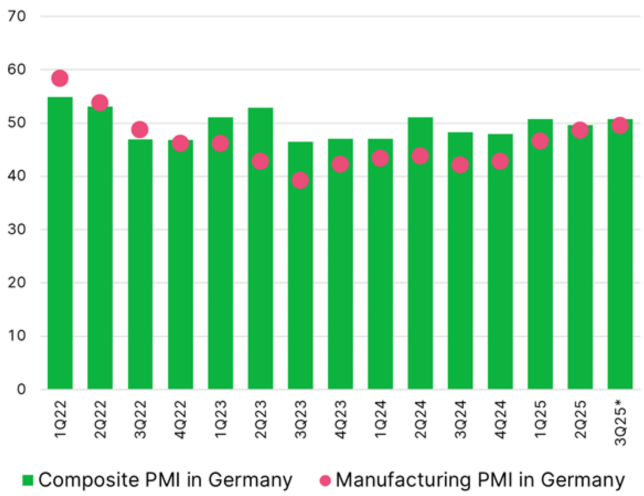
CEE MACRO AND FI DAILY

Flash PMIs show improvement in Germany and Eurozone

On the Radar

- Industrial output grew 2.9% y/y in July in Poland, while producer prices declined by -1.2% y/y.
- Employment contracted by -0.9% y/y while wage growth slowed down to 7.6% y/y in July in Poland.
- In Slovenia producer prices grew 1.1% y/y.
- Today, Slovenia releases real wage growth in June at 10.30 AM CET.

PMI in Germany

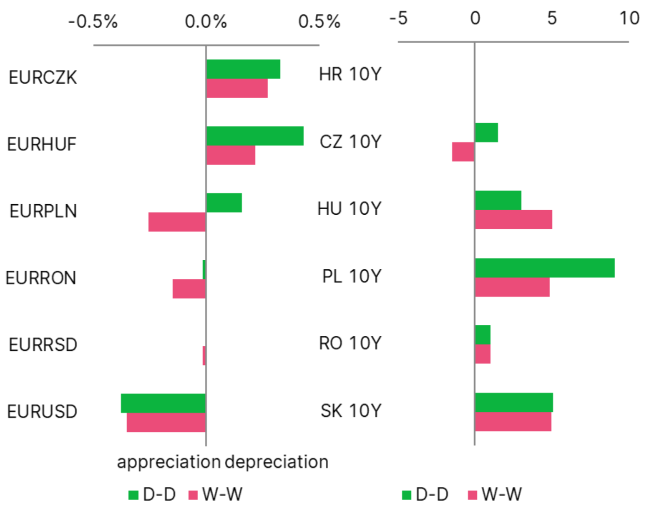


Source: Erste Group Research

Economic developments

Flash PMI indicators were released for Eurozone and selected euro area countries. In the Eurozone, flash Composite PMI index increased to 51.5 in August driven mainly by the improving sentiment in industry as flash Manufacturing PMI went up to 50.5 in August. This indicator exceeded the 50-point threshold for the first time since July 2022. The improvement was supported by the first increase in orders since April 2022. A significant improvement in industry was recorded in both Germany and France. Looking at Germany closer, the development is quite similar as in the whole Eurozone – improved sentiment in manufacturing sector supports overall assessment and flash Composite PMI above the threshold of 50. Although flash Manufacturing PMI landed at 49.9, marginally below the 50 threshold, it is at the highest level in roughly three years. Growing PMI indicators in Eurozone and Germany are positive for the CEE developments.

Market performance



Source: Erste Group Research

Market developments

Czechia lowered its projection for the fiscal deficit this year due to strong revenue from corporate taxes. Poland's Ministry of Finance is also looking into changes into CIT (corporate income tax) and increasing the tax rate for banks mostly. Poland's President vetoed energy bill that aimed to relax the rules to invest in renewables. Romania sold RON 500 million of 2028 government papers and another RON 500 million of 2033 bonds. Demand was solid as in both auctions bid-to-cover ratio was above 2.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
22. Aug			No releases scheduled				

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.54	0.3	0.3
EUR/HUF	395.96	0.4	0.2
EUR/PLN	4.25	0.2	-0.3
EUR/RON	5.05	0.0	-0.2
EUR/RSD	117.04	0.0	0.0
EUR/USD	1.16	-0.4	-0.4

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.50	0	0
HUF	6.50	0	0
PLN	4.87	-1	-1
RON	6.60	0	0
RSD	4.68	0	0
EUR	2.03	-1	-1

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.28	1	-1
HU 10Y	7.02	3	5
PL 10Y	5.39	9	5
RO 10Y	7.32	1	1
HR 10Y	3.09	0	0
SK 10Y	3.53	5	5

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