

CEE MACRO AND FI DAILY

EU progress in Social Development Goals

On the Radar

- Serbia's central bank kept the policy rate unchanged at 5.75%. May's inflation eased to 3.8% y/y.
- In Romania release of net wage growth show 8.2% y/y increases while industrial output growth declined by -2.4% y/y.
- At 9 AM CET Slovakia will publish local estimate of May's inflation, while Poland will release final number at 10 AM CET.
- Croatia will publish producer prices growth at 11 AM CET.
- During the day Czechia will show current account data while Poland trade and current account balance.

EU progress of respective Sustainable Development Goals

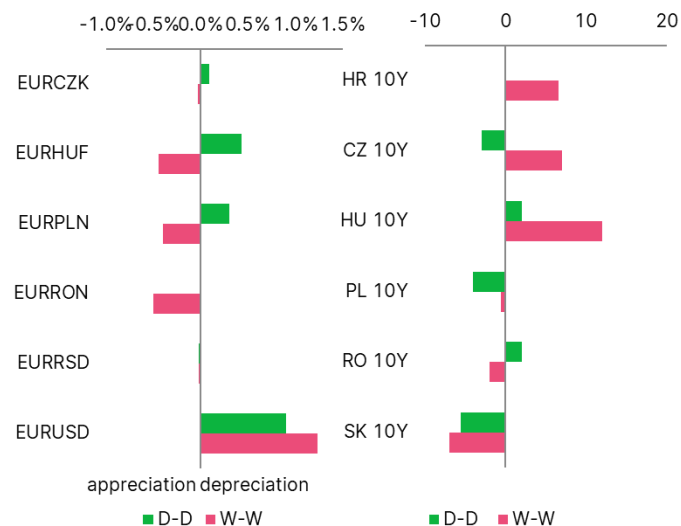


Source: Erste Group Research

Economic developments

Progress toward Sustainable Development Goals has been again evaluated at the EU level. Significant progress has been made towards the objectives and targets related to reduced inequalities (SDG 10), decent work and economic growth (SDG 8) and quality education (SDG 4). The EU has also made progress towards most of the other SDGs, but at a slower pace. A movement away from the sustainable development objectives has been observed for clean water and sanitation (SDG 6) and life on land (SDG 15). Progress towards SDG 6 has been unfavorably affected by water stress, whereas development in SDG 15 has been negatively impacted by land degradation and loss of biodiversity. The SDG 10, reduced, inequalities, shows, among all, that income inequalities within countries have reduced, as the income gap between richer and poorer population groups has diminished allowing for significant progress within than goal. Importantly, economic and employment situation has improved. Significant progress reflects improvements in almost all indicators monitored: GDP per capita, employment as well as work conditions. We will analyze the situation in CEE in one of our Special Reports (to be published during summer months).

Market performance



Source: Erste Group Research

Market developments

NBS met our expectation and kept its key rate unchanged at 5.75% at its June meeting. Today's NBS decision was probably a close call, given domestic inflation pattern (inflation decreased to 3.8% y/y in May). Furthermore, weakened growth are factors supporting a cut. On the FX market the change took place as EURPLN moved toward 4.27 reversing the gains from the beginning of the week while EURHUF is at 403. In Poland, discussion on budget deficit took place on Thursday and it remain unclear whether consolidation will take place. Hungary and Romania were active on the bond market. Romania sold papers maturing in 2028 and 2030 amid solid demand. Hungary offered government bonds with 3Y, 5Y and 10Y maturity. The long-term yields have declined this week across the region.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
13. Jun		RO	Current Account Balance (monthly)	Apr			-7656.00
	8:00	RO	Industrial Production (y/y)	Apr			-7.6%
	8:00	RO	Wages (y/y)	Apr			9.8%
	9:00	SK	CPI (y/y)	May		4.10%	3.7%
	9:00	SK	CPI (m/m)	May		0.50%	0.1%
	10:00	PL	CPI (y/y)	May F			4.1%
	10:00	PL	CPI (m/m)	May F			-0.20%
	11:00	HR	PPI (y/y)	May			-0.5%
	14:00	PL	Trade Balance	Apr	-1188.40		-1895.00

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.76	0.1	0.0
EUR/HUF	401.26	0.4	-0.4
EUR/PLN	4.26	0.3	-0.4
EUR/RON	5.02	0.0	-0.5
EUR/RSD	117.04	0.0	0.0
EUR/USD	1.16	0.9	1.2

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.52	0	1
HUF	6.50	0	0
PLN	5.22	1	1
RON	7.15	0	0
RSD	4.68	0	0
EUR	1.98	2	2

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.25	-3	7
HU 10Y	7.15	2	12
PL 10Y	5.47	-4	-1
RO 10Y	7.50	2	-2
HR 10Y	3.10	0	7
SK 10Y	3.39	-6	-7

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