

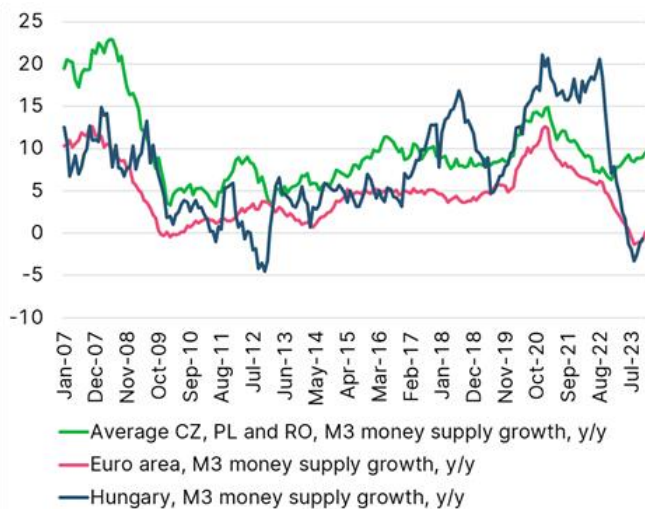
CEE MACRO AND FI DAILY

Money supply grows in CEE, except for Hungary

On the Radar

- In Slovenia, retail sales declined by 15% y/y in December.
- In Czechia 4Q23 GDP landed at +0.2% q/q and -0.2% y/y, which brings the full year growth to -0.4%.
- Today, Hungarian central bank holds a rate setting decision and we expect 100 basis points cut.
- In Croatia, December's retail trade data will be published.
- Tomorrow, GDP data will be released in Poland and Serbia.

M3 money supply growth, percent

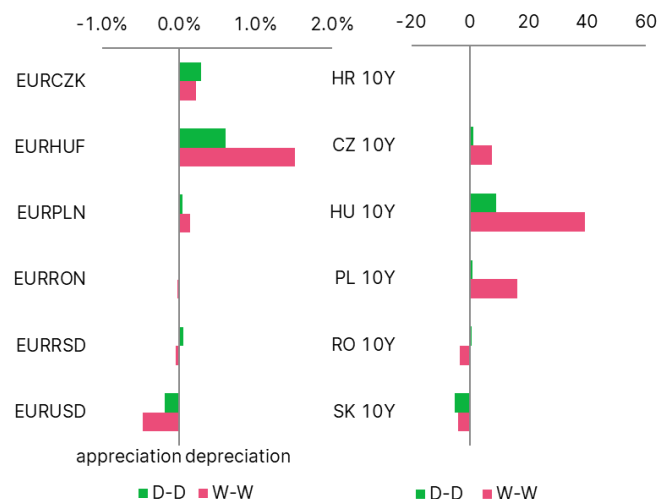


Source: Erste Group Research

Economic developments

Ahead of the Hungarian central bank decision, we take a look at M3 money supply growth in the region. In Hungary, the M3 money supply growth had been declining fast between mid-2022 and mid-2023. It reached the bottom in August 2023 and has since been picking up. However, growth dynamics remained negative at the end of 2023. This comes in contrast to developments in other countries in the region, namely Czechia, Poland, and Romania, where M3 money supply growth has sustained positive growth dynamics and has been accelerating lately, despite not experiencing monetary tightening to the extent that Hungary has. Hungary has been easing monetary conditions at a very fast pace for the last half year, and we expect the Hungarian central bank to speed up interest rate cuts before the inflation outlook becomes less supportive of aggressive monetary easing.

Market performance



Source: Erste Group Research

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Market developments

As already mentioned, we expect the Hungarian central bank to deliver a 100 basis point cut at Tuesday's meeting amid a dynamic decline of inflation, despite the EURHUF weakening to 390 against the euro on Monday. The Czech koruna began the week on a slightly weaker note, while EURPLN remained stable. In Czechia, the central banker Kubicek is ready to discuss a 50 basis point cut at the upcoming meeting, as he believes that the debate should focus only on the pace of monetary easing. Poland and Romania were active on the bond market on Monday and enjoyed solid demand for government papers. The changes in long-term yields in the region were rather marginal on Monday in either direction.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
30. Jan	09:00	CZ	GDP (q/q)	4Q A	0.30%	0.20%	-0.60%
	09:00	CZ	GDP (y/y)	4Q A	-0.1%	-0.20%	-0.80%
	11:00	HR	Retail Sales (y/y)	Dec		7.50%	7.30%
	14:00	HU	Central Bank Rate	Jan 24	9.80%	9.75%	10.75%
31. Jan	08:30	HU	PPI (y/y)	Dec			-6.60%
	10:00	PL	GDP	Jul 05	0.50%		5.10%
	11:00	HR	Industrial Production (y/y)	Dec		3.50%	4.80%
	12:00	RS	Industrial Production (y/y)	Dec		3.00%	3.60%
	12:00	RS	Retail Sales (y/y)	Dec		1.00%	0.04
	12:00	RS	Trade Balance	Dec			-68450.00%
	12:00	RS	GDP (y/y)	4Q P	3.63%	3.80%	3.60%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.79	0.3	0.2
EUR/HUF	389.09	0.6	1.5
EUR/PLN	4.36	0.0	0.2
EUR/RON	4.97	0.0	0.0
EUR/RSD	117.04	0.1	0.0
EUR/USD	1.08	-0.2	-0.5

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	6.57	-1	-3
HUF	9.30	-5	-23
PLN	5.86	0	0
RON	6.13	0	-1
RSD	5.71	-1	0
EUR	3.91	2	-3

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.90	1	7
HU 10Y	6.14	9	39
PL 10Y	5.41	1	16
RO 10Y	6.39	0	-4
HR 10Y	3.26	0	0
SK 10Y	3.35	-5	-4

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