

CEE MACRO AND FI DAILY

Q3 growth figures weaker than anticipated

On the Radar

- Flash estimates of 3Q24 GDP arrived at 1.1% y/y in Romania, 2.7% y/y in Poland, 1.2% y/y in Slovakia and at 1.4% y/y in Slovenia.
- Inflation rate in Slovakia arrived at 3.1% y/y in October.
- Later today, Poland and Croatia will publish final October's inflation numbers.

Flash 3Q24 GDP, y/y percent

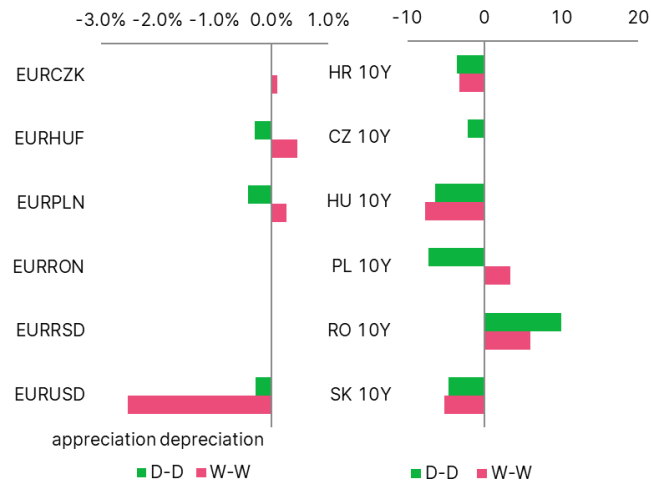


Source: Erste Group Research

Economic developments

Economic growth in the third quarter surprised the most to the downside in Hungary and in Romania. Hungarian economy contracted, while Romanian expanded by 1.1% y/y, well below the expectations. In both countries we have already revised the 2024 growth forecast downwards to 0.5% and 0.8%, respectively. In Romania, high-frequency indicators suggest that consumption decelerated in Q3 2024. In Slovakia, flash 3Q24 GDP was also disappointing at 1.2% y/y as opposed to expectations of expansion close to 2%. In Serbia, economic growth was solid at 3.1% y/y in 3Q24 (though below our expectations as well) and we expect Serbia to expand by 4% in 2024, the most within CEE region. In other countries (Czechia, Poland, and Slovenia) the flash estimates were mostly in line with market consensus as far as year-on-year growth dynamics are concerned. Polish economy, however, unexpectedly contracted in the quarter-on-quarter terms as flash 3Q24 landed at -0.2% q/q. In general, the economic recovery has been weaker than initially anticipated. The external environment and in particular the German economy has been sluggish, reducing the impulse for recovery steaming from the domestic development. The GDP structure will be published at the end of November and beginning of December but downside risks for growth outlook prevail.

Market performance



Source: Erste Group Research

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Market developments

CEE currencies continued to strengthen against the euro on Thursday. The recent statement of Federal Reserve Chair Powell supports the development. He said that the economy was not sending any signals that we need to be in a hurry to lower rates. In Poland, the MPC member Wnorowski believes that in the first quarter of 2025 there will be enough reasons to begin with monetary easing. The bond market development was mixed in the region. There are no other market-related news.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
15. Nov	09:00	SK	CPI (y/y)	Oct		3.10%	2.60%
	09:00	SK	CPI (m/m)	Oct		0.60%	0.10%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.25	0.0	0.1
EUR/HUF	406.09	-0.3	0.5
EUR/PLN	4.32	-0.4	0.3
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.85	0.0	0.0
EUR/USD	1.05	-0.3	-2.5

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.93	-1	-9
HUF	6.50	0	-4
PLN	5.85	0	1
RON	5.56	1	1
RSD	4.78	-1	-1
EUR	3.01	-2	-3

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.99	-2	0
HU 10Y	6.62	-6	-8
PL 10Y	5.66	-7	3
RO 10Y	7.00	10	6
HR 10Y	3.21	-4	-3
SK 10Y	3.27	-5	-5

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