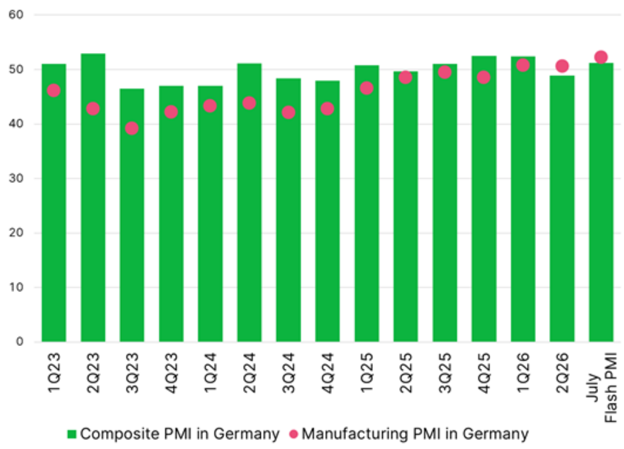
CEE MACRO AND FI DAILY

German industrial momentum improves

On the Radar

- Hungary’s unemployment rate edged up to 4.4% in June.
- Real gross wage growth in Serbia landed at 6.1% y/y in May.
- Today, Serbia’s parliament is scheduled to consider a no-confidence motion against the government.

PMI Index (50 = Expansion Threshold)

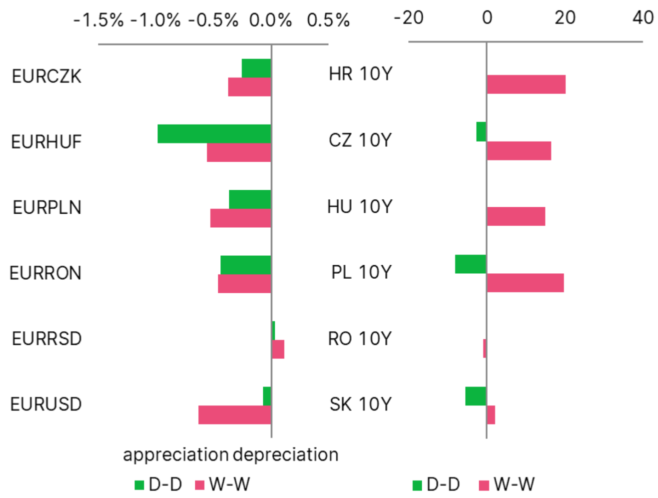


Source: Erste Group Research

Economic developments

Today, we look at Germany’s PMI indicators, which suggest that the recovery is gradually broadening beyond the services sector. Composite PMI strengthened through 2025, peaking at 52.4 in Q4 2025, before easing below the expansion threshold to 48.9 in Q2 2026. Manufacturing PMI, meanwhile, recovered steadily from the low-40s in 2024 and moved above the 50 threshold by mid-2026, signaling a return to modest growth in industrial activity. While the composite index has generally outperformed manufacturing, the gap between the two has narrowed materially over the past year, pointing to a more balanced recovery across the German economy. The July Flash PMI reinforced this trend, with the Composite PMI rising to 51.2 and Manufacturing PMI to 52.2, supported by stronger manufacturing output and export orders. While the recovery remains vulnerable to geopolitical instability in the Middle East and its energy related risks, a sustained improvement in German industry would provide an important tailwind for CEE's export-oriented economies, whose manufacturing sectors are deeply integrated into German supply chains and external demand.

Market performance



Source: Erste Group Research

Market developments

CEE currencies rallied on Friday, supported by the U.S. decision to pause its bombing campaign in Iran. This helped ease concerns over energy markets, with oil prices retreating over the weekend. Among CEE currencies, the Hungarian forint outperformed, appreciating by around 1% against the euro on Friday. The forint may have also benefited from Prime Minister Magyar remarks regarding a potential fiscal consolidation path. He suggested that Hungary could aim to reduce its budget deficit below 3% of GDP by 2030. If adopted as an official target, such a fiscal trajectory would be broadly consistent with a possible euro adoption date of 2032. In Poland, the Ministry of Finance sold PLN 11.7bn of bonds through the main and supplementary auctions held at the end of last week. The ministry also reported that approximately 67% of this year's gross borrowing needs have already been financed.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
27. Jul			No releases scheduled				
28. Jul	**9:00**	**SK**	PPI (y/y)	Jun			2.90%
	10:30	**SI**	Retail Sales (y/y)	Jun		2.00%	1.80%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.11	-0.3	-0.4
EUR/HUF	360.64	-1.0	-0.6
EUR/PLN	4.31	-0.4	-0.5
EUR/RON	5.21	-0.4	-0.5
EUR/RSD	117.30	0.0	0.1
EUR/USD	1.14	-0.1	-0.6

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.88	3	4
HUF	5.61	1	-4
PLN	3.79	-3	-3
RON	5.84	0	0
RSD	4.70	0	0
EUR	2.49	2	0

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	5.02	-3	17
HU 10Y	5.62	0	15
PL 10Y	5.76	-8	20
RO 10Y	6.79	0	-1
HR 10Y	3.56	0	20
SK 10Y	3.81	-6	2

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