

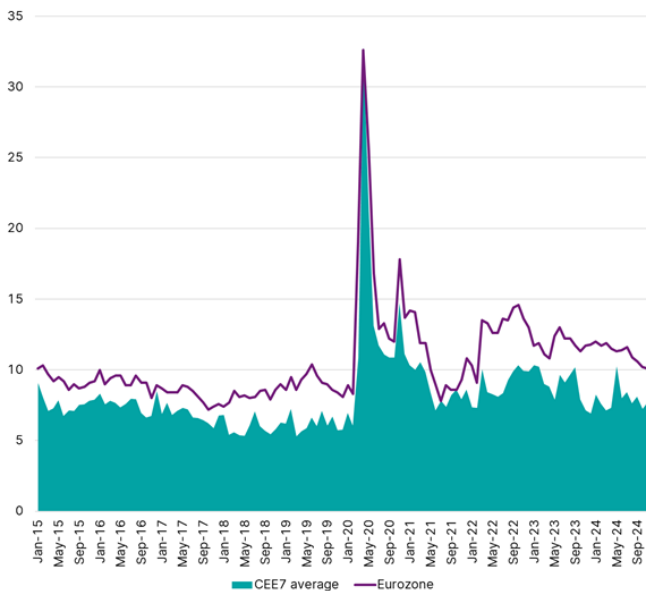
CEE MACRO AND FI DAILY

Labor hoarding in CEE lower than in the Eurozone

On the Radar

- In Slovenia, industrial production grew 3.5% y/y in October.
- In Romania, November's inflation landed at 5.1% y/y.
- Otherwise, there are no other releases scheduled for today.

Labor hoarding, percent

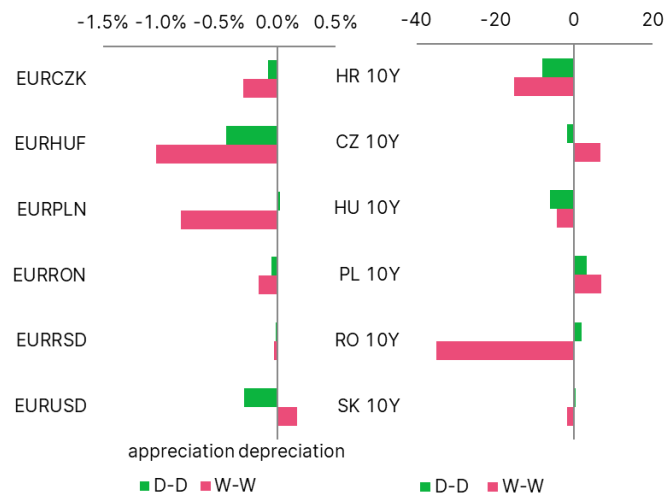


Source: Erste Group Research

Economic developments

Labor hoarding, coupled with structural and persistent low growth, could eventually result in increased unemployment, according to the European Stability Mechanism (ESM). It could further undermine resilience and impact the economy, public finances, and financial stability. The ESM's analysis suggests that labor hoarding is keeping the current unemployment rate about two percentage points higher in the Eurozone. In the region, however, labor hoarding seems to be less of an issue. The Labor Hoarding Indicator (LHI) of the European Commission measures the percentage of managers expecting their firm's output to decrease, but employment to remain stable or increase. The LHI was at 10.1 percent, while the average for CEE7 was at 7.2 percent. Looking across the countries, labor hoarding is the highest in Hungary, where the November's value was at 15.3 percent (visibly above the Eurozone). In other countries, labor hoarding holds between 5 and 8 percent and has been declining lately.

Market performance



Source: Erste Group Research

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Market developments

The CEE currencies have been strengthening against the euro since the beginning of the week with the EURHUF moving down to as low as 410. On the bond market, the long-term yields have been lower ahead of the ECB meeting (rate decision due Thursday). In Czechia, central banker Kubicek expressed his concerns that the central bank may not manage to bring disinflation to the finish line. He thus supports cautiousness as core inflation, that is in his focus, shows little prospects of slowing below 2% from the current 2.4%. Romanian pro-European parties pledged to form government quickly and it is likely they will support one joint presidential candidate in the new presidential elections. Polish president signed the law that freezes the 2025 electricity prices.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
11. Dec	08:00	RO	CPI (y/y)	Nov		5.10%	4.67%
	08:00	RO	CPI (m/m)	Nov		0.40%	0.62%
12. Dec	08:00	RO	Wages (y/y)	Oct			13.83%
	09:00	SK	Wages (y/y)	Oct			4.20%
	12:00	RS	CPI (y/y)	Nov			4.50%
	12:00	RS	CPI (m/m)	Nov			0.60%
	12:00	RS	Central Bank Rate	Dez 24			5.75%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.06	-0.1	-0.3
EUR/HUF	409.85	-0.4	-1.0
EUR/PLN	4.26	0.0	-0.8
EUR/RON	4.97	0.0	-0.2
EUR/RSD	116.77	0.0	0.0
EUR/USD	1.05	-0.3	0.2

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.90	0	1
HUF	6.50	0	0
PLN	5.85	-2	0
RON	5.91	0	0
RSD	4.70	0	0
EUR	2.87	1	-1

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.98	-2	7
HU 10Y	6.20	-6	-4
PL 10Y	5.60	3	7
RO 10Y	6.97	2	-35
HR 10Y	2.89	-8	-15
SK 10Y	2.99	0	-2

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