

CEE MACRO AND FI DAILY

Glimpse on industry as 2Q24 GDP data keep flowing

On the Radar

- On Thursday, August 15, there is public holiday in Austria and CEE Macro and FI Daily will not be released.
- Industrial production declined by -0.6% y/y in Slovenia in June.
- Current account in Poland was in surplus in June while in Czechia the deficit widened to CZK 48.25 billion.
- In Romania year-to-date current account deficit was at EUR 12.18 billion.
- Industrial output in Romania increased by 0.5% y/y in June.
- 2Q24 GDP in Romania disappointed arriving at 0.8% y/y (0.1% q/q) well below market expectations.
- At 9 AM CET, Slovakia will publish its 2Q24 GDP estimate.
- At 10 AM CET, Poland will release the 2Q24 GDP data, while Slovenia will publish its flash estimate of 2Q24 at 10.30 AM CET.
- Poland will also release final estimate of July's inflation (flash estimate was at 4.2% y/y).
- Today, Serbia will publish current account data for June.

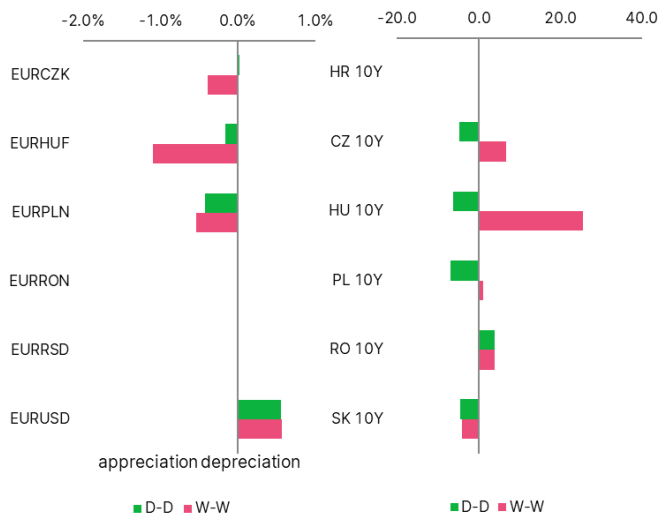
Industrial output, % y/y quarterly average



Source: Erste Group Research

As the 2Q24 GDP data keeps flowing (we will summarize the complete set of 2Q24 GDP growth in Friday's Daily), we take a look at the industry performance in the second quarter. While the retail sector mostly improved in the region, supporting the economic recovery, industrial output, on the contrary, was weaker in most of the CEE countries in the second quarter, compared to the beginning of the year. In other words, industrial output growth either slowed down, or declines were more extensive compared to the first quarter of 2024. Croatia and Hungary experienced the most extensive contraction of the industrial output growth, which translated into weaker than expected GDP growth in 2Q24 in Hungary. In the case of industry, there are only two exceptions in the region; Poland and Slovenia. In these two countries, the average industrial output growth accelerated in the second quarter. Moving ahead, the market sentiment did not improve in a more visible manner. Actually, the manufacturing PMI indices were in the contraction zone in July (below the threshold of 50), casting some doubts about the industry's performance in the second half of the year. Tuesday's decline of ZEW sentiment for Germany to 19.2 from 41.8 in the previous month adds to the growing worries about the economic recovery in the second half of 2024.

Market performance



Source: Erste Group Research

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Market developments

The CEE currencies have strengthened against the euro since the beginning of the week while long-term bonds are lower compared to the previous week everywhere except Romania. Today, Czechia and Hungary will be active on the bond market. While Hungary offers T-Bills, Czechia will offer 2043 Bonds. As for other news, in Poland, the conflict between the government and Governor Glapinski continues as Prime Minister Tusk blames the central bank's monetary policy for holding back the economic recovery.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
14. Aug	9:00	SK	GDP (y/y)	2Q P		2.4%	2.7%
	10:00	PL	CPI (y/y)	Jul F	4.2%	4.2%	4.2%
	10:00	PL	CPI (m/m)	Jul F	1.4%	1.4%	1.4%
	10:00	PL	GDP (y/y)	2Q P	2.7%	2.5%	2.0%
	10:30	SI	GDP (y/y)	2Q		2.4%	2.1%
15. Aug	9:00	SK	CPI (y/y)	Jul		2.5%	2.1%
	9:00	SK	CPI (m/m)	Jul		0.2%	
	9:00	CZ	PPI (y/y)	Jul	1.2%	1.1%	1.0%
16. Aug	11:00	HR	CPI (y/y)	Jul F		2.3%	2.3%
	11:00	HR	CPI (m/m)	Jul F			

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.16	0.0	-0.4
EUR/HUF	393.05	-0.2	-1.1
EUR/PLN	4.28	-0.4	-0.5
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.89	0.0	0.0
EUR/USD	1.10	0.6	0.6

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.42	0	-1
HUF	6.55	0	2
PLN	5.86	0	1
RON	5.58	-1	-22
RSD	5.16	1	-2
EUR	3.54	-1	2

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.73	-5	7
HU 10Y	6.18	-6	26
PL 10Y	5.07	-7	1
RO 10Y	6.58	4	4
HR 10Y	3.21	0	0
SK 10Y	3.24	-5	-4

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