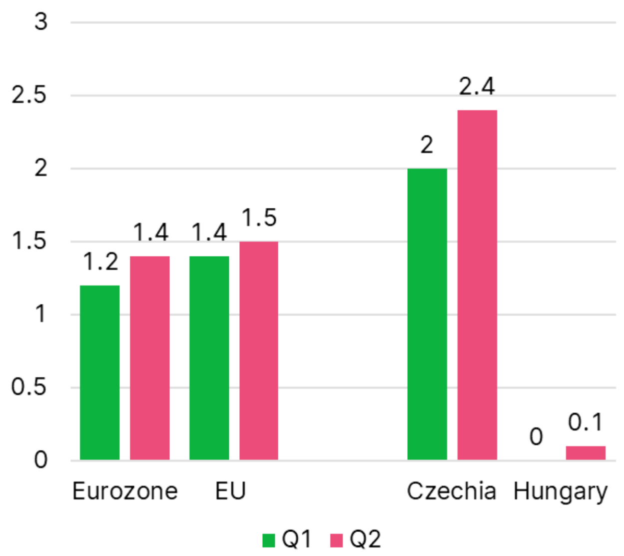
CEE MACRO AND FI DAILY

First releases of Q2 growth coming in

On the Radar

- Flash estimates of GDP growth for the second quarter were released in Czechia at 2.4% y/y and in Hungary at 0.1% y/y.
- Retail sales in Croatia were published at 7.5% y/y for June.
- The unemployment rate in Romania was reported at 5.8%.
- PPI in Hungary was by 5.1% higher y/y in June.
- Flash inflation data for July will be released in Poland at 10:00 and in Slovenia at 10:30.
- At 11, Croatia will release industrial production data.
- At 12, Serbia published Q2 GDP, trade balance, retail sales and industrial production.
- The next Daily will be published on Monday.

Q2 GDP growth, y/y

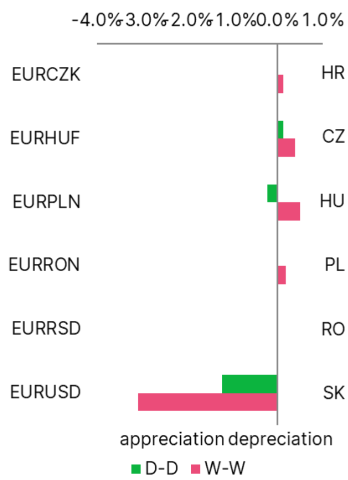


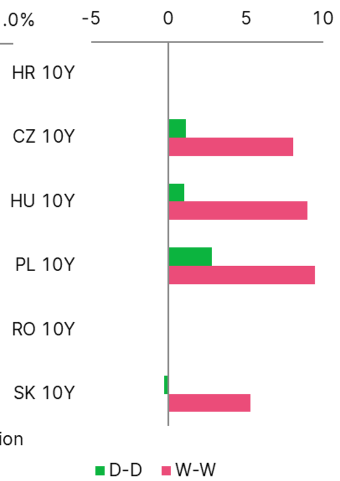
Source: Erste Group Research

Economic developments

Based on the GDP growth data released yesterday, the Euro area narrowly avoided stagnation in the second quarter. It recorded a modest q/q expansion of 0.1%, outperforming market expectations of zero growth. On an annual basis, this translates into a 1.4% increase, exceeding consensus estimates by 0.2 percentage points, while the EU grew by 1.5%. This positive surprise was largely driven by stronger-than-anticipated performances in France and Spain, which posted quarterly growth rates of 0.3% and 0.7%, respectively. In contrast, Germany and Italy experienced economic contractions. Moreover, revised data from the German statistical office confirmed that Germany entered a recession in late 2022 and did not register any growth over the subsequent two years. In CEE, the Czech economy expanded by 0.2 q/q and 2.4% y/y. However, the pace of quarterly growth decelerated significantly from the 0.7% recorded in Q1, largely due to the decline of export stockpiling. Hungary delivered a mild upside surprise, with GDP rising by 0.4% q/q, outperforming our forecast of a marginal 0.1% increase. On an annual basis, raw data indicated a slight 0.1% growth (NSA), while seasonally and calendar-adjusted figures showed a 0.2% annual expansion.

Market performance





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Market developments

At yesterday's FOMC meeting, key interest rates were left unchanged. The decision was not unanimous, as two Fed governors supported a 25 basis point cut. According to Chair Powell, the Fed is waiting for greater clarity—particularly regarding the impact of tariffs on inflation and employment—before adjusting its current monetary stance. The U.S. dollar extended its gains against the euro by an additional 1.2% yesterday, bringing the cumulative weekly increase to 3.1%. The Hungarian forint briefly returned above the 400 EURHUF level, while the reaction of other CEE currencies remained muted.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
31. Jul	08:00	RO	Unemployment Rate	Jun			5.80%
	08:30	HU	PPI (y/y)	Jun			6.90%
	10:00	PL	CPI (y/y)	Jul P		2.70%	4.10%
	10:00	PL	CPI (m/m)	Jul P		0.10%	0.10%
	10:30	SI	CPI (y/y)	Jul		2.30%	2.20%
	10:30	SI	CPI (m/m)	Jul			0.80%
	11:00	HR	Industrial Production (y/y)	Jun		2.50%	1.70%
	12:00	RS	Industrial Production (y/y)	Jun		3.00%	4.40%
	12:00	RS	Retail Sales (y/y)	Jun		4.00%	5.60%
	12:00	RS	Trade Balance	Jun			-562.30
	12:00	RS	GDP (y/y)	2Q P	0.03	2.70%	2.00%
01. Aug		CZ HU PL RO	Manufacturing PMIs	Jul			
	11:00	HR	CPI (y/y)	Jul P		3.50%	3.70%
	11:00	HR	CPI (m/m)	Jul P			0.20%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.58	0.0	0.1
EUR/HUF	400.11	0.1	0.4
EUR/PLN	4.27	-0.2	0.5
EUR/RON	5.07	0.0	0.2
EUR/RSD	117.07	0.0	0.0
EUR/USD	1.14	-1.2	-3.1

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.50	1	1
HUF	6.50	0	0
PLN	4.95	0	-1
RON	6.67	-1	-3
RSD	4.68	0	0
EUR	2.02	-1	8

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.34	1	8
HU 10Y	7.09	1	9
PL 10Y	5.43	3	10
RO 10Y	7.15	0	0
HR 10Y	3.09	0	0
SK 10Y	3.44	0	5

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