

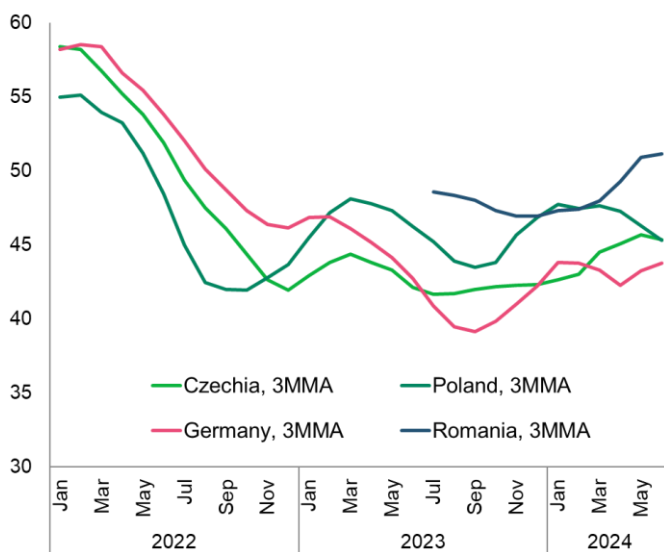
CEE MACRO AND FI DAILY

Manufacturing PMIs eased in June in CEE

On the Radar

- On Friday, unemployment rate in Hungary landed at 4.3% in May while PPI index at -0.2% y/y in May. In Slovakia, producer prices declined by -11.2% y/y in May.
- Inflation in Poland increased marginally to 2.6% y/y in June according to flash estimate while in Slovenia dropped to 1.5% y/y in June.
- Retail sector expanded both in Croatia and Serbia in May (8.8% y/y and 6.4% y/y respectively) while industry contracted by -3.3% y/y and -2.2% y/y respectively.
- Final reading of the April's trade balance in Hungary arrived at EUR 1750 million.
- June's PMI index eased to 50 in Romania. In Poland it remained flat at 45 in June, while in Czechia it went down to 45.3. In Hungary the PMI releases was delayed due to technical issue.

Manufacturing PMI, 3MMA

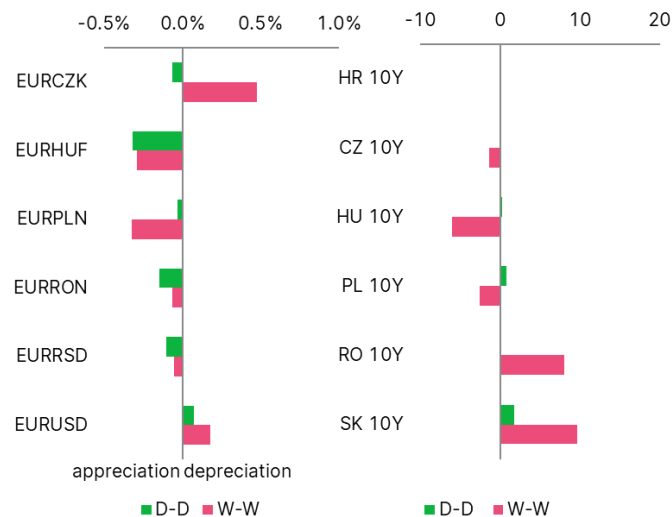


Source: Erste Group Research

Economic developments

In Romania, PMI index eased to 50 in June, down from 52 in May. In Romania, output levels were down for the first time in three months and employment also decreased putting Romania's PMI at the threshold value that separates expansion from recession range. In Czechia, manufacturing PMI dropped to 45.3 in June that is more than market expected. In Poland, manufacturing PMI index remained flat at 45. The sector contracted for the twenty-sixth successive month. According to the statement, sharp declines were indicated for production, new orders, exports, and employment. The development of PMI indicators in the region mirrors the flash estimates of the PMI indices in Eurozone that surprised unpleasantly. The composite indicator fell to 50.8 from 52.2 in May. Although the indicator remained within the expansion range, the decline indicates that growth momentum could have slowed down in June. The decline in the composite index was due to a further deterioration in the industrial sector. Moreover, the manufacturing index has been in the recession range for almost two years. In Germany, PMI indices showed similar development with the composite index easing to 50.6 in June and manufacturing declining to 43.4.

Market performance



Source: Erste Group Research

Market developments

Over last week the Czech koruna depreciated against the euro while the Hungarian forint and the Polish zloty have strengthened. We associate the weakening of the Czech koruna with the central bank's decision to cut the key interest rate by 50 basis points. The decision was a surprise given the recent communication of the Board members and broad expectations for 25 basis points cut. This week, Poland and Romania will decide on the key interest rates. While in Poland we do not expect any change, Romania should begin to ease monetary conditions. The CEE bond market entered the summer season with very limited movement. Issuance is also expected to calm down in the next couple of months, as six CEE countries have already completed over 70% of their 2024 net issuance by the end of June. As for other news, Hungary takes over EU presidency as of July 1. On global markets, inflation in the Eurozone and snap elections in France should be in the focus.

Analyst:
Jakub Cery
+43 (0)5 0100 17338
jakub.cery@erstegroup.com

Analyst:
Katarzyna Rzentarzewska
+43 5 0100 17356
katarzyna.rzentarzewska@erstegroup.com

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
01. Jul	08:30	HU	Trade Balance	Apr F			1766.00
02. Jul	08:00	RO	Unemployment Rate	May			5.3%
	08:00	RO	PPI (y/y)	May			-4.0%
	11:00	HR	CPI (y/y)	Jun P		2.7%	3.3%
	11:00	HR	CPI (m/m)	Jun P			0.1%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.01	-0.1	0.5
EUR/HUF	394.86	-0.3	-0.3
EUR/PLN	4.31	0.0	-0.3
EUR/RON	4.97	-0.1	-0.1
EUR/RSD	116.85	-0.1	-0.1
EUR/USD	1.07	0.1	0.2

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.71	-25	-29
HUF	6.89	0	1
PLN	5.85	0	0
RON	6.01	0	-1
RSD	5.45	0	0
EUR	3.71	2	2

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.13	0	-1
HU 10Y	6.80	0	-6
PL 10Y	5.65	1	-3
RO 10Y	6.86	0	8
HR 10Y	3.33	0	0
SK 10Y	3.59	2	10

Group Research

Head of Group Research Friedrich Mostböck, CEFA®, CESGA®	+43 (0)5 0100 11902	GM Retail Products & Business Development Head: Martin Langer	+43 (0)50100 11313
CEE Macro/Fixed Income Research Head: Juraj Kotian (Macro/FI) Katarzyna Rzentarzewska (Fixed income) Jakub Cery (Fixed income)	+43 (0)5 0100 17357 +43 (0)5 0100 17356 +43 (0)5 0100 17384	Corporate Treasury Product Distribution AT Head: Martina Kranzl-Carvell	+43 (0)5 0100 84147
Croatia/Serbia Alen Kovac (Head) Mate Jelić Ivana Rogic	+385 72 37 1383 +385 72 37 1443 +385 72 37 2419	Group Securities Markets Head: Thomas Einramhof	+43 (0)50100 84432
Czech Republic David Navratil (Head) Jiri Polansky Michal Skorepa	+420 956 765 439 +420 956 765 192 +420 956 765 172	Institutional Distribution Core Head: Jürgen Niemeier	+49 (0)30 8105800 5503
Hungary Orsolya Nyeste János Nagy	+361 268 4428 +361 272 5115	Institutional Distribution DACH+ Head: Marc Friebertshäuser Bernd Bollhof Andreas Goll Mathias Gindele Ulrich Inhofner Sven Kienzle Rene Klasen Christopher Lampe-Traupe Danijel Popovic Michael Schmotz Christoph Ungerböck Klaus Vosseler Slovakia Šarlota Šipulová Monika Směliková	+49 (0)711 810400 5540 +49 (0)30 8105800 5525 +49 (0)711 810400 5561 +49 (0)711 810400 5562 +43 (0)5 0100 85544 +49 (0)711 810400 5541 +49 (0)30 8105800 5521 +49 (0)30 8105800 5523 +49 1704144713 +43 (0)5 0100 85542 +43 (0)5 0100 85558 +49 (0)711 810400 5560 +421 2 4862 5619 +421 2 4862 5629
Romania Ciprian Dascalu (Head) Eugen Sinca Dorina Ilasco Vlad Nicolae Ionita	+40 3735 10108 +40 3735 10435 +40 3735 10436 +40 7867 15618	Institutional Distribution CEE & Insti AM CZ Head: Antun Burić Jaromir Malak	+385 (0)7237 2439 +43 (0)5 0100 84254
Slovakia Maria Valachyova (Head) Matej Hornak Marian Kocis	+421 2 4862 4185 +421 902 213 591 +421 904 677 274	Czech Republic Head: Ondrej Čech Milan Bartoš Jan Porvich Pavel Zdichynec	+420 2 2499 5577 +420 2 2499 5562 +420 2 2499 5566 +420 2 2499 5590
Major Markets & Credit Research Head: Gudrun Egger, CEFA® Ralf Burchert, CEFA®, CESGA® (Sub-Sovereigns & Agencies) Hans Engel (Global Equities) Peter Kaufmann, CFA® (Corporate Bonds) Heiko Langer (Financials & Covered Bonds) Stephan Lingnau (Global Equities) Maximilian Mostl (Credit Analyst Austria) Carmen Rietler-Kowarsch (Financials & Covered Bonds) Rainer Singer (Euro, US) Bernadett Povaszai-Römhild, CEFA®, CESGA® (Corporate Bonds) Elena Stelov, CIAA® (Corporate Bonds) Gerald Walek, CFA® (Euro, CHF)	+43 (0)5 0100 11909 +43 (0)5 0100 16314 +43 (0)5 0100 19835 +43 (0)5 0100 11183 +43 (0)5 0100 85509 +43 (0)5 0100 16574 +43 (0)5 0100 17211 +43 (0)5 0100 19632 +43 (0)5 0100 17331 +43 (0)5 0100 17203 +43 (0)5 0100 19641 +43 (0)5 0100 16360	Institutional Asset Management Czech Republic Head: Petr Holeček Petra Maděrová Martin Peřina David Petráček Blanka Weinerová Petr Valenta Croatia Head: Antun Burić Zvonimir Tukač Natalija Zujic Hungary Head: Peter Cszimadia Gábor Bálint Gergő Szabo Romania Head: Octavian Florin Munteanu	+420 956 765 453 +420 956 765 178 +420 956 765 106 +420 956 765 809 +420 956 765 317 +420 956 765 140 +385 (0)7237 2439 +385 (0)7237 1787 +385 (0)7237 1638 +36 1 237 8211 +36 1 237 8205 +36 1 237 8209 +40 746128914
CEE Equity Research Head: Henning Eßkuchen Daniel Lion, CIAA® (Technology, Ind. Goods&Services) Michael Marschallinger, CFA® Nora Nagy (Telecom) Christoph Schultes, MBA, CIAA® (Real Estate) Thomas Unger, CFA® (Banks, Insurance) Vladimira Urbankova, MBA (Pharma) Martina Valenta, MBA	+43 (0)5 0100 19634 +43 (0)5 0100 17420 +43 (0)5 0100 17906 +43 (0)5 0100 17416 +43 (0)5 0100 11523 +43 (0)5 0100 17344 +43 (0)5 0100 17343 +43 (0)5 0100 11913	Group Institutional Equity Sales Head: Michal Řízek Werner Fürst Viktoria Kubalцова Thomas Schneidhofer Oliver Schuster Czech Republic Head: Michal Řízek Jifi Fereš Martin Havlan Pavel Krabička Poland Head: Jacek Jakub Langer Tomasz Galanciak Wojciech Wysocki Przemyslaw Nowosad Maciej Senderek Croatia Matija Tkalicanac Hungary Nandori Levente Krisztian Kandik Balasz Zankay Romania Valerian Ionescu	+420 224 995 537 +43 (0)50100 83121 +43 (0)5 0100 83124 +43 (0)5 0100 83120 +43 (0)5 0100 83119 +420 224 995 537 +420 224 995 554 +420 224 995 551 +420 224 995 411 +48 22 257 5711 +48 22 257 5715 +48 22 257 5714 +48 22 257 5712 +48 22 257 5713 +385 72 37 21 14 +36 1 23 55 141 +36 1 23 55 162 +36 1 23 55 156 +40 3735 16541
Croatia/Serbia Mladen Dodig (Head) Boris Pevalek, CFA® Marko Plastic Matej Pretkovic Bruno Barbic Davor Spoljar, CFA® Magdalena Basic	+381 11 22 09178 +385 99 237 2201 +385 99 237 5191 +385 99 237 7519 +385 99 237 1041 +385 72 37 2825 +385 99 237 1407	Group Fixed Income Securities Markets Head: Goran Hobljaj	+43 (0)50100 84403
Czech Republic Petr Bartek (Head, Utilities) Jan Bystřický	+420 956 765 227 +420 956 765 218	Fixed Income Flow Sales Head: Gorjan Hobljaj Margit Hraschek Christian Kiensberger Ciprian Mitu Bernd Thaler Zsuzsanna Toth Poland Pawel Kielek Michal Jarmakowicz	+43 (0)5 0100 84403 +43 (0)5 0100 84117 +43 (0)5 0100 84323 +43 (0)5 0100 85612 +43 (0)5 0100 84119 +36 1 237 8209 +48 22 538 6223 +43 50100 85611
Hungary József Miró (Head) András Nagy Tamás Pletser, CFA® (Oil & Gas)	+361 235 5131 +361 235 5132 +361 235 5135	Fixed Income Flow Trading Head: Gorjan Hobljaj	+43 (0)5 0100 84403
Poland Cezary Bernatek (Head) Piotr Bogusz Łukasz Jańczak Krzysztof Kawa, CIAA® Jakub Szkopek	+48 22 257 5751 +48 22 257 5755 +48 22 257 5754 +48 22 257 5752 +48 22 257 5753	Group Fixed Income Securities Trading Head: Goran Hobljaj	+43 (0)50100 84403
Romania Caius Rapanu	+40 3735 10441	Group Equity Trading & Structuring Head: Ronald Nemeč	+43 (0)50100 83011
Group Markets		Business Support Bettina Mahoric	+43 (0)50100 86441
Head of Group Markets Oswald Huber	+43 (0)5 0100 84901		
Group Markets Retail and Agency Business Head: Christian Reiss	+43 (0)5 0100 84012		
Markets Retail Sales AT Head: Markus Kaller	+43 (0)5 0100 84239		
Group Markets Execution Head: Kurt Gerhold	+43 (0)5 0100 84232		
Retail & Sparkassen Sales Head: Uwe Kolar	+43 (0)5 0100 83214		
Markets Retail Sales CZ Head: Roman Choc	+420 956 765 374		
Markets Retail Sales HUN Head: Peter Kishazi	+36 1 23 55 853		

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