

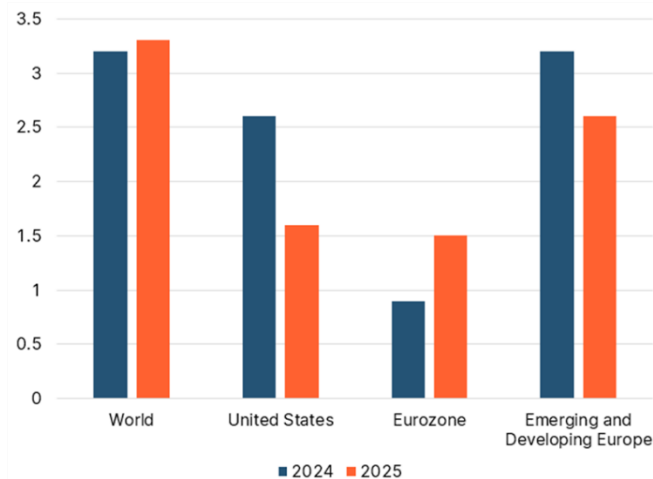
CEE MACRO AND FI DAILY

IMF keeps the world outlook stable

On the Radar

- The ECB holds a rate setting meeting today.
- At 10 AM CET, Poland will release series of data: industrial output growth in June, producer prices as well as June's employment and nominal wage growth.
- There are no other releases scheduled for today.

World Economic Outlook growth forecasts, %

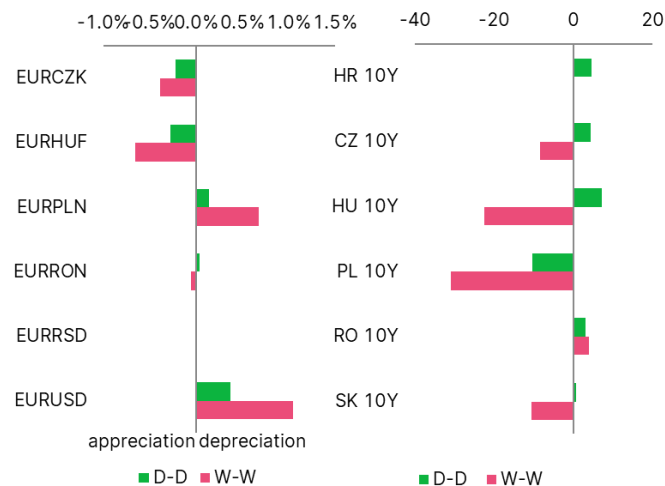


Source: Erste Group Research

Economic developments

According to the latest update of the World Economic Outlook from July, global growth is projected to be in line with the April 2024 forecast, at 3.2 percent in 2024 and 3.3 percent in 2025. However, varied momentum in activity at the turn of the year has somewhat narrowed the output divergence across economies. According to the IMF, the cyclical factors wane and activity becomes better aligned with its potential. There are no major changes in the growth forecasts of Eurozone (0.9% in 2024 and 1.5% in 2025) as well as Emerging and Developing Europe (most of CEE countries would fall into this category). As for inflation development, the IMF sees upside risks to inflation leading to higher-for-even-longer interest rates, in the context of escalating trade tensions and increased policy uncertainty. We also stick to our growth story in the region we have been telling lately about economic recovery supported mainly by private consumption.

Market performance



Source: Erste Group Research

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Market developments

The EURCZK and EURHUF have moved down since the beginning of the week, while the EURPLN on the contrary. Ahead of the ECB meeting on Thursday, the long end of the curves moved down across the region. We expect the ECB Governing Council to signal a wait-and-see attitude and leave interest rates unchanged. We do not expect the next interest rate cut of 25bp until September, when new data sets on price trends and projections on the development of the economy and inflation are available. There are no other news on local markets.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
18. Jul		RS	Current Account Balance (monthly)	May			-109.50
	10:00	PL	Industrial Production (y/y)	Jun			-1.7%
	10:00	PL	PPI (y/y)	Jun			-7.0%
	10:00	PL	Wages (y/y)	Jun			11.4%
19. Jul	09:00	SK	Unemployment Rate	Jun			4.9%
	10:30	SK	Current Account Balance (monthly)	May			-62.90
	10:30	SI	PPI (y/y)	Jun			-2.40%
	11:00	HR	Unemployment Rate	Jun			5.0%
	11:00	HR	Wages (y/y)	May			14.1%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.25	-0.2	-0.4
EUR/HUF	390.80	-0.3	-0.7
EUR/PLN	4.29	0.1	0.7
EUR/RON	4.97	0.0	-0.1
EUR/RSD	116.92	0.0	0.0
EUR/USD	1.09	0.4	1.1

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.60	0	-4
HUF	6.81	-2	-4
PLN	5.86	0	0
RON	5.81	0	0
RSD	5.20	-2	-25
EUR	3.68	0	-3

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.86	4	-8
HU 10Y	6.48	7	-23
PL 10Y	5.44	-10	-31
RO 10Y	6.74	3	4
HR 10Y	3.32	5	0
SK 10Y	3.39	1	-10

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