

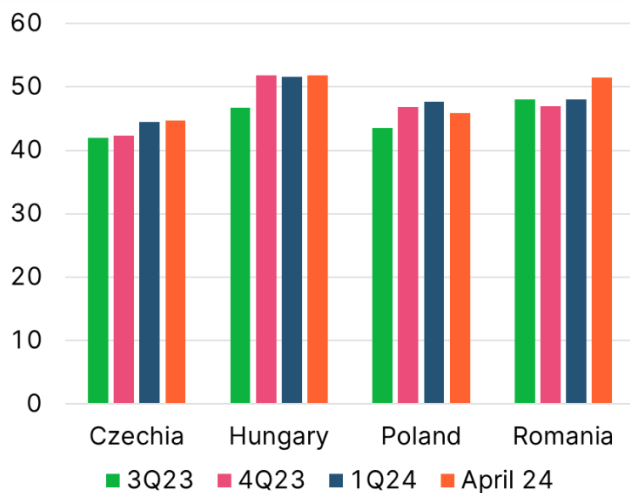
CEE MACRO AND FI DAILY

# Mixed PMI readings in the region

## On the Radar

- In Hungary, trade balance arrived at EUR 1.5 billion.
- There are no other releases scheduled for today.

## PMIs in CEE

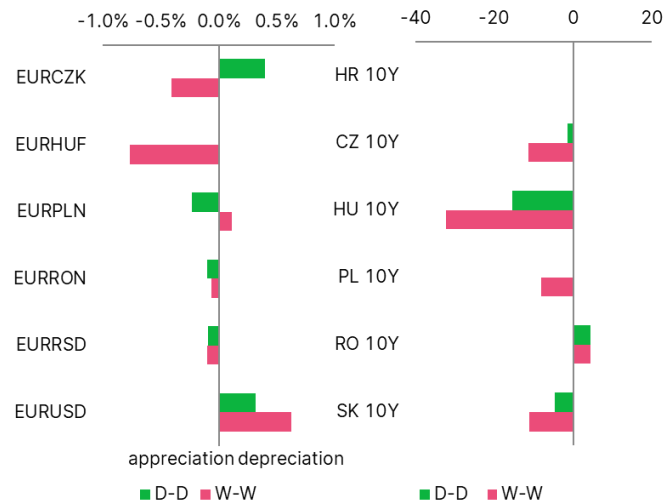


Source: Erste Group Research

## Economic developments

Last week's PMI indices across the region showed mixed developments. In Czechia and Poland, manufacturing PMIs dropped in April, while in Hungary and Romania they went up. In Romania, manufacturing PMI went above the threshold of 50 suggesting expansion of the sector. According to the statement, production and new orders rose and hiring is back on the agenda. In Czechia on the other hand, output and new orders contracted at sharper rates in April. Further in Poland, new orders, exports and employment all declined at faster rates, and output fell for a record twenty-fourth month running. Looking at averages we see stagnation in the development of the Czech and Polish manufacturing sector (manufacturing PMIs are well below the threshold of 50 and moving side-ways), while in Romania revival seems to be approaching.

## Market performance



Source: Erste Group Research

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## Market developments

Over the last week, stronger economic readings and a more cautious stance of central banks towards the future pace of rate cuts had a positive impact on CEE currencies. On Monday, EURCZK is slightly above 25, EURHUF dropped below 390 and EURPLN holds at 4.32. This week, central banks in Poland and Serbia will hold rate setting meetings but we do not expect any change in the key interest rates. While in Poland, increased inflationary pressure, especially higher core inflation readings, should hold off monetary easing, Serbian central bank waits for the main central banks to make a move. On the bond market in the region, we saw a rally last week in reaction to the FED's announcement that quantitative tightening will be done at a slower pace and the subsequent decline of yields on US Treasuries.

## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
06. May	08:30	HU	Trade Balance	Mar P			1691.00
07. May		CZ	Industrial Production (y/y)	Mar		0.10%	0.70%
		CZ	Trade Balance	Mar		1470.00%	16.30
	08:00	RO	Unemployment Rate	Mar			5.60%
	08:00	RO	PPI (y/y)	Mar			-6.30%
	08:30	HU	Retail Sales (y/y)	Mar		0.50%	1.10%
	09:00	SK	Retail Sales (y/y)	Mar		3.00%	5.30%

## FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.02	0.4	-0.4
EUR/HUF	388.94	0.0	-0.8
EUR/PLN	4.32	-0.2	0.1
EUR/RON	4.97	-0.1	-0.1
EUR/RSD	116.85	-0.1	-0.1
EUR/USD	1.08	0.3	0.6

## 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	5.19	-31	-33
HUF	7.47	-1	-3
PLN	5.86	0	0
RON	6.05	0	0
RSD	5.69	0	-1
EUR	3.83	-3	-4

## 10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.24	-1	-11
HU 10Y	6.88	-16	-32
PL 10Y	5.67	0	-8
RO 10Y	6.90	4	4
HR 10Y	3.25	0	0
SK 10Y	3.51	-5	-11

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