

CEE MACRO AND FI DAILY

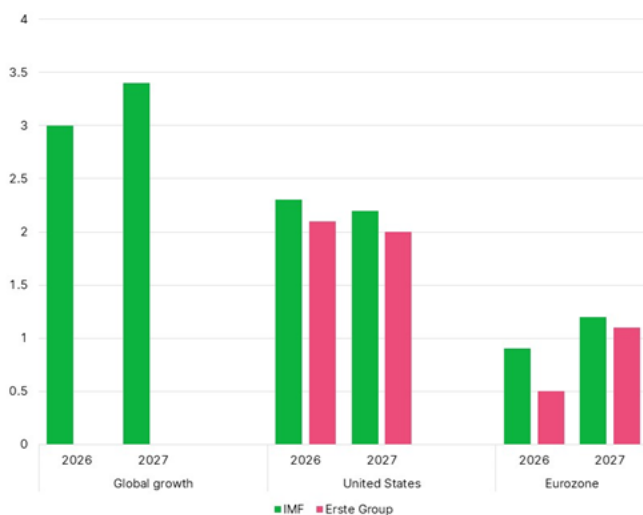
IMF global growth forecast

On the Radar

- Serbia's central bank kept policy rate unchanged at 5.75%
- Non-seasonally adjusted industrial output declined by -1% y/y in Czechia in May. Share of unemployed remained flat at 4.8% in Czechia.
- Industrial production in Slovakia dropped by -2% y/y in May
- Today, Romania will publish trade balance in May at 8 AM CET
- Czechia will show June's inflation structure alongside import and export prices at 9 AM CET
- Slovenia is expected to release industrial output growth in May (10.30 AM CET)
- At 11 AM CET Croatia will publish producer prices

Global growth forecasts, IMF, Erste, %

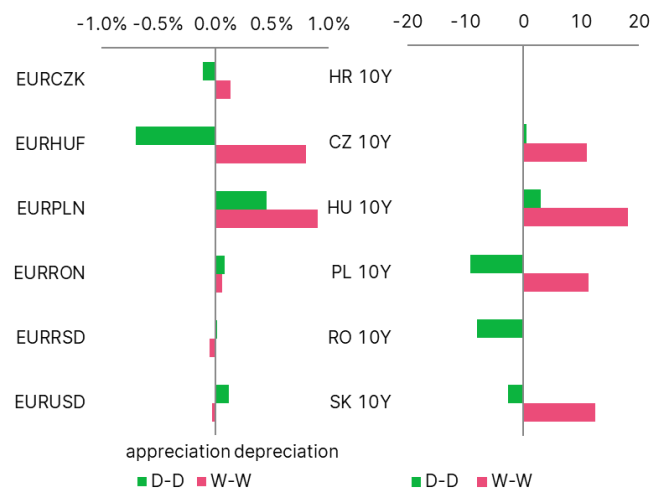
Economic developments



Source: Erste Group Research

The IMF underlined in its recent update of the World Economic Outlook that the global economy has, so far, weathered the shock from the war better than initially feared. Furthermore, the IMF points out that the negative supply shock induced by the war in the Middle East is being offset by a positive technology shock. The outlook remains uneven, however, as the war-related shock is weighing on energy importers and vulnerable economies, while AI-driven demand is supporting countries integrated into the global technology value chain. All in all, the IMF projects global growth of 3.0% in 2026 and 3.4% in 2027. Although no forecasts are provided for most CEE countries (apart from Poland, which is expected to grow by 3.4% in 2026 and 2.4% in 2027), the region's key external markets—namely Germany and the euro area as a whole—are expected to expand moderately this year and improve their performance in 2027. The euro area is projected to accelerate to 1.2% growth in 2027 from an expected 0.9% in 2026, while Germany is forecast to grow by 0.7% in 2026 and 1.0% in 2027.

Market performance



Source: Erste Group Research

Market developments

Serbia's central bank kept its key policy rate unchanged at 5.75% (with the deposit facility rate at 4.5% and the lending facility rate at 7.0%), extending its pause in monetary policy that has been in place since September 2024. The decision was fully expected, and the accompanying statement brought few changes. The central bank remains in a wait-and-see mode, with the energy shock stemming from the Middle East continuing to be the dominant concern. Geopolitical risks have risen again this week following US strikes on Iran and concerns that the conflict could escalate further. However, the US has stated that technical talks are continuing despite the attacks. Meanwhile, Brent crude oil prices eased towards USD 76 per barrel. As for other global developments, the minutes of the ECB's June meeting showed that policymakers remained concerned about persistent energy-related inflation pressures. At the time, markets were pricing in further interest rate hikes, but the situation has since stabilized. We continue to expect policy rates in the euro area to remain unchanged this year. Turning back to central banks in the region, Poland's central bank governor, Adam Glapinski, struck a dovish tone during Thursday's press conference. He described members of the Monetary Policy Council as "cautiously dovish" and presented himself as the least cautious among them, characterizing his own stance as "definitely dovish". He suggested that, provided the global environment remains as stable as it is today, he may submit a motion for an interest rate cut after the summer break—although he envisages no more than a single 25bp reduction.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
10. Jul	8:00	RO	Trade Balance	May			-3075.20
	10:30	SI	Industrial Production (y/y)	May			4.40%
	11:00	HR	PPI (y/y)	Jun			6.70%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.22	-0.1	0.1
EUR/HUF	356.89	-0.7	0.8
EUR/PLN	4.32	0.5	0.9
EUR/RON	5.23	0.1	0.1
EUR/RSD	117.19	0.0	-0.1
EUR/USD	1.14	0.1	0.0

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.81	0	0
HUF	5.65	0	-2
PLN	3.83	1	-2
RON	5.84	0	0
RSD	4.70	1	1
EUR	2.38	2	4

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.69	1	11
HU 10Y	5.22	3	18
PL 10Y	5.32	-9	11
RO 10Y	6.59	-8	0
HR 10Y	3.36	0	0
SK 10Y	3.71	-3	12

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