

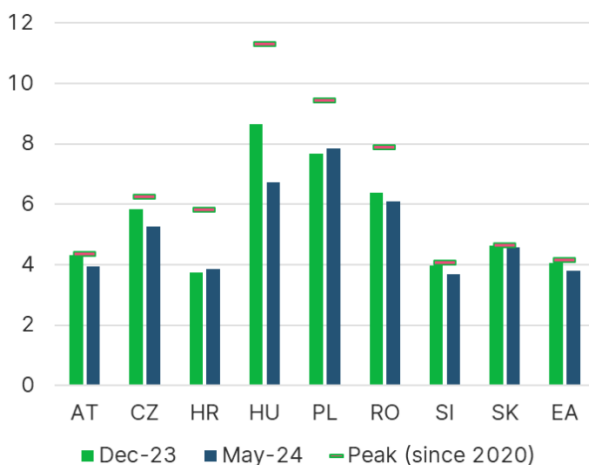
CEE MACRO AND FI DAILY

More affordable mortgage rates

On the Radar

- Flash GDP growth in Hungary surprised to the downside, at 1.3% y/y.
- In Czechia, flash GDP arrived roughly in line with the expectations at 0.4% y/y.
- Yesterday, retail sales in Slovenia arrived at -0.1% y/y and today Croatia will publish their figure.
- Tomorrow, flash CPI will be released in Poland, Croatia and Slovenia.
- Also tomorrow, Serbia will publish Q2 GDP growth flash estimate, alongside retail sales, trade and industrial production

Average mortgage rates (% , new business, households)

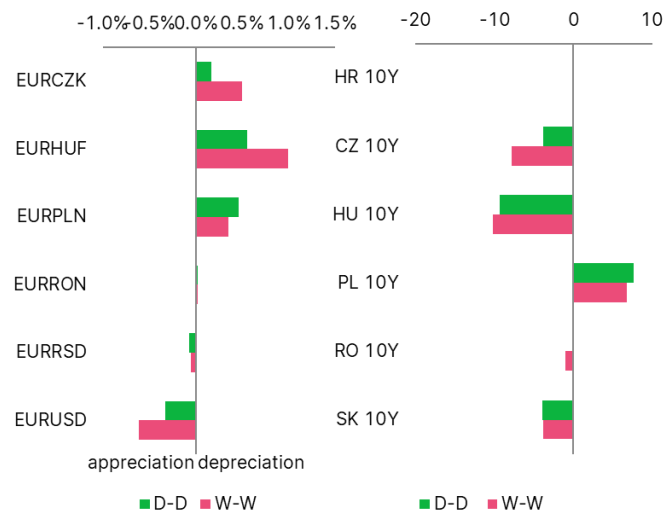


Source: Erste Group Research, ECB

Economic developments

The disinflation process, which paved the way for monetary easing in CEE and Eurozone, has already positively impacted mortgage borrowing rates for households. The steepest decline in average interest rate on new mortgages for households was observed in Hungary (-4.6 percentage points), while Slovakia saw a very limited decline (-5 basis points) from CEE countries. Due to the brisk pace of monetary easing in Czechia and Hungary this year, both countries reported the largest declines in interest rates on new mortgages in 2024, with decreases of 0.6 and 1.9 percentage points, respectively. Currently, Poland offers the highest mortgage rates in the EU, as the central bank absented in monetary easing this year and indicates possible rate cuts only by 2025. The mortgage market, heavily exposed to variable rates, can also be partially blamed for the high average mortgage rates, especially with inverted yield curves.

Market performance



Source: Erste Group Research

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Market developments

CEE currencies started this week on a weaker note. The Czech koruna slid towards 25.4 CZK/EUR yesterday, and the Polish zloty lost about 0.5% day-on-day against the euro. The biggest move was seen in the Hungarian forint, as a disappointing flash estimate of 2Q GDP growth published this morning sent EUR/HUF above 394. Since the end of last week, the forint lost about 1% against the euro. The bond market remains rather calm, with markets focusing on this week's FED meeting, which may provide more insight into a possible rate cut in September.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
30. Jul	08:30	HU	GDP (q/q)	2Q P		0.6%	0.8%
	08:30	HU	GDP (y/y)	2Q P	2.23%	2.5%	1.1%
	09:00	CZ	GDP (q/q)	2Q A		0.4%	0.20%
	09:00	CZ	GDP (y/y)	2Q A		0.5%	0.3%
	11:00	HR	Retail Sales (y/y)	Jun		4.0%	8.4%
31. Jul	08:30	HU	PPI (y/y)	Jun			-0.22%
	10:00	PL	CPI (y/y)	Jul P		4.0%	2.60%
	10:30	SI	CPI (y/y)	Jul		1.3%	1.5%
	11:00	HR	CPI (y/y)	Jul P		2.1%	2.4%
	12:00	RS	Industrial Production (y/y)	Jun		2.0%	-1.10%
	12:00	RS	Retail Sales (y/y)	Jun		4.0%	6.6%
	12:00	RS	Trade Balance	Jun			-859.00
	12:00	RS	GDP (y/y)	2Q P		4.1%	4.7%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.36	0.2	0.5
EUR/HUF	392.88	0.6	1.0
EUR/PLN	4.29	0.5	0.4
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.88	-0.1	-0.1
EUR/USD	1.08	-0.3	-0.6

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.54	-2	-4
HUF	6.61	0	-18
PLN	5.86	0	0
RON	5.81	1	1
RSD	5.18	0	-1
EUR	3.64	-2	-7

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.76	-4	-8
HU 10Y	6.34	-9	-10
PL 10Y	5.62	8	7
RO 10Y	6.75	0	-1
HR 10Y	3.32	0	0
SK 10Y	3.41	-4	-4

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