CEE Insights

Fixed Income and Foreign Exchange

Looking ahead this week…

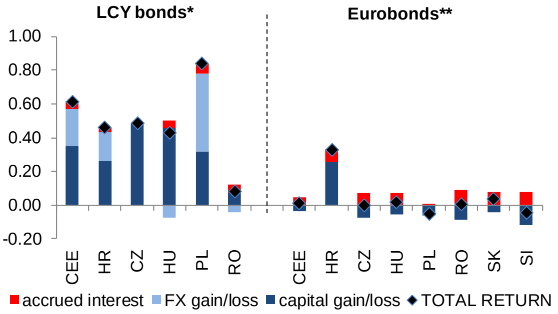
Monday	Tuesday	Wednesday	Thursday	Friday
HU: Unemployment	**HR, SI, PL, RS**: 4Q16 GDP **HU**: No rate change	**HU, PL, CZ**: PMIs in Manufacturing	**RO**: Producer Prices, Unemployment	**CZ**: 4Q16 GDP **HU, RO, SK**: Retail Sales

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

The coming week will contain somewhat more releases than last week. The calendar is especially crowded for Tuesday, when preliminary GDP data will be released for Croatia and Slovenia for the fourth quarter. Croatia may report a rather strong 3.4% y/y expansion, while Slovenia will likely not be much behind at 2.6%, with domestic demand supporting growth in both countries. We expect the Polish and Serbian statistical offices to confirm preliminary 4Q16 GDP numbers the same day (2.7% and 2.5%, respectively). Still on Tuesday, the MNB will hold its rate setting meeting, at which we expect the 0.9% policy rate to be left unchanged. We anticipate the wording of the statement to be a bit dovish, however, in order to manage the market's short-term interest rate expectations. Wednesday will bring PMI data for the Czech Republic, Hungary and Poland, while Friday will see 4Q16 GDP numbers (second releases) for the Czech Republic. We expect the detailed numbers to confirm our assumption that the negative surprise of the flash estimate was due to strong imports. Friday will also likely bring relatively solid retail sales readings for Romania, Slovakia and Hungary for January.

In case you missed it last week…

- S&P reaffirmed Hungary's rating at BBB-
- Inflation increased above expectations in Serbia (2.4% y/y) and Croatia (0.9%)
- MPC meeting minutes still suggest rate stability as most likely scenario for Poland
- Head of Czech Social Democrat Party proposed progressive taxation, including banking tax
- Slovak debt managers hired joint lead managers to arrange roadshow in Europe this week
- For other events last week, please check respective countries: HR, CZ, HU, PL, RO, TR, SI, SK, SR



On Radar

Current account imbalances improved significantly since the onset of the crisis, but we think this year some deterioration cannot be avoided. Hefty wage growth and decreasing unemployment help consumption, while investments can also go up rather unanimously throughout the region. These could boost imports. There are factors that could at least partly counterbalance this development, however. Investments will be mainly boosted by EU fund inflows, which (mostly though inflows on the capital account) help to contain the extra external financing need. In addition, recent upticks in German sentiment could also help exports; although industry seems to be reacting to these positive sentiment numbers much less strongly than before. The deterioration of current accounts could remain contained, as we see the overall (weighted average) surplus to decline from 0.7% of GDP to 0.3%. Therefore, CEE currencies should also not be influenced too much by this development. (For further details, see the next page.)

EU fund inflows and accelerating external demand could partly counterbalance for domestic-demand induced import increase

Current accounts in CEE to deteriorate mildly this year

'How sensitive will current account balances be to increasing domestic demand this year?

Croatia: Although we do expect somewhat stronger pressures on imports in 2017 (stronger domestic demand and oil prices), in our baseline scenario we see CA balance staying comfortably in a positive region, above 2% of GDP. As the main offsetting factors we see continuation of solid exports profile footprint, stable tourism inflows (although to some lesser extend due to a strong base effect), intensification of EU-funds inflows, milder pressures on the government interest payments (more favorable refinancing) and expected increase of remittances inflows (as Croatia recorded relatively strong emigration trend in recent years). Main risks to this view come from a potential slowdown in EA (political uncertainties), lower than expected EU funds absorption and rising political tensions in SEE which could affect the tourism picture if Croatia becomes perceived as a relatively risky country.

Czech Republic: The contribution of foreign trade to overall growth will still be positive, but lower than in the last year. Despite the strengthening CZK, the overall current account balance will be positive at CZK 60bn, i.e 1.2% of GDP. The end of the intervention regime and solid consumption growth will push imports up. The effect on exports, however, will be rather delayed, due to hedging. Our forecast does not anticipate overall imports to outweigh exports, as the strengthening of the CZK will only be gradual.

Hungary: In Hungary, we expect declining trade surplus for 2017, thanks to improving consumption and investments. The revival of households' consumption should rather burden trade balance of processed goods which may somewhat worsen this year. However, improving demand from households should not only appear in bigger volume of imports but may translate into higher CPI inflation, as well. As for the expected improvement of investments, it may raise imports of raw materials and machinery, too. All in all, we expect higher import bills for this year, thanks to increasing domestic demand, however this may partly be offset by the expected revival of exports, as global economy is experiencing a cyclical upswing. Moreover, the overall C/A balance should further be supported by money transfers of people working abroad. To sum all these up, the surplus on the C/A balance could be lower, however it is still not expected to drop below 4% of GDP, either 2017 and 2018.

Poland: Current account deficit has been continuously narrowing over last couple of years and reached -0.3% of GDP in 2016, according to our estimate. Relatively high trade surplus and EU funds supported heavily such development, especially in most recent years. Further strengthening of domestic demand, in particular strong private consumption growth, as well as increasing commodity prices are the main reasons why we expect current account to widen this year. Our point estimate is at -0.6% of GDP as relatively weak real effective exchange rate (driven mostly by nominal depreciation of the zloty) should be positive for exports dynamics.

Romania: Romania's C/A deficit doubled to 2.4% of GDP in 2016 from only 1.2% of GDP in 2015 due to an increase in trade deficit and higher profit repatriation of foreign companies. For 2017 we already know we will be dealing with a hefty fiscal impulse (estimated at 1.4% of GDP) with a most direct impact on consumption growth, which we thus expect to remain quite sanguine (if only somewhat slower due to a base effect related to agricultural goods own consumption). On top of that, the high wage growth induced by the public sector and especially the significant hike of the minimum wage (by 16%) as of February, will continue to act in the direction of eroding the competitiveness of local producers, at least in the base case scenario where the real exchange rate will move only symbolically. As such, we expect the trade gap to continue to widen further at a relatively fast pace, leading to further deterioration of the current account deficit by almost 1 pp. of GDP (our forecast being 3.3%). As a mild offset, we also expect exports to rise a bit faster than in 2016, in the context of accelerating external demand, in line with somewhat faster Eurozone growth. Despite the higher current account gap, we still expect coverage in terms of EU funds and FDI inflows to remain relatively comfortable for this year, hence we don't see very significant pressures building up at the level of the exchange rate, at least not in 2017.

Serbia: In recent years Serbian exports sector became more dynamic and diversified and attracted foreign investors in various sectors (e.g. automotive, tobacco, pharmacy, electrical equipment etc.), putting the growth figure in the double digit region (2016 11.5% y/y). Thus in our view export performance in upcoming years will keep the relatively strong footprint, additionally supported by more favorable macro outlooks in the region and main EU trading partners (Germany and Italy important for Fiat). As for the imports, we expect upside pressures, coming not only from the stronger domestic demand but also from stabilizing and rising oil prices, which could push the import side of net exports equation also in the double digit region. However, given the expected solid performance on the exports side (offsetting effect) and stronger economic footprint (denominator effect) we expect CA deficit to stay around 4.5%-5% of GDP in the upcoming period.

Slovakia: Slovakia is running foreign trade surpluses of around 3.5% of GDP in past 5 years (C/A surplus at around 0.5% of GDP in respective periods). Despite improving labor market the domestic consumption growth was rather modest, not strong enough to cause any visible imbalances in the current account. We do not expect this situation to change much in 2017.

Slovenia: While domestic demand definitely gained on importance, more notably on the private consumption side, resilient exports performance ensured positive footprint on the current account side continued throughout 2016, despite rising imports pressures. However, since we expect to see even stronger performance of the domestic demand in this year, especially as investments activity also picks-up after temporarily halt in 2016, we see imports pressures overpowering still solid exports dynamic, thus resulting in somewhat milder current account surplus vs. 2016, but nevertheless remaining high at 6% of GDP levels in 2017.

Looking ahead

Date	Time	Ctry	Release	Period	Survey	Erste	Prior	Pre Comment
27. Feb.	9:00	**HU**	**Unemployment Rate**	Jan		***4.3%***	4.4%	*Seasonal effects should be completely muted by the tightening of the labour market*
28. Feb.		**RS**	**Current Account Bala**	Dec			-38.9	
	9:00	**CZ**	**PPI (y/y)**	Jan	*1.54%*	***1.7%***	-0.4%	*PPI inflation returns to positive values due to solid domestic demand and oil prices.*
	9:00	**HU**	**PPI (y/y)**	Jan			0.5%	
	9:00	**SK**	**PPI (y/y)**	Jan		***0.5%***	-1.8%	*Producer price deflation is expected to have disappeared in January, aided also by higher crude oil prices than a year ago.*
	10:00	**PL**	**GDP (y/y)**	4Q F			2.7%	*4Q16 GDP structure should show what was behind excesiively high 1.7% q/q growth dynamics. Private consumtpion should remain a pillar of the growth while investmment growth negative.*
	10:30	**SI**	**CPI (y/y)**	Feb		***1.6%***	1.3%	*Inflation recovery expected to additionally pick-up vs. January release*
	10:30	**SI**	**CPI (m/m)**	Feb			-0.6%	
	10:30	**SI**	**Retail Sales (y/y)**	Jan			10.1%	
	10:30	**SI**	**GDP (y/y)**	4Q		***2.6%***	2.7%	*GDP expansion is seen slightly decelerating, though still remaining in the fast lane as private consumption and exports fuel strong growth footprint*
	11:00	**HR**	**Wages (y/y)**	Dec			1.5%	
	11:00	**HR**	**GDP (y/y)**	4Q P		***3.4%***	2.87%	*Headline figure growth seen further accelerating, with domestic demand taking the lead*
	12:00	**RS**	**Industrial Production**	Jan		***5.3%***	3.9%	*Industrial footprint shaped by seasonal factors and supported by increasing economic activity.*
	12:00	**RS**	**Retail Sales (y/y)**	Jan		***6.9%***	6.8%	*Retail sales keeping its solid footprint*
	12:00	**RS**	**GDP (y/y)**	4Q F		***2.5%***	2.5%	*We expect that SORS will confirm the flash estimate. FY16 thus at 2.7% y/y, in line with our expectations.*
	14:00	**HU**	**Target Rate**	Feb	*0.9%*	***0.9%***	0.9%	
	14:30	**SK**	**Current Account Bala**	Dec			-21.21	
01 Mar	9:00	**HU**	**PMI Index**	Feb	*57.0*		56.5	
	9:00	**PL**	**PMI Index**	Mär	*54.0*		54.8	
	9:30	**CZ**	**PMI Index**	Apr	*56.0*		55-7	
02. Mar		**RO**	**Unemployment Rate**	Jan			4.77%	
	8:00	**RO**	**PPI (y/y)**	Jan			0.9%	
03. Mar	8:00	**RO**	**Retail Sales (y/y)**	Jan		***7%***	8.4%	*Retail sales probably lost further speed in y/y terms in January due to a base effect.*
	9:00	**CZ**	**GDP (q/q)**	4Q P	*0.2%*	***0.2%***	0.2%	*GDP growth is probably negatively affected by significant volume of imports absorbed by solid domestic demand.*
	9:00	**CZ**	**GDP (y/y)**	4Q P	*1.7%*	***1.7%***	1.7%	*Despite relatively low GDP growth in 4Q 16, the cyclical position remains solid, in our view.*
	9:00	**HU**	**Retail Sales (y/y)**	Jan	*4.0%*	***4.3%***	3.3%	*The December slowdown in sales volume may have been temporary. The ongoing revival of consumption could have been reflected in retail sales statistics.*
	9:00	**SK**	**Retail Sales (y/y)**	Jan		***4%***	4.3%	*After a very good outcome in December, retail sales have continued the trend of brisk growth rates. However, compared to the pre-Christmas season, January growth may be slower.*

Sources: Bloomberg, Reuters

Major markets

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- On Tuesday, flash estimates for Eurozone inflation in February will be released. Inflation rose in January to +1.8% y/y – above market expectations. Due to the persistent base effects from energy prices, we expect the energy component to continue to contribute substantially to inflation dynamics in the Eurozone in February. We expect a further slight increase in headline inflation in February to approx. 2.0%. For the upcoming months, we forecast inflation declining somewhat, based on the slightly lower pressure from energy prices. Considering the stronger than expected pressure (energy & food) YTD, we increased our inflation forecast for 2017 from +1.3% to +1.5%. ECB's further monetary policy decisions will depend on the development of core inflation in the various member states. Accompanied by the ongoing recovery of the Eurozone economy, we expect a steady gradual increase of core inflation until the end of the year, to approx. +1.1% to +1.2% y/y.
- Yields declined severely on the Euro sovereign bond market last week. The surprise was how far the movement continued, especially at the short end. The yield on 2-year German bonds reached historic lows of -0.95%. On the one side, the market seems to be experiencing a shortage, and on the other side the market is reacting to rising political risks that stem from the approaching parliamentary elections in the Netherlands (March 15) and the presidential election in France (April 23 and run-off May 7). In addition, the risk of new elections in Italy is looming as well. The reaction of markets to political risks seems exaggerated in our view. For the time being, we leave our yield forecasts unchanged and remain confident that, after the French election, the macro data will again be the main determinant for the bond market. However, in the short term, we expect volatility to remain high.

Croatia

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- January unemployment rate edged up by 0.5pp m/m to 15.4%, with seasonal movements pushing the figure towards higher grounds. However, we continue to see strong adjustment on the annual basis, with unemployment rate trending 2.5pp lower, though such improving trend also comes at the cost of the declined labor force levels.
- Inflation release outstripped our expectations, as headline figure accelerated from 0.2% at YE16 to 0.9% y/y in January. On monthly level CPI brought mild decline of 0.1%, with most pronounced downside pressures coming from seasonally lower clothing and footwear prices, while higher food and transport prices worked in opposite direction.
- This week, all eyes will be on the 4Q GDP release, where robust performance of the short-term data suggests growth accelerating towards 3.5% y/y, while bringing average FY16 figure at 2.9%.
- After two week pause, MoF returned to the T-bills market by issuing total of HRK 1.5bn (ahead of HRK 1.3bn maturing), focusing solely in 1Y HRK papers. Strong demand allowed for higher issuance than initially planned, while rate on HRK tenor declined to all new low of 0.5% for 1Y. Exchange rate continued to post gains throughout the week, currently moving in the middle of the 7.40-7.45 band. Yields on the bonds marked showed stable movements, with HRK 2026 moving few notches below 2.70% mark, while newly issued 11Y tenor moves few notches above that level.

Czech Republic

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- The Social Democrats (CSSD) announced the first part of their program for the coming parliamentary elections. They suggest progressive taxation of employees as well as corporates, sectoral taxes, and admit that they would be willing to "cooperate" with the Communist party on the government level. However, actual fulfillment of this aim would be complicated to say the least.
- The prime minister dismissed the minister of industry, Mr. Mládek, because of several communication failures, especially the most recent one regarding telecommunication prices. Dramatic shifts in industry and trade policy are not expected, possibly apart from the area of telecommunications.

Hungary

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- According to the CSO, gross wages in the economy rose 5.7% y/y in December, while net wages increased by 7.3% y/y. In FY 2016, gross wages rose 6.1% y/y, while the increase in net wages was 7.8%. Strong wage outflow is expected to continue this year on the back and tight labor market conditions and increases in the general minimum wage and minimum wage for workers with a qualified trade. The increase in gross wages may accelerate to around 9-10% y/y in 2017.
- S&P reaffirmed Hungary's rating at BBB- (lowest notch of investment grade) with stable outlook. The agency mentioned in its statement that annual GDP growth can slightly exceed 3% this year (our estimate is 3.4%), while growth rate may average 2.5% year between 2018 and 2020 (our forecast for 2018 is 2.8%). The decision was in line with our expectation. We do not expect either outlook improvement or an upgrade from any of the agencies this year.

Poland

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- The MPC minutes confirms that stability of rates is the most likely scenario in coming quarters as long as risks for inflation rate to overshoot the target of 2.5% remain low. The hawkish MPC members begin to raise the voice that in case of permanent increase in inflation rate hikes should be considered. The economy, however, needs to strengthen further before monetary tightening is discussed, especially demand pressure remains limited.
- The rise of the unemployment rate to 8.6% in January was driven mostly by seasonal factors. As far as the labor market is concerned, it seems this year will bring adjustments in structure. First of all, there is a rise in full-time employment, as recent legislation favors contracts instead of self-employment. Further, there was a relatively high increase in economically inactive persons (driven by the need of taking care of family) that may be a side effect of the 500+ program. Nevertheless we expect the unemployment rate to follow the downward trend

Romania

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- Non-government loans (outstanding) slowed down to 0.9% y/y in January from 1.2% y/y in December due to disappointing development of corporate loans in RON. Retail loans in RON continued to post double-digit annual growth rates (+25.5% y/y), benefitting thus from ongoing improvements in the labor market. Unemployment rate declined to the lowest level since the onset of the financial crisis in 2008, real wages grew by almost 14% last year and the number of jobs created in the economy exceeded 150,000. We foresee 2017 economic growth at 4.3%, with a key role played by the fiscal policy.

Serbia

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- Serbian CPI accelerated above all expectations and landed at 2.4% y/y, moving further into the new 3%+/-1.5pp target interval. Such strong pick-up in prices was mainly due to a low base effect in the transport (fuels) category and somewhat stronger than expected rise in food prices. These developments are supportive for our relatively hawkish view on NBS policy this year.
- PM Vucic announced that the decision on the potential snap elections should be known by Monday. Political analysts are divided, however most of them see this option as a most favorable one.
- On the bond market benchmark RSD 2022 bond yield moved steadily around 5.65% mark, indicating that last week's milder political uncertainty effects have subsided.
- On the FX market EUR/RSD was hovering around 123.9, with no major volatility so there were no NBS interventions on the market.

Slovakia

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- Slovak debt agency approached markets last week, trying to secure larger volumes of funding, as is typical for this season of the year. The debt agency issued EUR 400mn of 9Y and 12Y bonds (at average yields of 1% and 1.4%, respectively). While utilizing favourable market conditions the agency is heading for another even longer syndicated issue last week (neither amount nor exact maturity has been specified yet).
- The unemployment rate, as measured by the labour bureaus, fell by 0.1pp to 8.6% in January as employment growth kept lending a helping hand. Number of job vacancies is still fairly high thus we expect the favourable development of falling unemployment rate to continue in the coming months.

Slovenia

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- With empty data calendar behind us, all focus turns to this week's 4Q GDP release. We expect only cosmetic moderation on annual level (EBCe: 2.6% y/y), hence wrapping FY16 GDP at 2.6%. Short-term data indicate ongoing strong consumption pattern, supportive manufacturing performance and solid exports performance. Going forward, we see our 2017 GDP forecast (2.6%) on the conservative side of the spectrum, as domestic demand outlook, supported by improving investments prospects suggest room for upgrade closer to the 3% mark.
- We saw no changes on the bonds markets as yields remained practically flat throughout the week, with EUR 2026 staying unchanged around 1% mark.

Capital market forecasts

Government bond yields	current	2017Q1	2017Q2	2017Q3	2017Q4
Croatia 10Y	2.68	2.70	2.70	2.80	2.80
spread (bps)	248	233	224	222	212
Czech Rep. 10Y	0.58	0.56	0.75	0.84	0.83
spread (bps)	38	19	29	26	15
Hungary 10Y	3.44	3.21	3.08	3.05	3.05
spread (bps)	324	284	262	247	237
Poland 10Y	3.84	3.40	3.55	3.45	3.60
spread (bps)	365	303	309	287	292
Romania10Y	3.65	4.00	4.25	4.35	4.50
spread (bps)	346	363	379	377	382
Slovakia 10Y	1.03	1.10	1.20	1.25	1.30
spread (bps)	83	73	74	67	62
Slovenia 10Y	1.39	1.10	1.10	1.20	1.30
spread (bps)	119	73	64	62	62
Serbia 7Y	5.65	5.65	5.80	6.00	6.25
DE10Y (BBG)*	***0.20***	***0.37***	***0.46***	***0.58***	***0.68***

3M Money Market Rate	current	2017Q1	2017Q2	2017Q3	2017Q4
Croatia	0.61	0.45	0.45	0.45	0.45
3M forwards		-	-	-	-
Czech Republic	0.28	0.28	0.27	0.27	0.26
3M forwards		0.33	0.30	0.31	0.33
Hungary	0.23	0.05	0.05	0.05	0.05
3M forwards		0.31	0.40	0.53	0.66
Poland	1.73	1.70	1.73	1.73	1.75
3M forwards		1.79	1.79	1.85	1.93
Romania	0.83	0.90	1.30	1.50	1.90
3M forwards		0.66	0.98	1.42	1.94
Serbia	3.55	3.50	3.50	4.00	4.00
3M forwards		-	-	-	-
Eurozone	-0.33	-0.25	-0.25	-0.25	-0.25

FX	current	2017Q1	2017Q2	2017Q3	2017Q4
EURHRK	7.43	7.45	7.42	7.50	7.55
forwards		7.43	7.44	7.45	7.47
EURCZK	27.02	27.01	26.50	26.47	26.36
forwards		27.00	26.88	26.80	26.74
EURHUF	308.4	315.0	315.0	315.0	315.0
forwards		308.6	308.9	309.4	309.9
EURPLN	4.31	4.36	4.38	4.35	4.32
forwards		4.32	4.34	4.37	4.39
EURRON	4.52	4.53	4.57	4.60	4.62
forwards		4.52	4.54	4.55	4.58
EURRSD	123.9	123.5	123.5	124.0	124.5
forwards		-	-	-	-
EURUSD	1.06	1.08	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	4.25	4.50
Eurozone	0.00	0.00	0.00	0.00	0.00

Macro forecasts

Real GDP growth (%)	2015	2016f	2017f	2018f
Croatia	1.6	2.9	3.2	2.9
Czech Republic	4.6	2.3	2.7	3.2
Hungary	3.1	2.0	3.4	2.8
Poland	3.6	2.8	3.0	3.4
Romania	3.9	4.8	4.3	2.8
Serbia	0.8	2.7	3.1	3.4
Slovakia	3.8	3.3	3.1	3.7
Slovenia	2.3	2.6	2.6	2.7
CEE8 average	**3.5**	**3.0**	**3.2**	**3.2**

Average inflation (%)	2015	2016f	2017f	2018f
Croatia	-0.5	-1.1	1.5	1.9
Czech Republic	0.3	0.7	2.2	1.9
Hungary	-0.1	0.4	2.5	3.0
Poland	-0.9	-0.6	1.3	1.4
Romania	-0.6	-1.5	1.4	2.7
Serbia	1.4	1.1	2.4	3.1
Slovakia	-0.3	-0.5	1.0	2.0
Slovenia	-0.5	0.0	1.5	1.9
CEE8 average	**-0.4**	**-0.4**	**1.6**	**2.0**

Unemployment (%)	2015	2016f	2017f	2018f
Croatia	16.3	12.8	10.6	9.4
Czech Republic	5.1	4.1	4.0	4.0
Hungary	6.8	5.1	4.3	4.1
Poland	10.6	9.0	8.7	8.5
Romania	6.8	6.0	5.9	5.8
Serbia	17.7	16.0	15.6	15.2
Slovakia	11.5	9.6	8.7	7.8
Slovenia	9.0	8.0	7.5	6.9
CEE8 average	**9.3**	**7.7**	**7.3**	**7.0**

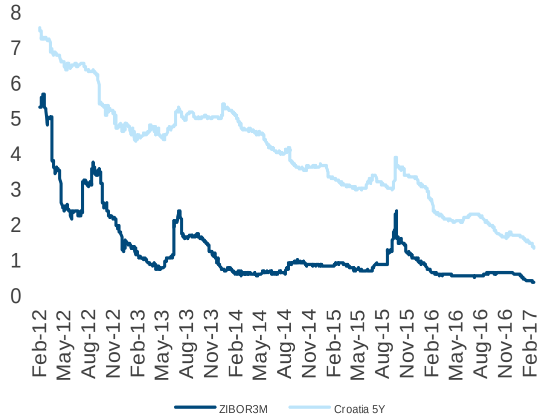
Public debt (% of GDP)	2015	2016f	2017f	2018f
Croatia	86.7	84.2	82.3	79.8
Czech Republic	40.3	37.2	35.7	35.9
Hungary	74.7	74.3	74.0	72.5
Poland	51.5	51.9	52.4	52.1
Romania	37.9	37.1	39.2	40.8
Serbia	74.7	70.7	69.4	68.9
Slovakia	52.7	52.4	52.4	51.6
Slovenia	83.4	80.0	79.1	77.5
CEE8 average	**53.7**	**52.6**	**52.6**	**52.4**

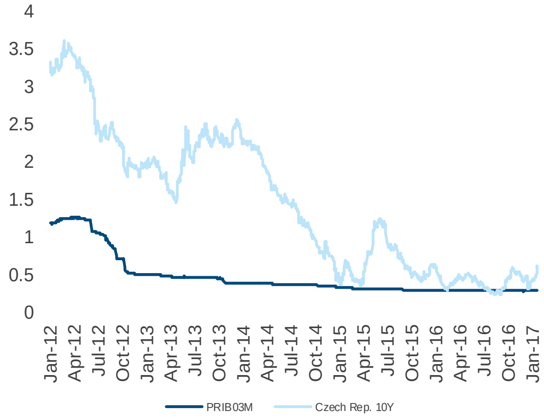
C/A (%GDP)	2015	2016f	2017f	2018f
Croatia	5.1	2.9	2.4	1.5
Czech Republic	0.9	2.1	1.3	1.4
Hungary	3.4	5.0	4.6	4.5
Poland	-0.2	-0.3	-0.6	-0.9
Romania	-1.2	-2.6	-3.3	-3.8
Serbia	-4.8	-4.2	-4.6	-4.8
Slovakia	-1.3	1.3	2.0	3.0
Slovenia	5.2	6.8	6.3	5.7
CEE8 average	**0.4**	**0.7**	**0.3**	**0.1**

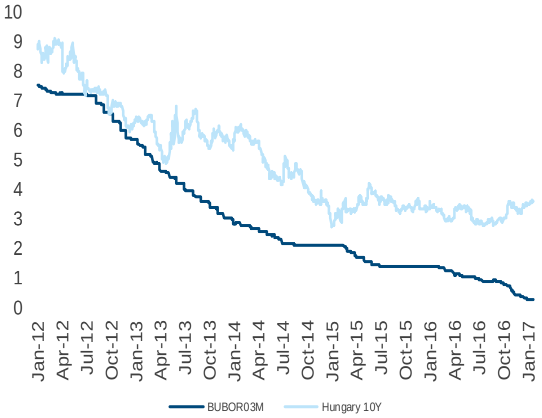
Budget Balance (%GDP	2015	2016f	2017f	2018f
Croatia	-3.2	-1.6	-2.0	-1.6
Czech Republic	-0.4	0.5	-0.6	-0.6
Hungary	-2.0	-2.2	-2.7	-2.5
Poland	-2.5	-2.5	-3.0	-2.9
Romania	-0.8	-2.8	-3.5	-3.6
Serbia	-3.8	-1.4	-1.2	-1.0
Slovakia	-2.7	-2.2	-1.5	-1.2
Slovenia	-2.9	-2.5	-2.0	-1.7
CEE8 average	**-2.0**	**-1.9**	**-2.4**	**-2.3**

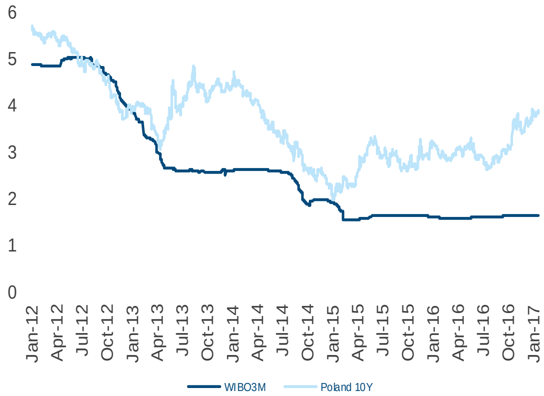
Note:*Information on past performance is not a reliable indicator for future performance. Forecasts are not a reliable indicator for future performance.

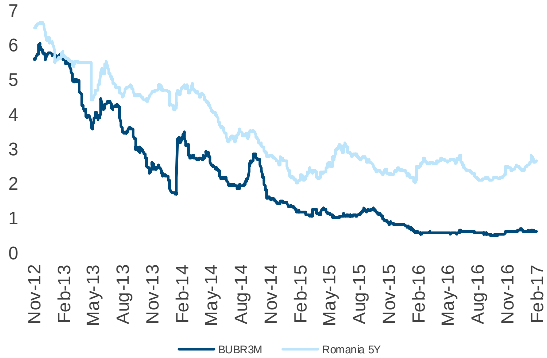
Appendix

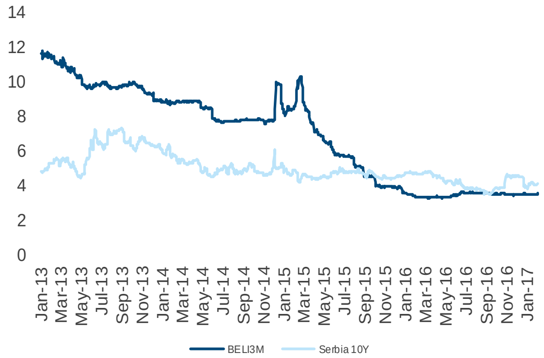


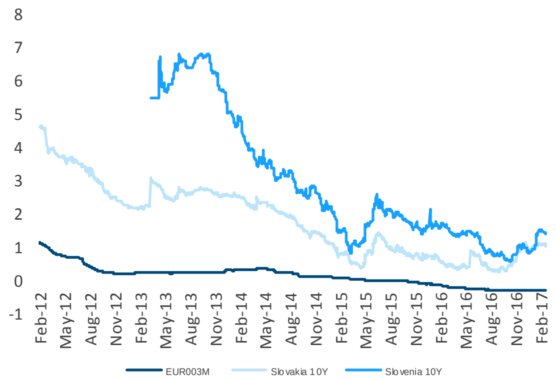












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