

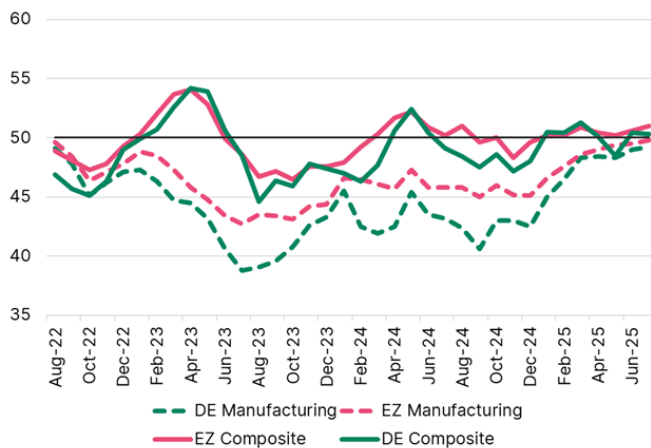
CEE MACRO AND FI DAILY

Slight improvements in major market sentiment indices

On the Radar

- Wage growth in Serbia was reported at 7.7% y/y in May.
- June's PPI in Slovakia was released at -0.8% y/y.
- Today at 10.30, Slovenia will publish retail sales figures for June.

EZ and DE PMI indices

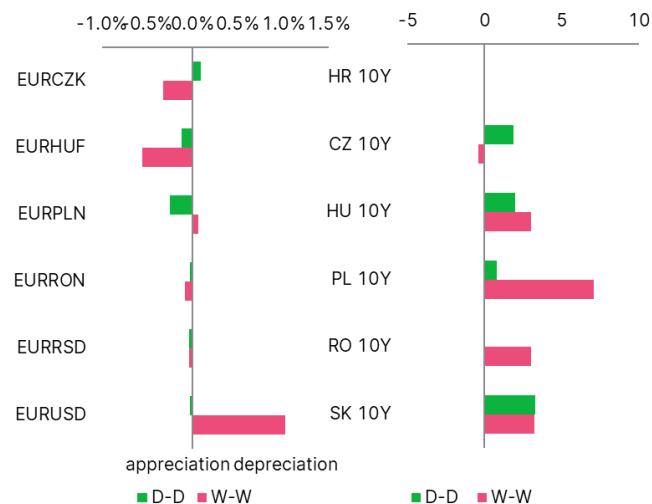


Source: Erste Group Research

Economic developments

Last week's PMI and ifo releases offered the first picture of business sentiment in the Eurozone and Germany in July. The Flash Eurozone Composite PMI Output Index rose to 51.0 in July, reaching an 11-month high, supported by stronger-than-expected services reading at 51.2 (+0.5pts vs. consensus). Although the Manufacturing PMI remained in contraction territory at 49.8, it marked a 36-month high. In Germany, the Composite PMI edged down slightly to 50.3 (June: 50.4). According to S&P, underlying demand continued to recover, with services firms reporting the first increase in new business in nearly a year. Business expectations improved to their highest level since May 2024, though employment continued to decline modestly. The German Manufacturing PMI also rose to a 36-month high at 49.2, still remaining below the neutral threshold. Meanwhile, the ifo Business Climate Index increased marginally to 88.6 in July (June: 88.4), reflecting slightly improved assessments of current conditions, while expectations remained broadly unchanged. Overall, the data point to a gradual but sluggish recovery. However, industrial production is likely still distorted due to the front loading of exports to the US.

Market performance



Source: Erste Group Research

Market developments

The Czech koruna and Hungarian forint started the week on a stronger note, reacting positively to the announcement of an agreement on U.S. import tariffs from the EU. Arguably the most important news for these two countries is that import tariffs on cars will be set at 15%, down from the current 25%. Although the new 15% general tariff rate is lower than the 20% initially announced in April, it is still higher than the temporary 10% rate assumed in our baseline forecasts for the coming year. In terms of direct impact, the deal appears slightly more favorable for major car-exporting countries like Slovakia and Hungary. In contrast, it is negative for Slovenia, where tariffs on pharmaceutical products have been introduced—previously, these products were exempt. The indirect effects, particularly through exports to our main trading partners, are expected to be slightly negative relative to our baseline, with the main impact likely to be felt in the 2026 growth forecasts. This week, markets are focused on the upcoming FOMC meeting. We do not anticipate any changes to the key interest rates.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
28. Jul	09:00	SK	PPI (y/y)	Jun			0.20%
	10:30	SI	Retail Sales (y/y)	Jun		1.50%	1.60%
29. Jul			No releases scheduled				

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.54	0.1	-0.3
EUR/HUF	396.38	-0.1	-0.6
EUR/PLN	4.24	-0.2	0.1
EUR/RON	5.07	0.0	-0.1
EUR/RSD	117.01	0.0	0.0
EUR/USD	1.17	0.0	1.0

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.50	1	1
HUF	6.50	0	0
PLN	4.96	-1	-3
RON	6.69	0	-1
RSD	4.68	0	0
EUR	1.97	2	-2

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.32	2	0
HU 10Y	7.06	2	3
PL 10Y	5.45	1	7
RO 10Y	7.15	0	3
HR 10Y	3.09	0	0
SK 10Y	3.47	3	3

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