

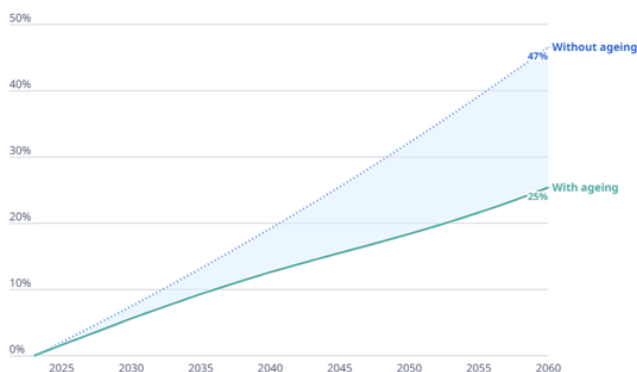
CEE MACRO AND FI DAILY

Population ageing will weigh on economic growth among OECD countries

On the Radar

- Trade balance in Slovakia landed at EUR 560.8 million in May. Croatia recorded a deficit of EUR1784 million in April.
- Trade balance in Romania is due 8 AM CET on Thursday.
- At 9 AM CET, Slovakia will release industrial output growth in May, while Slovenia at 10.30 AM CET.
- Croatia will publish producer prices in June at 11 AM CET.
- Serbia's central bank holds a rate setting meeting at noon CET.

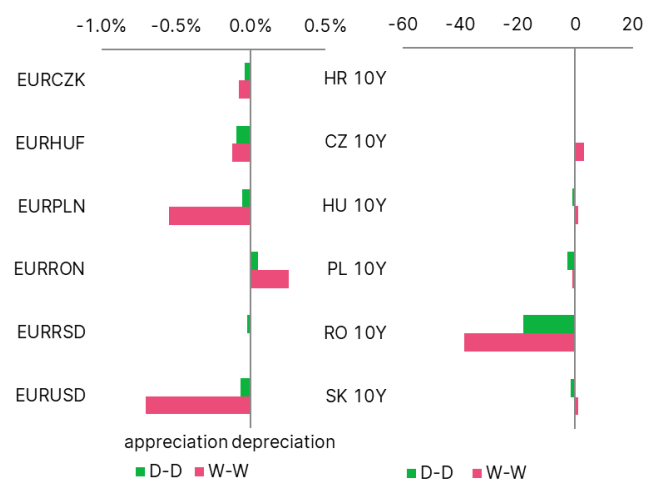
OECD projections of cumulated GDP per capita growth, % baseline 2023



Source: Erste Group Research

In the latest Employment Outlook 2025 OECD claims that population ageing will weigh significantly on economic growth in the OECD countries. The organization estimates that without a significant improvement in productivity gains, GDP per capita growth would slow down by about 40% in the OECD area (from 1% per year in 2006-19 to 0.6% per year in 2024-60 on average). Looking at cumulated GDP per capita growth, OECD expects it to be 25% higher compared to 47% increase if population aging would not be happening. The CEE countries will need to face negative impact stemming from declining working-age population in particular. OECD shows that, by 2060, OECD working age population (aged 20 to 64 years) will be lower by 8 percentage points. Hungary, Czechia and Slovenia will see decline of working age population by roughly 25 percentage points, Slovakia by more than 30 percentage point while Poland by almost 40 percentage points by 2060.

Market performance



Source: Erste Group Research

Market developments

Serbia's central bank is expected to lower the key policy rate from 5.75% to 5.50% at July's meeting. We believe it will be the first 25 basis points cut this year as we expect interest rate to decline to 5.25% at the end of the year. In Romania, the banking system liquidity position vs the Romania's central bank shifted to a deficit of RON 4.5bn (daily average stock) in June from a marginal surplus at 0.5 billion lei. Banks parked approximately RON 3.9bn at the deposit facility in June and tapped the repo auctions for approximately RON 8.4bn. Romania tapped international bond market with USD 5.6 billion bond sale. In Poland, Ministry of Finance confirmed strong demand for Polish government papers. President Donald Trump said the US would begin levying a 50% tariff on copper imports from August that is yet another front in Trump's push to remake global trade and rebuild US industries.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
10. Jul	08:00	RO	Trade Balance	May			-3141.00
	08:00	RO	GDP (q/q)	1Q F		0.00%	
	08:00	RO	GDP (y/y)	1Q F		0.30%	0.26%
	09:00	SK	Industrial Production (y/y)	May		1.00%	-1.20%
	10:30	SI	Industrial Production (y/y)	May		0.00%	-4.70%
	11:00	HR	PPI (y/y)	Jun			1.20%
	12:00	RS	Central Bank Rate	Jul 25		5.50%	5.75%
11. Jul	08:00	RO	CPI (y/y)	Jun		5.60%	5.45%
	08:00	RO	CPI (m/m)	Jun		0.42%	0.46%
	08:00	RO	Wages (y/y)	May			8.24%
	12:00	RS	CPI (y/y)	Jun		3.90%	3.80%
	12:00	RS	CPI (m/m)	Jun			0.20%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.61	0.0	-0.1
EUR/HUF	399.40	-0.1	-0.1
EUR/PLN	4.24	-0.1	-0.5
EUR/RON	5.07	0.0	0.3
EUR/RSD	117.04	0.0	0.0
EUR/USD	1.17	-0.1	-0.7

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.49	-1	-1
HUF	6.50	0	0
PLN	5.04	-1	-20
RON	6.77	-7	-32
RSD	4.68	0	0
EUR	1.97	2	1

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.24	0	3
HU 10Y	7.02	-1	1
PL 10Y	5.28	-3	-1
RO 10Y	7.03	-18	-39
HR 10Y	3.10	0	0
SK 10Y	3.40	-2	1

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