

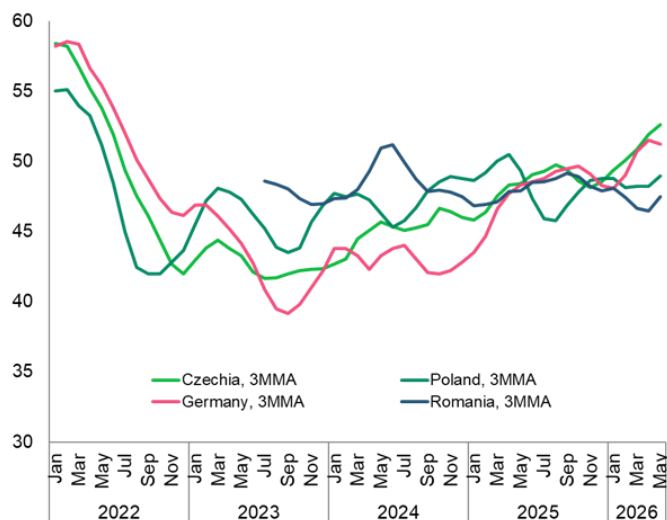
CEE MACRO AND FI DAILY

Market sentiment holds on in CEE

On the Radar

- Poland left key policy rate unchanged at 3.75%. Today, Governor Glapinski holds a press conference at 3 PM CET
- 1Q26 GDP growth in Hungary was confirmed at 1.7% y/y
- Inflation in Croatia surprisingly eased to 5.2% y/y in May
- Romania will release producer prices at 8 AM CET in the morning

Manufacturing PMIs in the region

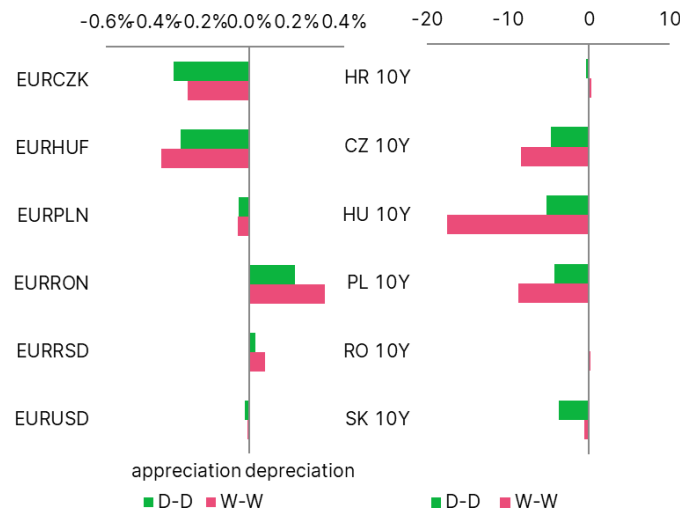


Source: Erste Group Research

Economic developments

As we have PMI indices for all CEE countries, we look at market sentiment in the region today. In May, manufacturing PMI index in Poland and in Romania increased against the odds and expected impact of global developments, while in Czechia and Hungary eased. In Romania PMI went up to 48.3 in May from 47.5 in April, marking a third consecutive month of improvement from its all-time low reached in February. Although the index still points to a contraction in manufacturing activity, the continued upward trend is encouraging and may indicate that growth momentum is beginning to build in the domestic manufacturing sector. Similar developments can be observed in Poland, where manufacturing PMI rose to 49.4 in May from April's 48.8, indicating the softest downturn of any month during the current 13-month sequence of deterioration. Output rose despite another decline in new orders. Weaker demand reflected economic and geopolitical uncertainty. In Czechia and Hungary, on the other hand, manufacturing PMI eased to 52.2 and 50.2 respectively. In both countries, manufacturing PMI remains in the expansion territory. In Czechia, the latest improvement in operating conditions stemmed from greater inflows of new work and a further rise in production levels. In Hungary, regardless of the PMI development, industry made a positive contribution to the 1Q26 GDP for the first time since the third quarter of 2022. The industrial sector's output rose by 1.1% on a quarterly basis, finally ending a long period of contraction. Further, we increase slightly our forecast for 2026 to 1.7% from the previous 1.4% as upside risks are recently outperforming the downsides.

Market performance



Source: Erste Group Research

Market developments

The Polish central bank kept interest rates unchanged at its June meeting leaving the policy rate at 3.75%. The post-meeting statement remained largely unchanged compared to April's communication. While the statement itself does not signal any clear shift in the MPC's policy bias, we believe that the significant downside surprise in May's flash CPI release may have weakened the hawkish stance within the central bank. Further insights into the monetary policy outlook are likely to emerge at today's press conference of Governor Glapiński (due 3 PM CET). The Polish zloty and the Hungarian forint have weakened slightly against the euro since the beginning of the week. On the other hand, the koruna holds near 24.20 against the euro as markets await Thursday's inflation and wage data, which will be pivotal for the CNB's next move. As for other news, Romania's Finance Minister Nazare told investors that Romania could aspire to a sovereign rating upgrade in 2027 if it sustains fiscal-budget consolidation. Slovakia's government tabled 49 pro-growth measures at tripartite talks with 11 already being in legislative form.

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Upcoming releases in CEE

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.19	-0.3	-0.3
EUR/HUF	354.44	-0.3	-0.4
EUR/PLN	4.23	0.0	0.0
EUR/RON	5.25	0.2	0.3
EUR/RSD	117.30	0.0	0.1
EUR/USD	1.16	0.0	0.0

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.57	0	0
HUF	5.99	0	-5
PLN	3.86	0	0
RON	5.84	0	0
RSD	4.70	0	0
EUR	2.28	3	9

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.78	-5	-8
HU 10Y	5.35	-5	-18
PL 10Y	5.66	-4	-9
RO 10Y	6.83	0	0
HR 10Y	3.37	0	0
SK 10Y	3.58	-4	-1

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
03. Jun	8:00	RO	PPI (y/y)	Apr			6.96%
04. Jun	8:00	RO	Retail Sales (y/y)	Apr		-4.40%	-3.20%
	8:30	HU	Retail Sales (y/y)	Apr		3.60%	8.20%
	9:00	CZ	CPI (y/y)	May P		2.50%	2.50%
	9:00	CZ	CPI (m/m)	May P		0.50%	0.50%
	9:00	CZ	Wages (y/y)	1Q			5.10%
	9:00	SK	Retail Sales (y/y)	Apr		-4.00%	6.20%
	10:30	SI	Trade Balance	Apr			-1.11

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