

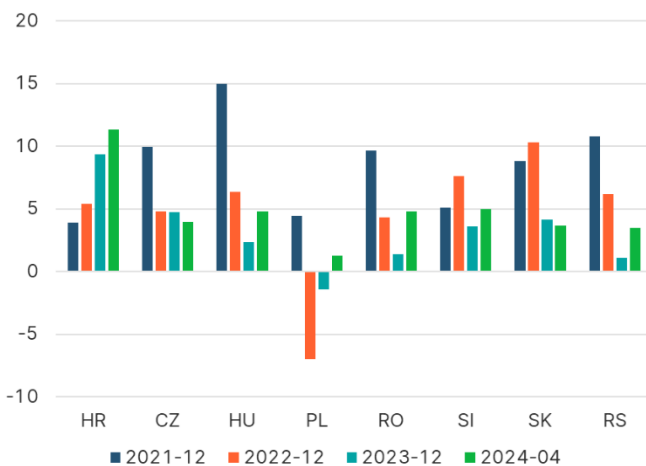
CEE MACRO AND FI DAILY

Loan growth slowly recovering

On the Radar

- Today, retail sales will be published in Slovenia and ESI for the whole EU.
- The Czech National Bank will decide on the key rate today.
- Tomorrow, PPI will be published in Hungary and Slovakia, inflation in Poland and Slovenia.
- Industrial production and retail sales will be released in Croatia and Serbia tomorrow.

Nominal loan growth, y/y %

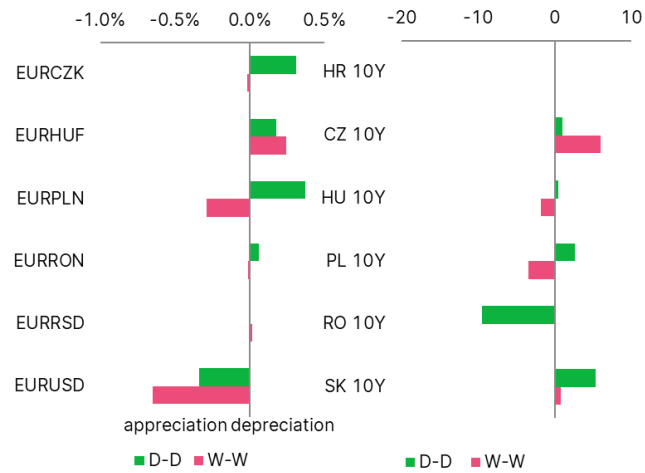


Source: Erste Group Research

Economic developments

As the regional monetary easing cycle progresses, there has been a visible uptick in household lending within the banking sector. In nominal terms, loan growth reached its bottom in several CEE countries at the end of 2023, with Czechia and Slovakia registering the most sluggish nominal growth rates still in 2024. Poland's loan growth trajectory has reached a minimum in 2022, with a sluggish recovery. Croatia is a unique case, reporting a consistent rise in nominal loan growth throughout the observed period. When accounting for inflation, all the countries experienced a contraction in loan growth at the end of 2022. Poland witnessed the most pronounced downturn in real terms, with a reduction of 24% y/y. As of late, there has been a gradual shift towards positive growth also in real terms, such as in Croatia, Czechia, Hungary, Slovenia, and Slovakia. Nonetheless, it is important to note that in certain cases, this positive trend may be attributed primarily to the effects of a lower base.

Market performance



Source: Erste Group Research

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Market developments

The CNB is meeting today, and the bank's board will be deciding between a 25 or 50bp reduction in the key rate. We lean toward a 25bp decrease due to recent inflationary pressures. Additionally, the subsequent press conference could provide insights into CNB's plans for the second half of the year. However, guidance may be limited since the CNB might prefer to wait for the new forecast due in early August. Yesterday, CEE currencies slightly weakened against the euro due to a stronger dollar, while CEE bonds remained mostly stable - except for ROMGBs, where we saw a 10bp correction in 10Y yields.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
27. Jun	10:30	SI	Retail Sales (y/y)	May		1.0%	-0.30%
	14:30	CZ	Central Bank Rate	Jun 27	4.9%	5.0%	5.3%
28. Jun		HR	Current Account Balance (quarterly)	1Q			-1063.65
		HU	Unemployment Rate	May			4.5%
	08:30	HU	PPI (y/y)	May			-2.0%
	09:00	SK	PPI (y/y)	May		-9.0%	-13.4%
	10:00	PL	CPI (y/y)	Jun P	2.7%		2.5%
	10:00	PL	CPI (m/m)	Jun P	0.2%		0.1%
	10:30	SI	CPI (y/y)	Jun		2.0%	2.5%
	10:30	SI	CPI (m/m)	Jun			0.50%
	11:00	HR	Industrial Production (y/y)	May		0.00%	-2.00%
	11:00	HR	Retail Sales (y/y)	May		8.00%	8.63%
	12:00	RS	Industrial Production (y/y)	May		2.50%	2.90%
	12:00	RS	Retail Sales (y/y)	May		12.50%	11.1%
	12:00	RS	Trade Balance	May			-747.70

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.88	0.3	0.0
EUR/HUF	396.30	0.2	0.2
EUR/PLN	4.31	0.4	-0.3
EUR/RON	4.97	0.1	0.0
EUR/RSD	116.98	0.0	0.0
EUR/USD	1.07	-0.3	-0.7

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.97	-1	-7
HUF	6.89	0	2
PLN	5.85	0	-1
RON	6.01	0	0
RSD	5.45	0	-2
EUR	3.72	2	1

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.14	1	6
HU 10Y	6.78	0	-2
PL 10Y	5.65	3	-3
RO 10Y	6.78	-9	0
HR 10Y	3.33	0	0
SK 10Y	3.53	5	1

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