

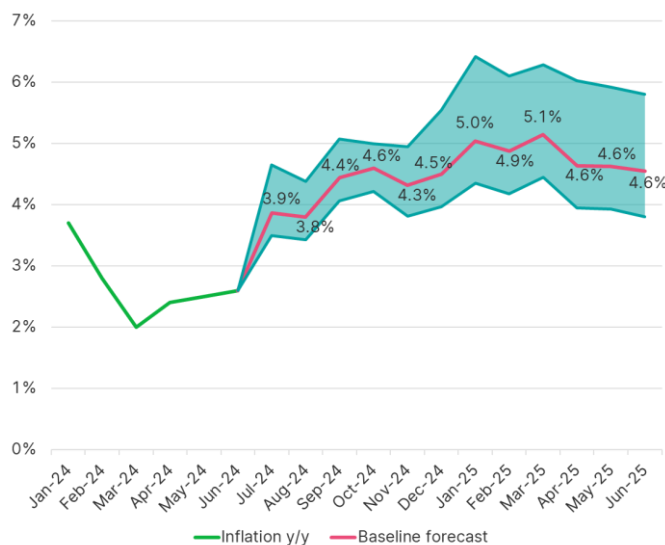
CEE MACRO AND FI DAILY

Inflation in Poland to increase soon

On the Radar

- Polish central bank kept the policy rate unchanged at 5.75% on Wednesday.
- Retail sales (excluding automotive) in Czechia landed at 4.4 y/y in May and in Slovakia retail sales growth arrived at 5.2% y/y in May.
- Today, in Poland, Governor Glapinski will hold a press conference at 3 PM CET.
- Tomorrow, Romania central bank holds a rate setting meeting and we expect 25 basis points cut.

Inflation forecast in Poland

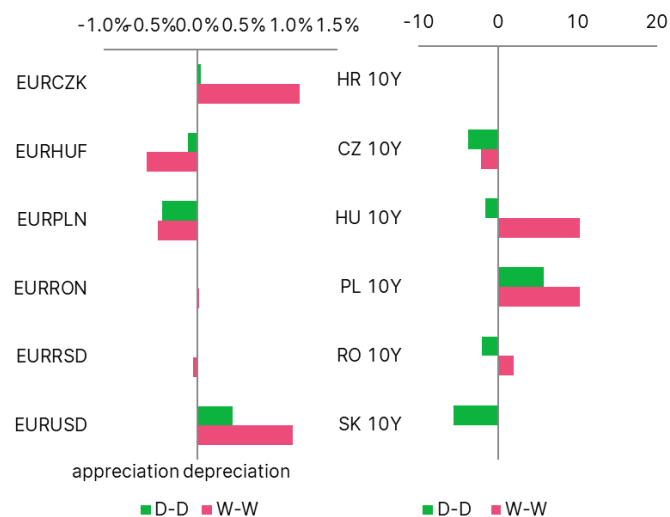


Source: Erste Group Research

Economic developments

Today, we zoom in on development in Poland. Firstly, the central bank kept the policy rate unchanged and presented the new inflation and growth forecast. While inflation risks are projected to escalate in the following year, the growth forecast has been revised to a marginally more pessimistic outlook. At the same time, we published Special Report [Energy prices to propel inflation upward](#) where we discuss the anticipated peak of inflation and the rate at which it will normalize. The most significant driver of this inflationary surge will be the partial deregulation of household energy prices, commencing in July. On top of that, the PPI suggests a continued slowdown in inflation, while the trends in nominal wages and grain futures indicate an opposing momentum. To better estimate energy impact on inflation, we construct a synthetic price index to estimate the relative undervaluation of household energy tariffs. Energy prices are expected to contribute 1.3 percentage points to our baseline, with a potential surge to 2.2pp in the adverse scenario. By the year's end, we project inflation to hover around 4.6%, with a potential uptick in Q1 2025 to approximately 5.1%.

Market performance



Source: Erste Group Research

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Market developments

In Poland, the Monetary Policy Council of the NBP has decided to maintain the interest rate steady at 5.75%. More importantly, the NBP has unveiled insights into its updated economic projections, which now incorporate the impact of energy price deregulation on inflation and GDP growth forecasts. The central bank currently sees inflation path higher compared to the March 2024 projections, while GDP growth dynamics lower. Today Governor Glapinski holds a press conference in the afternoon. The Hungarian forint and the Polish zloty have remained stronger against the euro this week, while the Czech koruna on the contrary. The long-term yields showed mixed performance.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
04. Jul	09:00	SK	Retail Sales (y/y)	May		6.5%	9.6%
05. Jul		RO	Central Bank Rate	Jul 05		6.75%	7.00%
	08:00	RO	Retail Sales (y/y)	May		6.6%	9.5%
	08:30	HU	Industrial Production (y/y)	May		-2.8%	-2.4%
	08:30	HU	Retail Sales (y/y)	May		3.9%	3.2%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.15	0.0	1.1
EUR/HUF	394.15	-0.1	-0.5
EUR/PLN	4.29	-0.4	-0.4
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.93	0.0	0.0
EUR/USD	1.08	0.4	1.0

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.69	-1	-28
HUF	6.88	1	-1
PLN	5.85	0	0
RON	6.01	0	0
RSD	5.45	0	0
EUR	3.71	-1	-2

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.11	-4	-2
HU 10Y	6.88	-2	10
PL 10Y	5.75	6	10
RO 10Y	6.80	-2	2
HR 10Y	3.33	0	0
SK 10Y	3.53	-6	0

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