

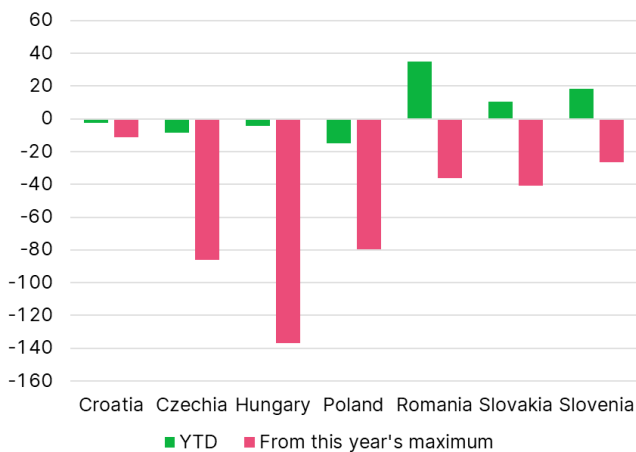
CEE MACRO AND FI DAILY

Large movements in the CEE's bond markets

On the Radar

- June retail sales in Romania increased by 9.4% y/y, in Slovakia by 1.1% and in Hungary by 2.6%.
- In Czechia, industrial production in June decreased by 3.4% y/y, and the trade balance ended at surplus of CZK 29.3 bn.
- Today, PPI will be published in Croatia.
- Tomorrow, Romanian central bank holds a rate decision.

10Y yield change, basis points

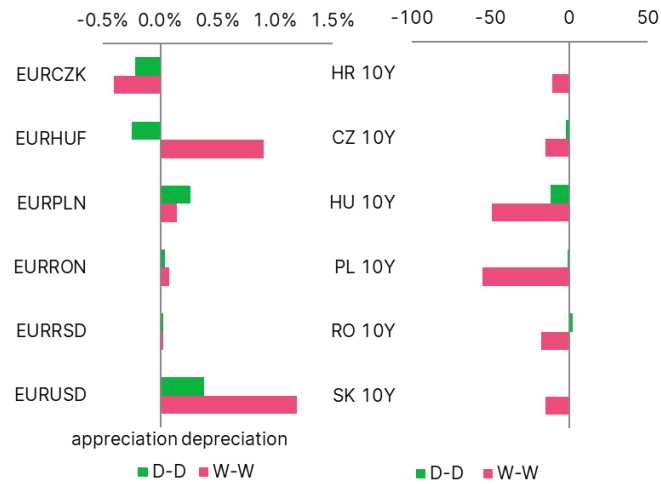


Source: Erste Group Research

Economic developments

The July US employment report revealed a weaker-than-anticipated performance, signaling a potential recession. This, coupled with Chairman Powell's remarks suggesting a possible rate reduction in September, has shocked the global markets. The swings have been felt not only in international equities but also in CEE bond markets. The most significant response was seen in the 10-year yields of Poland and Hungary, witnessing a decline of 55 and 49 basis points over the past week, respectively. While yields across other regional markets also fell, the decreases were more modest, ranging from 11 to 18 basis points. Despite these movements, current yield levels remain in proximity to those at this year's beginning. The exception is Romania, where the yield still stands approximately 35 basis points higher than January's figures. Expanding our perspective to consider the deviation from peak values of the year, Hungary's yield has contracted by nearly 140 basis points. Similarly, yields in the Czechia and Poland have contracted by 85 and 80 basis points, respectively.

Market performance



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Market developments

Despite the high volatility witnessed in global stock markets, CEE currencies experienced relatively minor effects. Initially, the Polish zloty and Hungarian forint saw a depreciation of approximately 0.5-0.6% against the euro, with the EURHUF rate even reaching the 399 level. However, by late afternoon, both currencies had recouped their losses, with the forint closing even stronger on a daily basis. In response to heightened repositioning towards fixed income assets, driven by a hedge against recession concerns, FRAs in the CEE region also saw a slight decline.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
06. Aug	08:00	RO	Retail Sales (y/y)	Jun		9.00%	6.10%
	08:30	HU	Retail Sales (y/y)	Jun		3.00%	3.60%
	09:00	SK	Retail Sales (y/y)	Jun		5.50%	5.20%
	09:00	CZ	Industrial Production (y/y)	Jun		-2.90%	-3.20%
	09:00	CZ	Trade Balance	Jun		21.80	16.30
	11:00	HR	PPI (y/y)	Jul			-3.50%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.26	-0.2	-0.4
EUR/HUF	396.41	-0.3	0.9
EUR/PLN	4.30	0.3	0.1
EUR/RON	4.97	0.0	0.1
EUR/RSD	116.91	0.0	0.0
EUR/USD	1.10	0.4	1.2

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.43	-2	-11
HUF	6.53	-1	-8
PLN	5.85	0	-1
RON	5.80	0	-1
RSD	5.18	0	0
EUR	3.58	-4	-5

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.61	-2	-15
HU 10Y	5.85	-12	-49
PL 10Y	5.07	-1	-55
RO 10Y	6.57	2	-18
HR 10Y	3.21	0	-11
SK 10Y	3.26	0	-15

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