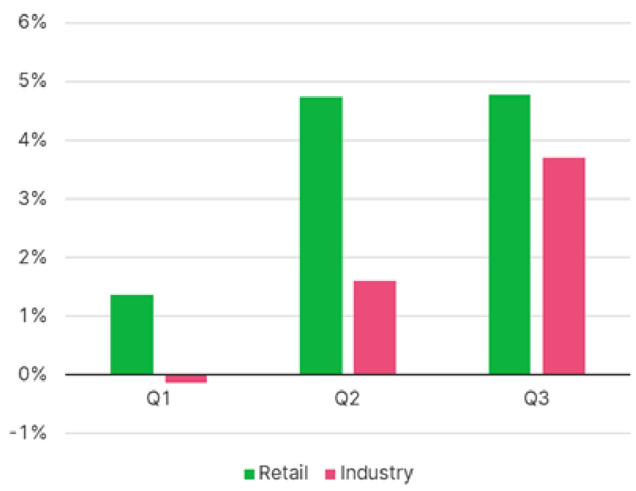
CEE MACRO AND FI DAILY

Poland’s retail and industry foreshadow high Q3 growth

On the Radar

- Unemployment rate in Poland landed at 5.6% in September.
- Today at noon CET Serbia will publish real wage growth in August.

Retail sales and industry growth, y/y

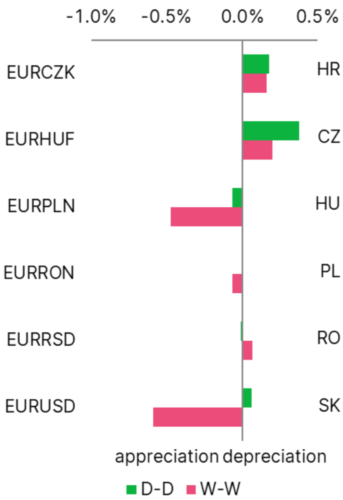


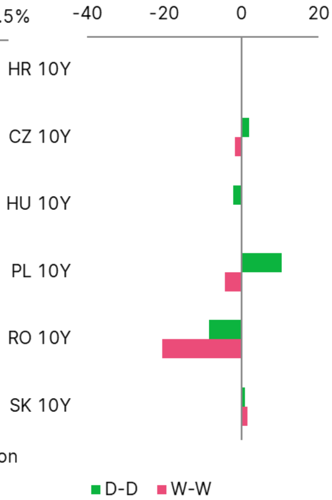
Source: Erste Group Research

Economic developments

Following the release of September’s retail sales data on Wednesday, the retail and industry dataset for Q3 in Poland is now complete. Retail sales recorded a robust year-on-year increase of 6.4%, up from 3.1% in August. This strong performance was significantly supported by a favorable base effect, as parts of Poland were impacted by flooding during the same period last year, which had suppressed retail activity. However, seasonally adjusted figures indicated a 0.6% month-on-month decline. Industrial output delivered a positive surprise, rising 7.4% year-on-year, partially also thanks to both base and calendar effects. Nevertheless, the external environment remains subdued, and sustaining such elevated growth rates may prove challenging. Overall, both retail and industrial sectors exhibited a positive trajectory in Q3, resulting in the highest quarterly average growth rates observed this year. As a result, our nowcasting model estimates Q3 GDP growth at 3.7%, with a higher likelihood of an upside surprise. The flash GDP release is scheduled for 13 November.

Market performance





Source: Erste Group Research

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Market developments

This week, the Czech koruna and the Hungarian forint have been marginally weaker against the euro, while the Polish zloty strengthened slightly (EURPLN at 4.23). Long-term yields declined slightly ahead of inflation release in the US and flash PMIs in Eurozone. In Poland, the Ministry of Finance successfully sold bonds worth PLN 12.0 billion at its main auction, meeting strong demand, and added another PLN 363 million in a supplementary sale. Romania submitted the progress report to the European Commission under the Excessive Deficit Procedure outlaying that the government targets a 2.4 percentage point consolidation in 2026, corresponding to deficit reduction to 6% of GDP from expected 8.4% in 2025.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
24. Oct	**12:00**	**RS**	Wages (y/y)	Aug			6.20%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.30	0.2	0.2
EUR/HUF	390.27	0.4	0.2
EUR/PLN	4.23	-0.1	-0.5
EUR/RON	5.08	0.0	-0.1
EUR/RSD	117.09	0.0	0.1
EUR/USD	1.16	0.1	-0.6

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.52	0	-1
HUF	6.50	0	0
PLN	4.49	-2	-6
RON	6.40	0	-1
RSD	4.68	0	0
EUR	2.07	0	6

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.33	2	-2
HU 10Y	6.77	-2	0
PL 10Y	5.33	10	-4
RO 10Y	7.00	-9	-21
HR 10Y	3.01	0	0
SK 10Y	3.31	1	2

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