

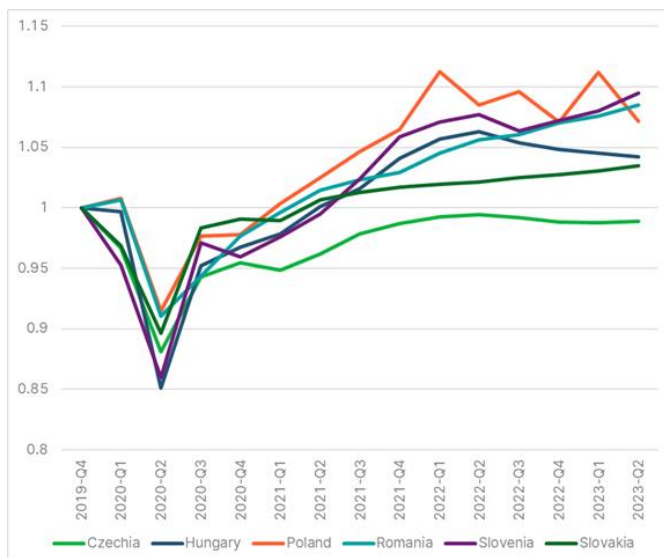
CEE MACRO AND FI DAILY

Growth dynamics diverging in CEE

On the Radar

- Slovenia 2Q23 GDP arrived at 1.4% y/y, up from 0.7% y/y in the first quarter of the year.
- Core inflation in Poland eased toward 10.6% y/y in July.
- Today, local release of inflation in Croatia is scheduled at 11 AM CET.
- Tomorrow inflation rate and unemployment will be published in Slovakia in the morning.

Real GDP level (index 4Q19=1)

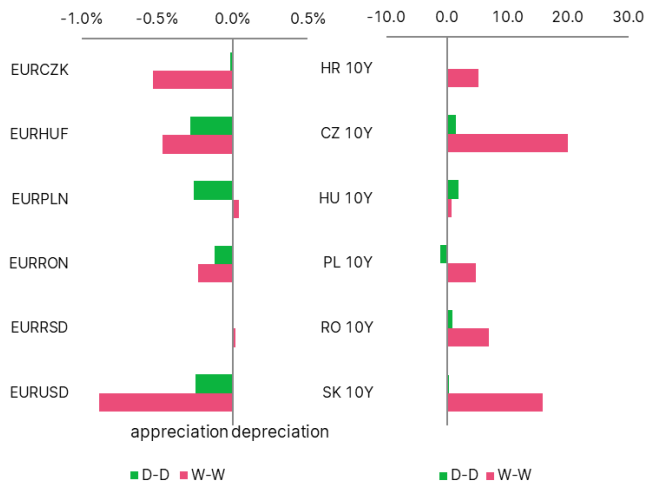


Source: Erste Group Research

Economic developments

After the release of the flash 2Q23 growth dynamics, we look at the development of GDP data from a different perspective. It appears that the Czech economy has not yet recovered to the pre-pandemic level and has been diverging since the outbreak of the war. Additionally, this year is predicted to experience a mostly stagnant economic situation. The Hungarian real GDP has also been trending downwards since 2Q22, and the recent 2Q23 GDP growth report suggests that a full year recession is inevitable in 2023. On the other hand, Romania and Slovenia are following a solid recovery trend, with their real GDP levels higher by 8.5% and 7%, respectively, in comparison to the pre-pandemic situation. The economy of Slovakia is also expanding, albeit at a slower pace. Lastly, Poland stands out with a "zig-zag" pattern since the beginning of 2022. After the pandemic, Poland had outperformed its peers in terms of recovery pace; however, the real GDP level has not changed much overall since the beginning of 2022, and Poland displays excessive volatility in comparison to other CEE countries.

Market performance



Source: Erste Group Research

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Market developments

The CEE currencies have weakened against the euro this week, while long-term yields have increased. The Hungarian central bank announced that it will increase the amount offered at overnight tenders for foreign-exchange swaps providing euro liquidity, effective from September. The amount will be raised from EUR 5 billion to EUR 6 billion to maintain stability in the swap market. Currently, there are no other relevant news in the region.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
17. Aug	11:00	HR	CPI (y/y)	Jul			7.60%
	11:00	HR	CPI (m/m)	Jul			0.9%
18. Aug		SK	Unemployment Rate	Jul		6.0%	5.1%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.08	0.0	-0.5
EUR/HUF	386.26	-0.3	-0.5
EUR/PLN	4.46	-0.3	0.0
EUR/RON	4.93	-0.1	-0.2
EUR/RSD	117.10	0.0	0.0
EUR/USD	1.09	-0.2	-0.9

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	7.11	0	1
HUF	14.02	-4	-16
PLN	6.68	-4	-3
RON	6.40	0	0
RSD	5.89	0	0
EUR	3.80	1	4

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.28	1	20
HU 10Y	7.51	2	1
PL 10Y	5.55	-1	5
RO 10Y	6.77	1	7
HR 10Y	3.90	0	5
SK 10Y	3.82	0	16

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Published by:

Erste Group Bank AG
Group Research
1100 Vienna, Austria, Am Belvedere 1
Head Office: Wien
Commercial Register No: FN 33209m
Commercial Court of Vienna

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