø residual term to maturity (BB): ca. 4 years
** Ø coupon of bonds already outstanding

Ø-HY- and BB-interest coverage ratios surprisingly robust in 2Q
EBITDA/interest expense, 2Q20-2Q24



Source: Market data provider, Erste Group Research
As of 30 September, 2024

With an average return of +3.2%, senior IG bonds performed similarly to German Bunds in 3Q, but provided a higher total return than HY corporate bonds (+2.7%). Ongoing weak leading economic indicators in the Eurozone dampened investors' risk appetite. HY risk premiums widened in 3Q. During the summer, sentiment was also temporarily dampened by the weakening of US labour market data and concerns about the US economy. The key rate cuts by the ECB and the US Fed in September only led to a brief narrowing of spreads for EUR corporate bonds. The latest stimulus measures in China have not yet had any positive effect on risk premiums. Thanks to falling government bond yields, both IG and HY corporate bond yields declined in 3Q. However, they remain relatively high by historical standards.

In the 3Q, IG bonds saw spread widening only in the auto sector. Leading European carmakers lowered their outlook for the 2024 financial year. Competition from Chinese (EV) manufacturers is increasing. German manufacturers are seeing sales declines in the important Chinese market. This could be due not only to weak economic development and consumer restraint, but also to changing customer preferences. In the EU, the number of new car registrations fell by 18.3% y/y in August. Since the beginning of the year, there has been a small increase (+1.4% y/y). Car manufacturers in the EU could face fines due to stricter CO_2 fleet targets and a simultaneous decline in EV sales. Credit metrics and ratings of the major carmakers remain strong for the time being. In the IG segment, we continue to consider oil & gas, utilities and also auto bonds as attractive from a risk/return perspective.

Bond issuers can expect to see a slight increase in refinancing costs. Expiring low-coupon bonds will still need to be replaced by issuing higher-yielding bonds, despite the first interest rate cuts. However, this should only pose challenges for issuers with particularly weak credit profiles. Despite the subdued economy and rising interest expenses, HY issuers managed to halt the weakening trend in their interest coverage ratios in 2Q. Default rates have remained low to date. HY issuers' refinancing needs will not peak until 2026. Until then, key interest rate cuts should further reduce financing costs. After the widening of their risk premiums in 3Q, HY bonds have become more attractive compared to IG corporate bonds. Especially BB-rated issuers should have no refinancing problems in an environment of falling key interest rates. Given the subdued economic outlook, we prefer BB-rated bonds from defensive sectors with relatively stable cash flows (e.g. telecoms).

The escalation of the conflict in the Middle East and the US presidential election on 5 November could cause increased volatility in the short term, especially for HY bonds. In the medium term, their effects should be limited.

Currencies

US-Dollar

Forecast 4Q 2024
1.13

Lower interest rate expectations weigh on dollar

The dollar weakened over the course of the third quarter and the EURUSD temporarily reached levels last seen in summer 2023, mainly due to US data showing a noticeable slowdown in the US labor market. Combined with inflation data that confirmed the trend of declining price pressure, this led to a significant drop in interest rate expectations for the US on the market. Although persistently weak economic data and confirmation of a foreseeable decline in inflation also led to lower interest rate expectations in the eurozone, expectations shifted more strongly in the US, reducing the dollar's interest rate advantage. With the incoming data confirming that key interest rates in the US will fall more sharply than in the eurozone, the dollar should continue to weaken slowly. Slowly only because the market has already priced in a great deal.

US elections pose a risk to our forecast

The US elections in early November pose a risk to our forecast. If Donald Trump becomes president and implements his policy of high foreign trade tariffs, this could increase inflation expectations for the US. This is because a probably not inconsiderable proportion of the additional tariffs would be passed on to consumers. Taking into account the rest of the environment, this could have an impact on the US Fed's monetary policy. If the market sees risks to this, interest rate expectations for the US Fed would rise, which would probably benefit the US dollar.

Dollar should weaken further
EURUSD

Source: Market data provider, Erste Group Research

Forecast 4Q 2024
Swiss Franc 0.95

SNB lowers key interest rate to 1.00%

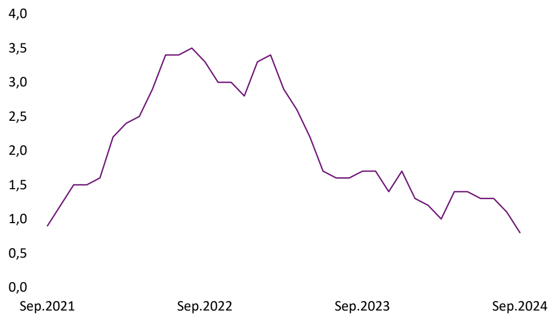
SNB is working against deflationary trends

At the end of September, the Swiss National Bank (SNB) cut its key interest rate by a quarter of a percentage point from 1.25% to 1.00%. The last interest rate decision by Thomas Jordan as President of the Swiss National Bank had been eagerly awaited and had the potential to surprise investors. There was even talk of an interest rate cut of the same magnitude as that made by the US Federal Reserve shortly before, i.e. 50 basis points (bp). The strength of the franc, the momentum of global monetary easing and the noticeable weakening of inflation could have justified a larger interest rate cut. In any case, the main argument for the 25 bp rate cut was the slowdown in price increases in Switzerland to a level that is not far from deflationary tendencies. Inflation fell to 0.8% year-on-year, well below the SNB's estimate for the third quarter. The SNB expects inflation to fall to 0.6% next year if the key interest rate remains unchanged, thus approaching the lower limit of the SNB's target range of 0-2%.

One more rate cut expected this year

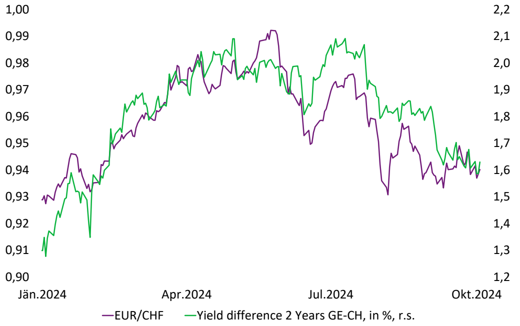
At the press conference, Chairman Jordan explicitly stated that the downside risks to inflation were higher than the upside risks, not least due to lower expected energy prices. Industrial activity has been weak for some time as Switzerland's main trading partners are struggling. However, the services sector helped to ensure that growth in the second quarter was stronger than expected. For this year, the SNB expects 1% growth and for 2025 about 1.5%. The currency recently approached its all-time high against the euro, despite three interest rate cuts in the meantime. In the wake of global monetary easing, we expect another interest rate cut of 25 bp by the end of the year to support the economy and inflation and to counteract a further strengthening of the currency. We think that the franc will consolidate in the coming months, as current key interest rate and economic expectations are already reflected in the exchange rate and the surprise potential on the part of the ECB is low. In the long term, we see the potential for further CHF strength due to the comparatively lower inflation and good economic performance. In phases of geopolitical or capital market turbulence, the CHF can react quickly and appreciate.

Inflation declining fast
Schwitzerland Inflation, Y/Y in %



Source: Bundesamt für Statistik der Schweiz, Erste Group Research

CHF stronger upon diminishing GE yield advantage
Exchange rate and yield difference



Source: Market data provider, Erste Group Research

Forecast 4Q 2024
Gold — USD 2,730

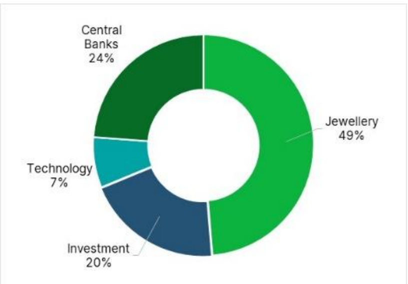
Gold in USD

Source: Datastream, Erste Group Research

Gold in EUR

Source: Datastream, Erste Group Research

Demand Segments Global (%)



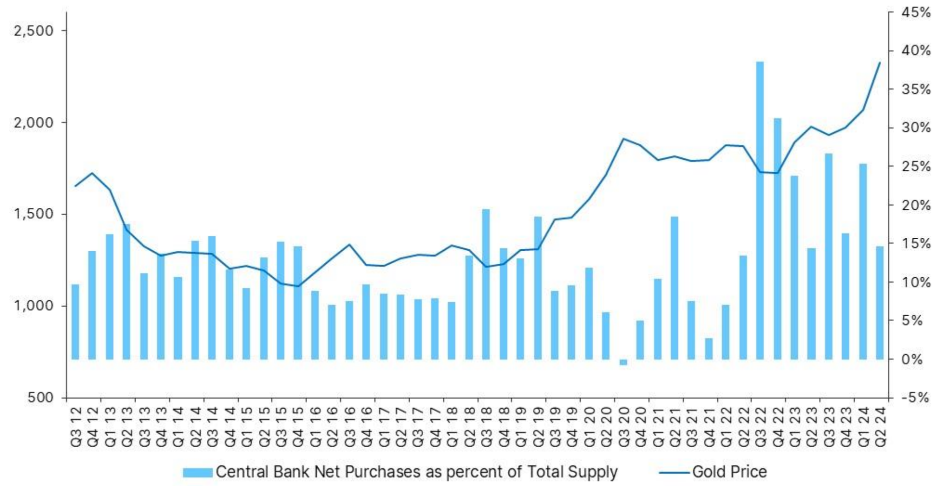
Source: World Gould Council, Erste Group Research

The gold price rose by +13.2% in USD terms to USD 2,634 in the third quarter, reaching a new all-time high. Since the beginning of the year, the performance in USD is +27.5%. The gold price also rose significantly in EUR, reaching an all-time high of EUR 2,360 (2024: +26.2%, 3Q: +8.7%).

The significantly positive performance of the gold price was supported by falling yields on US government bonds. The expectation that the US Fed will continue its cycle of interest rate cuts after the first rate cut in September also favored the upward trend. In addition, the global purchasing managers' indices weakened, and global economic growth slowed. Geopolitical uncertainties have increased further in recent months, particularly with regard to the wars in the Middle East and Ukraine. This is also an important factor contributing to the rise in the gold price.

Global central banks are continuous buyers of gold. They bought 183.4 tons of gold in the second quarter. This corresponds to an increase of +6% (y/y). The demand for gold by global central banks is primarily driven by the diversification of their currency reserves. The demand for gold from central banks will continue.

Gold net purchases by central banks (in per cent of total supply up to and including 2Q



Source: World Gould Council, Erste Group Research

However, the higher gold price reduced two very important demand components for gold in the second quarter. Jewelry demand fell by -19% (y/y). Demand for bars and coins was -5% lower than a year earlier. Investment demand from ETFs changed only slightly year-on-year in 2Q. It increased by +1%. In the last four months, however, demand for gold from ETFs has risen more strongly again.

Outlook: Global central banks continue to act as relevant net buyers of gold. The Fed's cycle of interest rate cuts, the weakening trend in global economic growth and the increased geopolitical risks support the forecast of a rising gold price. It should reach a level of around USD 2,730 by the end of 2024.

Equities

Forecast 4Q 2024

Global

0% to +5

Sales and net profit growth (y/y, %)

	Sales		Net Profit	
USD	24e	25e	24e	25e
North America	4.9%	5.6%	7.0%	13.6%
Europe	0.8%	6.1%	-0.7%	9.7%
Asia	0.1%	8.8%	13.5%	14.3%
EM Asia	6.0%	6.2%	9.0%	8.0%
EM LatAm	5.8%	0.0%	-2.2%	11.8%
World	**3.5%**	**6.1%**	**6.1%**	**12.2%**

Source: Erste Group Research Index, FactSet.

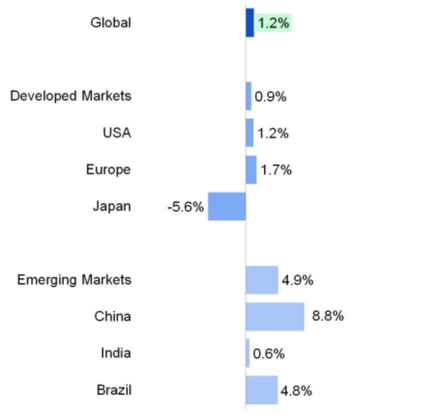
The global equity market index rose by +1.2% in EUR terms in the third quarter. The Erste US stock index also rose by +1.2% in EUR terms. The leading European index strengthened by +1.7%. The Japanese stock market fell by -5.6% in EUR terms. The global emerging market index was +4.9% higher in the third quarter.

The reporting season for the 2Q was positive. US companies reported a +5% (y/y) increase in sales and a strong +11% (y/y) increase in profits. US earnings growth in 3Q is expected to be lower than recently with an expected increase of +5% (Y/Y). A stronger increase in profits of +15% (y/y) is expected again for the 4Q. The US reporting season starts on 11.10. with the results of the major banks.

After four quarters of profit declines, European companies have reported profit growth again for the first time in 2Q. Although this was low at +3% (Y/Y), it marked a trend reversal towards positive growth rates in the following quarters. The expected profit growth of European companies is +5.8% (y/y) for the 3Q and +10% (Y/Y) for the 4Q. The reporting season for European companies starts on October 16 with ASML's 3Q results.

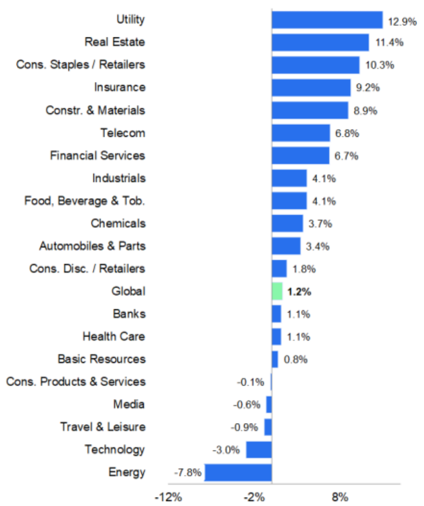
Sales growth of the global stock market index is +3.5% (y/y) this year. The earnings growth forecast for 2024 is +6.1% (y/y). The consensus estimate for 2025 is a stronger sales growth of +6.1% (y/y) and a significant acceleration of earnings growth to +12.2% (y/y).

Global Regions Perf. 3Q 2024
Erste Global 1000 Index, EUR



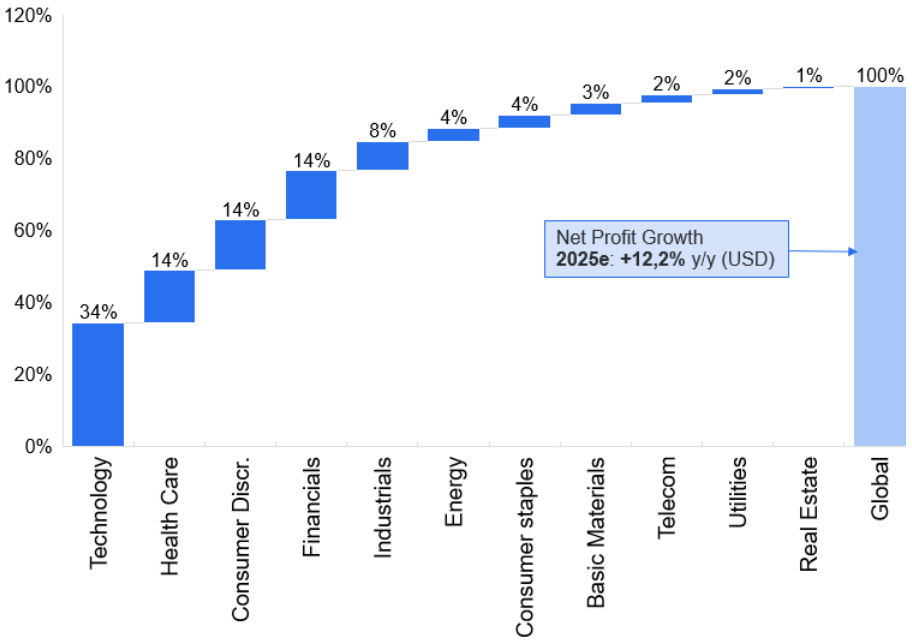
Source: Erste Group Research Index, FactSet

Global Sector Perf. 3Q 2024
Erste Global 1000 Index, EUR



Source: Erste Group Research Index, FactSet

Global Sectors: Contributions to net profit growth 2024
Erste Group Research Global 1000 Index (USD)



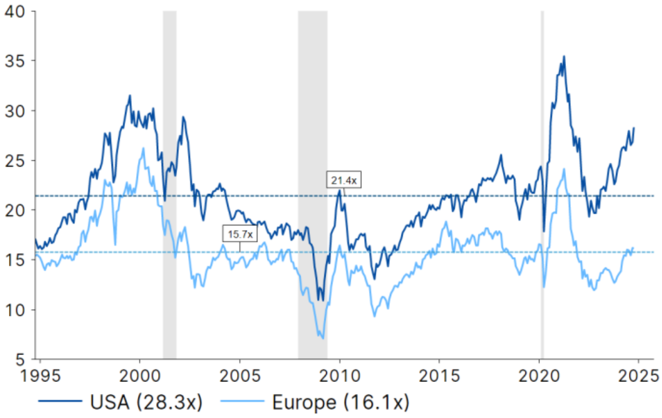
Source: FactSet, Erste Group Research

The technology, healthcare, cyclical consumption and finance and industry sectors will make the largest contributions to expected earnings growth in 2025. In contrast to this year, the energy sector should also make a positive contribution to earnings growth next year.

The valuation of the global equity market index according to the P/E ratio 2024e is currently 20.2x and 18.0x for 2025. The P/E ratio 2024e is higher than the long-term average, but so is the expected earnings growth. The forecast dividend yield for the coming year is 2% (vs. 2024e: 1.9%).

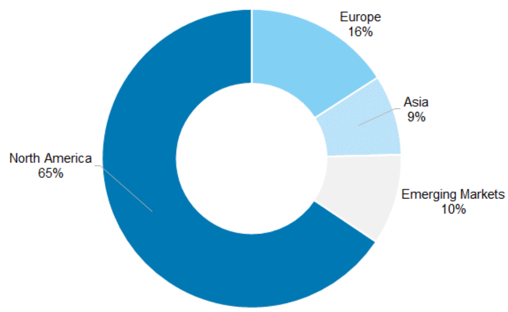
The US equity market is very important for the earnings performance of the global equity market index. The higher profitability and faster growth of US companies compared to European companies also result in a consistently higher valuation based on the P/E ratio compared to the European equity market.

Price / Earnings Ratio: USA und Europe
US-Recessions in grey, trailing FY PE



Source: Refinitiv, Erste Group Research

Equities Global: Regional weightings
Percent USD market capitalisation



Source: Erste 1000 Index, Erste Group Research, FactSet

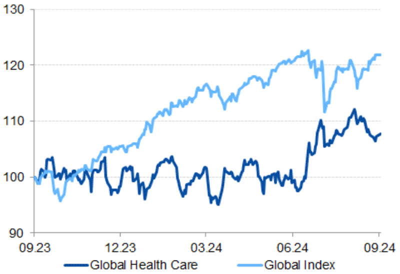
North American equities currently account for 66% of the global equity index in terms of market capitalization (63% of which is USA and rising). Europe has a weighting of 16% in the global equity index. Asia (developed markets in particular: Japan, Australia, Singapore) and the emerging markets are each weighted at 9%.

Outlook: The earnings growth of the companies in the global index should accelerate significantly next year. After +6.1% (y/y) earnings growth in 2024, the consensus expectation for 2025 is +12.2% (y/y). This is historically one of the highest forecast values for the following year. One of the main components here is the earnings growth of the major technology companies. The global equity market offers further upside potential due to reasonable valuations and lower bond yields. We expect the global equity market index to rise by between 0% and +5% in 4Q24.

Global Sectors - Positive Outlook

Estimate 4Q	0% to +5%
World Index Weight	10.4%
2024 Perf. EUR	+12.6%
P/E 24e	23.5x
Net Profit y/y 24e	+6.6%
Top 3 Companies (Market Cap.)	
Eli Lilly	
UnitedHealth Group	
Novo Nordisk	

EGR Global Sector
EUR, rebased since 1 year



Source: Erste Research Index, FactSet.

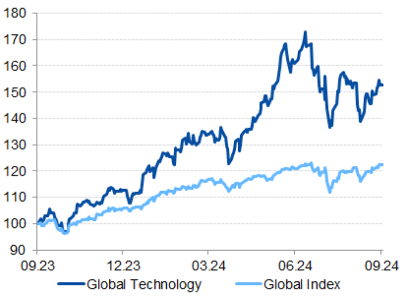
Health Care

The healthcare sector index rose by +1.1% in EUR terms in Q3. The performances of the individual segments varied greatly. The healthcare providers segment performed best (in EUR: +6.4%). The shares of UnitedHealth Group (buy) clearly outperformed with an increase of +16%. The medical technology manufacturers sector index gained +5.5% in EUR. The index for pharmaceutical and biotechnology stocks fell -1.3%, but is the best-performing segment of the healthcare sector this year with an increase of +14.4%.

Turnover in the healthcare sector is expected to rise by +7.5% (y/y) in 2024 and +6.9% (y/y) in the coming year. The profit growth forecast for 2024 is +6.6% (y/y). According to the consensus estimate, profits will then grow significantly faster next year than this year. The earnings growth forecast for 2025 is +20% (y/y). At +25.1% (y/y), profit growth will be strongest in the pharmaceutical and biotech companies segment next year. A profit increase of +9.8% (y/y) is forecast for the healthcare providers segment in 2025. Overall, the expected earnings growth for the entire healthcare sector in the US in the coming year is +21% (y/y) and +15% (y/y) for Europe. The sector's P/E ratio 2024e is 23.5x. It is above the overall market, but reflects the sector's high earnings growth and very high profitability. We expect a performance of between 0% and +5% for the 4Q.

Estimate 4Q	0% to +5%
World Index Weight	28.9%
2024 Perf. EUR	+26.5%
P/E 24e	29.3x
Net Profit y/y 24e	+24.0%
Top 3 Companies (Market Cap.)	
Apple	
Microsoft	
NVIDIA	

EGR Global Sector
EUR, rebased since 1 year



Source: Erste Research Index, FactSet.

Technology

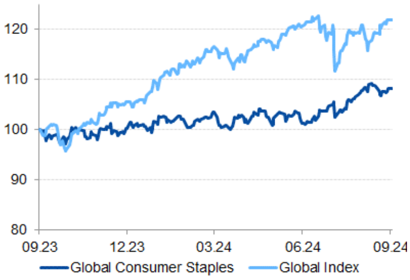
The global technology index fell by -3.0% in EUR terms in the last quarter. The performance since the beginning of the year amounts to +26.5% in EUR. The Technology Hardware Index fell by -5.0% in EUR terms in the third quarter following very strong growth in the first half of the year. The Software Index fell by -1.1% in EUR terms.

The outlook for companies in this sector is above average for this year and next. The consensus estimate for sales is an increase of +10.8% (Y/Y) for 2024 and +14.4% (Y/Y) for 2025. The expected sales growth is significantly higher than for the global stock market index. This also applies to the forecast earnings growth. This year, the profits of technology companies will rise by +24% (y/y). Profit growth of +20.7% (y/y) is expected for 2025. At +28.6% (Y/Y), profit growth should be stronger for hardware companies than for the software sector in 2025. For the latter, profit growth of +13.8% is expected for 2025.

The global technology sector as a whole will make the largest contribution to global earnings growth this year and next. The P/E ratio for 2024e is 29.3x and 24.3x for the coming year. The valuation is appropriate due to the very good growth prospects of the technology groups with simultaneously high margins and return on equity. The above-average share buyback activities (especially Apple, Alphabet, NVIDIA, Buy recommendations) will continue due to the high operating cash flows. Our forecast for the 4Q is a rise in the technology index in a range between 0% and +5%.

Estimate 4Q	0% to +5%
World Index Weight	5.7%
2024 Perf. EUR	+8.0%
P/E 24e	20.3x
Net Profit y/y 24e	+1.4%
Top 3 Companies (Market Cap.)	
Walmart	
Coca Cola	
Nestle	

EGR Global Sector
EUR, rebased since 1 year



Source: Erste Research Index, FactSet.

Consumer Staples

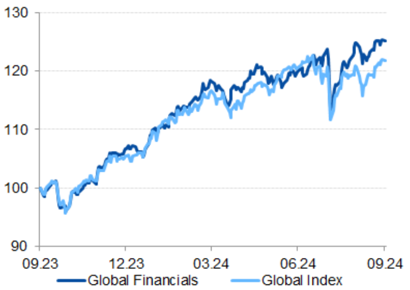
The sector index gained +6.4% in EUR terms in the third quarter. The performance since the beginning of the year is +8.0%. It is significantly below that of the global equity market. The performance of the individual segments of the index again varied greatly this quarter. The tobacco producers index rose very strongly again in Q3. It rose by +12.2%. This resulted in a year-to-date performance in EUR of +22%. The index for non-cyclical consumer retail groups (Starbucks, McDonald's, Walmart) also rose very strongly by +10.2% in EUR terms in the third quarter. However, the indices for food producers and beverage manufacturers showed relative weakness within the consumer staples sector.

The companies with the highest expected profit growth in the coming year are the beverage producers Constellation Brands and Monster Beverage as well as the hygiene products manufacturer Essity. The sector's prospects for profit growth in 2025 are better than this year. The expected profit increase in 2024 is only +1.4% (y/y). Earnings growth will accelerate to +7.4% (y/y) next year, but will still be lower than the global equity market index.

The sector's P/E ratio 2024e is 20.3x. The expected dividend yield 2024e is 2.7%. This is well above the global average of 1.9%. We expect the sector index to rise by between 0% and +5% in the fourth quarter.

Estimate 4Q	0% to +5%
World Index Weight	16.9%
2024 Perf. EUR	+17.4%
P/E 24e	12.6x
Net Profit y/y 24e	+7.0%
Top 3 Companies (Market Cap.)	
Berkshire Hathaway	
JP Morgan	
Visa	

EGR Global Sector
EUR, rebased since 1 year



Source: Erste Research Index, FactSet.

Financials

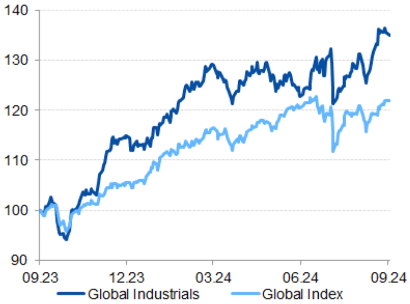
The financials index rose by +4.8% in EUR terms in Q3. This was a significant outperformance compared to the world equity index. The global insurance index strengthened by +9.2% in EUR terms. The life insurance segment recorded the highest growth in the global financial sector with an index increase of +12.5% in EUR. The banking index rose by +1.1% in EUR. With growth of +4.7% in EUR, European banks performed significantly better than US banks. The US bank index fell -0.4% in EUR terms in the third quarter.

Profits in the global financial sector should rise by +7% (Y/Y) this year. The consensus estimate for next year is earnings growth of +6.3%. One positive aspect here is that the earnings growth forecasts for 2024 and 2025 have been raised in recent months. The financial services segment should see the strongest earnings growth next year (2025e: +13.5%). Profit growth of +6.3% (y/y) is expected for insurance companies and +4.5% (y/y) for banks. Profit growth for European banks is expected to be +0.8% in EUR next year.

The expected P/E ratio 2024e is 12.6x. This is significantly below that of the global equity market of 20.2x. The dividend yield for 2024 is comparatively high at 3.2%. We expect the sector index to rise by between 0% and +5% in the fourth quarter.

Estimate 4Q	0% to +5%
World Index Weight	10.3%
2024 Perf. EUR	+12.1%
P/E 24e	23.1x
Net Profit y/y 24e	+3.8%
Top 3 Companies (Market Cap.)	
General Electric	
Caterpillar	
Raytheon Technologies	

EGR Global Sector
EUR, rebased since 1 year



Source: Erste Research Index, FactSet.

Industrials

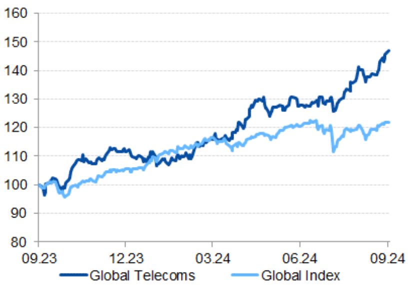
The industrials sector index rose by +4.7% in EUR terms in Q3. The performances of the individual segments in this sector were mostly clearly positive. At +8.9% in EUR terms, the Construction and Building Materials sector index the strongest increase. The mechanical engineering index strengthened by +7.8% in EUR terms. Overall, the industrial sector benefited from falling yields and lower energy prices in the third quarter.

The outlook for earnings growth in this sector is very different for US and European companies. The consensus estimate for earnings growth is +6.0% (y/y) for US companies this year and +12.7% (y/y) for 2025. The expected increase in profits for European companies is significantly lower. The global purchasing managers' indices for the US and Europe are below the neutral level of 50, indicating weakness in the manufacturing part of the economy. Profits are forecast to stagnate in 2024 (2024e: +0.9%) and only below-average profit growth of +6% (y/y) next year. The sales growth forecast for the industrial sector as a whole is +1.1% (y/y) this year and +6.9% (y/y) for 2025. According to the consensus estimate, profit growth will be +3.8% (y/y) this year and +11.1% (y/y) in 2025. The expected growth rates for 2024 and 2025 are lower than for the world equity index.

At 23.1x, the sector's valuation by P/E 2024e is higher than for global equities. We expect the sector index to rise at the lower end of the 0% to +5% range in 4Q.

Estimate 4Q	0% to +5%
World Index Weight	2.7%
2024 Perf. EUR	+12.6%
P/E 24e	18.2x
Net Profit y/y 24e	+6.0%
Top 3 Companies (Market Cap.)	
T-Mobile US	
Comcast	
Verizon	

EGR Global Sector
EUR, rebased since 1 year



Source: Erste Research Index, FactSet.

Telecoms

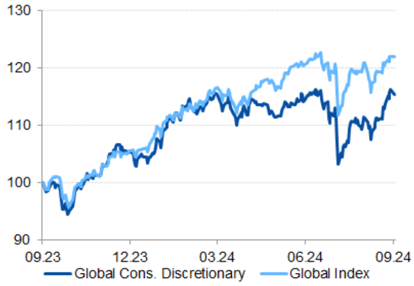
The telecoms sector index gained +6.8% in EUR terms in the third quarter. It thus significantly outperformed the global equity market index. The manufacturers of telecommunications equipment (Motorola Solutions, Xiaomi, L3Harris, Ericsson and Nokia) performed particularly well. The index of these companies rose by +15.2% in EUR terms. The large telecommunications service providers benefited from falling yields and the prospect of somewhat stronger sales and earnings growth in the coming year due to their higher debt levels.

The sales growth expected for this year is only +1.2% (Y/Y). In the coming year, sales should then rise somewhat more strongly again (2025e: +3.7%). According to the consensus estimate, profits will rise by +6% (Y/Y) this year and by +8.6% (Y/Y) next year. For the vast majority of companies, profit increases are forecast for the coming year. It is also positive that turnover and profit estimates for the coming year have improved slightly in recent months. Overall, however, the expected growth rates for turnover and profit development are lower than for the global stock market index.

Therefore, the sector index is also valued lower than the global index according to the P/E ratio 2024e of 18.2x. The expected dividend yield 2024e is very high at 2.9%. We expect the sector index to perform positively by between 0% and +5% in the fourth quarter.

Estimate 4Q	0% to +5%
World Index Weight	13.7%
2024 Perf. EUR	+9.5%
P/E 24e	24.5x
Net Profit y/y 24e	+1.8%
Top 3 Companies (Market Cap.)	
Amazon.com	
Tesla	
Procter & Gamble	

EGR Global Sector
EUR, rebased since 1 year



Source: Erste Group Research, FactSet

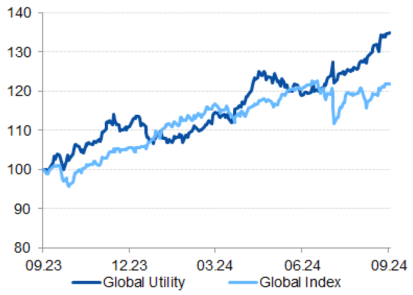
Consumer Discretionary

The sector index rose by +1.1% in EUR terms in the third quarter. At +9.5%, the performance since the beginning of the year in EUR is still below that of the global equity market index of +15.6%. There were major performance differences within this sector in Q3. The sector index for cyclical retail rose by +1.8%, while the index for automobiles and their suppliers was up +3.4% in EUR. The house producers segment benefited greatly from falling yields. Its leading index (including companies such as D.R. Horton - buy rating, Lennar Corp., Pulte Group) rose by +24.4% in EUR terms in the last quarter. The consensus estimate for earnings growth has deteriorated in recent months. The current forecast for earnings growth this year is a low +1.8% (Y/Y). The expected growth for next year is +14.3% (y/y). The profit forecast for the automotive sector is an increase of +9.1% (y/y) next year. Profits in the automotive sector will therefore recover more slowly globally than those of the sector as a whole. The earnings performance of European car manufacturers is very below average in a global comparison. After an expected decline of -22.3% (y/y) this year, the profit growth of +5.2% (y/y) expected for 2025 is also very low.

The valuation of this overall sector is 24.5x according to the P/E ratio 2024e. The P/E ratio is higher than the global equity market, the dividend yield 2024 is lower at 1.3%. The index should rise slightly in Q4 due to the prospect of higher earnings growth next year. We expect the sector index to perform in a range between 0% and +5%.

Estimate 4Q	0% to +5%
World Index Weight	2.3%
2024 Perf. EUR	+18.3%
P/E 24e	16.8x
Net Profit y/y 24e	+9.5%
Top 3 Companies (Market Cap.)	
NextEra Energy	
Southern Co	
Iberdrola	

EGR Global Sector
EUR, rebased since 1 year



Source: Erste Group Research, FactSet

Utilities

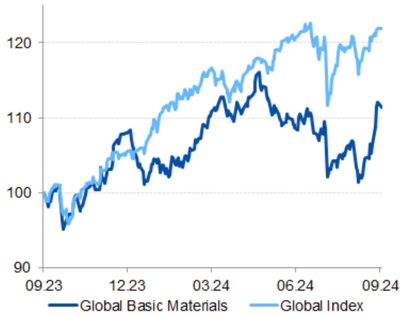
The sector index rose by +12.9% in EUR terms in the 3rd quarter. The sub-indices for electricity producers and gas and water suppliers performed almost equally well. In regional terms, US electricity producers (+15.3%) performed particularly well. The factors behind the above-average positive performance include the forecast lower future interest rate levels, from which the often highly indebted utilities will benefit in particular. In addition, demand for electricity is solid due to the growing US economy and the hot summer. Furthermore, the new AI datacenters being built and planned in many parts of the USA require a lot of electricity. Overall, these developments have led to the EIA currently forecasting that US utilities will generate +3% more electricity this year than last year. The additional production will be generated in particular by more solar and gas power. 59% of the US capacity added in 1H24 was solar. The increase in solar was supported by the parallel development of battery storage by utilities.

Globally, the revenue forecast for companies in this sector has improved slightly in recent months. The expected increase in revenue in the coming year is currently +2.9%. The expected profit growth is clearly positive for 24e (+9.5%) and 25e (+7.7%). Due to the solid growth prospects, we expect this sector to achieve a positive performance in a range between 0% and +5% in 4Q.

Global Sectors - Negative Outlook

Estimate 4Q	-5% to 0%
World Index Weight	2.9%
2024 Perf. EUR	+3.1%
P/E 24e	18.7x
Net Profit y/y 24e	-6.1%
Top 3 Companies (Market Cap.)	
Linde	
BHP Group	
Rio Tinto	

EGR Global Sector
EUR, rebased since 1 year



Source: Erste Group Research, FactSet

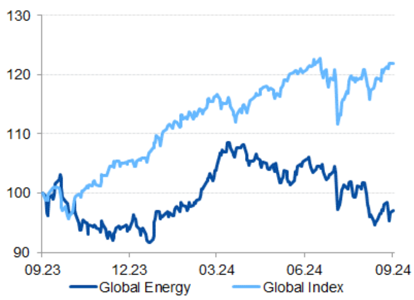
Basic Materials

The basic materials sector index rose by +2.1% in EUR terms in the third quarter. However, the performance since the beginning of the year is still clearly below average at over +3% in EUR. With an increase of +5% in Q3, the sub-index of precious metal miners outperformed due to the bullish gold price. The highly weighted sub-index of chemical companies also outperformed at +3.7%. Linde (Buy), which has the highest weighting in the index at 10%, continued their upward trend with +8% following good quarterly results. The outlook for sales and earnings growth in the sector is well below average in a global comparison. A decline in profits of -6.1% (y/y) is expected for 2024. In 2025, sales are then expected to increase by +4.5% (y/y) and the expected rate of profit growth is +13.8% (y/y). However, we believe that this earnings growth rate is unrealistically high, as the IMF's GDP growth forecast for China is set to fall from +5.0% this year to +4.5% next year. China remains by far the world's largest consumer of commodities.

The P/E ratio 2024e of the basic materials index is currently 18.7x, which is very high for this cyclical sector. In the short term, commodity stocks are benefiting from the stimulus measures in China. However, the Chinese government's focus is on the transformation to a higher share of consumption in economic output. It is unrealistic to expect construction activity to be as strong as in the last 15 years. We expect the global basic materials index to fall by between -5% and 0% in the fourth quarter.

Estimate 4Q	-5% to 0%
World Index Weight	4.7%
2024 Perf. EUR	+3.3%
P/E 24e	11.2x
Net Profit y/y 24e	-13.8%
Top 3 Companies (Market Cap.)	
Exxon Mobil	
Chevron	
Shell	

EGR Global Sector
EUR, rebased since 1 year



Source: Erste Research Index, FactSet.

Energy

The energy sector index fell by -7.8% in EUR terms in the third quarter and has only been slightly positive (+3%) since the start of the year. The price of a barrel of Brent crude, fell by -16% from USD 85.0 in the course of the third quarter to a multi-year low of USD 71.7 at the end of September. On the supply side, strong US oil production was one of the factors responsible for the price decline. At 13.4 million barrels/day, a new record high was reached (+2.6% y/y). Saudi Arabia also announced that it would increase oil production from December in order to regain market share. At the same time, the Chinese and European economies showed little momentum on the demand side. The news from China - by far the world's largest automotive market - that more electric cars than combustion engines were newly registered for the first time in August also caused uncertainty on the oil markets. Oil futures are currently signalling a slightly falling price in the 4th quarter.

Sales in the energy sector should fall by -0.5% (y/y) in 2024. Profits are expected to decline significantly by -13.8% (y/y). Profits should rise by +5.5% (y/y) in 2025. The performance of energy stocks will continue to depend heavily on the oil price trend. The war between Iran and Israel at the beginning of October added a major uncertainty factor to the oil market. Assuming that the oil price does not increase in 4Q due to a war related supply shortage in the middle east, we expect the sector index to fall by between -5% and 0% in the fourth quarter.

Europe

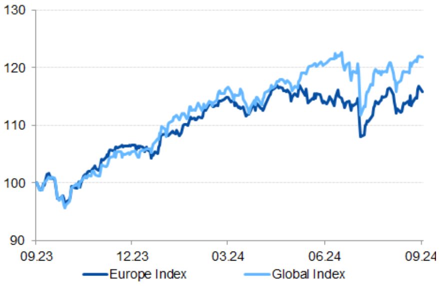
Forecast 4Q 2024
0% to +5%

Revenue and net profit growth
EUR, y/y

EUR	Sales 24e	Sales 25e	Net Profit 24e	Net Profit 25e
France	-1.5%	5.2%	-6.5%	7.8%
Germany	-0.3%	3.2%	-6.6%	7.3%
Switzerland	3.3%	4.0%	6.6%	10.8%
UK	-0.8%	3.3%	-4.7%	5.9%
Netherlands	2.0%	3.6%	4.6%	16.2%
Europe	**0.2%**	**3.4%**	**-1.3%**	**6.8%**

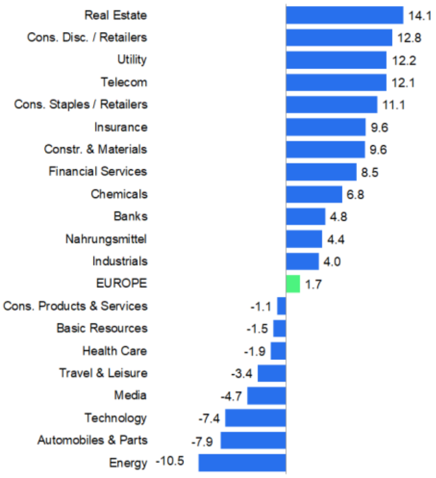
Source: Erste Group Research Index, FactSet.

Europe 250 Index vs. Global Index
Rebased to 100, EUR



Source: Erste Group Research Index, FactSet.

Europe Sector Perf. 3Q24
Erste Europa 250 Index, EUR

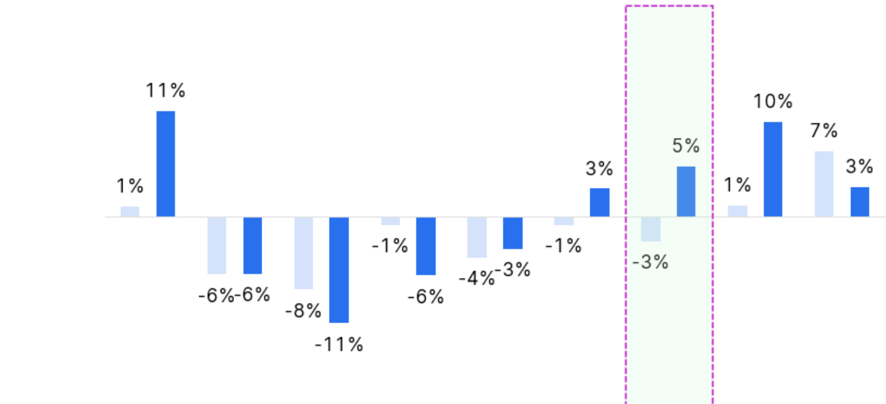


Source: Erste Group Research Index, FactSet.

The European index rose by +1.7% in EUR terms in the third quarter. The best performers were the financials (+7%), industrials (+5%) and consumer staples (+5%) sector indices. By contrast, the cyclical sectors energy (-11%) and technology (-7%) showed a clearly negative trend.

With an increase in profits of +3.0% y/y and a slight decline in sales of -0.8% y/y, the 2Q reporting season in Europe was in line with market expectations. The divergence in earnings performance in the sectors was again high. Earnings for utilities (+15%) and financials (+13%) rose significantly. By contrast, the technology (-29%), industrials (-8%) and commodities (-7%) sectors reported some significant falls in profits. For 3Q24, the highest profit increase since 1Q23 is expected at +5.8% Y/Y. However, sales should fall by -2.5% y/y overall due to the sharp decline in the energy sector. For the full year 2024, earnings are now expected to decline by -1.3% y/y. This is due in particular to the decline in profits in the energy and automotive sectors. In the coming year, the long-term historical average of earnings growth is expected to be around +7%. The median earnings growth of the 250 companies in the Europe Index for 2025e is +9.2%.

Europe: Sales and earnings forecasts 1Q23 to 4Q24e
EUR, Y/Y, %



	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24e	4Q24e	1Q25e
Revenue	1%	-6%	-8%	-1%	-4%	-1%	-3%	1%	7%
Earnings	11%	-6%	-11%	-6%	-3%	3%	5%	10%	3%

Source: FactSet, Erste Group Research.

The valuation of the European shares in the Erste 1000 Index is now 14.7x with the P/E ratio 2025e. This value is slightly below the long-term average of 15.8x. The expected dividend yield for 2025 is 3.4%. This is well above the global yield of 2.0%. The low valuation of European equities in a global context is mainly due to the sector structure with a lower weighting of highly profitable sectors such as technology and industry, whose valuation is also correspondingly higher.

Outlook: The profits of European companies should continue to rise slightly and also gain positive momentum in the coming quarters. The stock market currently has a below-average valuation in a global comparison. We therefore expect the leading European index to rise slightly in the 4th quarter. The gain should be in the range of 0% to +5%.

USA

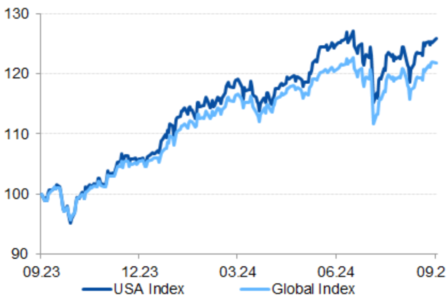
Forecast 4Q 2024
0% to +5%

USA Index

USD	2024e	2025e
Sales	+5.0%	+5.7%
EBIT	+7.8%	+13.1%
Net Profit adj.	+7.5%	+13.9%
PE	24.6x	21.6x
Div. Yield	1.2%	1.3%

Source: Erste Group Research Index, FactSet.

USA 500 Index vs. Global Index
Rebasiert auf 100, EUR



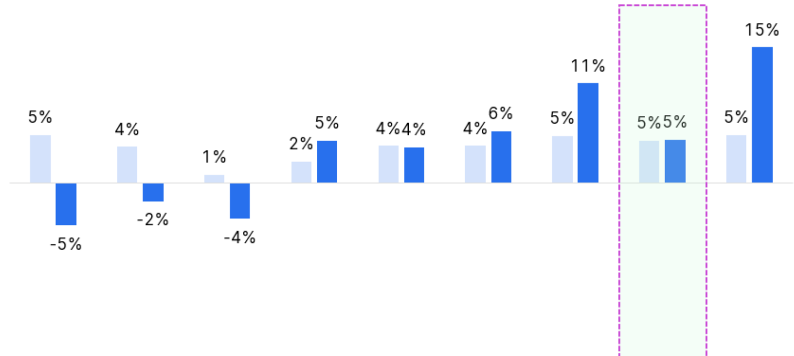
Source: Erste Group Research Index, FactSet.

The US stock market index reached a new all-time high at the end of the 3Q. The performance in EUR amounted to +1.2% in the third quarter. The start of the interest rate reduction cycle had a particularly positive impact on interest rate-sensitive sectors.

The sector index of real estate stocks (REITS) rose the most. Shares in house manufacturers also performed very well, as did telecoms and utilities stocks. The energy sector index fell the most. The technology index recorded a slightly negative performance.

The ISM index for US industry stood at 47.2 points in September. The index continues to signal a contraction in the industrial sector. At 54.9 points, the most recent ISM index for the service sector shows continued expansion in this segment, which is the most important for the US economy. Overall, the picture is one of a US economy that continues to grow.

USA 500 Index: Expected revenues and net profits
Consensus forecasts per quarter



	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24e	4Q24e
Revenue	5%	4%	1%	2%	4%	4%	5%	5%	5%
Earnings	-5%	-2%	-4%	5%	4%	6%	11%	5%	15%

Source: FactSet, Erste Group Research

After strong profit growth of +11% (Y/Y) in 2Q, the expected profit growth for 3Q is lower at +5% (Y/Y). The sales growth forecast for the 3Q remains the same at +5% (Y/Y). The reporting season starts on 11.10. with the results of the US banks. Profits will then grow much faster again in 4Q (4Qe: +15% Y/Y). The earnings growth of the companies in the Erste US index is expected to be +7.5% (Y/Y) this year. The forecast sales growth is +5% (y/y).

The consensus estimate for next year is slightly higher sales growth of +5.6% (Y/Y), but significantly stronger earnings growth of +13.9% (Y/Y). The dividend yield forecast for this year is 1.2%. In view of the good growth prospects, the valuation of the stock market is appropriate with a P/E ratio 2025e of 22.2x.

Outlook: The US equity market is benefiting from the expectation of increasing momentum in earnings growth next year and the Fed's already initiated rate-cutting cycle. We expect a positive performance of the US leading index in the 4Q in a range between 0% and +5%.

Forecast 4Q 2024

CEE

0% to +5%

CEE coverage index

EUR	2024e	2025e
Sales	12.5%	2%
EBIT	-3.2%	1.5%
Net Profit adj.	-2.9%	1.8%
PE	9.1x	9x
Div. Yield	4.6%	4.5%

Source: Erste Group Research Estimates.

The prospect of further interest rate cuts by the ECB and the Fed, but also by regional central banks, should continue to be a market driver. However, growth should and must increasingly gain in importance as such a market driver. So far, the recovery in growth in the region, particularly in corporate earnings, has been rather weak. A surprisingly strong move by the Fed, together with China's increasing fiscal and monetary policy stimulus, is helping to create positive momentum in the short term. In the medium to long term, however, a growth recovery previously expected as early as 2024 should at least take over as a key element in the outlook for 2025. Until then, and under the impact of global (geopolitical) risks, stock markets in CEE should also remain rather volatile.

CEE yields increasingly correlate with those in the US. Falling interest rates in CEE as well , not only supported by further interest rate cuts by local central banks, but also by this correlation, will provide support for real dividend yields. The US elections and the development of the conflict in the Middle East will also pose the most significant global risks for CEE. Should Trump win the election, trade conflicts are a distinct possibility, which would also impact the region (main impact on CEE as a whole via economic development in DE) and should Trump indeed withhold further support from Ukraine, the impact on its direct neighbors in the region would probably also be more pronounced than elsewhere. Further escalation in the Middle East with corresponding effects on oil prices would also be painful for the region.

Private and public consumption are the most important, if not the only, drivers of economic growth – a risk here is a shift in EU budgets and real wage growth that is not fully reflected in implicit demand. Industrial production in Central and Eastern Europe remains largely dependent on Germany, and so there is little hope of immediate recovery here for the time being. In terms of corporate earnings, the consensus outlook for the next 12 months is flat at best.

European stock markets, including those in Central and Eastern Europe, continue to be favorably valued. Confronted with rather limited growth prospects, this is probably at least partially justified. In this respect, we do not see valuation as a major argument for the region. However, as soon as positive prospects of any kind emerge, this low valuation allows scope to exploit positive momentum.

In the meantime, market positioning had definitely shifted towards an early cyclical recovery. However, this trend has since reversed. Nevertheless, we are keeping an eye on the cyclicals, particularly in the industrial sector. Industrial goods and discretionary consumer goods still show the most attractive combination of growth momentum and valuation.

Real Estate Europe

Forecast 4Q 2024
0% to +5%

The Stoxx 600 Real Estate gained 12.5% in the third quarter of 2024; only the retail sector performed better in the last three months. Rising share prices were observed in all asset classes, with LEG (+23%, residential) topping the list, followed by Covivio (+23%, office/residential/hotel), Balder (+23%, office/residential), Gecina (+20%, office/residential) and Klepierre (+18%, retail). The reporting season was generally positive. The revaluation results deserve special mention, as they clearly showed that the trend of devaluations is now coming to an end. However, liquidity and financing remain the main issues for many companies. On a positive note, the number of bonds issued has recently risen again significantly. Investor confidence is now returning, which is also reflected in rising share prices. In September, the Stoxx 600 Real Estate reached its highest level in the last two years. The prospect of further interest rate cuts should continue to boost the sector. We therefore expect the real estate sector to continue to perform well in the fourth quarter.

Austrian real estate stocks caused a particular stir. Immofinanz initiated the squeeze-out of S Immo, which will soon disappear from the share price lists in Vienna. Minority shareholders will receive EUR 22.05 per share. The squeeze-out is to be resolved at the extraordinary general meeting on October 14, 2024. Should the cash compensation offer be reviewed by the commercial court, the chances of a further payment to minority shareholders are not bad, as the book value and EPRA NAV of S Immo were significantly higher than EUR 22.05 on the last reporting date. The last three months have been curious for Immofinanz and CA Immo stocks, both of which initially traded at lofty heights before crashing. Immofinanz lost almost half of its market capitalization within around four weeks. CA Immo did not fare quite so dramatically, losing around a third of its share price before the rebound significantly reduced the losses. The price movements could not be explained in fundamental terms, but shareholding notifications revealed a change in the shareholder structure of both stocks.

China

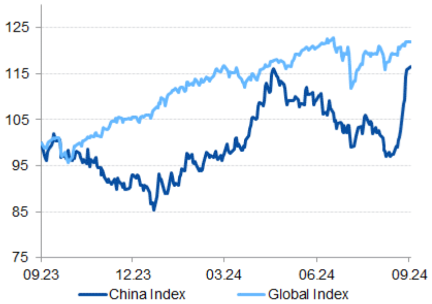
Forecast 4Q 2024
0% to +5%

EGR China Index

USD	2024e	2025e
Sales	+6.9%	+5.6%
EBIT	+7.4%	+6.6%
Net Profit adj.	+9.3%	+6.3%
PE	9.1x	8.6x
Div. Yield	3.7%	3.8%

Source: Erste Group Research Indices, FactSet

China Index vs Global Index
Rebased to 100, EUR



Source: Erste Group Research Indices, FactSet

The Erste China Index rose by +8.8% in EUR terms in the highly volatile 3Q24. The index trended negative at the beginning of the last quarter. On September 24, however, there was a surprise cut in key interest rates, a reduction in the minimum reserve requirement for banks by 50 basis points and a reduction in the equity ratio for loans for second homes from 25% to 15%. The Chinese share index then soared by +24% within a week. Another reason for the euphoria was the newly announced total of CNY 800 bn (EUR 103 bn) in credit lines provided by the central bank for companies wishing to buy back their own shares.

These measures by the central bank are a reaction to the persistently weak economic data. Consumer sentiment, for example, is as poor as it was at the start of the COVID pandemic in early 2022 and the industrial purchasing managers' index (PMI) fell below the expansion level of 50 points again in September at 49.3 points.

The forecasts for Chinese corporate earnings 24e and 25e improved slightly in 3Q, but remain well below the long-term averages. However, we expect the key interest rate cut to have a slightly positive impact on the profits of Chinese companies, some of which are highly indebted. In addition, we believe that the aforementioned government support for equity companies will lead to a higher valuation level for Chinese equities. We forecast a slightly positive performance in the range of 0% to +5% for the 4th quarter.

India

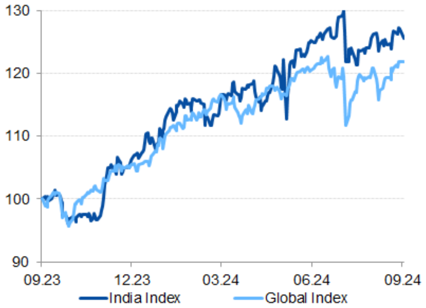
Forecast 4Q 2024
0% to +5%

EGR India Index

USD	2024e	2025e
Sales	+4.3%	+7.9%
EBIT	+10.6%	+13.8%
Net Profit adj.	+10.3%	+13.0%
PE	24.6x	21.8x
Div. Yield	1.3%	1.4%

Source: Erste Group Research Indices, FactSet.

India Index vs. Global Index
Rebased to 100, EUR



Source: Erste Group Research Indices, FactSet

The Indian stock market continued its upward trend in Q3 and gained +0.6% in EUR terms. The market's upswing is being driven by a large number of stocks and sectors. 88% of the 58 stocks in the index are above their 200-day moving average. The best performers were the shares of technology group Tech Mahindra (+4%) and car manufacturer Mahindra & Mahindra (+3%). The expected sales growth for 2024 is +4.3% Y/Y in USD. Profits should rise by +10.3% y/y this year. This is significantly higher growth than the global equity market. The largest percentage profit increases are expected for Tata Steel, JSW Steel, Adani Enterprises and Bharti Airtel. Only three of the 58 companies are forecast to see a fall in profits.

The valuation of the stock market according to the P/E ratio has risen to 24.6x due to the upward movement of the index. The P/E ratio is slightly above the long-term average. In our opinion, the high profitability of the companies and the above-average profit growth justify the valuation level, which is above the global equity market. We expect Indian equities to rise between 0% and +5% in 4Q24.

Forecast 4Q 2024

Brazil

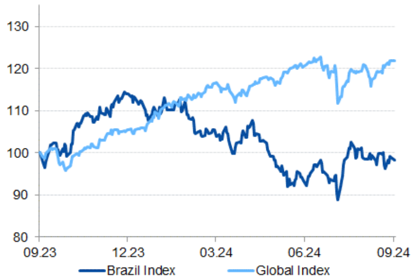
0% to +5%

EGR Brazil Index

USD	2024e	2025e
Sales	+2.6%	+0.5%
EBIT	+0.2%	+5.1%
Net Profit adj.	-6.3%	+13.1%
PE	8.4x	7.4x
Div. Yield	7.9%	6.7%

Source: FactSet, Erste Group Research

Brazil Index vs. Global Index
Rebased to 100, EUR



Source: Erste Group Research Indices, FactSet

The Brazilian benchmark index rose by +4.3% in EUR terms in the third quarter. Year-to-date performance in EUR is clearly negative at -13.9%. Due to the strong upward movement of the stock market in the third quarter, almost all shares of the Erste Brazil Index strengthened.

This year and next year, Brazilian companies are achieving below-average sales growth compared to the world equity index. This year, sales are only rising by +2.6% (Y/Y). A slight increase in revenue of +0.5% (y/y) is expected for next year. The profit trend for companies is negative this year. The expected decline in profits is -6.3% (Y/Y). Next year, however, profits are forecast to rise by +13.1% (Y/Y).

Due to the low growth in sales and the volatile earnings performance of the stock market, the valuation of the Brazilian stock index is low according to the P/E ratio. The P/E ratio for 2024e is 8.4x and the P/E ratio for 2025e is 7.4x. The dividend yield of 7.9% expected for this year is very high compared to the global stock market index.

We expect the Brazilian benchmark index to rise slightly in 4Q due to the prospect of positive earnings growth next year and the low valuation. Our expected performance is in the range of 0% to +5%.

Tables & Appendix

Economic indicators

		GDP (% yoy)		Inflation (% yoy)		Un-employ. (%)		CA Balance (% GDP)		Fiscal Balance (% GDP)		Gross Debt (% GDP)	
		24e	25e	24e	25e	24e	25e	24e	25e	24e	25e	24e	25e
Europe	**Eurozone**	0.6	**1.0**	2.4	1.9	6.6	6.4	2.3	2.3	-2.9	-2.6	88.7	88.3
	Germany	0.1	**0.8**	2.4	2.0	3.3	3.1	7.0	6.9	-1.5	-1.3	63.7	62.3
	France	1.0	**1.1**	2.4	1.8	7.4	7.0	-0.6	-0.6	-4.9	-4.9	111.6	112.8
	Spain	2.4	**2.1**	2.7	2.4	11.6	11.3	2.5	2.4	-3.1	-3.0	106.3	104.9
	Italy	0.8	**1.3**	1.7	2.0	7.8	8.0	0.8	1.3	-4.6	-3.2	139.2	140.4
	Austria	-0.3	**0.9**	3.0	1.9	5.2	5.0	2.8	2.9	-3.3	-2.8	79.3	77.4
	UK	0.7	**1.5**	2.5	2.0	4.2	4.1	-2.6	-2.8	-4.6	-3.7	104.3	106.4
	Switzerland	1.3	**1.4**	1.5	1.2	2.3	0.0	8.2	7.6	0.5	0.2	36.7	35.6
Eastern Europe	**Poland**	3.2	**3.7**	3.8	3.7	5.1	5.0	0.0	-1.0	-5.7	-5.8	54.0	58.0
	Turkey	3.1	**3.2**	59.5	38.4	9.6	9.6	-2.8	-2.2	-5.4	-3.7	30.9	31.0
	Czechia	0.9	**2.7**	2.4	2.5	2.8	3.4	0.5	0.8	-2.7	-2.3	44.9	45.1
	Romania	1.9	**2.8**	5.2	3.7	5.3	5.3	-8.1	-7.8	-7.9	-6.0	52.4	54.2
	Hungary	1.4	**3.2**	3.8	4.2	4.4	3.9	2.2	2.2	-4.8	-4.4	73.1	72.5
	Slovakia	2.2	**2.0**	2.8	4.6	5.5	5.4	-0.6	-0.2	-6.0	-5.0	58.3	59.4
Americas	**USA**	2.5	**1.5**	2.8	2.2	4.0	4.2	-2.5	-2.5	-6.5	-7.1	123.3	126.6
	Canada	1.3	**2.4**	2.6	1.9	6.3	6.3	0.3	0.4	-1.1	-0.9	104.7	102.1
	Brazil	2.1	**2.4**	4.1	3.0	8.0	7.9	-1.4	-1.5	-6.3	-5.5	86.7	89.3
	Chile	2.0	**2.5**	3.2	3.0	8.7	8.1	-3.9	-3.7	-1.9	-1.2	40.5	40.8
	Mexico	2.2	**1.6**	4.0	3.3	2.8	3.2	-0.8	-0.8	-5.9	-3.0	55.6	55.4
	Colombia	1.1	**2.5**	6.4	3.6	9.9	9.6	-3.0	-3.3	-3.3	-3.1	54.4	55.6
Asia	**China**	5.0	**4.5**	1.0	2.0	5.1	5.1	1.3	1.4	-7.4	-7.6	88.6	93.0
	Japan	0.7	**1.0**	2.2	2.1	2.5	2.5	3.5	3.5	-6.5	-3.2	254.6	252.6
	India	7.0	**6.5**	4.6	4.2	na	na	-1.4	-1.6	-7.8	-7.6	82.5	81.8
	Indonesia	5.0	**5.1**	2.6	2.6	5.2	5.1	-0.9	-1.3	-2.2	-2.7	39.3	39.3
	South Korea	2.3	**2.3**	2.5	2.0	3.0	3.1	2.9	3.4	-0.6	0.1	56.6	57.3
	Thailand	2.7	**2.9**	0.7	1.2	1.1	1.0	1.7	2.0	-3.7	-3.4	64.5	65.5
	Australia	1.5	**2.0**	3.5	3.0	4.2	4.5	0.5	-0.2	-1.3	-1.4	49.6	49.3
	South Africa	0.9	**1.2**	4.9	4.5	33.5	33.9	-1.8	-1.9	-6.1	-6.3	75.4	77.9
	World	3.2	**3.3**										

Source: IMF, EU Commission, Erste Group Research estimates

Forecasts[1]

GDP	2022	2023	2024	2025
Eurozone	3.3	0.4	0.6	1.0
US	1.9	2.5	2.5	1.5

Inflation	2022	2023	2024	2025
Eurozone	8.4	5.5	2.4	1.9
US	8.0	4.1	2.8	2.2

Currency	current	Dec.24	Mar.25	Jun.25	Sep.25
EURUSD	1.10	1.13	1.14	1.15	1.15
EURCHF	0.94	0.95	0.96	0.96	0.96

Interest rates	current	Dec.24	Mar.25	Jun.25	Sep.25
ECB MRR	3.65	3.15	2.90	2.65	2.40
ECB Deposit Rate	3.50	3.00	2.75	2.50	2.25
3M Euribor	3.27	2.95	2.71	2.47	2.23
Germany Govt. 10Y	2.25	2.50	2.60	2.60	2.60
Swap 10Y	2.48	2.80	2.90	2.90	2.90

Interest rates	current	Dec.24	Mar.25	Jun.25	Sep.25
Fed Funds Target Rate*	4.83	4.38	3.88	3.38	3.13
3M Libor	4.85	4.46	4.05	3.63	3.38
US Govt. 10Y	4.01	3.80	3.70	3.70	3.60
EURUSD	1.10	1.13	1.14	1.15	1.15

*Mid of target range

Interest rates	current	Dec.24	Mar.25	Jun.25	Sep.25
Austria 10Y	2.77	2.95	3.00	2.95	2.90
Spread AT - DE	0.51	0.45	0.40	0.35	0.30

Source: Market data provider, Erste Group Research

[1] By regulations we are obliged to issue the following statement: Forecasts are no reliable indicators for future performance

Equities

Erste Global 1000 Index

	Erste Global 1000 Index		No. of Comp.	Mkt. Cap. EUR bn	Weight (%) World	Performance (%) EUR 1M	3M	12M	YTD	Growth (%, y/y) Sales 24e	Sales 25e	Net Profit Adj 24e	Net Profit Adj 25e	P/E 24e	P/E 25e	DY 24e
	World	**USD**	**1,150**	**75,929**	**100**	**1.6**	**1.1**	**21.9**	**15.6**	**3.5**	**6.1**	**6.1**	**12.2**	**19.8**	**17.7**	**1.9**
Developed Markets	**North America**	**USD**	**565**	**49,792**	**65.6**	**2.1**	**1.2**	**25.5**	**18.6**	**4.9**	**5.6**	**7.0**	**13.6**	**24.1**	**21.2**	**1.3**
	Canada	USD	48	1,959	2.6	2.0	6.6	18.2	10.1	2.3	4.5	-0.4	8.5	16.5	15.2	3.1
	USA	USD	517	47,833	63.0	2.1	1.0	25.8	19.0	5.0	5.6	7.5	13.9	24.6	21.6	1.2
	Europe	**EUR**	**247**	**12,079**	**15.9**	**-0.4**	**1.4**	**15.8**	**8.6**	**0.2**	**3.4**	**-1.3**	**6.8**	**15.6**	**14.6**	**3.2**
	Finland	EUR	6	116	0.2	0.2	5.4	3.8	-1.2	-8.2	4.0	-16.9	10.9	17.3	15.6	4.4
	Germany	EUR	34	1,707	2.2	2.2	4.8	20.3	11.0	-0.3	3.2	-6.6	7.3	13.6	12.7	3.3
	Ireland	EUR	9	287	0.4	4.0	6.8	41.9	24.4	7.1	6.6	7.0	12.2	23.9	21.3	0.7
	Netherlands	EUR	20	1,077	1.4	-1.5	-4.0	26.2	15.8	2.0	3.6	4.6	16.2	22.3	19.2	2.1
	Norway	EUR	5	140	0.2	-4.7	-9.5	-17.1	-14.5	-5.1	-4.9	1.1	-8.1	8.9	9.7	8.6
	Sweden	EUR	19	591	0.8	2.8	3.8	25.6	8.2	-0.5	4.7	1.5	5.2	18.1	17.2	3.7
	Switzerland	EUR	28	1,701	2.2	-1.6	4.3	13.6	7.6	3.3	4.0	6.6	10.8	19.7	17.8	2.9
	United Kingdom	EUR	41	1,908	2.5	-2.0	1.9	10.7	10.8	-0.8	3.3	-4.7	5.9	12.2	11.5	3.9
	Asia/Pacific	**USD**	**164**	**6,614**	**8.7**	**-3.5**	**-4.1**	**15.2**	**7.7**	**0.1**	**8.8**	**13.5**	**14.3**	**15.8**	**13.8**	**2.5**
	Japan	USD	97	3,281	4.3	-7.4	-5.6	7.3	3.3	-3.1	5.9	2.9	10.3	15.3	13.9	2.2
	Singapore	USD	6	219	0.3	6.8	8.1	15.3	16.5	1.6	4.9	2.2	2.4	10.6	10.3	5.5
	Australia	USD	23	1,113	1.5	3.4	5.3	20.3	6.5	-0.2	4.7	-4.0	2.4	18.6	18.2	3.8
	South Korea	USD	21	806	1.1	-4.5	-11.1	0.0	-9.5	5.9	13.8	98.3	33.2	11.5	8.6	1.8
	Taiwan	USD	17	1,196	1.6	1.1	-5.0	57.3	42.3	11.6	21.8	25.3	23.2	22.1	17.9	2.1
Emerging Markets	**Emerging Asia/Pacific**	**USD**	**139**	**6,440**	**8.5**	**7.2**	**5.2**	**18.0**	**20.4**	**6.0**	**6.2**	**9.0**	**8.0**	**12.6**	**11.7**	**2.8**
	China (incl. HK)	USD	61	3,518	4.6	14.2	8.7	15.0	23.3	6.9	5.6	9.3	6.3	9.1	8.6	3.7
	India	USD	58	2,429	3.2	0.0	0.3	25.6	18.4	4.3	7.9	10.3	13.0	24.6	21.8	1.3
	Indonesia	USD	7	251	0.3	-4.0	1.9	18.2	11.0	-1.4	11.5	-4.3	16.5	20.1	17.2	3.2
	Thailand	USD	7	136	0.2	4.1	8.4	-4.1	6.7	3.3	2.1	6.9	6.0	17.0	16.0	3.4
	Emerging Europe	**USD**	**1**	**15**	**-**	**-12.5**	**-17.2**	**4.2**	**-13.5**	**49.2**	**-0.4**	**-44.1**	**20.0**	**5.1**	**4.3**	**7.4**
	Emerging Americas	**USD**	**27**	**807**	**1.1**	**-0.7**	**0.2**	**-4.2**	**-13.8**	**5.8**	**0.0**	**-2.2**	**11.8**	**11.1**	**10.0**	**5.4**
	Brazil	USD	15	432	0.6	-0.8	5.3	-1.8	-13.9	2.6	0.5	-6.3	13.1	8.4	7.4	7.9
	Mexico	USD	10	249	0.3	0.0	-10.1	-16.5	-22.4	8.9	-3.1	7.1	6.4	13.0	12.3	3.6
	Global Sectors															
Erste Sectors	**Basic Materials**	USD	64	2,171	2.9	4.4	2.4	11.3	3.1	-1.8	4.5	-6.1	13.8	18.5	16.2	2.7
	Consumer Discretionary	USD	156	10,424	13.7	4.8	1.1	15.4	9.5	3.5	6.2	1.8	14.3	22.8	20.0	1.3
	Consumer Staples	USD	85	4,298	5.7	0.7	6.9	8.2	8.0	3.9	4.6	1.4	7.7	20.0	18.6	2.8
	Energy	USD	64	3,538	4.7	-4.7	-7.9	-3.0	3.3	-0.5	1.6	-13.8	5.5	11.2	10.6	4.5
	Financials	USD	206	12,864	16.9	0.9	4.5	25.2	17.4	3.8	5.4	7.0	6.3	12.7	12.0	3.2
	Health Care	USD	108	7,874	10.4	-3.5	1.6	13.8	12.6	7.5	6.9	6.6	20.1	23.5	19.6	1.6
	Industrials	USD	183	7,818	10.3	1.7	5.2	22.5	12.1	1.1	6.9	3.8	11.1	22.7	20.4	1.6
	Real Estate	USD	46	1,246	1.6	4.1	12.4	21.9	10.3	5.7	5.2	2.9	7.2	27.3	25.5	3.1
	Technology	USD	146	21,904	28.8	2.8	-3.7	37.1	26.5	10.8	14.4	24.0	20.7	28.3	23.5	0.6
	Telecom	USD	38	2,065	2.7	3.1	6.6	15.3	12.6	1.3	3.7	6.0	8.6	17.3	15.9	2.8
	Utility	USD	54	1,725	2.3	5.5	13.0	30.0	18.3	0.0	2.9	9.5	7.7	17.0	15.8	3.4

Source: Erste Group Research, FactSet. Closing Prices as of: 30.9.2024.

Erste CEE Indices

Erste CEE Index		No. of Comp.	Mkt. Cap. EUR bn	Weight (%) World	Performance (%) EUR 1M	3M	12M	YTD	Growth (%, y/y) Sales 24e	Sales 25e	Net Profit Adj. 24e	Net Profit Adj. 25e	P/E 24e	P/E 25e	DY 24e
CEE Coverage	**EUR**	**157**	**424**	**100**	**-1.8**	**-3.9**	**7.3**	**-5.1**	**12.5**	**2.0**	**-2.9**	**1.8**	**9.1**	**9.0**	**4.6**
CEE Austria	EUR	36	126	29.8	-1.9	-0.4	9.8	1.9	7.9	1.2	-2.7	1.2	8.7	8.6	5.5
CEE Czech Republic	EUR	8	38	8.7	1.5	0.9	-3.7	-3.4	-3.2	-5.5	-5.8	-10.8	16.0	18.0	5.1
CEE Croatia	EUR	11	9	2.0	-0.2	5.2	22.6	16.5	6.1	4.8	7.3	6.4	18.4	17.3	3.2
CEE Hungary	EUR	4	26	6.2	-0.1	1.0	25.3	11.6	-4.7	-1.3	-	-4.6	5.5	5.7	5.0
CEE Poland	EUR	78	172	40.6	-2.1	-7.2	26.7	-0.6	26.8	3.3	-0.1	4.7	9.2	8.8	3.6
CEE Romania	EUR	9	25	5.9	-4.4	-6.1	-50.8	-55.4	14.4	1.7	35.1	-12.0	9.5	10.8	5.0
CEE Serbia	EUR	2	2	0.4	-1.9	1.2	6.7	0.3	5.1	-1.1	-70.2	-13.0	16.0	18.4	1.6
CEE Slovenia	EUR	2	7	1.6	-2.1	-3.8	35.5	29.3	7.1	3.9	-5.2	2.7	8.4	8.1	7.2
CEE Turkey	EUR	6	20	4.7	-5.1	-10.2	-1.3	17.1	-21.0	3.7	-38.6	28.2	10.3	8.0	5.0

Source: Erste Group Research, FactSet. Closing Prices as of: 30.9.2024.

Contacts

Group Research

Head of Group Research	
Friedrich Mostböck, CEFA®, CESGA®	+43 (0)5 0100 11902
CEE Macro/Fixed Income Research	
Head: Juraj Kotian (Macro/FI)	+43 (0)5 0100 17357
Katarzyna Rzentarzewska (Fixed income)	+43 (0)5 0100 17356
Jakub Cery (Fixed income)	+43 (0)5 0100 17384
Croatia/Serbia	
Alen Kovac (Head)	+385 72 37 1383
Mate Jelić	+385 72 37 1443
Ivana Rogic	+385 72 37 2419
Czech Republic	
David Navratil (Head)	+420 956 765 439
Jiri Polansky	+420 956 765 192
Michal Skorepa	+420 956 765 172
Hungary	
Orsolya Nyeste	+361 268 4428
János Nagy	+361 272 5115
Romania	
Ciprian Dascalu (Head)	+40 3735 10108
Eugen Sinca	+40 3735 10435
Dorina Ilasco	+40 3735 10436
Vlad Nicolae Ionita	+40 7867 15618
Slovakia	
Maria Valachyova (Head)	+421 2 4862 4185
Matej Hornak	+421 902 213 591
Marian Kocis	+421 904 677 274
Major Markets & Credit Research	
Head: Rainer Singer	+43 (0)5 0100 17331
Ralf Burchert, CEFA®, CESGA® (Sub-Sovereigns & Agencies)	+43 (0)5 0100 16314
Hans Engel (Global Equities)	+43 (0)5 0100 19835
Maurice Jiszda, CEFA®, CFDS® (USA, CHF)	+43 (0)5 0100 19630
Peter Kaufmann, CFA® (Corporate Bonds)	+43 (0)5 0100 11183
Heiko Langer (Financials & Covered Bonds)	+43 (0)5 0100 85509
Stephan Lingnau (Global Equities)	+43 (0)5 0100 16574
Maximilian Möstl (Credit Analyst Austria)	+43 (0)5 0100 17211
Carmen Riefler-Kowarsch (Financials & Covered Bonds)	+43 (0)5 0100 19632
Bernadett Povazsai-Römhild, CEFA®, CESGA® (Corporate Bonds)	+43 (0)5 0100 17203
Elena Statelov, CIIA® (Corporate Bonds)	+43 (0)5 0100 19641
Gerald Walek, CFA® (Eurozone)	+43 (0)5 0100 16360
CEE Equity Research	
Head: Henning Eßkuchen, CESGA®	+43 (0)5 0100 19634
Daniel Lion, CIIA® (Technology, Ind. Goods&Services)	+43 (0)5 0100 17420
Michael Marschallinger, CFA®	+43 (0)5 0100 17906
Nora Nagy (Telecom)	+43 (0)5 0100 17416
Christoph Schultes, MBA, CIIA® (Real Estate)	+43 (0)5 0100 11523
Thomas Unger, CFA® (Banks, Insurance)	+43 (0)5 0100 17344
Vladimira Urbankova, MBA (Pharma)	+43 (0)5 0100 17343
Martina Valenta, MBA	+43 (0)5 0100 11913
Croatia/Serbia	
Mladen Dodig (Head)	+381 11 22 09178
Boris Pevalek, CFA®	+385 99 237 2201
Marko Plastic	+385 99 237 5191
Matej Pretkovic	+385 99 237 7519
Bruno Barbic	+385 99 237 1041
Davor Spoljar, CFA®	+385 72 37 2825
Magdalena Basic	+385 99 237 1407
Czech Republic	
Petr Bartek (Head, Utilities)	+420 956 765 227
Jan Bystřický	+420 956 765 218
Hungary	
József Miró (Head)	+361 235 5131
András Nagy	+361 235 5132
Tamás Pletser, CFA® (Oil & Gas)	+361 235 5135
Poland	
Cezary Bernatek (Head)	+48 22 257 5751
Piotr Bogusz	+48 22 257 5755
Łukasz Jańczak	+48 22 257 5754
Krzysztof Kawa, CIIA®	+48 22 257 5752
Jakub Szkopek	+48 22 257 5753
Romania	
Caius Rapanu	+40 3735 10441

Group Markets

Head of Group Markets	
Oswald Huber	+43 (0)5 0100 84901
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
GM Retail Products &Business Development	
Head: Martin Langer	+43 (0)50100 11313
Corporate Treasury Product Distribution AT	
Head: Martina Kranzl-Carvell	+43 (0)5 0100 84147
Group Securities Markets	
Head: Thomas Einramhof	+43 (0)50100 84432
Institutional Distribution Core	
Head: Jürgen Niemeier	+49 (0)30 8105800 5503
Institutional Distribution DACH+	
Head: Marc Friebertshäuser	+49 (0)711 810400 5540
Bernd Bollhof	+49 (0)30 8105800 5525
Andreas Goll	+49 (0)711 810400 5561
Mathias Gindele	+49 (0)711 810400 5562
Ulrich Inhofner	+43 (0)5 0100 85544
Sven Kienzle	+49 (0)711 810400 5541
Rene Klasen	+49 (0)30 8105800 5521
Christopher Lampe-Traupe	+49 (0)30 8105800 5523
Danijel Popovic	+49 1704144713
Michael Schmotz	+43 (0)5 0100 85542
Christoph Ungerböck	+43 (0)5 0100 85558
Klaus Vosseler	+49 (0)711 810400 5560
Slovakia	
Šarlota Šipulová	+421 2 4862 5619
Monika Směliková	+421 2 4862 5629
Institutional Distribution CEE & Insti AM CZ	
Head: Antun Burić	+385 (0)7237 2439
Jaromir Malak	+43 (0)5 0100 84254
Czech Republic	
Head: Ondrej Čech	+420 2 2499 5577
Milan Bartoš	+420 2 2499 5562
Jan Porvich	+420 2 2499 5566
Pavel Zdichynec	+420 2 2499 5590
Institutional Asset Management Czech Republic	
Head: Petr Holeček	+420 956 765 453
Petra Maděrová	+420 956 765 178
Martin Peřina	+420 956 765 106
David Petráček	+420 956 765 809
Blanka Weinerová	+420 956 765 317
Petr Valenta	+420 956 765 140
Croatia	
Head: Antun Burić	+385 (0)7237 2439
Zvonimir Tukač	+385 (0)7237 1787
Ana Tunjić	+385 (0)7237 2225
Natalija Zujic	+385 (0)7237 1638
Hungary	
Head: Peter Csizmadia	+36 1 237 8211
Gábor Bálint	+36 1 237 8205
Balazs Papay	+36 1 237 8213
Gergő Szabo	+36 1 237 8209
Romania	
Head: Cristian Vasile Pascu	+40 373 511 695
Group Institutional Equity Sales	
Head: Michal Řízek	+420 224 995 537
Werner Fürst	+43 (0)50100 83121
Viktoria Kubalcova	+43 (0)5 0100 83124
Thomas Schneidhofer	+43 (0)5 0100 83120
Oliver Schuster	+43 (0)5 0100 83119
Czech Republic	
Head: Michal Řízek	+420 224 995 537
Jiří Fereš	+420 224 995 554
Martin Havlan	+420 224 995 551
Pavel Krabička	+420 224 995 411
Poland	
Head: Jacek Jakub Langer	+48 22 257 5711
Tomasz Galanciak	+48 22 257 5715
Wojciech Wysocki	+48 22 257 5714
Przemyslaw Nowosad	+48 22 257 5712
Maciej Senderek	+48 22 257 5713
Croatia	
Matija Tkalicanac	+385 72 37 21 14
Hungary	
Nandori Levente	+ 36 1 23 55 141
Krisztian Kandik	+ 36 1 23 55 162
Balasz Zankay	+ 36 1 23 55 156
Romania	
Valerian Ionescu	+40 3735 16541
Group Fixed Income Securities Markets	
Head: Goran Hoblaj	+43 (0)50100 84403
Fixed Income Flow Sales	
Head: Gorjan Hoblaj	+43 (0)5 0100 84403
Margit Hraschek	+43 (0)5 0100 84117
Christian Kienesberger	+43 (0)5 0100 84323
Ciprian Mitu	+43 (0)5 0100 85612
Bernd Thaler	+43 (0)5 0100 84119
Zsuzsanna Toth	+36 1 237 8209
Poland	
Pawel Kielek	+48 22 538 6223
Michal Jarmakowicz	+43 50100 85611
Fixed Income Flow Trading	
Head: Gorjan Hoblaj	+43 (0)5 0100 84403
Group Fixed Income Securities Trading	
Head: Goran Hoblaj	+43 (0)50100 84403
Group Equity Trading & Structuring	
Head: Ronald Nemec	+43 (0)50100 83011
Business Support	
Bettina Mahoric	+43 (0)50100 86441

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