

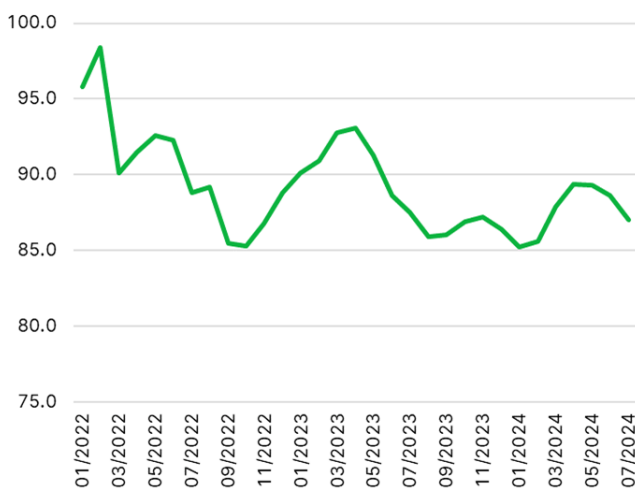
CEE MACRO AND FI DAILY

# Clouds over CEE outlook

## On the Radar

- Real wage growth arrived at 11.3% y/y in Serbia in May.
- Unemployment rate in Hungary eased to 4.2% in June.
- Producer prices in Slovakia arrived at -9.6% y/y in June.
- There are no other releases scheduled for today.

## Ifo Business Climate in Germany

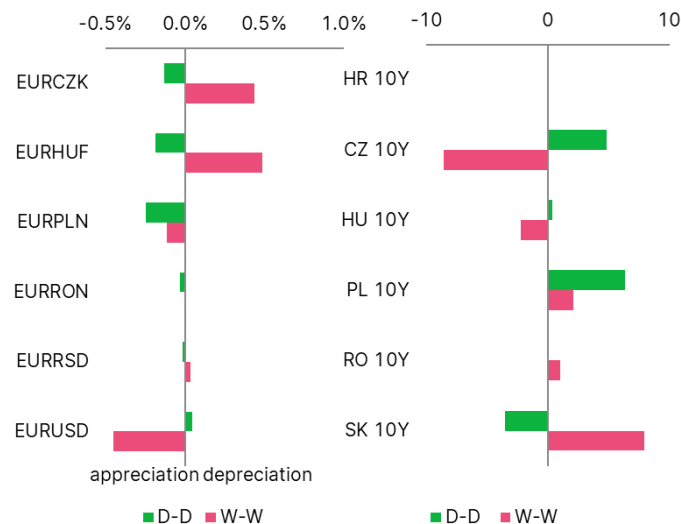


Source: Erste Group Research

## Economic developments

Today, we will be looking at the market sentiment in Germany and the Eurozone in July. Let's begin with the German economy, in which the Flash Composite PMI Index dropped below the threshold of 50 (to 48.7) in July after three months of being in the expansion zone. The worsening took place across sectors as sentiment worsened in both services and manufacturing. Similarly, a rather weak performance of the German economy arises at the beginning of the third quarter when looking at the development of the Ifo Business Climate. According to this indicator, sentiment has considerably declined in German companies. The Ifo Business Climate Index fell to 87.0 points in July, after 88.6 points in June, and it has been continuously declining since April. According to the statement of the institute, companies were less satisfied with the current business situation, and skepticism regarding the coming months has increased considerably. Furthermore, declining flash PMI indices for Eurozone signaled near-stagnation of the whole Eurozone private sector during July. Thus, the economic recovery continued to wane, bringing some clouds over the CEE outlook.

## Market performance



Source: Erste Group Research

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## Market developments

The Czech koruna and the Hungarian forint weakened since the beginning of the week, while EURPLN oscillated around 4.28. The long-term yields have moved lower. Romania held a successful bond auction on Thursday, selling RON 1.87 billion of 2026 papers priced to yield 6.02%. In other news, ahead of the flash estimate of 2Q24 GDP (due next week), Hungarian Economy Minister Nagy said on Thursday evening that no improvement compared to the first quarter is the most likely scenario. He sees the Hungarian economy expanding between 2% and 3% in 2024.

## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
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26. Jul

No releases scheduled

### FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.34	-0.1	0.4
EUR/HUF	392.29	-0.2	0.5
EUR/PLN	4.28	-0.2	-0.1
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.92	0.0	0.0
EUR/USD	1.08	0.0	-0.4

### 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.56	-1	-4
HUF	6.63	-1	-18
PLN	5.86	0	-1
RON	5.80	0	-1
RSD	5.18	-1	-2
EUR	3.69	-1	0

### 10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.82	5	-9
HU 10Y	6.45	0	-2
PL 10Y	5.62	6	2
RO 10Y	6.75	0	1
HR 10Y	3.32	0	0
SK 10Y	3.48	-3	8

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