

CEE MACRO AND FI DAILY

House prices return to growth all over CEE

On the Radar

- Trade balance in Slovakia (August) arrived at EUR 141 million, in Croatia will be released at 11 (July).
- Hungarian central bank will release the minutes form the meeting in the afternoon.
- Tomorrow in the morning, Hungary and Czechia will publish August's inflation rates.

House prices in CEE, % y/y

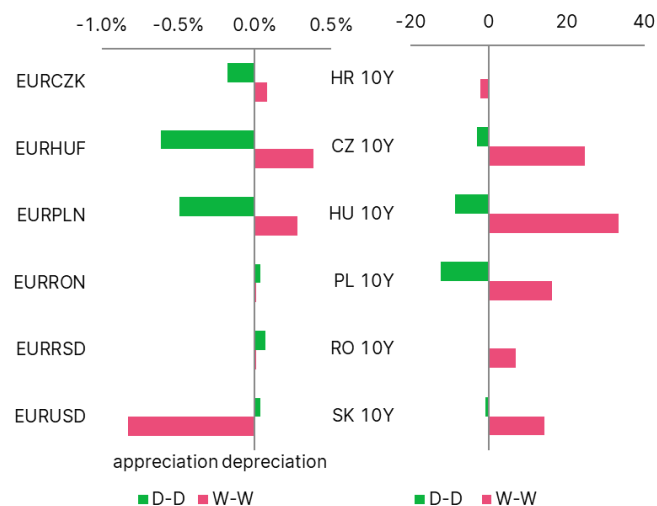


Source: Erste Group Research

Economic developments

In the second quarter of 2024, house prices increased by 1.3% y/y in the Eurozone and by 2.9% y/y in the EU. In the CEE region (CEE7 excluding Serbia), the growth of house prices was even more dynamic, as it reached an average of 8.5% y/y. Poland, Croatia, and Hungary saw the highest growth rates of house prices in the second quarter. In Poland, the growth was in double-digits and as high as 17.7% y/y. In Croatia and Hungary, it was close to 10%. The lowest growth dynamics, close to 4% y/y in the second quarter, were reported in Czechia and Slovakia. Moreover, only these two countries experienced a decline in growth rates between the second quarter of 2023 and the beginning of 2024. Over the course of 2023, the growth of house prices clearly bottomed out, and economic recovery is in line with further house price increases.

Market performance



Source: Erste Group Research

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Market developments

Today, the Hungarian central bank will publish the minutes from the central bank meeting, during which the bank had decided to lower the key interest rate after the pause in August. As for October's meeting, the recent volatility on the FX market may hold off the central bank with monetary easing according to Deputy Governor Virag. In Poland, the consensus among the MPC members to begin monetary policy in March 2025 has been growing. The MPC member Janczak admitted that if inflation and growth projections in March 2025 confirm that inflation peaked, the way to monetary easing opens. As for bond market-related news, the Polish Finance Minister commented that Poland targets reaching the 3% of GDP limit in the budget deficit in 2028 only, as it wants to avoid spending cuts. Today, the bond auctions will be held in Poland. The CEE currencies strengthened on Tuesday against the euro, while long-term interest rates showed little movement.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
09. Oct	09:00	SK	Trade Balance	Aug		-30.00	205.80
10. Oct		SK	Industrial Production (y/y)	Aug		-2.0%	6.6%
	08:00	RO	Trade Balance	Aug			-2949.20
	08:00	RO	GDP (q/q)	2Q F	0.1%	0.10%	0.11%
	08:00	RO	GDP (y/y)	2Q F	0.80%	0.80%	0.76%
	08:30	HU	CPI (y/y)	Sep	3.07%	3.10%	3.40%
	08:30	HU	CPI (m/m)	Sep	0.05%	0.10%	
	09:00	CZ	CPI (y/y)	Sep	2.53%	2.40%	2.20%
	09:00	CZ	CPI (m/m)	Sep	-0.40%	-0.60%	0.30%
	10:30	SI	Industrial Production (y/y)	Aug		1.00%	0.30%
	11:00	HR	PPI (y/y)	Sep			-4.00%
	12:00	RS	Central Bank Rate	Okt 24		5.50%	5.75%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.27	-0.2	0.1
EUR/HUF	399.18	-0.6	0.4
EUR/PLN	4.30	-0.5	0.3
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.93	0.1	0.0
EUR/USD	1.10	0.0	-0.8

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.17	-1	-3
HUF	6.30	-1	-1
PLN	5.85	0	0
RON	5.55	0	0
RSD	4.93	0	-1
EUR	3.27	0	1

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.92	-3	25
HU 10Y	6.35	-9	33
PL 10Y	5.34	-12	16
RO 10Y	6.65	0	7
HR 10Y	3.06	0	-2
SK 10Y	3.25	-1	14

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