

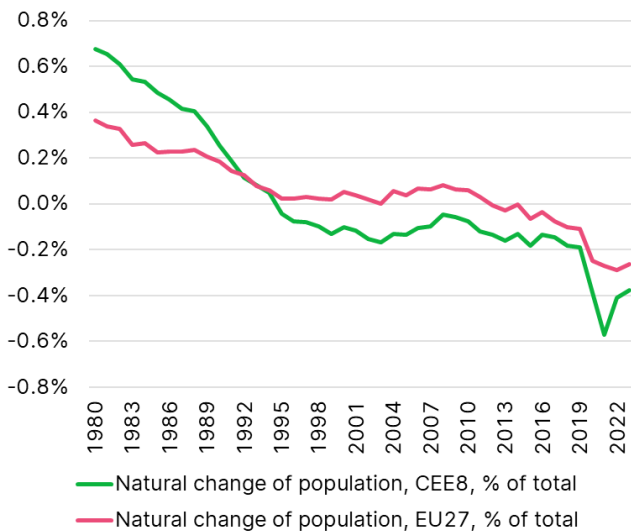
CEE MACRO AND FI DAILY

Population in CEE shrinking faster than EU average

On the Radar

- June's inflation was confirmed at 2.4% y/y in Croatia.
- In Poland core inflation eased to 3.6% y/y in June.
- In Czechia, PPI arrived at -0.3% m/m and 1% y/y.
- There are no other releases scheduled for today.

Natural change of population

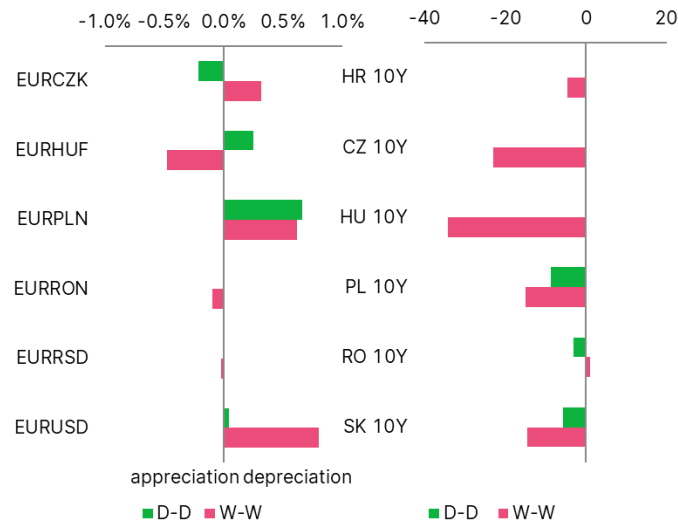


Source: Erste Group Research

Economic developments

The natural change of population has been negative in the region since mid-1990 (meaning more people died than was born in particular year) while in the whole EU it became negative only in early 2010. In the region the slowdown in births began to be quite apparent after economic transformation. The other very significant moment in natural change of population is COVID-19 pandemic. The CEE region has suffered to a greater extent as its population decreased by -0.6% in 2021 due to a very high number of excessive deaths. While demographic development is not favorable in the long-term, according to Eurostat, the EU's population has increased to 449.2 million people on 1 January 2024, after a decline in 2020 and 2021 due to the impact of the COVID-19 pandemic. The negative natural change (more deaths than births) was outnumbered by the positive net migration, mostly due to the influx of displaced persons from Ukraine who received temporary protection status in EU countries, as a consequence of the Russian aggression.

Market performance



Source: Erste Group Research

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Market developments

While the EURCZK is at 25.3, the EURHUF and the EURPLN moved slightly higher since the beginning of the week. The long-term yields have been falling in the region mimicking development on the core markets, ahead of Thursday's ECB meeting. Romania, that is under the Excessive Deficit Procedure, plans to ask the European Commission to extend the period to narrow budget deficit toward 3% of GDP limit to 7 years from current 3 to accommodate record infrastructure spending. Prime Minister Ciolacu is defending such request by the need to finance major development projects. Otherwise, there are no market relevant news.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
17. Jul	09:00	CZ	PPI (y/y)	Jun		1.4%	0.01
18. Jul		RS	Current Account Balance (monthly)	May			-109.50
	10:00	PL	Industrial Production (y/y)	Jun			-1.7%
	10:00	PL	PPI (y/y)	Jun			-7.0%
	10:00	PL	Wages (y/y)	Jun			11.4%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.30	-0.2	0.3
EUR/HUF	391.90	0.2	-0.5
EUR/PLN	4.28	0.7	0.6
EUR/RON	4.97	0.0	-0.1
EUR/RSD	116.91	0.0	0.0
EUR/USD	1.09	0.0	0.8

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.60	-1	-6
HUF	6.83	-1	-3
PLN	5.86	0	1
RON	5.81	0	0
RSD	5.22	-4	-23
EUR	3.67	1	-3

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.82	0	-23
HU 10Y	6.41	0	-34
PL 10Y	5.54	-9	-15
RO 10Y	6.71	-3	1
HR 10Y	3.28	0	-5
SK 10Y	3.38	-6	-15

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