

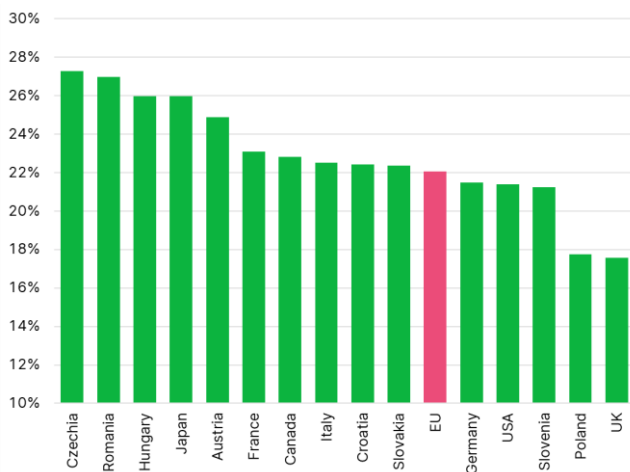
CEE MACRO AND FI DAILY

Czechia, Romania and Hungary with high investment ratios

On the Radar

- Poland will publish retail sales growth in April as well as unemployment rate at 10 AM CET.
- At noon CET, Serbia will release real wage growth for March.

Investment share to GDP, percent

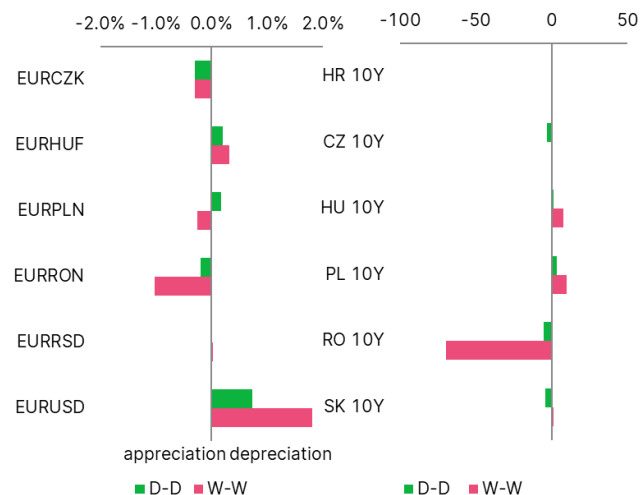


Source: Erste Group Research

Economic developments

As we are waiting to see the 1Q25 GDP structure across the region (that will be flowing in over next two weeks), we look at the investment share to GDP. Apart from Poland and Slovenia, all other CEE countries have investment share to GDP above the EU average at 22%. Czechia and Romania have the highest investment share at 27%, while in Poland the share reaches barely 17.7% of GDP. In general, a higher ratio suggests strong capital investment, which can lead to higher future economic growth. On the other hand, a lower ratio may indicate underinvestment. We expect some revival of investment activity in 2025 as the flows from both the Cohesion funds and Recovery and Resilience Facility should begin to accelerate.

Market performance



Source: Erste Group Research

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Market developments

It seems that EURRON between 5.05-5.10 is the new range for the Romania's central bank. The recent comments suggest that the central bank will be resuming cuts in the second half, with the rate conditional on fiscal stability and less pressure on the currency. Further, in Romania, negotiations on new government will take place in the nearest future. This week, However, Hungarian central bank holds a rate setting meeting and we expect no change in the key policy rate. EURCZK is below 25 level, EURHUF close to 403 and EURPLN at 4.25. The bond market across the region was quite stable last week, apart from Romania where yields have declined after Dan's victory. In Poland, the presidential campaign is entering the last phase as the second round is scheduled for Sunday, June 1.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
26. May	10:00	PL	Retail Sales (y/y)	Apr	0.05		0.6%
	10:00	PL	Unemployment Rate	Apr	0.05		5.3%
	12:00	RS	Wages (y/y)	Mar			5.3%
27. May	14:00	HU	Central Bank Rate	Mai 25	0.07		6.5%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.81	-0.3	-0.3
EUR/HUF	403.74	0.2	0.3
EUR/PLN	4.25	0.2	-0.3
EUR/RON	5.05	-0.2	-1.0
EUR/RSD	117.15	0.0	0.0
EUR/USD	1.14	0.7	1.8

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.50	0	-1
HUF	6.50	0	0
PLN	5.22	-1	-3
RON	7.29	1	-10
RSD	4.68	0	0
EUR	2.04	-1	-6

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.19	-3	0
HU 10Y	7.01	1	8
PL 10Y	5.48	3	10
RO 10Y	7.41	-5	-69
HR 10Y	3.03	0	0
SK 10Y	3.49	-4	1

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Published by:

Erste Group Bank AG
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1100 Vienna, Austria, Am Belvedere 1
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Commercial Court of Vienna
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