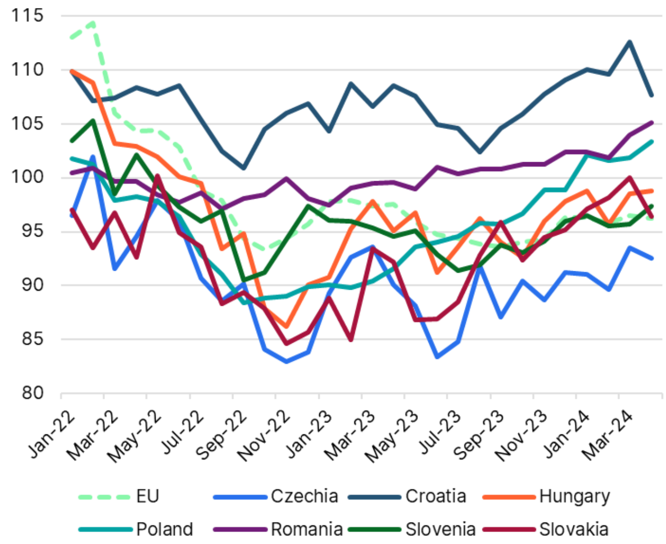
CEE MACRO AND FI DAILY

Economic confidence varies in the region

On the Radar

- Yesterday, the Czech National Bank lowered the reference rate by 50 basis points.
- Today, Slovenia will reveal trade balance for March.

Economic Sentiment Indicator

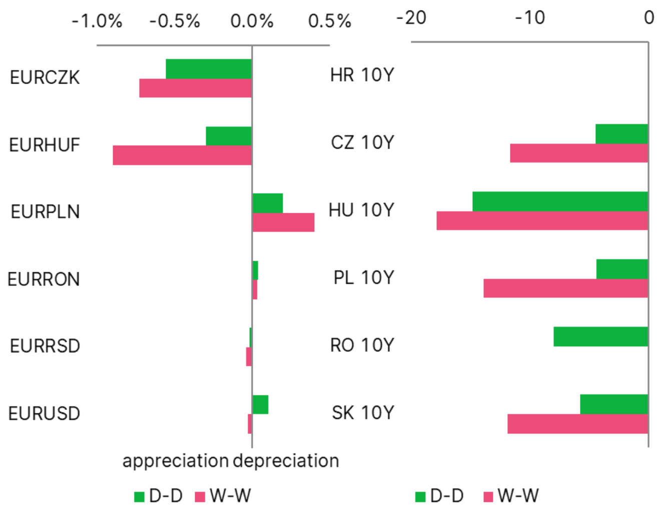


Source: Erste Group Research

Economic developments

Today, we take a look at the developments of the Economic Sentiment Indicators (ESI) in April. Compared to the previous month, the largest decline of the composite ESI in the CEE region was observed in Slovakia (-3.6%) and Croatia (-4.4%). However, Croatia has reported the highest values of the index since early 2022 and remains the leader of the region, despite month-on-month drops of confidence in services, retail and industry. If we extend the time window to one year, the highest increase of the indicator was observed in Poland (12.9%), pushed up most significantly by the consumer confidence index. Relatively steady upward trend is also visible in Romania, where the data show uplift in all the categories except for industry. On the other hand, Czech sentiment has been on the bottom of the region for some time, and in April it declined again. While consumer confidence has been slightly improving, retail and industrial confidence indicators are still close to the bottom.

Market performance



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Market developments

At its meeting yesterday, the CNB cut interest rates again by 50 basis points, in line with expectations. The reasons for this decision are in our view two conflicting factors. On the one hand, inflation reaching 2% in March allows more significant rate cuts. On the other hand, however, there are some inflationary factors at work in the Czech economy, which may intensify in the second half of this year and push headline inflation towards 3% or slightly above it. The Czech koruna appreciated below 25 against euro, while Hungarian forint also strengthened. Moreover, all 10Y yields moved down in the region, led by Hungary with 15bp decrease.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
03. May	**10:30**	**SI**	Trade Balance	Mar			-0.99

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.92	-0.6	-0.7
EUR/HUF	388.95	-0.3	-0.9
EUR/PLN	4.33	0.2	0.4
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.96	0.0	0.0
EUR/USD	1.07	0.1	0.0

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	5.50	-2	-2
HUF	7.48	-1	-3
PLN	5.86	-1	-1
RON	6.05	0	0
RSD	5.69	0	-1
EUR	3.85	3	-1

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.25	-4	-12
HU 10Y	7.04	-15	-18
PL 10Y	5.67	-4	-14
RO 10Y	6.85	-8	0
HR 10Y	3.25	0	0
SK 10Y	3.55	-6	-12

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