

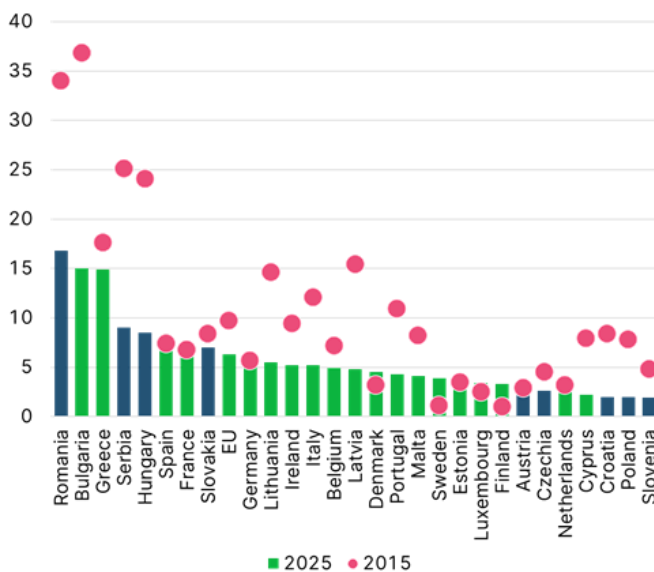
CEE MACRO AND FI DAILY

Deprivation rates have declined considerably in CEE

On the Radar

- Unemployment rate in Hungary declined to 4.3% in May
- Real wage growth in Serbia slowed to 7.8% y/y in April
- Money supply growth in Romania landed at 7.5% in May
- Today Hungary shows current account position in 1Q26, while Slovakia releases producer prices
- Croatia, at 11 AM CET, will publish unemployment rate in May and real wage growth in April

Severe material and social deprivation rate (%)

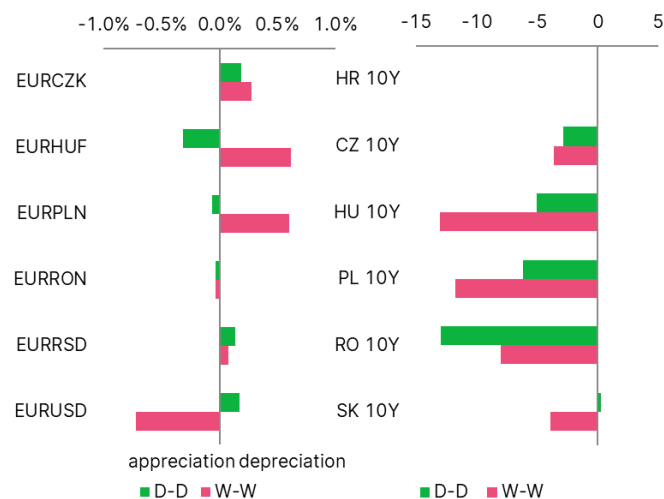


Source: Erste Group Research

Economic developments

Today, we take a closer look at statistics that are not discussed very often. In particular, we focus on the development of the severe material and social deprivation rate. We argue that income convergence in CEE has not come at the expense of rising inequalities, as deprivation rates have declined considerably over the last decade. Moreover, the improvement in CEE countries has been visibly stronger than in much of the rest of the EU. Such developments are consistent with the broader income-convergence narrative in the region: as CEE economies have continued to catch up in terms of GDP per capita and household incomes, these gains have translated not only into higher aggregate output but also into improved living standards and reduced material hardship. Despite substantial improvements—especially in Romania, Hungary, and Serbia—the deprivation rate remains higher in parts of the region than in the rest of the EU. Nevertheless, the overall direction of change is clearly positive..

Market performance



Source: Erste Group Research

Market developments

CEE currencies have remained weaker against the euro, while long-term yields have declined over the past week. Oil prices have decreased visibly, with Brent crude trading close to USD 73 per barrel. This development has influenced market expectations regarding the monetary policy outlook, with expectations of further tightening being scaled back. The Czech central bank has published the minutes from its latest meeting. While the economy is described as being in a “comfortable situation,” with solid growth and relatively stable headline inflation near the 2% target, persistent underlying price pressures warranted a tightening of monetary conditions at the last meeting. Looking ahead, Czech policymakers are expected to consider future interest rate decisions “very carefully.” In our baseline scenario, we expect policy rates to remain stable. Romania has been active in the bond market, issuing government debt worth RON 2.5 billion, with maturities in 2028 and 2035. The political situation remains unresolved, and discussions are ongoing, with the Social Democrats putting forward Grindeanu as their candidate for the position of Prime Minister.

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Upcoming releases in CEE

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.25	0.2	0.3
EUR/HUF	354.27	-0.3	0.6
EUR/PLN	4.28	-0.1	0.6
EUR/RON	5.23	0.0	0.0
EUR/RSD	117.31	0.1	0.1
EUR/USD	1.14	0.2	-0.7

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.82	0	17
HUF	5.74	-2	-15
PLN	3.84	0	-1
RON	5.84	0	0
RSD	4.70	1	0
EUR	2.29	-1	-9

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.59	-3	-4
HU 10Y	5.08	-5	-13
PL 10Y	5.32	-6	-12
RO 10Y	6.72	-13	-8
HR 10Y	3.36	0	0
SK 10Y	3.56	0	-4

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
26. Jun	8:30	HU	Current Account Balance (quarterly)	1Q			321.10
	9:00	SK	PPI (y/y)	May			2.60%
	10:30	SI	Retail Sales (y/y)	May			3.40%
	11:00	HR	Unemployment Rate	May			3.80%
	11:00	HR	Wages (y/y)	Apr			3.40%

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