

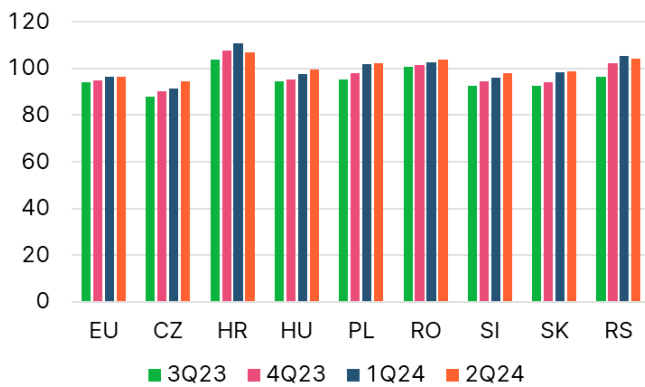
CEE MACRO AND FI DAILY

Sentiment figures improve in Q2

On the Radar

- Yesterday, retail sales in Slovenia arrived at -1% y/y.
- Czech National Bank cut rates by 50bp.
- Today, PPI will be published in Hungary and Slovakia, inflation in Poland and Slovenia.
- Industrial production and retail sales will be released in Croatia and Serbia also today.

ESI overall index, quarterly average

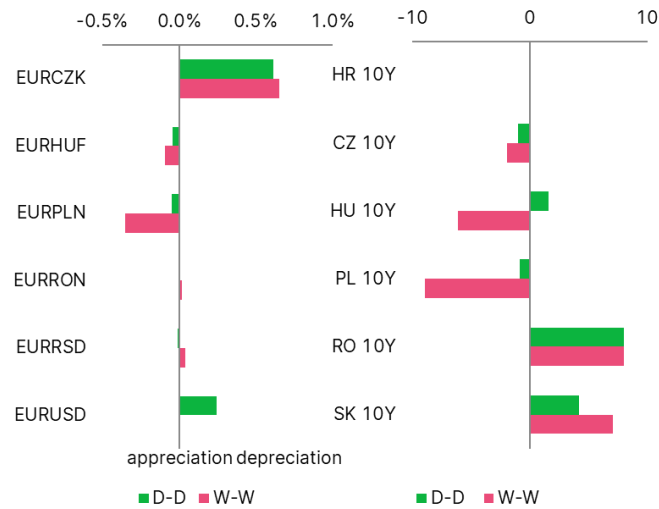


Source: Erste Group Research

Economic developments

Yesterday, we received the final Economic Sentiment Indicator (ESI) data for Q2 2024. Therefore, we have compiled a summary of the ESI's trajectory over the past four quarters to observe its developments, in light of the expected improved economic performance this year. An upward trend is evident across CEE, except for Croatia and Serbia, which experienced a marginal dip in Q2. On the other hand, Czechia witnessed the most rapid increase, with its ESI escalating from 91.4 in Q1 to 94.6 in Q2. Despite this, Czechia's figures remain the lowest in the region and fall short of the EU average. Both Hungary and Romania saw their average sentiment in Q2 ascend by 1.8 and 1.3 points, respectively. Slovak sentiment remained static in Q2, avoiding a decline due to a surge in June to 103.6 from 95.6 in May. Other countries also improved or kept their sentiment strongly in June, all figures now being above the EU average.

Market performance



Source: Erste Group Research

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Market developments

In an unexpected move today, the Czech National Bank has once again reduced interest rates by 50 basis points, bringing the key rate to 4.75%. The market, along with our own projections, had largely anticipated a more modest cut of 25 basis points. The CNB's decision, while surprising, can be considered relatively mild, given that the CNB had previously indicated a choice between a 25 and 50 point cut for today. The CNB, having made a significant move today, is likely to revert to its traditional 25-point step in August. The Czech koruna depreciated slightly, while other CEE currencies remain relatively stable.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
28. Jun		HR	Current Account Balance (quarterly)	1Q			-1063.65
		HU	Unemployment Rate	May			4.5%
	08:30	HU	PPI (y/y)	May			-2.0%
	09:00	SK	PPI (y/y)	May		-9.0%	-13.4%
	10:00	PL	CPI (y/y)	Jun P	2.7%		2.5%
	10:00	PL	CPI (m/m)	Jun P	0.2%		0.1%
	10:30	SI	CPI (y/y)	Jun		2.0%	2.5%
	10:30	SI	CPI (m/m)	Jun			0.50%
	11:00	HR	Industrial Production (y/y)	May		0.00%	-2.00%
	11:00	HR	Retail Sales (y/y)	May		8.00%	8.63%
	12:00	RS	Industrial Production (y/y)	May		2.50%	2.90%
	12:00	RS	Retail Sales (y/y)	May		12.50%	11.1%
	12:00	RS	Trade Balance	May			-747.70

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.03	0.6	0.7
EUR/HUF	396.13	0.0	-0.1
EUR/PLN	4.31	0.0	-0.3
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.97	0.0	0.0
EUR/USD	1.07	0.2	0.0

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.96	-1	-6
HUF	6.89	0	2
PLN	5.85	0	0
RON	6.01	0	-1
RSD	5.45	0	0
EUR	3.70	-3	-1

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.13	-1	-2
HU 10Y	6.80	2	-6
PL 10Y	5.64	-1	-9
RO 10Y	6.86	8	8
HR 10Y	3.33	0	0
SK 10Y	3.57	4	7

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