

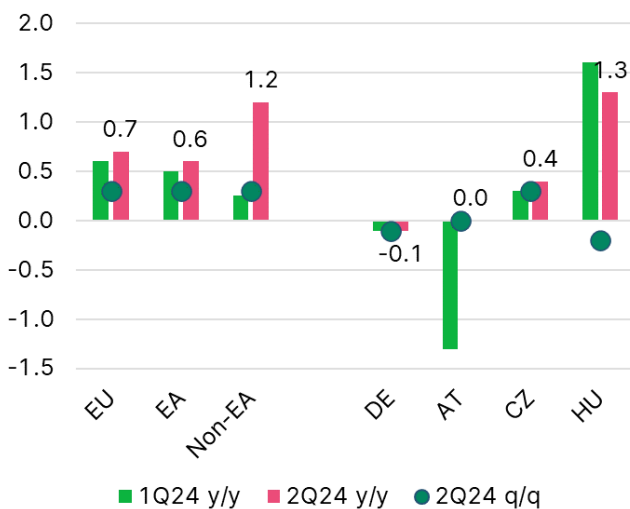
CEE MACRO AND FI DAILY

First glimpse of Q2 GDP growth available

On the Radar

- In Croatia, retail sales increased in real terms by 5.5%.
- Today, we will see inflation releases in Poland, Croatia and Slovenia.
- Also today, Serbia will publish industrial production, retail sales, trade and most importantly GDP flash estimate for Q2.
- Tomorrow, the Czech National Bank will decide on the key rate.

GDP growth, %

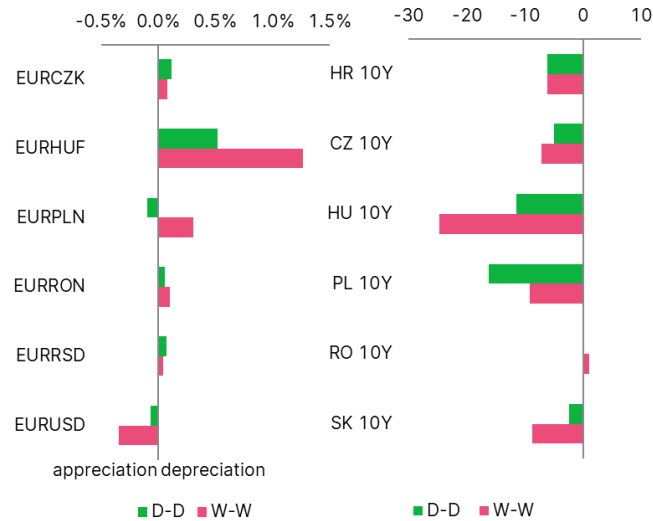


Source: Erste Group Research

Economic developments

With yesterday's release of Q2 GDP growth figures for the Euro area (EA) and the EU, we can now also estimate the economic performance of non-EA countries. The EA reported growth of 0.6% y/y, while the EU saw an expansion of 0.7%. Given that the EA's GDP represents just over 85% of the EU's output, the inferred growth rate for the non-EA bloc stands at approximately 1.2% y/y. Among this group, Q2 data from Czechia, Hungary, and Sweden has been published. Sweden's economy continues to face challenges, with a stagnant 0% y/y and a contraction of -0.8% q/q. Czechia observed a modest 0.3% q/q growth, slightly trailing our projections and market expectations, with a yearly GDP growth settling at 0.4%. Hungary's GDP growth fell significantly below all forecasts, shrinking by 0.2% compared to the preceding quarter, a figure significantly lower than our anticipated 0.6% increase and the consensus. The annual GDP growth was recorded at 1.3%, adjusted by the working day effect, as opposed to the anticipated 2.2%. Estimating the performance of other non-EA economies remains unclear due to numerous pending releases. Nonetheless, for Romania and Poland, the growth is expected to be sufficiently robust to align with the 1.2% non-EA estimate.

Market performance



Source: Erste Group Research

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Market developments

Government bond yields in CEE edged down slightly yesterday in response to subdued GDP growth numbers for the second quarter of 2024. The disappointing growth figures for Hungary led to a weakening of the forint, which traded at 395.5 HUF/EUR this morning. Given that concerns about a strong rebound have not materialized, expectations for interest rates also moved downwards this week. The 3x6 forward rate agreements (FRAs) in Czechia and Hungary dropped another 15 basis points, currently standing at approximately 4% and 6%, respectively.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
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%
01. Aug	08:00	RO	Unemployment Rate	Jun			5.4%
	08:30	HU	Trade Balance	May F			1146.00
	14:30	CZ	Central Bank Rate	Aug 24		4.50%	4.75%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.39	0.1	0.1
EUR/HUF	394.92	0.5	1.3
EUR/PLN	4.29	-0.1	0.3
EUR/RON	4.97	0.1	0.1
EUR/RSD	116.96	0.1	0.0
EUR/USD	1.08	-0.1	-0.4

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.53	-1	-4
HUF	6.58	-3	-19
PLN	5.86	0	0
RON	5.80	-1	0
RSD	5.18	0	-1
EUR	3.63	-1	-5

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.71	-5	-7
HU 10Y	6.23	-12	-25
PL 10Y	5.45	-16	-9
RO 10Y	6.75	0	1
HR 10Y	3.26	-6	-6
SK 10Y	3.39	-2	-9

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