

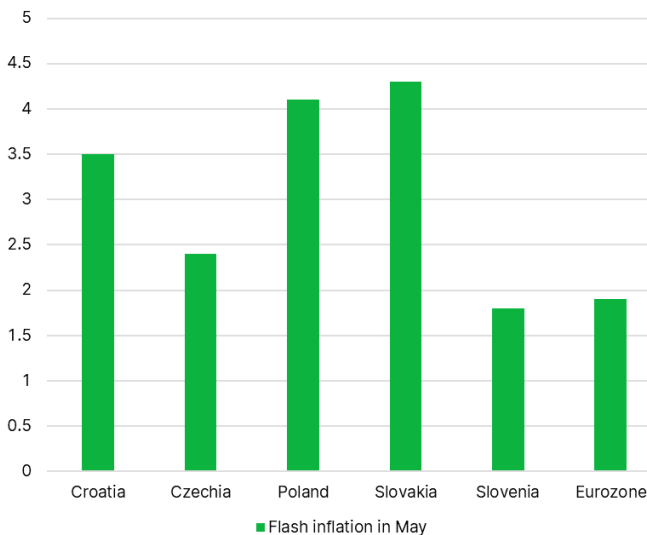
CEE MACRO AND FI DAILY

Mixed flash inflation releases in May

On the Radar

- Polish central bank kept the key policy rate unchanged at 5.25%
- In Czechia, inflation rate increased to 2.4% in May. Retail sales (excluding auto) grew 5.8% y/y in April, while real wage growth in 1Q25 was at 3.9% y/y
- Today, there are no releases scheduled.

May's flash inflation, %

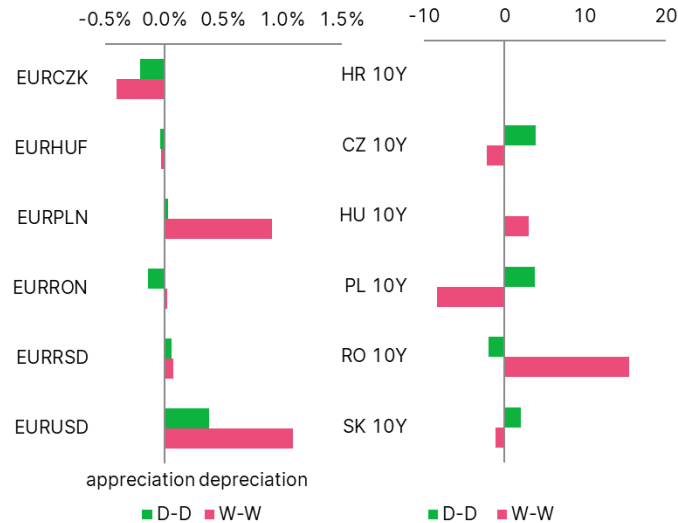


Source: Erste Group Research

Economic developments

Euro area annual inflation is expected to be 1.9% in May 2025, down from 2.2% in April, according to a flash estimate from Eurostat. Looking at the main components of euro area inflation, food, alcohol, and tobacco are expected to have the highest annual rate in May (3.3%, compared with 3.0% in April), followed by services (3.2%, compared with 4.0% in April). Among the countries in the region, Croatia, Czechia, and Slovakia experienced an increase in headline inflation in May. Despite the rise in headline inflation to 2.4% in Czechia, it remains safely within the tolerance band around the target. However, inflationary pressures remain strong in the service sector (4.9% year-on-year in May). In Slovakia, the rise in inflation to 4.3% year-on-year (HICP estimate) was driven mainly by increasing food prices. In contrast, Poland and Slovenia saw an easing of inflationary pressures in May. In the coming months, price developments will be influenced by the response to higher tariffs imposed by the U.S. administration.

Market performance



Source: Erste Group Research

Market developments

Poland's central bank kept the policy rate unchanged at 5.25% in June, as broadly expected. The pause was suggested by Governor Glapiński himself. A press conference by the Governor is scheduled for Thursday afternoon, and it will be worth watching for signs of whether monetary easing will continue after the presidential elections. In July, the central bank will also publish new inflation and growth projections. Today, investors' attention will turn to the ECB, as the interest rate decision is scheduled for the afternoon. On the FX market, the EUR/PLN holds close to 4.26, while the Czech koruna strengthened against the euro on Wednesday following the release of inflation data. On the bond market, we are seeing mixed performance this week. Finally, the European Commission reprimanded nine countries for running a budget deficit above 3% of GDP. Within the region, Poland, Slovakia, Hungary, and Romania were on the Commission's list.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
05. Jun			No releases scheduled				
06. Jun		CZ	Trade Balance	Apr		27.60	16.30
	8:00	RO	Retail Sales (y/y)	Apr		2.20%	3.4%
	8:00	RO	GDP (q/q)	1Q P		0.00%	
	8:00	RO	GDP (y/y)	1Q P	0.00	0.20%	0.2%
	8:30	HU	Industrial Production (y/y)	Apr	-0.05	0.00%	-5.4%
	8:30	HU	Retail Sales (y/y)	Apr	0.01	2.50%	0.4%
	9:00	CZ	Industrial Production (y/y)	Apr			1.4%
	9:00	SK	Retail Sales (y/y)	Apr		3.30%	-2.5%
	9:00	SK	GDP (y/y)	1Q F		0.90%	0.9%
	12:00	RS	PPI (y/y)	May			0.10%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.80	-0.2	-0.4
EUR/HUF	403.31	0.0	0.0
EUR/PLN	4.27	0.0	0.9
EUR/RON	5.05	-0.1	0.0
EUR/RSD	117.15	0.1	0.1
EUR/USD	1.14	0.4	1.1

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.51	1	1
HUF	6.50	0	0
PLN	5.20	1	-3
RON	7.15	0	0
RSD	4.68	0	0
EUR	1.96	-1	-5

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.15	4	-2
HU 10Y	7.01	0	3
PL 10Y	5.45	4	-8
RO 10Y	7.53	-2	16
HR 10Y	3.03	0	0
SK 10Y	3.42	2	-1

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