

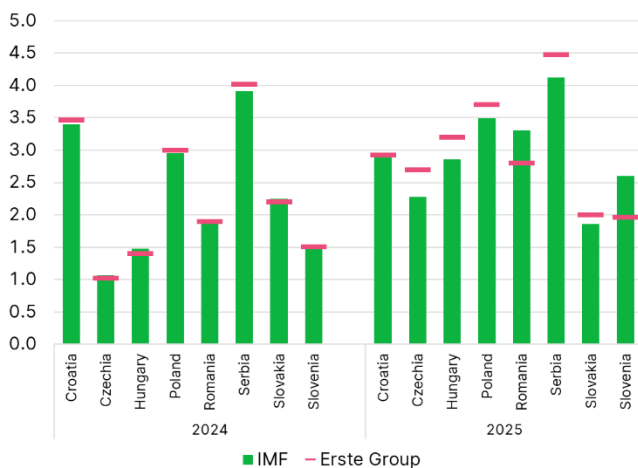
CEE MACRO AND FI DAILY

# IMF releases updated forecasts, global growth to remain stable

## On the Radar

- Hungarian central bank kept the key policy rate unchanged at 6.50%.
- Real retail sales in Poland declined by -3.0% y/y. The release was a major downside surprise.
- In Slovenia, the real wage growth landed at 4.9% y/y in August.
- Today, unemployment rate in Poland will be published at 10 AM CET.

## Growth forecasts of IMF and Erste, percent

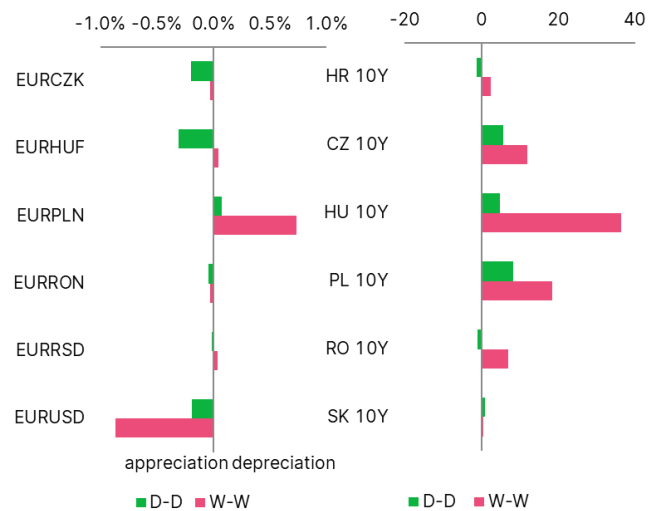


Source: Erste Group Research

## Economic developments

Global growth is expected to remain stable yet underwhelming, according to the International Monetary Fund (IMF). The forecast for the United States was revised upward and offsets downgrades to those for other advanced economies, particularly the largest European countries. While the global decline in inflation is a major milestone, downside risks are rising and now dominate the outlook. These risks include an escalation in regional conflicts or monetary policy remaining tight for too long. As far as the region is concerned, our 2024 forecasts are mostly aligned with the IMF projections. In Poland, we fine-tuned the 2024 growth forecast from 3.2% to 3.0%, given the quite disappointing development of the economy in September. Both industry and retail sales declined, and the underperformance of the retail sector was a major surprise. Looking into 2025, we remain more optimistic about several CEE countries, namely, Czechia, Hungary, Poland, Slovakia, and Serbia, as we believe investment will begin to recover and support growth beyond 2024, in which private consumption has been playing a key role. In the case of Romania and Slovenia, we remain more pessimistic.

## Market performance



Source: Erste Group Research

## Market developments

The Hungarian central bank kept the policy rate unchanged at 6.50% in October. Deputy Governor Csaba Kandrac emphasized the worsening geopolitical environment and increased risk aversion reflected in the forint weakening, increased bond yields and spreads recently. Furthermore, September's inflation arrived at the central bank target; however, core inflation rose, and the upside risks to inflation increased as well. Regarding the outlook, if warranted by the external environment and the inflation outlook, the base rate may remain at the current level for an extended period. If these factors improve, we believe there is a small space for another rate cut by the end of the year. Thus, we stick to our forecast and see the key policy rate at 6.25% at the year-end. As for the FX and bond market, the volatility increased on Tuesday as expectations regarding the monetary policy in the US have been changing more visibly. The EUR/HUF and EUR/PLN moved higher, and since the beginning of the week, the long-term yields increased between 15 and 20 basis points in Hungary and Poland and by 10 basis points in Czechia or Slovenia.

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## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.	
23. Oct	10:00	PL	Unemployment Rate	Sep			5.00%	
24. Oct			No releases shceduled					

### FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.20	-0.2	0.0
EUR/HUF	400.03	-0.3	0.0
EUR/PLN	4.32	0.1	0.7
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.92	0.0	0.0
EUR/USD	1.08	-0.2	-0.9

### 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.11	-1	-3
HUF	6.40	2	6
PLN	5.85	0	-1
RON	5.55	0	0
RSD	4.84	0	-3
EUR	3.10	-4	-12

### 10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.04	6	12
HU 10Y	6.71	5	36
PL 10Y	5.67	8	19
RO 10Y	6.83	-1	7
HR 10Y	3.10	-1	3
SK 10Y	3.23	1	1

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