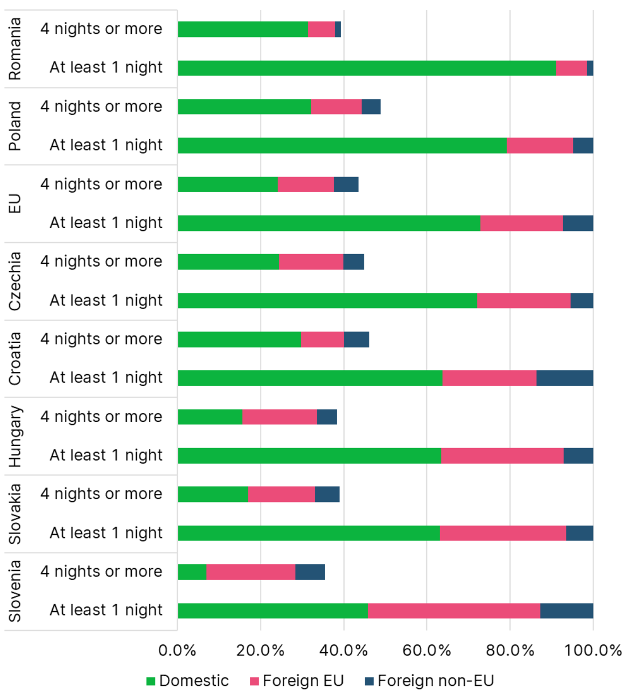
CEE MACRO AND FI DAILY

Intra-EU travel leads in CEE region

On the Radar

- Inflation rate in June landed at 4.3% y/y in Slovakia, at 4.1% y/y in Poland and at 3.7% y/y in Croatia.
- Wage growth in Hungary was released at 7.8% y/y in May.
- Producer prices in industry declined by 0.7% y/y in Czechia during June.
- Poland will release data on core inflation in June.

Traveling destination in 2023, domestic vs. foreign

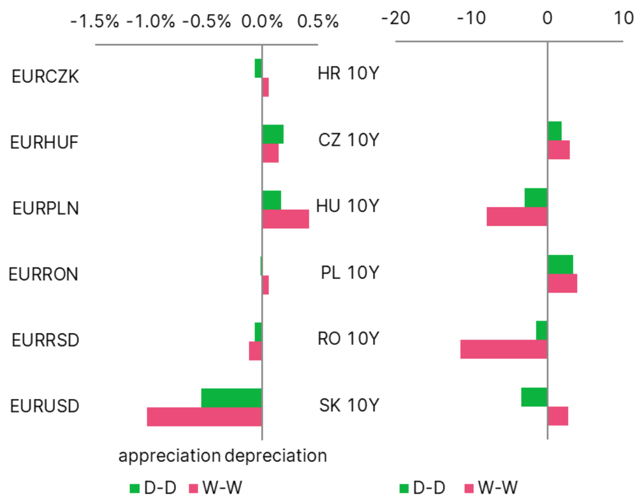


Source: Erste Group Research

Economic developments

Summertime enhances us to look at travel destinations. EU residents made 1.1 billion tourism trips involving at least 1 overnight stay in 2023. Nearly three quarters (72.8%) of these trips were domestic. Most foreign trips were elsewhere within the EU (20.0% of all trips) and the remainder (7.2%) were to non-EU countries. In the region, domestic trips dominate in Romania and Poland. In Romania it is as much as 90% of trips for at least one night. In the case of foreign trips, majority of them are within the EU. Further, we look at longer stays that are for four nights or more. While overnight stays for at least 1 night may be predominantly business trips, longer stays may tell a bit more about leisure destinations. Trips for at least four nights consist roughly 40% of all trips (from 36% in Slovenia to as much as 49% in Poland). In Hungary, Slovenia and Slovakia most of the longer trips are foreign (within EU or beyond), in rest of the region domestic destinations dominate, with Romania having again the highest share of domestic trips for at least four nights, followed by Poland and Croatia.

Market performance



Source: Erste Group Research

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Market developments

Fitch reiterated that Romania's deficit reduction and debt stabilization are key for the sovereign rating. The updated fiscal forecasts will be known at scheduled sovereign rating review on 15 August. Fitch notes that the total impact of fiscal consolidation package is evenly balanced between revenue and expenditure measures and that political risks have eased. Polish Prime Minister Donald Tusk's cabinet will be reshuffled next week. Serbia will raise the minimum wage by 9.4% as of October for the second time this year according to the Ministry of Finance. Following the release of US inflation FX and the bond market remained rather steady in the region. EURCZK is at 24.67, EURHUF close to 400, EURPLN at 4.26 and EURON holds at 5.07.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
16. Jul	**09:00**	**CZ**	PPI (y/y)	Jun	0.00		-0.80%
17. Jul		**RS**	Current Account Balance (monthly)	May			-679.50
18. Jul		**SK**	Unemployment Rate	Jun			4.82%
	10:30	**SK**	Current Account Balance (monthly)	May			-458.90

FX Market

	Last	Change (%) d/d	Change (%) w/w
EUR/CZK	24.64	-0.1	0.1
EUR/HUF	400.37	0.2	0.1
EUR/PLN	4.26	0.2	0.4
EUR/RON	5.07	0.0	0.1
EUR/RSD	116.93	-0.1	-0.1
EUR/USD	1.16	-0.5	-1.0

3M Market

	Last	Change (bps) d-d	Change (bps) w-w
CZK	3.49	0	-1
HUF	6.50	0	0
PLN	5.01	-2	-4
RON	6.75	0	-9
RSD	4.68	0	0
EUR	2.04	0	9

10Y Yields

	Last	Change (bps) d-d	Change (bps) w-w
CZ 10Y	4.27	2	3
HU 10Y	6.95	-3	-8
PL 10Y	5.35	3	4
RO 10Y	7.09	-2	-12
HR 10Y	3.10	0	0
SK 10Y	3.44	-3	3

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