

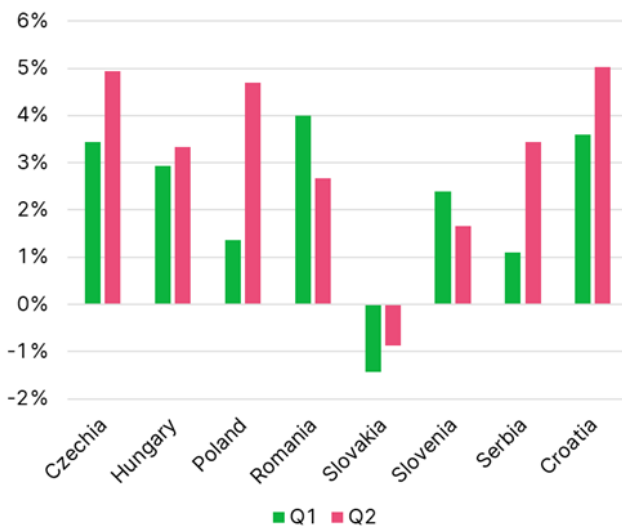
CEE MACRO AND FI DAILY

Second quarter retail sales improve in most of CEE

On the Radar

- Romanian Central bank will publish rate decision today.
- Industrial production and trade data will be released in Slovakia for June.
- At 9:00, Hungary reports inflation figures for July.

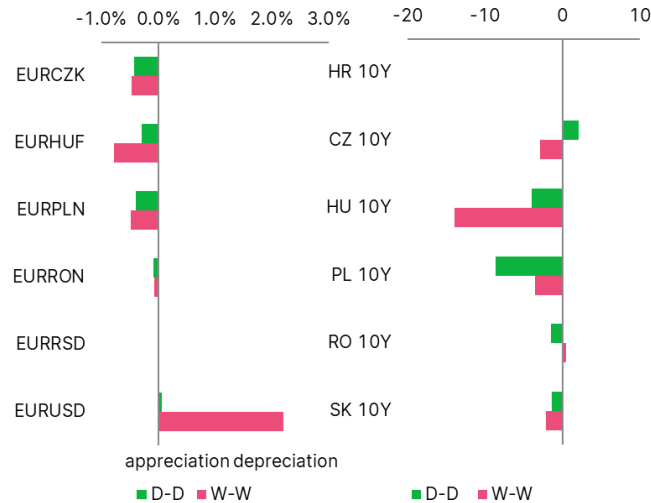
Retail sales volume growth, y/y quarterly Economic developments average



Source: Erste Group Research

Following the release of data from Slovakia, Czechia, and Hungary this week, we now have a complete set of retail sales figures for the second quarter across the CEE region. Overall, annual retail sales growth accelerated in Q2 compared to Q1 in Czechia, Hungary, Poland, Slovakia, Serbia, and Croatia. Poland recorded the most significant improvement, with annual growth rising from 1.4% in Q1 to 4.7% in Q2, largely driven by strong April performance, which was partly influenced by the timing of Easter. Similarly, Croatia's Q2 average was boosted by a robust June figure, with retail sales increasing by 7.5% year-on-year. Retail sales growth in Czechia remained relatively stable, supported by resilient household demand, thanks to favorable labor market conditions (low unemployment and high real wage growth) as well as improved consumer sentiment and expectations. Despite a marginal improvement in the second quarter, Slovak retail sales growth remains negative, due to previous year's stockpiling and consolidation measures increasing the prices. On the other hand, retail sales growth moderated in Romania and Slovenia. In Romania, June retail sales rose by 1.1% month-on-month and 2.5% year-on-year, marking the slowest annual pace in the past eighteen months.

Market performance



Source: Erste Group Research

Market developments

At yesterday's MPC meeting, the CNB left interest rates unchanged, in line with expectations. It also released a new macroeconomic forecast, the first under the new leadership of the Monetary Section. The forecast, particularly regarding implied money market rates, suggests potential changes in the modeling framework or underlying assumptions. Specifically, the PRIBOR 3M projection remains at 3.4% for this year and next, rising slightly to 3.6% in 2027. This supports earlier statements from the bank board indicating that the CNB has concluded its easing cycle, and a prolonged period of rate stability is expected, unless macroeconomic developments warrant a shift in policy. The stability in rates has been supportive for the koruna, which appreciated by 0.4% against the euro yesterday. Similarly, the Serbian central bank also kept rates unchanged, in line with market expectations.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
8. Aug		RO	Central Bank Rate	Aug		6.5%	6.5%
		SK	Industrial Production (y/y)	Jun		2.5%	-4.3%
	08:30	HU	CPI (y/y)	Jul		4.1%	4.6%
	08:30	HU	CPI (m/m)	Jul		0.2%	0.1%
	09:00	SK	Trade Balance	Jun		450	561

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.43	-0.4	-0.5
EUR/HUF	396.63	-0.3	-0.8
EUR/PLN	4.25	-0.4	-0.5
EUR/RON	5.07	-0.1	-0.1
EUR/RSD	117.02	0.0	0.0
EUR/USD	1.17	0.1	2.2

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.50	0	0
HUF	6.50	0	0
PLN	4.93	-1	-1
RON	6.60	0	-5
RSD	4.68	0	0
EUR	2.00	2	0

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.32	2	-3
HU 10Y	7.03	-4	-14
PL 10Y	5.36	-9	-3
RO 10Y	7.16	-1	0
HR 10Y	3.09	0	0
SK 10Y	3.41	-1	-2

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Published by:

Erste Group Bank AG
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Commercial Court of Vienna
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