

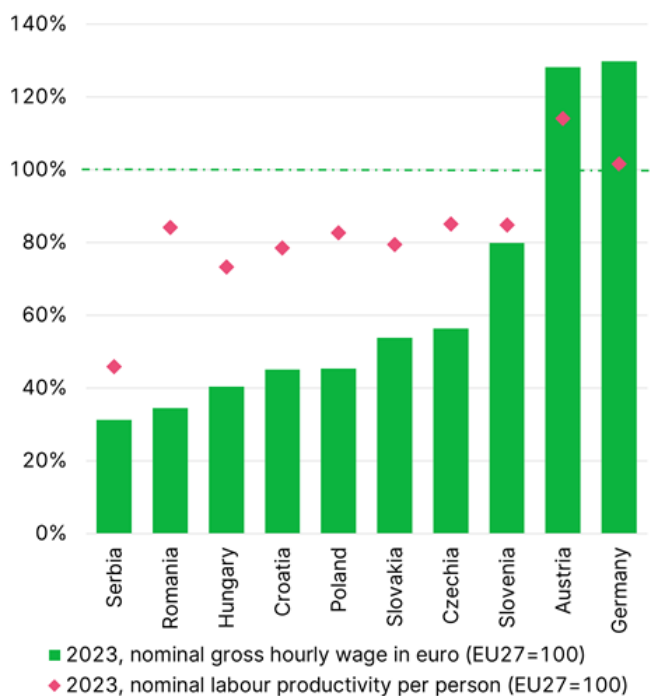
CEE MACRO AND FI DAILY

CEE region still offers cost advantage for investors

On the Radar

- Slovakia will publish current account data for May at 10.30 AM CET. It plans to release unemployment rate today or on Monday.
- Otherwise, there are no other releases scheduled.

Nominal labor costs vs. productivity compared to the EU27, EU27=100

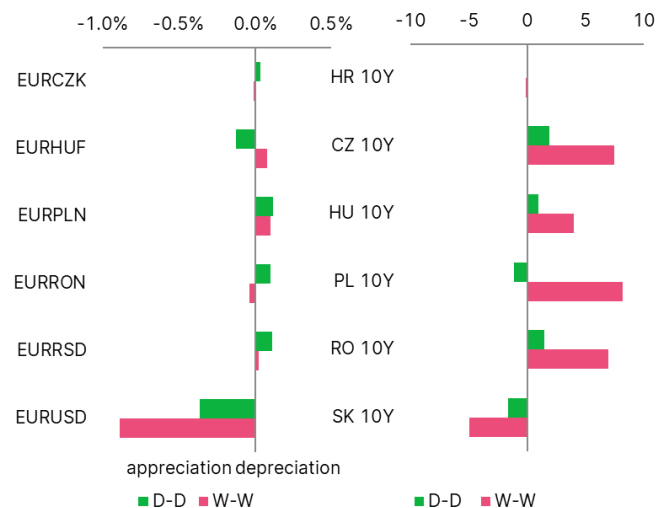


Source: Erste Group Research

Economic developments

In our latest [CEE Special Report | How to remain competitive?](#) we zoom in on productivity in the region. Over the last decade, most of the CEE countries have experienced cumulative real productivity growth in double-digits. More importantly, real productivity gains exceeded the real labor cost increases in most of the CEE countries. Productivity gains are part of the convergence pattern, but there is still room for catching up. Relative competitiveness is intact, as labor costs remain lower compared to EU27. In other words, the CEE region still offers a cost advantage, i.e. low labor costs compared to productivity levels. From that perspective, Romania provides a sweet spot – the nominal gross hourly wage is close to 35% of the EU27 (one of the lowest in the whole EU, next to Serbia and Bulgaria). Nominal labor productivity, on the other hand, is on par with other CEE countries (around 80% of the EU average).

Market performance



Source: Erste Group Research

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Market developments

The long-term yields have declined throughout the week following the trends on the major markets. Czechia sold CZK 5 billion of T-Bills amid strong demand from investors while Romania placed RON 424.3 million of government papers maturing in 2031 that meet with solid interest from investors. Bonds were priced to yield 7.33%. Polish Ministry of Finance cut the 2025 growth forecast to 3.4% from 3.7% expected previously. Everage inflation is seen at 3.7% in 2025.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
18. Jul		SK	Unemployment Rate	Jun			4.82%
	10:30	SK	Current Account Balance (monthly)	May			-458.90

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.62	0.0	0.0
EUR/HUF	398.68	-0.1	0.1
EUR/PLN	4.25	0.1	0.1
EUR/RON	5.07	0.1	0.0
EUR/RSD	117.06	0.1	0.0
EUR/USD	1.16	-0.4	-0.9

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.49	0	0
HUF	6.50	0	0
PLN	4.96	-5	-8
RON	6.71	-1	-4
RSD	4.68	0	0
EUR	2.02	0	2

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.31	2	7
HU 10Y	6.99	1	4
PL 10Y	5.36	-1	8
RO 10Y	7.10	1	7
HR 10Y	3.10	0	0
SK 10Y	3.41	-2	-5

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Published by:

Erste Group Bank AG
Group Research
1100 Vienna, Austria, Am Belvedere 1
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Commercial Court of Vienna
Erste Group Homepage: www.erstegroup.com