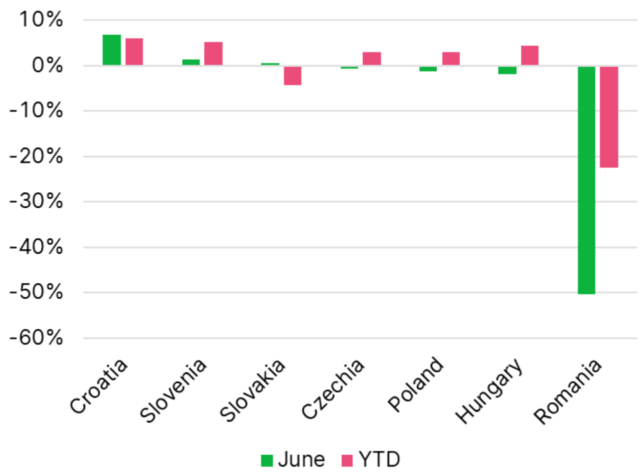
CEE MACRO AND FI DAILY

Car registrations in Romania significantly drop

On the Radar

- Retail sales in Slovenia grew by 2.2% y/y in June
- There are no other releases scheduled for today.

Car registrations, % y/y

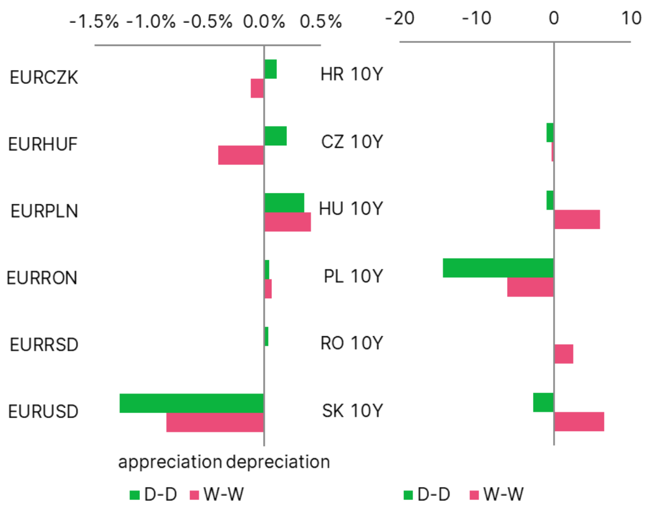


Source: Erste Group Research

Economic developments

Last week, the European Automobile Manufacturers' Association released the car registration figures for June. Within the EU, registrations declined by 7.3% y/y, a trend that was also reflected across CEE. Despite this monthly downturn, year-to-date figures remain positive in nearly all CEE countries. Croatia recorded the strongest performance, with a 6.8% increase in registrations during June compared to the same period last year. Poland and Slovenia also posted modest annual growth, although the increases were marginal. In contrast, other CEE countries experienced declines ranging from 0.6% to 1.8%. Romania stood out as a significant outlier, reporting a dramatic drop of over 50% in June registrations and a 22% decline YTD. This sharp contraction is primarily attributed to the absence of government-subsidized incentives for new car purchases, which were not implemented this year. Although the subsidy program was initially expected to start in June, the newly appointed government halted its rollout and postponed it to September. As a result, consumer demand has been deferred, leading to substantial inventory build-up among car dealerships.

Market performance



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Market developments

CEE currencies saw a mild correction yesterday, while the U.S. dollar surged 1.3% against the euro in a single day. The market appears to have interpreted the agreement on tariff rates as more favorable (or at least less harmful) for the U.S. than for the EU. In the bond market, Romania re-opened its 10-year benchmark bond, raising over RON 1 billion at a yield of 7.16%, the lowest level for this paper since November. It also re-opened a 3-year bond, borrowing RON 593 million at a yield of 7.32%, broadly in line with the previous auction. Meanwhile, Serbia issued a 5-year bond, raising RSD 35 billion at a yield of 4.49%.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
29. Jul			No releases scheduled				
30. Jul	**08:30**	**HU**	Trade Balance	Jun			514.00
	08:30	**HU**	GDP (q/q)	2Q P		0.10%	-0.20%
	08:30	**HU**	GDP (y/y)	2Q P		-0.20%	
	09:00	**CZ**	GDP (q/q)	2Q A	0.00	0.30%	0.70%
	09:00	**CZ**	GDP (y/y)	2Q A	0.03	2.40%	2.40%
	11:00	**HR**	Retail Sales (y/y)	Jun		5.00%	2.64%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.57	0.1	-0.1
EUR/HUF	397.15	0.2	-0.4
EUR/PLN	4.26	0.3	0.4
EUR/RON	5.07	0.0	0.1
EUR/RSD	117.05	0.0	0.0
EUR/USD	1.16	-1.3	-0.9

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.49	-1	0
HUF	6.50	0	0
PLN	4.96	-1	-3
RON	6.69	0	-1
RSD	4.68	0	0
EUR	2.02	4	4

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.31	-1	0
HU 10Y	7.05	-1	6
PL 10Y	5.30	-14	-6
RO 10Y	7.15	0	3
HR 10Y	3.09	0	0
SK 10Y	3.44	-3	6

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