

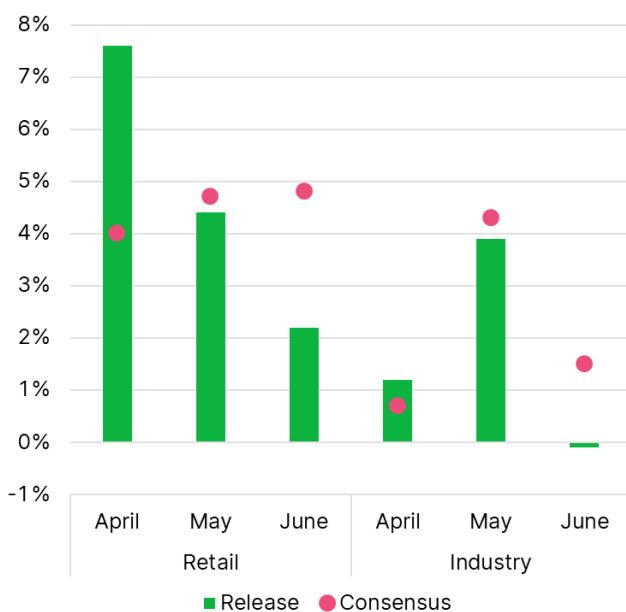
CEE MACRO AND FI DAILY

Positive Q2 momentum in Poland despite June's negative surprises

On the Radar

- Hungarian central bank kept policy rate unchanged at 6.50%.
- Real retail sales in Poland disappointed arriving at 2.2% y/y in June.
- Real wage growth in Slovenia landed at 5.2% in May.
- Today, Poland releases unemployment rate at 10 AM CET.

Retail sales and industrial production growth, y/y

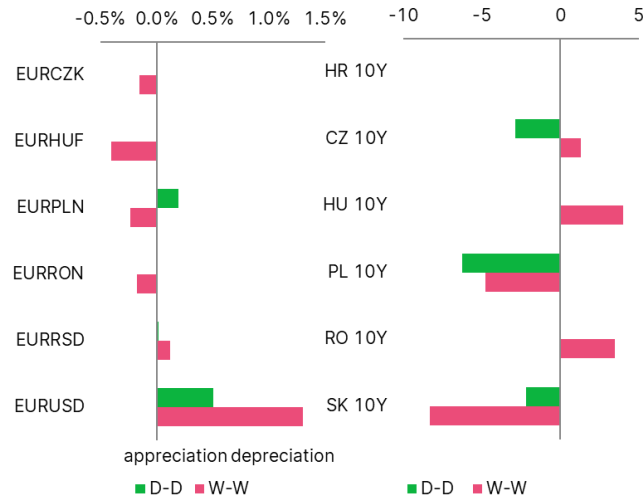


Source: Erste Group Research

Economic developments

With the release of June's retail sales data, we now have a complete set of monthly indicators for Poland's second quarter. As in the first quarter, the performance across industrial production and retail sales presents a mixed picture; however, the overall trend remains positive. Retail sales in April significantly exceeded expectations, partly due to the timing of Easter, which fell in April this year rather than March as in 2024. Beyond this calendar effect, sales of durable goods rose as well. Industrial production also surprised to the upside, recording an annual increase of 1.2%. May's data continued to reflect a relatively solid performance, with retail sales rising by 4.4% y/y and industrial output by 3.9% y/y. Nevertheless, both figures came in slightly below market expectations. In contrast, June brought negative surprises in both sectors. Retail sales growth slowed to 2.2% y/y, falling 2.6pp short of consensus. The surprise was driven by weaker sales of durable goods and a contraction in food sales. Industrial production also disappointed, contracting by 0.1% y/y—1.6 percentage points below expectations. Despite the weaker June data, we assess the second quarter as relatively robust overall as the Q2 average was at 1.6% y/y (vs. -0.1% in Q1) for industry and 4.7% (vs. 1.4%) for retail and estimate annual GDP growth at approximately 3.5%.

Market performance



Source: Erste Group Research

Market developments

Hungarian central bank kept the policy rate unchanged at 6.50% on Tuesday. According to the statement “a careful and patient approach to monetary policy remains necessary due to risks to the inflation environment as well as trade policy and geopolitical tensions. In the Council’s assessment, maintaining tight monetary conditions is warranted.” If regional interest rates progress according to the current forecasts, then we can still see the possibility of a rate cut at the end of the year. Furthermore, the Hungarian central bank has decided to reduce the required reserve ratio from 10 percent to 8 percent as of August 1, 2025. The measure - as the central bank statement notes - is mainly a technical change and has little impact on monetary transmission. Romania’s Constitutional Court rejected a challenge filed by the far-right opposition against the government’s austerity bill. The bill waits to be signed by President Dan. The FX and bond market was relatively stable.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
23. Jul	10:00	PL	Unemployment Rate	Jun			5.00%
24. Jul			No releases scheduled				
25. Jul		HU	Unemployment Rate	Jun			4.30%
	12:00	RS	Wages (y/y)	May			8.70%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.60	0.0	-0.2
EUR/HUF	398.75	0.0	-0.4
EUR/PLN	4.25	0.2	-0.2
EUR/RON	5.07	0.0	-0.2
EUR/RSD	117.07	0.0	0.1
EUR/USD	1.18	0.5	1.3

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.49	0	0
HUF	6.50	0	0
PLN	4.99	0	-2
RON	6.69	-1	-6
RSD	4.68	0	0
EUR	1.94	-3	-10

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.28	-3	1
HU 10Y	6.99	0	4
PL 10Y	5.30	-6	-5
RO 10Y	7.13	0	4
HR 10Y	3.10	0	0
SK 10Y	3.36	-2	-8

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