

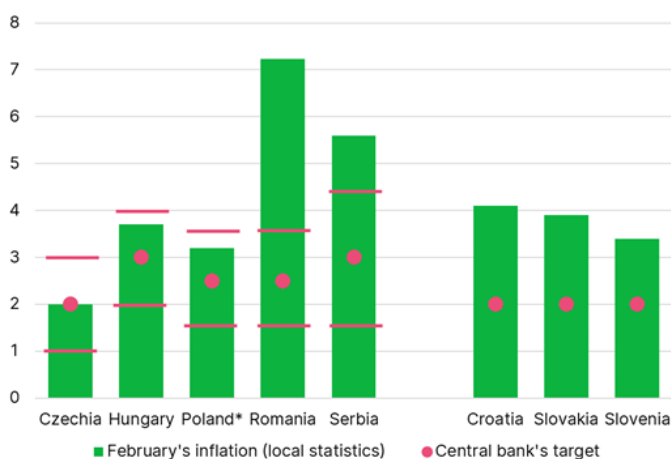
CEE MACRO AND FI DAILY

February's inflation falling into tolerance band

On the Radar

- Inflation in Slovakia (local statistics) eased to 3.4% y/y in February.
- Industrial output growth in Czechia remained unchanged in real terms in January.
- Inflation in Poland will be published at 10 AM CET and the consensus is at 3.2% y/y.
- Croatia will publish final reading of February inflation (flash at 4.1% y/y) at 11 AM CET.
- In the afternoon, trade data will be releases in Poland.

February's inflation and the central bank's target, percent

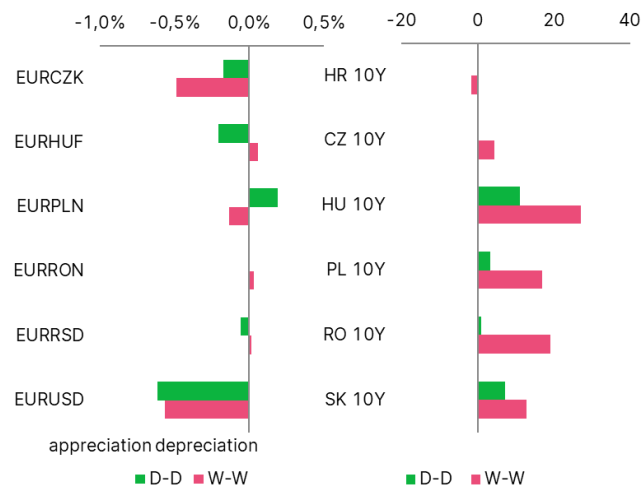


Source: Erste Group Research

Economic developments

In Czechia, the headline inflation in February reached the central bank's target of 2%. In Hungary and Poland, the inflation rate fell (or is expected to fall in the case of Poland) within the tolerance band around the central bank's target in February. In other countries, the inflation rate still remains outside of the tolerance band, most notably in Romania where the February's figure of 7.23% y/y came in above market expectations. Furthermore, Romania is likely to be the only country in the region where inflation will not return to the target in 2024 (based on our revised end-year forecast of 4.8% y/y in December). In Serbia, the central bank Governor Tabakovic stated that the central bank sees price growth returning to the 1.5%-4.5% tolerance band around the middle of this year. However, in the second half of the year, it will move in different directions. Croatia, Romania, and Serbia should see inflation falling throughout the year. On the other hand, in Czechia, Hungary, and Poland, inflation is expected to be higher compared to the beginning of 2024.

Market performance



Source: Erste Group Research

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Market developments

The Hungarian forint has recovered some losses from the beginning of the week and is now only marginally weaker against the euro compared to Monday. Hungary has delayed the controversial change to the legislation regarding the central bank that could have supported the currency. Conversely, the Czech koruna and Polish zloty have strengthened from the beginning of the week. Another member of the MPC in Poland, Kochalski, commented that he would only see space for a rate cut in Poland in March 2025 at the earliest, as opposed to Wnorowski who may see such a possibility already at the end of 2024. Long-term yields have risen throughout the week.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
15. Mar		RO	Current Account Balance (monthly)	Jan			-22694,00
	09:00	CZ	Industrial Production (y/y)	Jan			-0,70%
	09:00	SK	CPI (y/y)	Feb		3,30%	3,90%
	09:00	SK	CPI (m/m)	Feb			0,70%
	10:00	PL	CPI (y/y)	Feb	3,16%		3,90%
	10:00	PL	CPI (m/m)	Feb	0,50%		0,00
	11:00	HR	CPI (y/y)	Feb F			4,1%
	11:00	HR	CPI (m/m)	Feb F			0,00
	14:00	PL	Trade Balance	Jan	663,00		-556,00

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25,19	-0,2	-0,5
EUR/HUF	395,27	-0,2	0,1
EUR/PLN	4,29	0,2	-0,1
EUR/RON	4,97	0,0	0,0
EUR/RSD	117,08	-0,1	0,0
EUR/USD	1,09	-0,6	-0,6

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	5,89	-1	-6
HUF	8,07	0	-8
PLN	5,86	1	0
RON	6,08	0	0
RSD	5,69	0	0
EUR	3,93	-1	0

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3,71	0	4
HU 10Y	6,40	11	27
PL 10Y	5,45	3	17
RO 10Y	6,64	1	19
HR 10Y	3,24	0	-2
SK 10Y	3,60	7	13

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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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