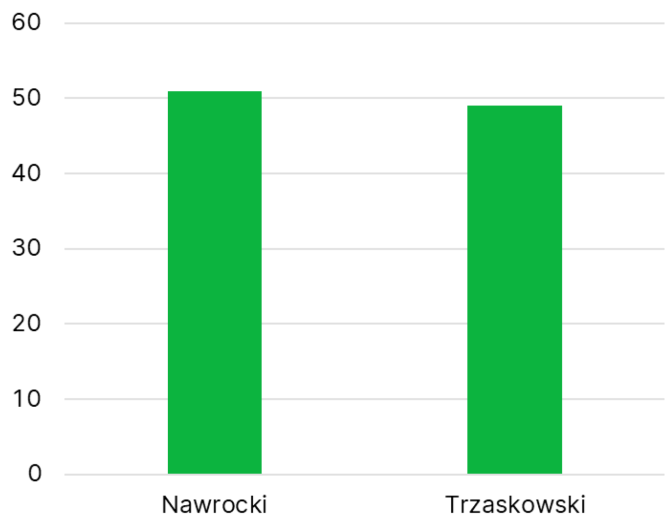
CEE MACRO AND FI DAILY

Nawrocki, a right-wing candidate, wins in Poland

On the Radar

- Nawrocki, a right-wing candidate, has won presidential election in Poland (50.9% of the votes).
- In the morning hours, manufacturing PMI indices are being published across the region.
- At 10 AM CET, Poland will publish 1Q25 GDP structure, while in Serbia the release is scheduled at noon CET.

Presidential election's outcome in Poland

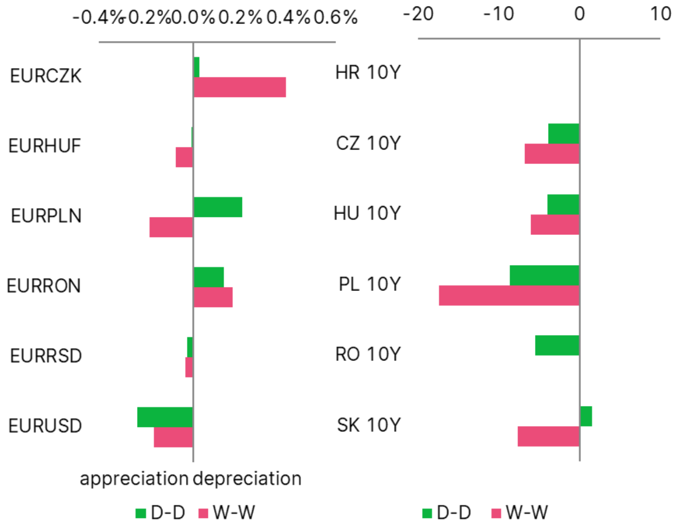


Source: Erste Group Research

Economic developments

A right-wing candidate and nationalist, Nawrocki, has won the presidential election in Poland. According to the official results, Nawrocki received 50.9% of the votes, while Trzaskowski was supported by 49.1% of voters. Voter turnout was high, at 71.6%. The result was very close; in absolute terms, the difference translates to 369,451 more votes for Nawrocki out of more than 20 million people who cast their ballots on Sunday. Nawrocki's victory means that the current government cannot count on cooperation in passing legislation, and that the status quo will remain in the relationship between the government and the presidential palace. In this context, the government may struggle to maintain support, as some of the key reforms that led the Civic Coalition to victory in October 2023 are unlikely to be implemented. The next parliamentary elections are scheduled for 2027.

Market performance



Source: Erste Group Research

Market developments

Moody's has completed a periodic review of Hungary's credit ratings. This publication does not announce a credit rating action, however. Moody's highlights several credit challenges stemming from institutional and governance weaknesses, which threaten the flow of EU funds. Such developments could weaken the assessment of institutional strength, reduce trend GDP growth, and deteriorate fiscal and debt metrics. Last week, long-term yields declined across the region ahead of the ECB meeting scheduled for June 5. We expect a further interest rate cut of 25 basis points, bringing the rate to 2%. The FX market was relatively stable in CEE over the past week, but we anticipate some weakening of the Polish zloty against the euro following Nawrocki's victory in the presidential election. As for the long-term outlook we expect the zloty to remain relatively strong given solid economic performance.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
02. Jun	**10:00**	**PL**	GDP (y/y)	1Q F			3.2%
	12:00	**RS**	GDP (y/y)	1Q F			2.0%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.90	0.0	0.4
EUR/HUF	403.44	0.0	-0.1
EUR/PLN	4.25	0.2	-0.2
EUR/RON	5.06	0.1	0.2
EUR/RSD	117.11	0.0	0.0
EUR/USD	1.13	-0.2	-0.2

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.50	0	0
HUF	6.50	0	0
PLN	5.22	1	0
RON	7.15	0	-14
RSD	4.68	0	0
EUR	2.00	0	-4

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.12	-4	-7
HU 10Y	6.95	-4	-6
PL 10Y	5.31	-9	-17
RO 10Y	7.41	-5	0
HR 10Y	3.03	0	0
SK 10Y	3.41	2	-8

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