

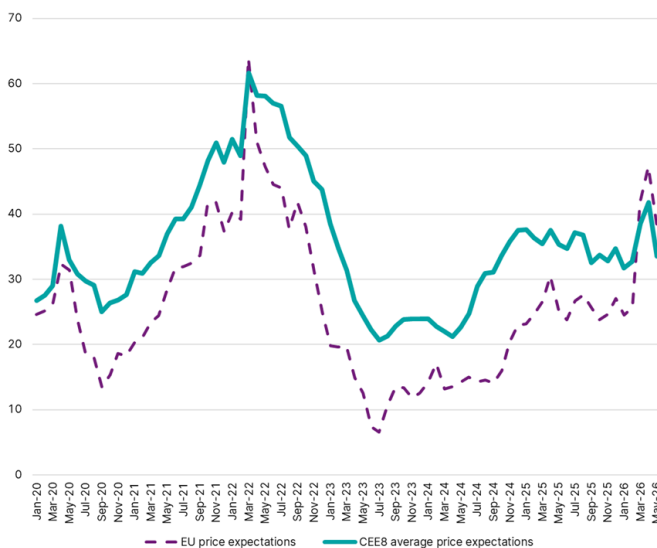
CEE MACRO AND FI DAILY

# Inflation expectations eased in May

## On the Radar

- In Czechia, industrial output (NSA) increased by 1.5% y/y, while construction output went up by 7.7% y/y.
- Trade surplus reached CZK 6.8 billion in Czechia in April, while share of unemployed declined to 4.8%.
- In Serbia, producer prices grew 7.7% y/y.
- Today, trade data will be released in Romania at 8 AM CET, while in Slovakia at 9 MA CET.
- Inflation rate is due in Hungary at 8.30 AM CET.
- Croatia will publish trade data and tourism arrivals at 11 AM CET.

## Price expectations of households over the next 12 months

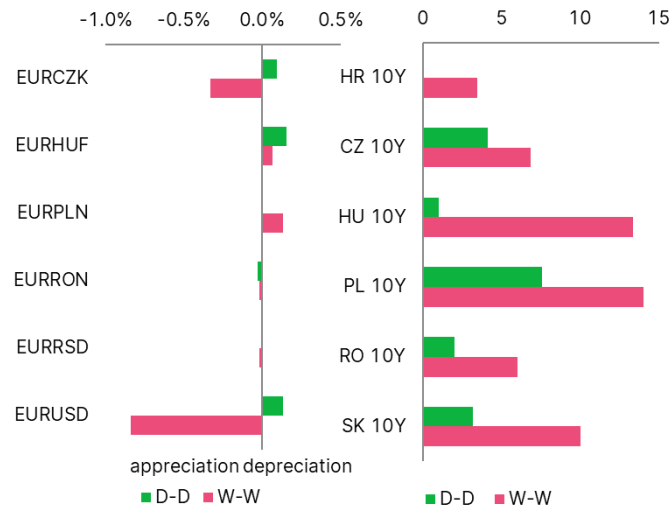


Source: Erste Group Research

## Economic developments

Today, we offer a glimpse at the price expectations of households over the next 12 months that shows that inflation expectations spiked in April in response to high commodity prices. Inflation expectations spiked in April and, luckily, eased in May. Consumers across the region and all of Europe experienced hefty price increases at fuel stations in the first place and saw headline inflation rising in recent months. The Brent oil price above USD 100 per barrel left a mark on how consumers will perceive inflation developments in the future. With news on a ceasefire and the Brent oil price easing toward USD 90 per barrel, we see inflation expectations anchoring instead of rising further. In May, we have already seen flash estimates of headline inflation in several CEE countries. In Poland, Croatia and Czechia, inflation was lower than expected that supports wait-and-see stance of the central banks for the time being. In Slovenia on the other hand inflation increased further in May. Today, Hungary will show May's inflation, while Romania shortly later.

## Market performance



Source: Erste Group Research

**Analyst:**

Juraj Kotian  
+43 (0)5 0100 17357  
juraj.kotian@erstegroup.com

**Analyst:**

Katarzyna Rzentarzewska  
+43 5 0100 17356  
katarzyna.rzentarzewska@erstegroup.com

## Market developments

Both FX and bond markets have been relatively stable on Monday. Hungary's year-to-date cash-flow budget deficit reached 90% of full-year target in May. Hungary will need to address fiscal challenges in short period of time and markets are waiting budget amendment for 2026 and plans beyond this year. Romania sold RON 847.5 million of government papers maturing in 2029 amid solid demand (bid-to-cover ratio was 1.63). Bonds were priced to yield 6.57%. There are no other news regarding markets as focus is on ECB meeting on upcoming Thursday. The market expects the ECB Governing Council to raise its key interest rates by 25 basis points at next week's meeting. The deposit rate, which is decisive for the direction of monetary policy, will then stand at 2.25%.

## Upcoming releases in CEE

### FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.18	0.1	-0.3
EUR/HUF	355.70	0.2	0.1
EUR/PLN	4.24	0.0	0.1
EUR/RON	5.24	0.0	0.0
EUR/RSD	117.25	0.0	0.0
EUR/USD	1.15	0.1	-0.8

### 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.61	1	4
HUF	5.99	1	0
PLN	3.85	-2	-1
RON	5.84	0	0
RSD	4.70	0	0
EUR	2.35	4	11

### 10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.90	4	7
HU 10Y	5.54	1	13
PL 10Y	5.84	8	14
RO 10Y	6.89	2	6
HR 10Y	3.41	0	3
SK 10Y	3.72	3	10

Date	Q	Country	Indicator	Period	Survey	Erste Est.	Prev.
09. Jun	8:00	RO	Trade Balance	Apr			-2926.5
	8:30	HU	CPI (y/y)	May	2.20%	2.2%	2.1%
	8:30	HU	CPI (m/m)	May	0.30%	0.3%	0.4%
	9:00	SK	Trade Balance	Apr		250.0	591.5
10. Jun	9:00	SK	Industrial Production (y/y)	Apr		-3.7%	-0.6%
	9:00	CZ	CPI (y/y)	May F	2.30%	2.1%	2.1%
	9:00	CZ	CPI (m/m)	May F	0.30%	0.1%	0.1%
	10:30	SI	Industrial Production (y/y)	Apr			3.8%

## Group Research

<b>Head of Group Research</b> Friedrich Mostböck, CEFA®, CESGA®	friedrich.mostboeck@erstegroup.com	<b>Markets Retail Sales HUN</b> Head: Peter Kishazi <b>Markets Retail Sales CZ</b> Head: Martin Vlcek <b>Markets Retail Sales &amp; PM CRO</b> Head: Neven Radaković <b>Markets Retail Sales &amp; PM RO</b> Head: Laura Hexan	peter.kishazi@erstegroup.com mavlcek@csas.cz neven.radakovic@erstegroup.com tnagy1@erstebank.hr laura.hexan@bcr.ro
<b>CEE Macro/Fixed Income Research</b> Head: Juraj Kotian (Macro/FI) Katarzyna Rzentarzewska (Fixed income) Jakub Cery (Fixed income)	juraj.kotian@erstegroup.com katarzyna.rzentarzewska@erstegroup.com jaku.cery@erstegroup.com	<b>GM Retail Products &amp; Business Development</b> Head: Michael Tröthann	michael.troethann@erstegroup.com
<b>Croatia/Serbia</b> Alen Kovac (Head) Mate Jelić Ivana Rogić	akovac2@hr.erstebank.com mjelic1@erstebank.hr irogic@erstebank.com	<b>Group Treasury Markets</b> Head: Valentin Popovici	valentin.popovici@erstegroup.com
<b>Czech Republic</b> David Navratil (Head) Jiri Polansky Michal Skorepa	dnavratil@csas.cz jpolansky@csas.cz mskorepa@csas.cz	<b>MM Trading</b> Head: Arsen Milasinovic	arsen.milasinovic@erstegroup.com
<b>Hungary</b> Orsolya Nyeste János Nagy	orsolya.nyeste@erstebank.hu janos.nagy@erstebank.hu	<b>Collateral Trading, Management and Optimization</b> Head: Danijela Lukic	danjela.lukic@erstegroup.com
<b>Poland</b> Piotr Bielski (Head) Bartosz Bialas Adrian Domitrz Marcin Luziński Grzegorz Ogonek	piotr.bielski@erste.pl bartosz.bialas@erste.pl adrian.domitrz@erste.pl marcin.luzinski@erste.pl grzegorz.ogonek@erste.pl	<b>Interest Rates and FX Options Trading</b> Head: Martin Sramko	martin.sramko@erstegroup.com
<b>Romania</b> Ciprian Dascalu (Head) Vlad Nicolae Ionita Rares-Teodor Racovita	ciprian.dascalu@bcr.ro vlad.ionita@bcr.ro raresteodor.racovita@bcr.ro	<b>FX Trading &amp; Corporate Treasury Sales</b> Head: Valentin Popovici	valentin.popovici@erstegroup.com
<b>Slovakia</b> Maria Valachyova (Head) Marian Kocis Maximilian Weber	valachyova.maria@slsp.sk kocis.marian@slsp.sk weber.maximilian@slsp.sk	<b>E-FX Trading</b> Head: Helmut Kroboth	helmut.kroboth@erstegroup.com
<b>Major Markets &amp; Credit Research</b> Head: Rainer Singer Ralf Burchert, CEFA®, CESGA® (Sub-Sovereigns & Agencies) Hans Engel (Global Equities) Maurice Jiszda, CEFA®, CFDS® (USA, CHF) Peter Kaufmann, CFA® (Corporate Bonds) Heiko Langer (Financials & Covered Bonds) Stephan Lingnau (Global Equities) Maximilian Möstl (Credit Analyst Austria) Carmen Riefler-Kowarsch (Financials & Covered Bonds) Bernadett Povazsai-Römhild, CEFA®, CESGA® (Corp. Bonds) Elena Statelov, CIAA® (Corporate Bonds) Gerald Walek, CFA® (Eurozone)	rainer.singer@erstegroup.com ralf.burchert@erstegroup.com hans.engel@erstegroup.com maurice.jiszda@erstegroup.com peter.kaufmann@erstegroup.com heiko.langer@erstegroup.com stephan.lingnau@erstegroup.com maximilian.moestl@erstegroup.com carmen.rieffler-kowarsch@erstegroup.com bernadett.povazsai-roemhild@erstegroup.com elena.statelov@erstegroup.com gerald.walek@erstegroup.com	<b>CEE FX Trading</b> Head: Juraj Zabadal	juraj.zabadal@erstegroup.com
<b>CEE Equity Research</b> Head: Henning Esskuchen, CESGA® Daniel Lion, CIAA® (Technology, Ind. Goods&Services) Michael Marschallinger, CFA® Nora Varga-Nagy, CFA® (Telecom) Christoph Schultes, MBA, CIAA® (Real Estate) Thomas Unger, CFA® (Banks, Insurance) Vladimira Urbankova, MBA (Pharma) Martina Valenta, MBA	henning.esskuchen@erstegroup.com daniel.lion@erstegroup.com michael.marschallinger@erstegroup.com nora.varga-nagy@erstegroup.com christoph.schultes@erstegroup.com thomas.unger@erstegroup.com vladimira.urbankova@erstegroup.com martina.valenta@erstegroup.com	<b>Markets Corporate Sales AT</b> Head: Martina Kranzl-Carvell	martina.kranzl-carvell@erstegroup.com
<b>Croatia/Serbia</b> Mladen Dodig (Head) Magdalena Basic Ivan Lisec Boris Pevalek, CFA® Marko Plastic Davor Spoljar, CFA®	mladen.dodig@erstebank.rs mbasic@erstebank.hr ilisec@erstebank.hr bpevalek@erstebank.hr mplastic@erstebank.hr dspoljar@hr.erstebank.com	<b>Markets Corporate Sales HUN</b> Head: Adam Farago	adam.farago@erstegroup.com
<b>Czech Republic</b> Petr Bartek (Head, Utilities) Jan Bystrický	pbartek@csas.cz jbystricky@csas.cz	<b>Markets Corporate Sales CRO</b> Head: Neven Radaković	neven.radakovic@erstegroup.com
<b>Hungary</b> József Miró (Head) András Nagy	jozsef.miro@ersteinvestment.hu andras.nagy@ersteinvestment.hu	<b>Markets Corporate Sales CZ</b> Head: Tomas Picek	tpicek@csas.cz
<b>Poland</b> Cezary Bernatek (Head) Piotr Bogusz Lukasz Janiczak Jakub Szkopek Krzysztof Tkocz	cezary.bermatek@erstegroup.com piotr.bogusz@erstegroup.com lukasz.janiczak@erstegroup.com jakub.szkopek@erstegroup.com krzysztof.tkocz@erstegroup.com	<b>Markets Corporate Sales RO</b> Head: Bogdan Ionut Cozma	ionut.cozma@bcr.ro
<b>Romania</b> Caius Rapanu Liviu-Mihai Bogdan	caiusroa.rapanu@bcr.ro liviumihai.bogdan@bcr.ro	<b>Markets Corporate Sales SK</b> Head: Lubomir Hladik	lubomir.hladik@erstegroup.com
<b>Group Markets</b>		<b>Group Securities Markets</b> Head: Thomas Einramhof	thomas.einramhof@erstegroup.com
<b>Head of Group Markets</b> Oswald Huber	oswald.huber@erstegroup.com	<b>Institutional Distribution CEE &amp; Insti AM CZ</b> Head: Antun Buric	antun.buric@erstegroup.com
<b>Group Markets Retail and Agency Business</b> Head: Martin Langer	martin.langer@erstegroup.com	<b>Institutional Distribution DACH+</b> Head: Marc Friebertshäuser	marc.friebertshauser@erstegroup.com
<b>Markets Retail Sales AT</b> Head: Markus Kaller <b>Group Markets Execution</b> Head: Kurt Gerhold <b>Retail &amp; Sparkassen Sales</b> Head: Uwe Kolar <b>Markets Retail Sales &amp; PM SK</b> Monika Pálová	markus.kaller@erstegroup.com kurt.gerhold@erstegroup.com uwe.kolar@erstegroup.com palova.monika@slsp.sk	<b>Institutional Asset Management CZ</b> Head: Petr Holeček	pholecek@csas.cz
		<b>Group Institutional Equity Sales</b> Head: Michal Řízek <b>Czech Republic</b> Head: Michal Řízek <b>Poland</b> Head: Jacek Jakub Langer <b>Croatia</b> Matija Tkaličanac <b>Hungary</b> Peter Csizmadia <b>Romania</b> Adrian Barbu	mrizek@csas.cz mrizek@csas.cz jacek.langer@erstegroup.com mtkalicanac@erstebank.com peter.csizmadia@erstegroup.com adriannicola.barbu@bcr.ro
		<b>Group Fixed Income Securities Markets</b> Head: Goran Hoblaj	goran.hoblaj@erstegroup.com
		<b>Fixed Income Flow Sales</b> Head: Goran Hoblaj Bernd Thaler	goran.hoblaj@erstegroup.com bernd.thaler@erstegroup.com
		<b>Group Fixed Income Securities Trading</b> Head: Goran Hoblaj <b>Credit Trading</b> Head: Christoph Fischer-Antze <b>CEE Rates Trading</b> Head: Peter Provotiak <b>Euro Government Bonds Trading</b> Head: Gottfried Ziniel	goran.hoblaj@erstegroup.com christoph.fischer-antze@erstegroup.com peter.provotiak@erstegroup.com gottfried.ziniel@erstegroup.com
		<b>Group Equity Trading &amp; Structuring</b> Head: Ronald Nemeč	ronald.nemec@erstegroup.com
		<b>Group Markets Financial Institutions</b> Manfred Neuwirth	manfred.neuwirth@erstegroup.com
		<b>Group Financial Institutions</b> Head: Christina Linzer	christina.linzer@erstegroup.com
		<b>Group Non-Bank Financial Institutions</b> Head: Michael Aschauer	michael.aschauer@erstegroup.com

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### Published by:

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Group Research  
1100 Vienna, Austria, Am Belvedere 1  
Head Office: Wien  
Commercial Register No: FN 33209m  
Commercial Court of Vienna  
Erste Group Homepage: [www.erstegroup.com](http://www.erstegroup.com)