

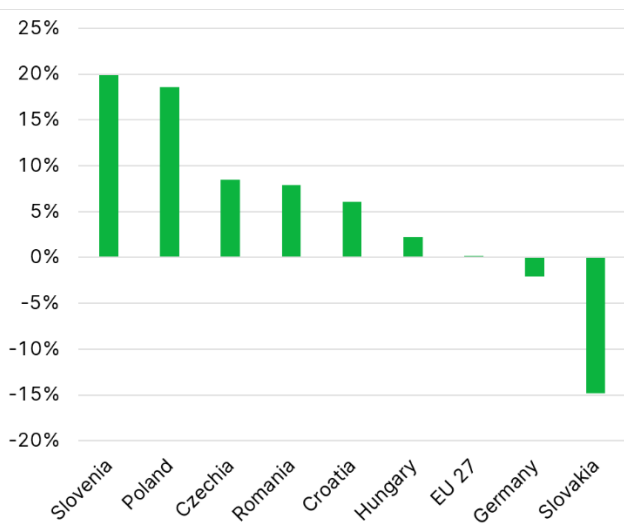
CEE MACRO AND FI DAILY

Car registrations keep growing in CEE, except for Slovakia

On the Radar

- The unemployment rate dropped marginally to 5.4% in July.
- PPI Index in Hungary grew by 2.5% y/y and 0.7% m/m.
- 2Q24 GDP in Czechia was confirmed at 0.3% q/q and uplifted to 0.6% y/y from 0.4%.
- Later today, flash estimates of August's inflation will be published in Poland (10 AM CET), Slovenia (10.30 AM CET) and Croatia (11 AM CET).
- In Croatia, retail sales growth in July will be released as well.
- At noon, Serbia will publish retail sales and industrial output growth in July.

Car registrations growth, July, y/y

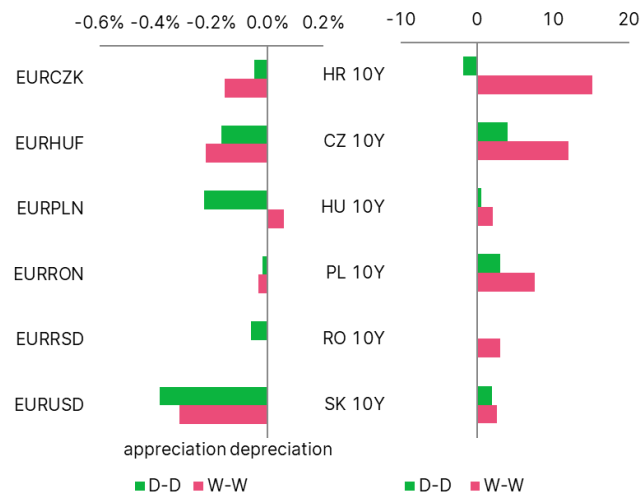


Source: Erste Group Research

Economic developments

Yesterday, the European Automobile Manufacturers' Association released data for July's car registrations. Slovenia recorded the highest annual growth at nearly 20%, followed by Poland at 18.6%. Czechia, Romania, and Croatia also showed solid expansion, while Slovakia experienced a significant decline of almost 15% y/y. Year-to-date, Slovakia's car registrations are slightly positive at 0.8%, whereas Poland, Romania, Croatia, and Hungary report double-digit growth. These four countries also exhibit the most robust household consumption growth this year. In terms of power units for registered cars in July, hybrid electric vehicles (HEVs, excluding plug-ins) dominate in Poland, Hungary, and Romania. Conversely, petrol cars lead in Slovakia and Czechia, followed by HEVs. Slovenia has only 15% of newly registered cars with some form of electric power, while Croatia has just 7%. Interestingly, Germany saw a substantial decline in battery-electric vehicle registrations, with a 36% y/y drop in July and a 20% decrease YTD. Such decline is counterbalanced by growing demand for HEVs and plug-in hybrids.

Market performance



Source: Erste Group Research

Market developments

Slovenia debuted on the Japanese debt market and issued total of JPY 50bn in a 3Y (JPY 45.9bn at 0.75%) and 5Y (JPY 4.9bn at 0.89%) fixed rate senior unsecured bond, thus making it the first Social Samurai Bond issued by a sovereign. While the issuance size may not be on the larger side (approx. EUR 310mn), it successfully tested investor's interest, as both Japanese domestic and offshore accounts drove demand. With this issuance, Slovenia has covered around 2/3 of this year's financing needs, suggesting comfortable position when it comes to additional issuance and closing this year's financing. As for the foreign issuance there was some news from Hungary as well. In 2024, Hungary may still consider emission of EUR 500 million of Samurai bonds. Next year, however, tapping international markets will be difficult given the limit of the share of foreign-currency bonds at 30% that currently stands at 28.9%. In Poland, we heard from the MPC member Tyrowicz that Poland should not discuss monetary easing when inflation is accelerating. She would see interest rate close to 7.5% - 7.75%.

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Upcoming releases in CEE

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.02	0.0	-0.2
EUR/HUF	392.48	-0.2	-0.2
EUR/PLN	4.28	-0.2	0.1
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.89	-0.1	0.0
EUR/USD	1.11	-0.4	-0.3

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.37	0	-3
HUF	6.52	0	-2
PLN	5.85	0	0
RON	5.57	-1	-1
RSD	5.16	0	0
EUR	3.51	0	-4

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.86	4	12
HU 10Y	6.18	1	2
PL 10Y	5.43	3	8
RO 10Y	6.63	0	3
HR 10Y	3.35	-2	15
SK 10Y	3.32	2	3

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