

CEE MACRO AND FI DAILY

German business sentiment down in June

On the Radar

- Yesterday, retail sales in Poland were published at 5% y/y.
- Today, unemployment rate in Poland and wage growth in Serbia are released.

IFO index, 2015=100

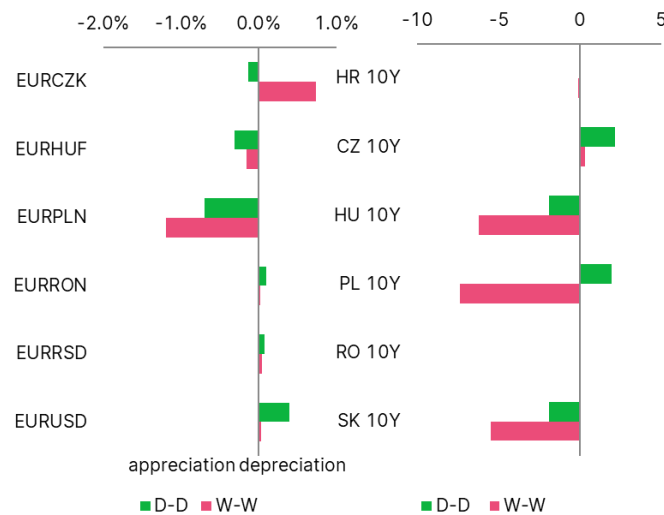


Source: Erste Group Research

Economic developments

The recent release of the Ifo Business Climate Index for Germany's business sector indicates a slight decline, with June's figure registering at 88.6 points, a decrease from May's 89.3 points. This dip is attributed to more pessimistic future expectations of businesses, although the assessment of the current situation remains unchanged. Since reaching the bottom in January, the Ifo index experienced growth until April, then plateaued in May. June's data suggests that the German economy has yet to fully recover, facing challenges in building momentum. The significant fall in Friday's PMI manufacturing further highlights the ongoing difficulties within the German industrial sector. The survey results revealed a downturn not only in industry but also across retail, wholesale, and trade. For CEE countries, particularly those with strong links to Germany, the implications are negative. Export-driven sectors may encounter limited demand for longer, potentially dimming growth prospects.

Market performance



Source: Erste Group Research

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Market developments

CEE currencies strengthened yesterday, benefiting from a weaker dollar. The Polish zloty outperformed its regional peers, gaining 0.7% d/d, with EUR/PLN breaking below the 4.30 level. EUR/HUF returned below 395, while the Czech koruna erased a tiny portion of its last week's losses against the euro. The bond market remains very calm these days, with limited daily moves. Yields on POLGBs, HGBs, and SLOVGBs are about 5 basis points lower on a weekly basis.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
25. Jun	10:00	PL	Unemployment Rate	May	5.0%		5.1%
	12:00	RS	Wages (y/y)	Apr			7.9%
26. Jun	08:30	HU	Current Account Balance (quarterly)	1Q			-561.00

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.86	-0.1	0.7
EUR/HUF	394.75	-0.3	-0.2
EUR/PLN	4.29	-0.7	-1.2
EUR/RON	4.97	0.1	0.0
EUR/RSD	116.99	0.1	0.0
EUR/USD	1.07	0.4	0.0

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.99	-1	-6
HUF	6.89	1	1
PLN	5.85	0	0
RON	6.02	0	0
RSD	5.45	0	-6
EUR	3.68	0	-3

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.16	2	0
HU 10Y	6.84	-2	-6
PL 10Y	5.70	2	-7
RO 10Y	6.78	0	0
HR 10Y	3.33	0	0
SK 10Y	3.47	-2	-5

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