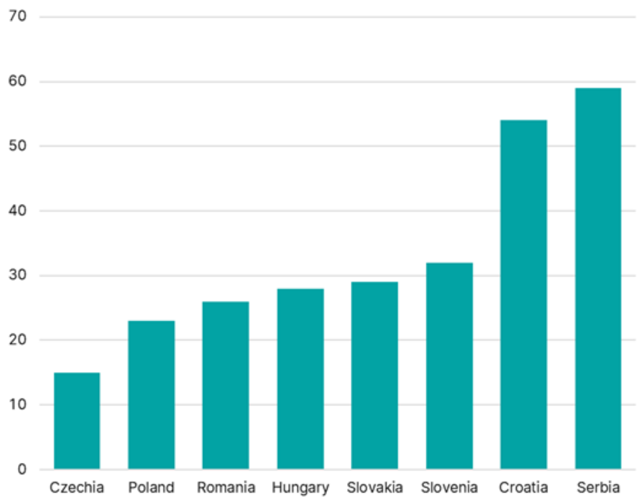
CEE MACRO AND FI DAILY

Czechia leads the region in industry competitiveness

On the Radar

- Real retail sales grew dynamically in Poland in April arriving at 7.6% y/y.
- Unemployment rate in Poland dropped to 5.2%.
- In Serbia, real wage growth reached 6.8% y/y in March.
- Today, in Hungary, central bank holds a rate setting meeting.

Rank in Competitive Industrial Performance Index, 2024

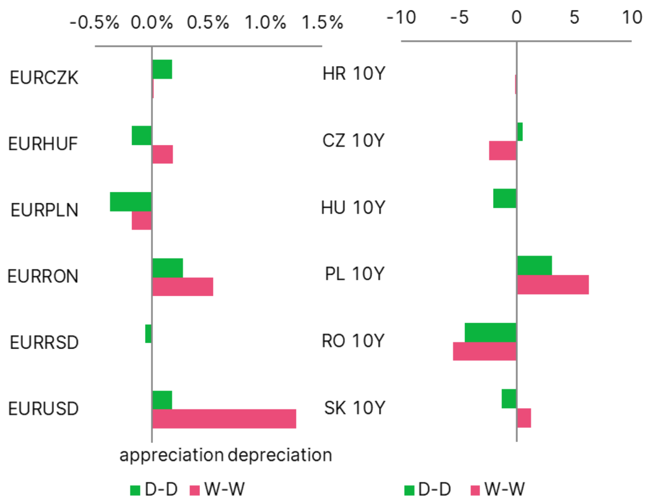


Source: Erste Group Research

Economic developments

The Competitive Industrial Performance Index 2024 developed by the United Nations Industrial Development Organisation (UNIDO) measures the performance of countries' industrial competitiveness. It does so by assessing three main pillars: capacity to produce and export manufactures, technological deepening and upgrading, and world impact. Capacity to produce is measured by the manufacturing value added per capita and manufacturing exports per capita. Technological deepening looks for example at the share of medium and high-tech manufacturing value added that is an indication of high level of productivity or complexity of the economy. According to the index, five CEE countries belong to the top 30 most competitive manufacturing exporters in the world. Czechia with 15th rank is placed the highest in the region, followed by Poland. On the other hand, Croatia and Serbia place much lower.

Market performance



Source: Erste Group Research

Market developments

Today, the Hungarian central bank holds a rate setting meeting. We expect no change in key policy rate that currently sits at 6.50%. At this point, neither inflationary developments nor FX market trend allows for monetary easing, despite weak economic development. Further, the central bank governor is focused on cooling down inflation expectations of households. EURHUF remains above 400 level and EURCZK close to 24.90. EURPLN moved slightly down since the beginning of the week toward 4.24. Long term yields have marginally declined. National Bank of Romania announced on Monday a repo auction to provide liquidity at 6.5% key rate instead of credit facility of 7.5%. This is the first repo announcement since November 2018. The central bank injected liquidity on a bilateral basis at key rate last time in October 2022.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
27. May	**14:00**	**HU**	Central Bank Rate	Mai 25	0.07		6.5%
28. May	**09:00**	**SK**	PPI (y/y)	Apr			2.6%
	10:30	**SI**	Retail Sales (y/y)	Apr			-0.3%
	11:00	**HR**	GDP (y/y)	1Q			4.0%
29. May	**08:30**	**HU**	Trade Balance	Apr			1825.00
	11:00	**HR**	Industrial Production (y/y)	Apr			3.10%
	11:00	**HR**	Retail Sales (y/y)	Apr			3.6%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.85	0.2	0.0
EUR/HUF	403.03	-0.2	0.2
EUR/PLN	4.24	-0.4	-0.2
EUR/RON	5.06	0.3	0.5
EUR/RSD	117.08	-0.1	0.0
EUR/USD	1.14	0.2	1.3

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.51	1	0
HUF	6.50	0	0
PLN	5.22	-1	-3
RON	7.10	-19	-16
RSD	4.68	0	0
EUR	2.04	0	-4

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.19	0	-2
HU 10Y	6.99	-2	0
PL 10Y	5.52	3	6
RO 10Y	7.36	-4	-5
HR 10Y	3.03	0	0
SK 10Y	3.47	-1	1

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