

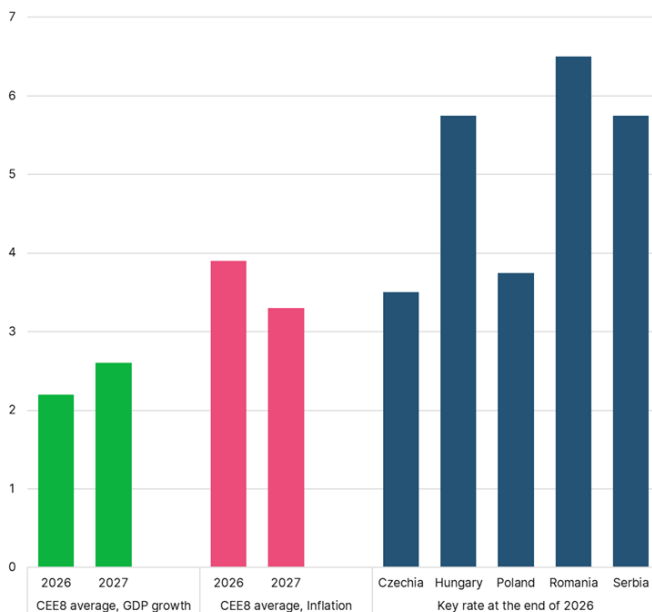
CEE MACRO AND FI DAILY

Low-growth, higher-inflation configuration

On the Radar

- Inflation in Hungary eased toward 1.8% y/y in May.
- Trade deficit in Romania landed at RON -3.08 billion in April, while in Croatia EUR -2276 million. Slovakia posted trade surplus of EUR 76.1 million.
- Tourism arrivals in April declined by -1.2% y/y in Croatia.
- Today, Czechia will show May's inflation details.
- In Slovakia and Slovenia we will see industrial output growth in April (at 9 AM and 10.30 AM CET accordingly).
- Hungarian central bank will release minutes from the last meeting.

Erste Group forecasts, %

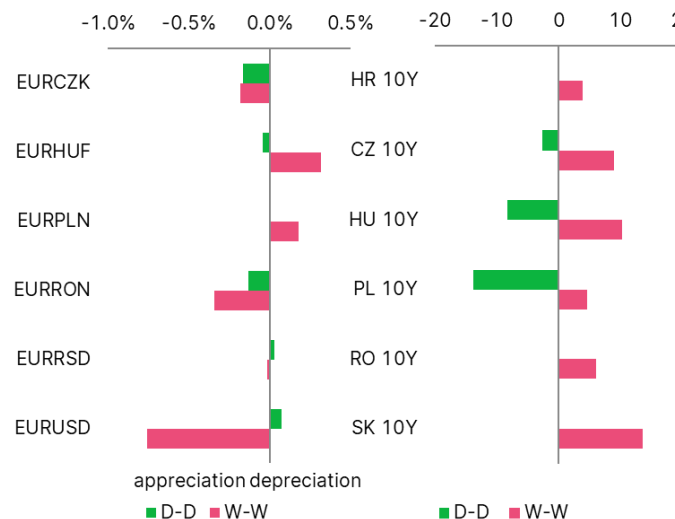


Source: Erste Group Research

Economic developments

We seem to be entering a low-growth, higher-inflation configuration, again. Some countries faced downward adjustments in growth forecast (Czechia, Croatia, Poland and Romania). In our latest [CEE Outlook | Hang in there!](#) we share some good news as well as Hungary, Serbia and Slovenia had their 2026 GDP forecast revised up. CEE8 average growth is expected at 2.2% in 2026 (compared to 2.7% expected at the beginning of the year). Another positive development is that inflation in May surprised to the downside in several CEE countries, allowing central banks to wait and see in a more confident way. The Brent oil price at close to USD 90 per barrel remains inflationary. However, the commodity market stress is not as high or broad-based as in the previous energy shock. The central bank's wait and see policy stems from substantially weaker demand pressures due to less aggressive fiscal expansion and monetary easing. Hungary is the only central bank that is expected to ease monetary conditions given contained inflation in combination with strong Hungarian forint. For more details please check the report.

Market performance



Source: Erste Group Research

Market developments

Long-term yields have declined across the region shortly ahead of the ECB meeting (due Thursday). As far as currencies are concerned, the Czech koruna strengthened marginally as opposed to Hungarian forint and the Polish zloty. In Hungary, inflation decline toward 1.8% y/y in May creates more comfortable situation for the central bank to lower key policy rate at the upcoming meeting in June. Elevated geopolitical risks make it difficult for the central bank to think in terms of a sustained rate-cutting cycle, however. Further easing is conditional on greater clarity emerging on the fiscal position and the medium-term fiscal trajectory. In Poland, policy maker Maslowska claims that interest rate cuts are more likely than hikes. The condition for discussion on monetary easing is inflation below 3.5% and no escalation of Middle East conflict. Poland's government approved forecasts for 2027 with GDP growth projected at 3.1% y/y and inflation at 2.5%. The government also proposes 3% rise of minimum wage next year.

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Upcoming releases in CEE

Date	Q	Country	Indicator	Period	Survey	Erste Est.	Prev.
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%
11. Jun	12:00	RS	Central Bank Rate	11-Jun		5.75%	5.75%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.14	-0.2	-0.2
EUR/HUF	355.55	0.0	0.3
EUR/PLN	4.24	0.0	0.2
EUR/RON	5.23	-0.1	-0.3
EUR/RSD	117.28	0.0	0.0
EUR/USD	1.15	0.1	-0.8

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.61	0	4
HUF	5.98	-1	-1
PLN	3.86	1	0
RON	5.84	0	0
RSD	4.70	0	0
EUR	2.37	2	10

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.87	-3	9
HU 10Y	5.45	-8	10
PL 10Y	5.71	-14	5
RO 10Y	6.89	0	6
HR 10Y	3.41	0	4
SK 10Y	3.72	0	14

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