

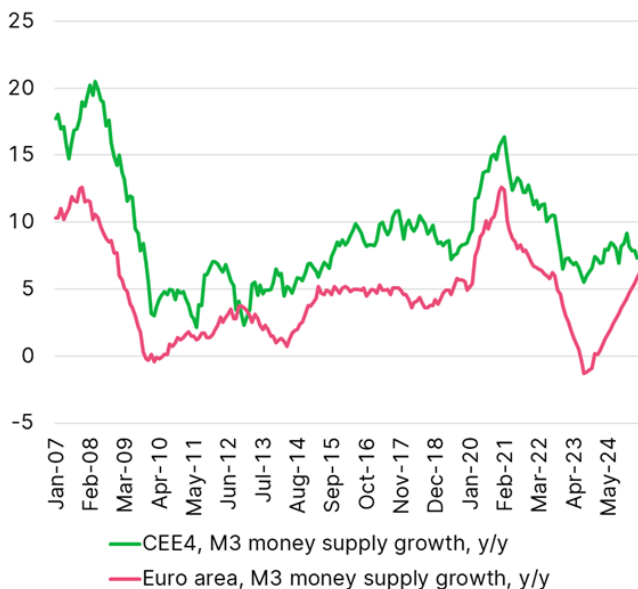
CEE MACRO AND FI DAILY

Money supply grows in the Eurozone, stagnates in CEE4

On the Radar

- Key interest rates were left unchanged at the ECB Governing Council meeting on Thursday.
- Hungarian unemployment rate for June was published at 4.3%.
- At noon, Serbia will release real wage growth in May.

M3 money supply growth, percent y/y

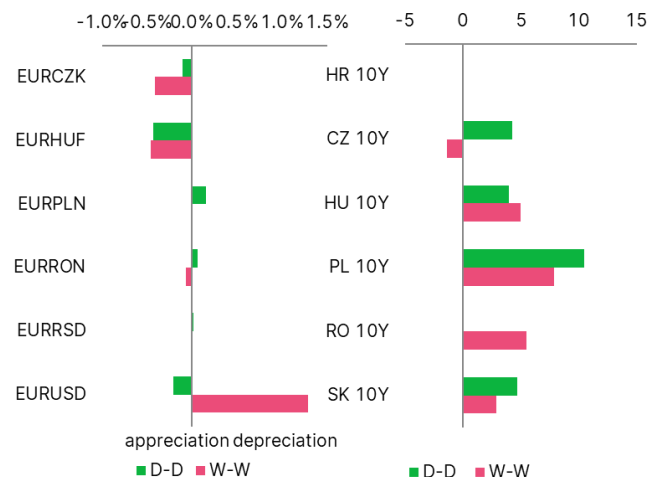


Source: Erste Group Research

Economic developments

The Governing Council of the ECB decided yesterday to leave all three key interest rates unchanged. The key deposit rate thus remained at 2%. The press release reiterated that future decisions would depend on the outlook for inflation and the risks to it based on incoming data, the dynamics of underlying inflation and the strength of monetary policy transmission. At its peak the deposit rate was as high as 4% at the end of 2023 and into 2024. One of the effects of such a substantial monetary easing is acceleration of money supply growth in the Eurozone. The comparison of M3 money supply growth between the euro area and the CEE4 (Czechia, Hungary, Poland and Romania) shows that the growth of M3 money supply in the Eurozone has been accelerating since mid-2023, while in the CEE4 average M3 money supply growth has been moving sideways recently. While in Czechia and Romania money supply growth has been slowing (Czechia has come to an end of monetary easing), in Poland we have seen higher growth dynamics most lately as more interest rate cuts is expected in the autumn.

Market performance



Source: Erste Group Research

Market developments

At the press conference, ECB President Lagarde confirmed the downside risks to economic growth and the high uncertainty surrounding inflation, with considerable risks in both directions. Regarding future interest rate developments, it was reiterated that decisions would continue to be based on data, and there is no commitment to any future path. The decisions would be taken on a meeting-by-meeting basis. The Polish zloty had been weaker since the beginning of the week, while other CEE currencies have strengthened against the euro. Poland reshuffled government on Wednesday reducing the number of ministries to 21. Romania sold RON 438.6 million of 2038 bonds that were priced to yield 7.11% amid strong demand. Today, after market closes Fitch Ratings review Serbia's rating and outlook and we do not expect any change.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
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	24.52	-0.1	-0.4
EUR/HUF	396.86	-0.4	-0.5
EUR/PLN	4.25	0.2	0.0
EUR/RON	5.07	0.1	-0.1
EUR/RSD	117.06	0.0	0.0
EUR/USD	1.17	-0.2	1.3

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.49	0	0
HUF	6.50	0	0
PLN	4.96	0	0
RON	6.69	-1	-2
RSD	4.68	0	0
EUR	1.95	1	-8

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.30	4	-1
HU 10Y	7.04	4	5
PL 10Y	5.44	11	8
RO 10Y	7.15	0	6
HR 10Y	3.09	0	0
SK 10Y	3.44	5	3

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