

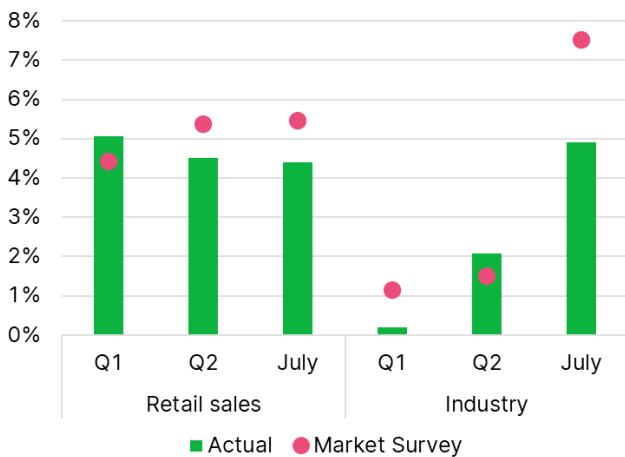
CEE MACRO AND FI DAILY

Weak start of retail and industry to Q3 in Poland

On the Radar

- Real retail sales in Poland arrived at 4.4% y/y in July, below market consensus at 5.4% y/y.
- In Slovenia, real wage growth reached 3.6% y/y in June.
- Unemployment rate in Hungary was released at 4.2%.

Retail and industry in Poland, y/y, quarterly avg.

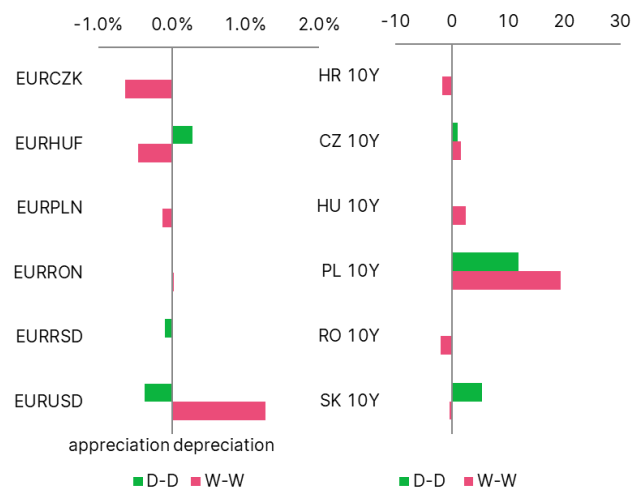


Source: Erste Group Research

Economic developments

Over the current week, the Polish statistical office released retail and industry data for the first month of Q3. Both indicators disappointed in July, despite the higher-than-expected GDP growth in Q2 suggesting a strong momentum of the economy. However, retail and industry have not been particularly strong since the beginning of the year. In Q1, it seemed that Polish consumers have taken advantage of the increase in real wages and decided to spend more than expected, but this trend reversed in Q2 and Q3 did not start well either. Yet, the average annual increase in retail sales in 2024 is a solid 4.7%, ahead of most peers in CEE. Industrial production was expected to recover at a slower pace than retail; after a disappointing Q1, the second quarter was on average above expectations. In July, the positive calendar effect caused an annual growth of industrial production of 4.9% (well below consensus of 7.3%), but in m/m terms (SA) we saw a 0.2% decline. As the strong growth in Q2 is then not completely supported by retail and industry, we see uncaptured elements pushing the GDP up, such as consumers' spending on services or strong government consumption.

Market performance



Source: Erste Group Research

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Market developments

On the FX and bond market little has changed. Since the beginning of the week, EURCZK and EURHUF moved down a bit while EURPLN on the contrary has been higher. Long-term yields are marginally higher since monday in Poland and Romania. Czech Ministry of Finance published new economic forecasts and it expects Czech economy to grow by 2.7% in 2025 due to revival of investment. Inflation should slow down as well. Today, the speech of Jerome Powell at Jackson Hole will be in the focus of investors. Currently a 25 basis point cut at the upcoming Fed's meeting in September is priced in.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
23. Aug		HU	Unemployment Rate	Jul		4.2%	4.3%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.05	0.0	-0.6
EUR/HUF	393.35	0.3	-0.5
EUR/PLN	4.28	0.0	-0.1
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.89	-0.1	0.0
EUR/USD	1.11	-0.4	1.3

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.40	0	-1
HUF	6.54	0	0
PLN	5.85	-1	-1
RON	5.58	0	0
RSD	5.16	0	0
EUR	3.54	0	-1

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.74	1	2
HU 10Y	6.16	0	2
PL 10Y	5.35	12	19
RO 10Y	6.60	0	-2
HR 10Y	3.20	0	-2
SK 10Y	3.29	5	0

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