CEE Insights

Fixed Income and Foreign Exchange

Looking ahead this week…

Monday	Tuesday	Wednesday	Thursday	Friday
HR: Inflation SI: Wages PL: Core inflation	SI: Unemployment rate	PL: Wages PL: Unemployment rate	PL: Retail sales, industrial output	RS: Current account SK: Unemployment rate HU: Wages

Click for: this week's detailed releases/events, market forecasts, macro forecasts

The most interest interesting thing to follow in CEE this week will be the ongoing effort of the CNB to keep the EURCZK above 27. According to our estimates, YTD speculative capital inflow has already totaled EUR 9bn, fueled by speculation on an early exit and strong appreciation of the CZK right after the exit. We have doubts about the latter, as huge long positions have already been built in CZK, which would be difficult to close (i.e. finding a counterparty) for many, many months after the exit. In any case, we will likely hear more comments from the central bank this week on this topic. We are eagerly awaiting more news on the Romanian budget for 2017, which should be submitted and approved by the end of January. Among macro releases, only PL industrial output and retail sales (we expect growth at 1.9% and 5.9% y/y, respectively) will be somewhat relevant.

In case you missed it last week…

- Moody's and Fitch left the rating of Poland unchanged
- Czech inflation already at target (2%) in December; inflation also surprised on upside in Hungary and Slovakia
- Romanian central bank left rates unchanged last week
- Hungarian central bank sees negative real interest rates as appropriate for this year
- For other events last week, please check respective countries: HR, CZ, HU, PL, RO, TR, SI, SK, SR

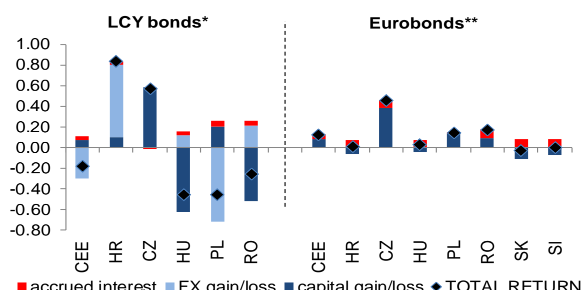
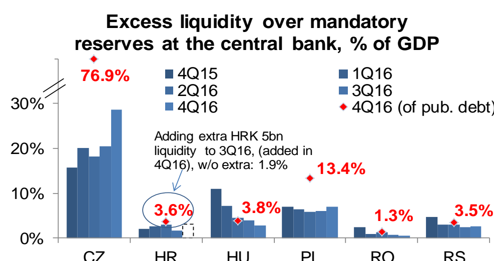


Chart of the week:
The liquidity surplus in CEE banking systems varies country by country. The Czech system is heavily distorted by interventions, while Hungary exhausted much of its extra liquidity in the Self-Financing Scheme in 2016. Romania is actually better than it looks, as minimum requirements (not counted as extra liquidity here) are huge, which, if released, could substantially increase excess reserves.

Excess liquidity over mandatory reserves at the central bank, % of GDP



Source: Country central banks

On Radar

CEE banking sectors are still largely over-liquid. The region is very heterogeneous, however: the Czech Republic boasts the largest pool by far, having extra liquidity at almost 30% of GDP. This is due to the ongoing interventions from the central bank to keep the koruna from appreciating. The other end of the spectrum is Romania, where surplus liquidity was drained toward the end of last year, and although it likely increased recently (due to fiscal spending), this can only be temporary. Hungary visibly exhausted its surplus liquidity in its Self-Financing Program last year, although the surplus still exceeds 3% of GDP. Poland, where fiscal woes contribute to bond market jitters (apart from global trends), has a large surplus that could theoretically be channeled into the bond market, but this would need a more activist central bank. Croatia and Serbia also enjoy relatively large liquidity surpluses that could help the bond markets going forward. (For further details, see the next page.)

Extra liquidity could be used to buy mostly shorter-dated government bonds

CEE banking sectors over-liquid, could support demand for bonds

'How much extra liquidity is there in the banking system?'

Croatia: The Croatian banking system remains highly liquid in both LCY and FX terms. LCY liquidity remains boosted by the lax monetary policy stance, but also by the shifting preference towards sight deposits (favoring LCY funding vs. traditional EUR term deposits). In the recent period, excess liquidity has been in the 3-4% of GDP band, while banks are running a positive NFA position at around 5% of GDP, suggesting a buffer as far as FX liquidity is concerned. Liquidity positions indicate that banks are adequately positioned to support credit growth, while flows to the private sector should remain moderate. We hence see room to maneuver for banks to support sovereign funding both via the bond market and bilateral credit lines.

Czech Republic: The extra liquidity in the banking sector reached approx. CZK 1351bn (29% of GDP in 2016) at the end of 2016. Compared to the previous year, the excess liquidity increased by 47%, driven primarily by the central bank's interventions in the foreign exchange market to weaken the Czech koruna. The growing excess liquidity and relatively muted supply of Czech government bonds (besides other factors) account for the downward pressures on Czech government yields. Foreign investors have increased their holdings of Czech government bonds with maturity up to three years in expectation of currency appreciation after FX cap termination. In contrast, banks are rather reluctant to invest in bonds, due to their low yields, and would rather deposit their funds at the central bank.

Hungary: Due to the complete overhaul of the Hungarian monetary framework, the amount of system-wide excess liquidity substantially decreased in the central bank's facilities. The primary 3-month deposit, which pays 0.9% interest, was capped at HUF 900bn in 4Q16 and the cap will be reduced to HUF 750bn in 1Q17 (roughly 2% of GDP). In addition, the MNB offers the so-called preferential deposit, which is capped at about HUF 390bn and pays the 0.9% key rate on the holdings. This facility held roughly HUF 350bn on average in the last 30 days. There is only one deposit facility to which banks have unlimited access, the O/N depo; however, it offers a -0.05% interest rate. In net terms (subtracting the O/N collateralized loans out of the O/N depos), the banking system held roughly HUF 350bn in the O/N facility over the last 30 days, on average. In comparison, the MNB's deposits held roughly HUF 4000bn in early 2016 before the complete phase-out of the 2W deposit and the quantitative limitation of the 3M deposit. We note that a substantial amount, HUF 1810bn worth of liquidity, flew into HGBs, due to the MNB's Self-Financing Program between mid-2014 and mid-2016, which is locked into the banks' balance sheets by the IRSs.

Poland: The excess liquidity of the banking sector amounts to roughly PLN 125bn (as of November 2016), around 7% of GDP. The liquidity position of the banks has not changed in comparison to last year. As Poland is facing an outflow of foreign investors holding Treasury securities (they have reduced their holdings by PLN 18.6bn since the beginning of the year), extra liquidity in the banking sector allows banks to maintain high demand for

Polish papers. On top of that, legislation on the banking tax incentivizes the banks to hold government papers. Not surprisingly, the share of banks holding Treasury papers has been increasing lately.

Romania: Extra liquidity in the Romanian banking sector defined as deposits placed by commercial banks with the NBR is estimated at RON 32bn in December 2016 (4.3% of GDP). If we exclude minimum reserves in RON and FX, extra liquidity was RON 4.5bn in December. Liquidity probably improved in January to around RON 14bn (excluding minimum reserves), due to a significant increase in the monthly budget deficit in December, coupled with modest bond issuance. We see this monthly increase in liquidity in January as temporary. Should liquidity conditions deteriorate in the market, the NBR could cut minimum reserves for RON and/or FX, but this is likely to alleviate the pressure only on the short end of the yield curve. The long end of the curve is linked to non-residents' holdings of FI instruments and remains sensitive to a sell-off triggered either by external developments, like a change in investor sentiment towards EMs, or local factors, like 2017 fiscal risks.

Serbia: The data and conclusions provided in the NBS report on the banking sector in Serbia indicate that, based on the basic liquidity indicators, the banking sector is characterized by considerable liquidity. A narrower look at the data on the excess liquidity in the NBS balance sheet also leads to similar conclusions, as the November 2016 figure (including both LCY and FX) stood at a high RSD 106bn. As for the activity on the domestic bond market, we expect that local banks will continue to play an important role in T-note roll-over and have the potential to act as a 'buffer' in case of stronger withdrawals of foreign (mainly US-based) investors from local papers, amid a potential outburst of jitters on international markets during 2017.

Slovakia: The Slovak banking sector still has a sound liquidity position, with a gross L/D ratio of 96% as of November. However, loans have been outgrowing deposits for quite some time, which limits the space for Slovak banks to buy government bonds. Compared to a year ago, securities holdings of Slovak commercial banks, which mostly comprise Slovak government bonds, declined by EUR 600mn (4% y/y). The multi-year trend since 2010 also shows stability to a mild decline. However, demand for Slovak bonds is still affected by the ECB's continuing quantitative easing program.

Slovenia: The liquidity position of Slovenian banks remains ample and supported by a decreasing LTD ratio and still fairly weak demand for credit from the private sector. Banks' exposure to sovereign debt in the recent period has overall exhibited a steady pattern, also likely shaped by the low yield environment. This is the pattern that is likely to prevail going forward. However, clearly the liquidity buffer remains adequate to support strong demand from both the private and public sides.

Looking ahead

Date	Time	Ctry	Release	Period	Erste	Survey	Prior	Pre Comment
16-Jan	9:00	**CZ**	**PPI y/y**	Dec	***-0.6%***	*-0.5%*	-1.3%	*Higher oil prices, solid domestic demand and higher wage costs behind improved PPI inflation*
	10:30	**SI**	**Wages y/y**	Nov			0.9%	
	11:00	**HR**	**CPI y/y**	Dec	***0.4%***	*0.4%*	-0.2%	*We see headline figure showing no major pressures on monthly level, while CPI is seen moving out of negative zone on annual basis*
	11:00	**HR**	**CPI m/m**	Dec			0.0%	
	14:00	**PL**	**Core CPI y/y**	Dec		*0.0%*	-0.1%	
17-Jan	10:30	**SI**	**Unempl. Rate**	Nov		*10.5%*	10.5%	*Stable developments on labor market seen continuing, with unemployment rate remaining unchanged on monthly level*
18-Jan	14:00	**PL**	**Wages y/y**	Dec	***4%***	*4.0%*	4.0%	*Robust nominal wage growth is result of storng labor market*
	14:00	**PL**	**Employment y/y**	Dec		*3.1%*	3.1%	
19-Jan	14:00	**PL**	**Retail Sales y/y**	Dec	***5.9%***	*6.1%*	6.6%	*Nominal retail sales growth should remian solid as 500+ program continues to assure higher disposable income of households*
	14:00	**PL**	**Ind. Prod. y/y**	Dec	***1.9%***	*1.5%*	3.3%	*Industrial output should sustain moderate growth, as strong PMI index confirms ongoing exansion of manufacturing sector*
	14:00	**PL**	**PPI y/y**	Dec	***2.6%***	*2.6%*	1.7%	*Producer price index should rise further, as increasing commodity prices affect costs of production*
20-Jan		**SK**	**Unempl. Rate**	Nov	***8.7%***	*0.0%*	8.8%	*Favorable trend of falling unemployment rate to continue*
		RS	**Current Account**	Nov				
	9:00	**HU**	**Wages y/y**	Nov		*6.2%*	5.4%	
	10:30	**SI**	**PPI y/y**				-0.2%	

Sources: Bloomberg, Reuters

Major markets

Rainer Singer
rainer.singer@erstegroup.com

- This week's ECB Council meeting is unlikely to bring any significant decisions. The Council already set the course at its meeting on December 8 of last year, when it decided to reduce monthly asset purchases from EUR 80bn to 60bn starting in April 2017. Accordingly, the ECB president should have little to report next week. He will probably be asked how he assesses the most recent inflation data, which came in slightly above expectations. President Draghi will stick to the ECB's script and, while appreciating the development, make it clear that this will not trigger any change of the current monetary policy stance. We expect the ECB to keep its current course and asset purchases of the amount stated to continue until the end of the year. Thereafter, we expect a steady reduction.

Croatia

Alen Kovac
akovac2@erstebank.com

Ivana Rogic
irogic@erstebank.com

- Preliminary results for the November trade balance revealed favorable trends, with both exports and imports maintaining positive patterns, rising 2.1% y/y and 2.5% y/y, respectively. The slightly stronger rise of imports vs. exports resulted in a mild widening of the deficit on the annual level.
- Markets showed limited movements throughout the week, with the 10Y benchmark yield remaining a few notches above the 2.90% mark, i.e. unchanged w/w. On the other hand, the exchange rate showed a somewhat stronger profile, with the kuna edging back to the upper part of the 7.50-7.55 band, mostly due to some speculative positioning vs. the usual seasonal pattern. We see the exchange rate remaining supported by the improving fundamentals, while also continuing to exhibit limited sensitivity to the ample excess liquidity in the system.

Czech Republic

Jiří Polanský
jpolansky@csas.cz

David Navrátil
dnavratil@csas.cz

- Czech inflation reached the 2% target in December. Czech CPI inflation came in at 0.3% m/m and 2.0% y/y in December, from the 0.8% y/y reached in October and 1.5% reached in November. This development was primarily due to a rise in prices in 'food and non-alcoholic beverages', 'restaurants and hotels' and 'transport'.
- The share of unemployed people between 16 and 56 years old reached 5.2% in December. The low figure reflects the favorable economic developments. Compared to the 4.9% rate seen in November, the slight increase was primarily driven by seasonal factors.
- In November 2016, seasonally-adjusted sales in retail trade increased by 1.9% m/m. Sales adjusted for calendar effects increased by 6.7% y/y. All main assortment types of stores recorded growth.

Hungary

Orsolya Nyeste
orsolya.nyeste@erstebank.hu

Gergely Ürmössy
Gergely.Urmossy@erstebank.hu

- The MPC reiterated that negative real rates may be sustained for a prolonged period, and as the inflation rate accelerates, real rates will continue to sink into even deeper negative territory. We see no change in the base rate until the end of 2018.
- The external trade surplus amounted to EUR 908mn in November 2016, reaching EUR 9.5bn in the period between January and November. Exports in euro terms increased 5.8% y/y, while imports in euro terms rose 4.6% y/y in November.
- CPI inflation rose 0.4% m/m last December, while the 12-month rate accelerated to 1.8%, from the 1.1% published for November. The actual 12-month figure proved higher than our expectation of 1.6% y/y, which can be explained by the faster than expected increase in fuel prices (4.1% y/y and 6.8% m/m). Other underlying developments were in line with our forecast. Core inflation stood at 1.7% y/y last December, while the annual average inflation rate was 0.4% in 2016.

Poland

Katarzyna Rzentarzewska
katarzyna.rzentarzewska@erstegroup.com

- The MPC left the policy rate flat at 1.5% and Governor Glapinski commented that he saw no need to change the policy rate this year. This is in line with our baseline scenario of a flat policy rate throughout 2017, despite the sharp increase in headline CPI. Economic growth, however, has been sluggish, and core inflation remains close to zero, suggesting there is little demand pressure.
- The final CPI number arrived at 0.8% y/y in December, in line with the flash estimate. We expect the inflation rate to rise further in the coming months, driven by higher commodity prices. The current account posted a deficit of EUR 427mn, while the trade balance was positive at EUR 102mn.
- Moody's and Fitch left the rating (A2 and A-, respectively) and outlook (negative and stable, respectively) for Poland unchanged. While Moody's did not publish an update on Friday, Fitch in the comments stated that rating at A- with stable outlook reflects strong macroeconomic fundamentals and healthy banking sector. The agency sees the risks of downgrade in case of deterioration of public finance (deficit above 3% of GDP increasing public debt-to-GDP ratio) or deterioration of investment climate and lower growth. It also commented that recent political turbulence is the main source of the risk for future rating actions.

Romania

Eugen Sinca
eugen.sinca @bcr.ro

- Industrial production increased by 0.6% m/m and 1.5% y/y in November (s.a. data), driven by the export-oriented manufacturing, which rose 4.2% y/y. Mining and energy remained in negative territory, due to the restructuring process in coal mining and rising imports of natural gas, at the expense of local production. Disappointing industrial production numbers, along with strong domestic demand, create a risk for the trade deficit, as imports of goods currently cover a large part of the demand from households and companies.

- The inflation rate went up slightly to -0.5% y/y in December, from -0.7% y/y in November. In m/m terms, inflationary pressures remained subdued at 0.2%. The strong growth in household consumption, amid a loose fiscal policy, has not translated thus far into higher consumer prices. We foresee a gradual increase in inflation towards 1.7% in December 2017, but most of this will be supply-driven, enabling the NBR to keep the key rate unchanged at 1.75%.

Serbia

Alen Kovac
akovac2@erstebank.com

Milan Deskar-Skrbic
mdskrbic@erstebank.com

- The December CPI figure landed at 1.6% y/y, indicating a continuation of the gradual acceleration of inflationary pressures, in line with our expectations. The detailed structure reveals that the headline figure was mostly supported by the annual increase in food and oil prices (low base effect) and some seasonal factors. Looking forward, we expect similar developments ahead, with CPI supported by stabilizing oil and food prices and stronger domestic demand pressures.
- With inflation moving into the new target band of 3%+/-1.5bp, the NBS decided to keep the key policy rate unchanged at 4%. In addition, the MPC also stressed the importance of the expected FED moves and (politics related) jitters on the international markets ahead. We expect the NBS to keep its current policy stance throughout 2017, while 2018 should bring gradual monetary tightening.
- On the bond market, we saw no major developments, with the benchmark RSD 2022 bond yield still hovering around 5.5-5.6%. On the other hand, on the FX market, we could see a continuation of the depreciation pressures, with the EUR/RSD moving to the 123.8 mark, despite the total of EUR 90mn in NBS interventions on the sell side. However, gradual depreciation of the dinar is in line with our and consensus forecasts (YE: 124.25-124.5), as improved internal and external imbalances create room for a higher EUR/RSD level.

Slovakia

Katarina Muchova
muchova.katarina@slsp.sk

- Consumer prices increased by 0.2% y/y in December, slightly surpassing our expectation of a 0.1% rise. Nevertheless, December finally brought about an end to the deflationary performance that lasted for over two years. Core inflation reached 0.9% y/y. On a monthly basis, inflation stood at 0.1%, aided by higher transport and food prices, among other factors. Overall, the 2016 average stands at -0.5%. Inflationary pressures are reappearing and the negative annual effect of energy prices is slowly dissipating. We expect inflation to start increasing more convincingly this year, averaging 0.7%.
- Industrial production growth reached 2.4% y/y in November, below expectations. Compared to October, IP increased by 1% m/m. Car production was surprisingly only a minor contributor to the overall IP growth, as it increased by a mere 0.4% y/y. The major driver of IP growth in November was the manufacture of metals, which rose by 16.8% y/y. Even though the pace of growth was somewhat lower than expected, the underlying fundamentals of industrial production remain good. We expect IP growth to average around 3.5% in 2016. Construction production continued on a downward trend for the ninth month in a row. November brought an 11.1% y/y decrease in construction production (+5.6% m/m).

- Foreign trade dynamics were higher than expected, as exports grew by 4% y/y in November and imports increased by 5.5% y/y. The foreign trade balance stood at EUR 286.7mn, higher than anticipated, due to the correction in import growth after the previous few months. We expect foreign trade to have contributed positively to GDP growth towards the end of last year (4Q16) and this trend should continue in 2017 as well.
- Slovak debt agency ARDAL sold EUR 500mn worth of treasury bills maturing on November 27, 2017. The accepted yield stood at -0.24% and the bid-cover ratio reached 1.9. According to Reuters, the bills belong to a stock of EUR 1.5bn of the paper the Ministry of Finance bought into its own portfolio last November.

Slovenia

Alen Kovac
akovac2@erstebank.com
Ivana Rogic
irogic@erstebank.com

- Industrial production showed an increase of 7.4% y/y, with support coming from practically every sector of production. As for the trade balance, the data showed a strong increase of 5.1% y/y on the export side, accompanied by double-digit growth of imports (10.5% y/y). Revived domestic demand thus resulted in a mildly negative trade balance (EUR -15mn in November 2016 vs. EUR 841mn YTD).
- Yields on the bond market showed no major movements, with the EUR 2026 tenor remaining around the 0.90% mark.

Capital market forecasts

Government bond yields	current	2017Q1	2017Q2	2017Q3	2017Q4
Croatia 10Y	2.93	3.00	2.90	2.80	2.80
spread (bps)	262	266	251	231	217
Czech Rep. 10Y	0.28	0.44	0.37	0.43	0.51
spread (bps)	-3	10	-2	-6	-12
Hungary 10Y	3.37	3.21	3.08	3.05	3.05
spread (bps)	306	287	269	256	242
Poland 10Y	3.61	3.40	3.55	3.45	3.60
spread (bps)	330	306	316	296	297
Romania10Y	3.49	3.60	3.65	3.70	3.75
spread (bps)	318	326	326	321	312
Slovakia 10Y	0.96	1.10	1.20	1.25	1.30
spread (bps)	65	76	81	76	67
Slovenia 10Y	0.83	1.10	1.10	1.20	1.30
spread (bps)	52	76	71	71	67
Serbia 7Y	5.57	5.50	5.50	5.60	6.00
DE10Y (BBG)*	***0.31***	***0.34***	***0.39***	***0.49***	***0.63***

3M Money Market Rate	current	2017Q1	2017Q2	2017Q3	2017Q4
Croatia	0.71	0.75	0.70	0.70	0.70
3M forwards		-	-	-	-
Czech Republic	0.28	0.28	0.27	0.27	0.26
3M forwards		0.21	0.15	0.13	0.17
Hungary	0.30	0.50	0.50	0.50	0.50
3M forwards		0.38	0.44	0.51	0.58
Poland	1.73	1.70	1.73	1.73	1.75
3M forwards		1.80	1.83	1.89	1.96
Romania	0.82	0.85	1.00	1.05	1.10
3M forwards		0.92	0.92	1.91	1.86
Serbia	3.49	3.50	3.50	3.50	3.50
3M forwards		-	-	-	-
Eurozone	-0.33	-0.25	-0.25	-0.25	-0.25

FX	current	2017Q1	2017Q2	2017Q3	2017Q4
EURHRK	7.53	7.60	7.40	7.50	7.60
forwards		7.53	7.54	7.57	7.58
EURCZK	27.02	27.01	26.50	26.47	26.36
forwards		26.95	26.80	26.69	26.65
EURHUF	307.0	315.0	315.0	315.0	315.0
forwards		307.4	308.1	308.8	309.6
EURPLN	4.37	4.40	4.38	4.37	4.33
forwards		4.39	4.42	4.44	4.47
EURRON	4.49	4.50	4.51	4.51	4.51
forwards		4.50	4.51	4.53	4.56
EURRSD	123.8	123.5	123.5	124.0	124.0
forwards		-	-	-	-
EURUSD	1.07	1.06	1.08	1.10	1.12

Key Interest Rate	current	2017Q1	2017Q2	2017Q3	2017Q4
Croatia	0.50	0.30	0.30	0.30	0.30
Czech Republic	0.05	0.05	0.05	0.05	0.05
Hungary	0.90	0.90	0.90	0.90	0.90
Poland	1.50	1.50	1.50	1.50	1.50
Romania	1.75	1.75	1.75	1.75	1.75
Serbia	4.00	4.00	4.00	4.00	4.00
Eurozone	0.00	0.00	0.00	0.00	0.00

Macro forecasts

Real GDP growth (%)	2015	2016f	2017f	2018f
Croatia	1.6	2.7	2.8	2.6
Czech Republic	4.6	2.4	2.7	3.2
Hungary	3.1	2.1	3.4	2.8
Poland	3.6	2.5	3.0	3.4
Romania	3.8	4.5	3.2	3.3
Serbia	0.8	2.7	3.0	3.3
Slovakia	3.8	3.3	3.1	3.7
Slovenia	2.3	2.6	2.6	2.7
CEE8 average	**3.5**	**2.8**	**3.0**	**3.3**

Average inflation (%)	2015	2016f	2017f	2018f
Croatia	-0.5	-1.0	1.2	1.6
Czech Republic	0.3	0.7	2.2	1.9
Hungary	-0.1	0.4	2.3	3.0
Poland	-0.9	-0.6	0.9	1.4
Romania	-0.6	-1.6	1.2	2.0
Serbia	1.7	1.1	2.4	3.1
Slovakia	-0.3	-0.6	0.7	2.0
Slovenia	-0.5	0.0	1.5	1.9
CEE8 average	**-0.4**	**-0.4**	**1.4**	**1.9**

Unemployment (%)	2015	2016f	2017f	2018f
Croatia	16.3	13.7	12.1	11.4
Czech Republic	5.1	4.1	4.0	4.0
Hungary	6.8	5.1	4.3	4.1
Poland	10.6	9.2	8.7	8.5
Romania	6.8	6.7	6.8	6.7
Serbia	17.7	16.0	15.6	15.2
Slovakia	11.5	9.8	9.2	8.3
Slovenia	9.0	8.0	7.5	6.9
CEE8 average	**9.3**	**8.0**	**7.5**	**7.3**

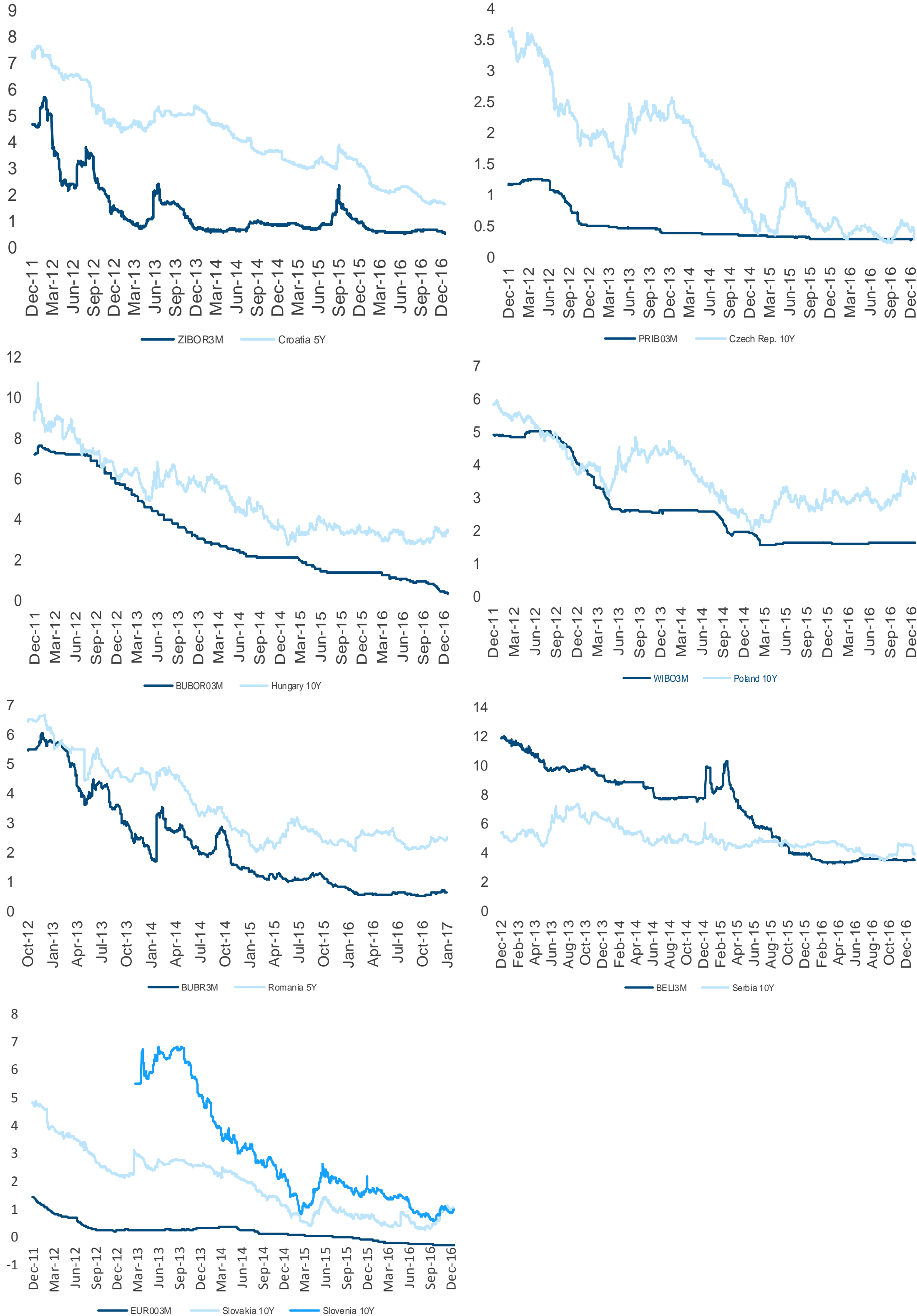
Public debt (% of GDP)	2015	2016f	2017f	2018f
Croatia	86.7	85.9	83.9	82.2
Czech Republic	40.3	37.2	35.7	35.9
Hungary	74.7	74.3	74.0	72.5
Poland	51.5	51.9	52.4	52.1
Romania	38.4	40.4	41.8	42.3
Serbia	74.7	73.8	73.0	72.6
Slovakia	52.7	52.6	52.7	51.8
Slovenia	83.4	80.0	79.1	77.5
CEE8 average	**53.7**	**53.3**	**53.2**	**52.8**

C/A (%GDP)	2015	2016f	2017f	2018f
Croatia	5.1	2.8	2.3	1.1
Czech Republic	0.9	2.1	1.3	1.4
Hungary	3.4	5.0	4.6	4.5
Poland	-0.2	-0.4	-0.6	-0.9
Romania	-1.1	-2.2	-2.5	-2.7
Serbia	-4.8	-4.2	-4.6	-4.8
Slovakia	-1.3	0.6	1.2	2.3
Slovenia	5.2	6.8	6.3	5.7
CEE8 average	**0.4**	**0.6**	**0.3**	**0.2**

Budget Balance (%GDP	2015	2016f	2017f	2018f
Croatia	-3.2	-1.6	-2.2	-2.0
Czech Republic	-0.4	0.5	-0.6	-0.6
Hungary	-2.0	-2.2	-2.7	-2.5
Poland	-2.5	-2.5	-3.0	-2.9
Romania	-0.7	-2.9	-3.0	-3.0
Serbia	-3.8	-2.1	-1.9	-1.7
Slovakia	-2.7	-2.2	-1.5	-1.2
Slovenia	-2.9	-2.5	-2.0	-1.7
CEE8 average	**-2.0**	**-2.0**	**-2.4**	**-2.3**

Note:*Information on past performance is not a reliable indicator for future performance. Forecasts are not a reliable indicator for future performance.

Appendix



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Contacts

Group Research

Head of Group Research
Friedrich Mostböck, CEFA +43 (0)5 0100 11902
Major Markets & Credit Research
Head: Gudrun Egger, CEFA +43 (0)5 0100 11909
Ralf Burchert, CEFA (Agency Analyst) +43 (0)5 0100 16314
Hans Engel (Senior Analyst Global Equities) +43 (0)5 0100 19835
Christian Enger, CFA (Covered Bonds) +43 (0)5 0100 84052
Margarita Grushanina (Economist AT, CHF) +43 (0)5 0100 11957
Peter Kaufmann, CFA (Corporate Bonds) +43 (0)5 0100 11183
Stephan Lingnau (Global Equities) +43 (0)5 0100 16574
Carmen Riefler-Kowarsch (Covered Bonds) +43 (0)5 0100 19632
Rainer Singer (Senior Economist Euro, US) +43 (0)5 0100 17331
Bernadett Povazsai-Römhild (Corporate Bonds) +43 (0)5 0100 17203
Elena Statelov, CIIA (Corporate Bonds) +43 (0)5 0100 19641
Gerald Walek, CFA (Economist Euro) +43 (0)5 0100 16360
Katharina Böhm-Klamt (Quantitative Analyst Euro) +43 (0)5 0100 19632
Macro/Fixed Income Research CEE
Head CEE: Juraj Kotian (Macro/FI) +43 (0)5 0100 17357
Zoltan Arokszallasi, CFA (Fixed income) +43 (0)5 0100 18781
Katarzyna Rzentarzewska (Fixed income) +43 (0)5 0100 17356
CEE Equity Research
Head: Henning Eßkuchen +43 (0)5 0100 19634
Daniel Lion, CIIA (Technology, Ind. Goods&Services) +43 (0)5 0100 17420
Christoph Schultes, MBA, CIIA (Real Estate) +43 (0)5 0100 11523
Vera Sutedja, CFA, MBA (Telecom) +43 (0)5 0100 11905
Thomas Unger, CFA (Banks, Insurance) +43 (0)5 0100 17344
Vladimira Urbankova, MBA (Pharma) +43 (0)5 0100 17343
Martina Valenta, MBA (Real Estate) +43 (0)5 0100 11913
Editor Research CEE
Brett Aarons +420 956 711 014
Research Croatia/Serbia
Head: Mladen Dodig (Equity) +381 11 22 09178
Head: Alen Kovac (Fixed income) +385 72 37 1383
Anto Augustinovic (Equity) +385 72 37 2833
Milan Deskar-Skrbic (Fixed income) +385 72 37 1349
Magdalena Dolenec (Equity) +385 72 37 1407
Ivana Rogic (Fixed income) +385 72 37 2419
Davor Spoljar, CFA (Equity) +385 72 37 2825
Research Czech Republic
Head: David Navratil (Fixed income) +420 956 765 439
Head: Petr Bartek (Equity) +420 956 765 227
Jiri Polansky (Fixed income) +420 956 765 192
Pavel Smolik (Equity) +420 956 765 434
Jan Sumbera (Equity) +420 956 765 218
Roman Sedmera (Fixed income) +420 956 765 391
Jana Urbankova (Fixed income) +420 956 765 456
Research Hungary
Head: József Miró (Equity) +361 235 5131
Gergely Ürmössy (Fixed income) +361 373 2830
András Nagy (Equity) +361 235 5132
Orsolya Nyeste (Fixed income) +361 268 4428
Tamás Pletser, CFA (Oil&Gas) +361 235 5135
Research Poland
Head: Magdalena Komaracka, CFA (Equity) +48 22 330 6256
Marek Czachor (Equity) +48 22 330 6254
Tomasz Duda (Equity) +48 22 330 6253
Mateusz Krupa (Equity) +48 22 330 6251
Karol Brodziński (Equity) +48 22 330 6252
Research Romania
Head: Mihai Caruntu (Equity) +40 3735 10427
Head: Dumitru Dulgheru (Fixed income) +40 3735 10433
Chief Analyst: Eugen Sinca (Fixed income) +40 3735 10435
Dorina Ilasco (Fixed Income) +40 3735 10436
Research Slovakia
Head: Maria Valachyova, (Fixed income) +421 2 4862 4185
Katarina Muchova (Fixed income) +421 2 4862 4762

Treasury - Erste Bank Vienna

Group Markets Retail Sales
Head: Christian Reiss +43 (0)5 0100 84012
Markets Retail a. Sparkassen Sales AT
Head: Markus Kaller +43 (0)5 0100 84239
Equity a. Fund Retail Sales
Head: Kurt Gerhold +43 (0)5 0100 84232
Fixed Income a. Certificate Sales
Head: Uwe Kolar +43 (0)5 0100 83214
Markets Corporate Sales AT
Head: Christian Skopek +43 (0)5 0100 84146

Fixed Income Institutional Sales

Group Markets Financial Institutions
Head: Manfred Neuwirth +43 (0)5 0100 84250
Bank and Institutional Sales
Head: Jürgen Niemeier +49 (0)30 8105800 5503
Institutional Sales Western Europe AT, GER, FRA, BENELUX
Head: Thomas Almen +43 (0)5 0100 84323
Charles-Henry de Fontenilles +43 (0)5 0100 84115
Marc Pichler +43 (0)5 0100 84118
Rene Klasen +49 (0)30 8105800 5521
Dirk Seefeld +49 (0)30 8105800 5523
Bernd Bollhof +49 (0)30 8105800 5525
Bank and Savingsbanks Sales
Head: Marc Friebertshäuser +49 (0)711 810400 5540
Sven Kienzle +49 (0)711 810400 5541
Michael Schmotz +43 (0)5 0100 85542
Ulrich Inhofner +43 (0)5 0100 85544
Martina Fux +43 (0)5 0100 84113
Michael Konczer +43 (0)5 0100 84121
Klaus Vosseler +49 (0)711 810400 5560
Andreas Goll +49 (0)711 810400 5561
Mathias Gindele +49 (0)711 810400 5562
Institutional Sales CEE and International
Head: Jaromir Malak +43 (0)5 0100 84254
Central Bank and International Sales
Head: Margit Hraschek +43 (0)5 0100 84117
Christian Kössler +43 (0)5 0100 84116
Bernd Thaler +43 (0)5 0100 84119
Institutional Sales PL and CIS
Pawel Kielek +48 22 538 6223
Michal Jarmakowicz (Fixed Income) +43 50100 85611
Institutional Sales Slovakia
Head: Peter Kniz +421 2 4862 5624
Monika Smelikova +421 2 4862 5629
Institutional Sales Czech Republic
Head: Ondrej Cech +420 2 2499 5577
Milan Bartos +420 2 2499 5562
Barbara Suvadova +420 2 2499 5590
Institutional Asset Management Sales Czech Republic
Head: Petr Holecek +420 956 765 453
Martin Perina +420 956 765 106
Petr Valenta +420 956 765 140
David Petracek +420 956 765 809
Institutional Sales Croatia
Head: Antun Buric +385 (0)7237 2439
Željko Pavičić +385 (0)7237 1494
Ivan Jelavic +385 (0)7237 1638
Institutional Sales Hungary
Attila Hollo +36 1 237 8209
Borbala Csizmadia +36 1 237 8205
Institutional Sales Romania
Head: Ciprian Mitu +43 (0)50100 85612
Stefan Racovita +40 373 516 531
Business Support
Tamara Fodera +43 (0)50100 12614
Bettina Mahoric +43 (0)50100 86441

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Group Research
1100 Vienna, Austria, Am Belvedere 1
Head Office: Wien
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