

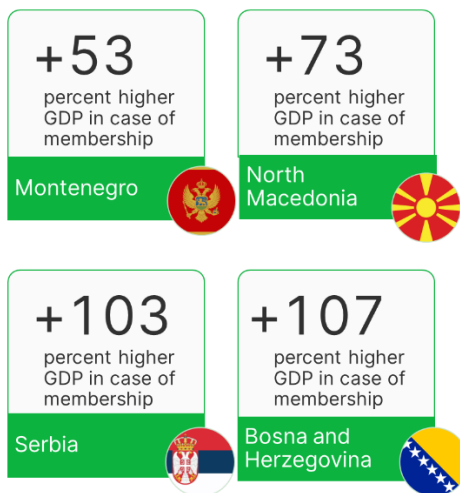
CEE MACRO AND FI DAILY

# Is Western Balkan ready for the EU?

## On the Radar

- Unemployment rate in Croatia arrived at 4.7% in June, while in Slovakia it increased marginally to 5.0%.
- Real wage growth in Croatia sustained dynamic pace of growth at 13.6% y/y in June.
- Today, Poland will publish retail sales growth in June, while Slovenia real wage growth.

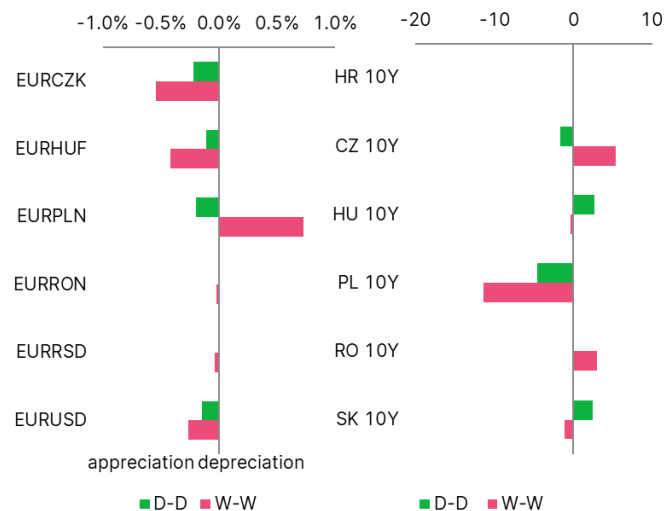
## SEE's real GDP would be much higher if Economic developments the countries had joined the EU in 2004



Source: Erste Group Research

In our latest Special Report [Western Balkan and the EU - who is ready?](#) we discuss that integrating the Western Balkan countries into the European Union is both feasible and desirable. The EU enlargement of 2004 and the subsequent ones of Bulgaria and Romania in 2007 and Croatia in 2013 cooled off the aspirations within the Union for further rapid enlargement. Despite the fact that the Western Balkans has long been on the agenda for the European Union, the integration of the region is slow and burdensome. The longstanding disagreements and ethnic disputes continue to cast a shadow over the Western Balkans. As for economic convergence of Western Balkans countries, we see it as too slow and without EU accession this is unlikely to change. The flow of EU funds could underpin the catching up process of these economies. In the report we also estimate that SEE countries would benefit even more than CEE region had they joined the EU in 2004. As they had not, their real GDP per capita is much lower.

## Market performance



Source: Erste Group Research

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## Market developments

Biden announced in a letter on Sunday that he was stepping aside as the Democratic nominee. Further, he endorsed Vice President Kamala Harris to take his place as Democratic nominee. Over the last week, the Czech koruna and the Hungarian forint strengthened against the euro. The Polish zloty, on the contrary, weakened. On Monday, EURCZK is at 25.22, EURHUF holds at 390 while EURPLN at 4.28. The long end of the curve has moved lower. In Poland the member of Monetary Policy Council Duda said that the central bank may start discussion about monetary easing in the second half of 2025 only. This week, Hungarian central bank holds a rate setting meeting and it will be seen if it takes a pause or continue with monetary easing given recent inflation development.

## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
22. Jul	10:00	PL	Retail Sales (y/y)	Jun	5.93%		5.4%
23. Jul	10:00	PL	Unemployment Rate	Jun	4.91%		5.0%
	14:00	HU	Central Bank Rate	Jul 24	6.80%	7.0%	7.0%

## FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.18	-0.2	-0.5
EUR/HUF	389.96	-0.1	-0.4
EUR/PLN	4.28	-0.2	0.7
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.87	0.0	0.0
EUR/USD	1.09	-0.1	-0.3

## 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.59	-1	-2
HUF	6.80	-1	-4
PLN	5.86	0	0
RON	5.81	0	0
RSD	5.19	-1	-13
EUR	3.70	1	3

## 10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.89	-2	5
HU 10Y	6.49	3	0
PL 10Y	5.56	-5	-11
RO 10Y	6.74	0	3
HR 10Y	3.32	0	0
SK 10Y	3.43	2	-1

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