CEE MACRO AND FI DAILY

Household energy consumption decreased again in 2023

On the Radar

- Czech National Bank kept the policy rate unchanged at 3.5%.
- In Poland, unemployment rate remained flat at 5.0% in May.
- In Serbia real wage growth accelerated to 8.7% y/y in April
- Industrial producer prices in Slovakia rose by 0.6% y/y.

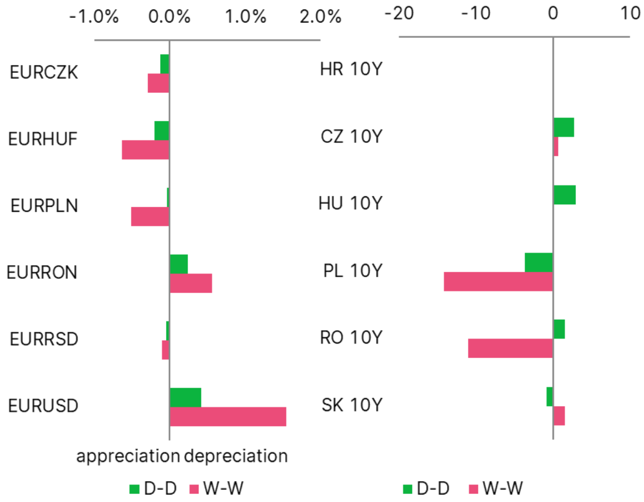
Final energy consumption in households, terajoule

Source: Erste Group Research

Economic developments

In 2023, EU households used 9.6 million terajoules of energy. Compared with 2022, this represents a 5.6% decrease from the 10.1 million terajoules recorded. It was the second consecutive annual decline, following the all-time peak registered in 2021. A very similar trend was observed in the region. In 2023, household energy use dropped by 4.9%, while in 2022 the decline reached 8%. Significantly less energy was used for space heating, which may suggest milder winter conditions or improved building efficiency. The main use of energy by EU households was for heating homes (62.5% of the final energy consumption in the residential sector), followed by water heating (15.1%). The heating of space and water consequently represented 77.6% of the final energy consumed by households in 2023. Energy consumption also decreased in other categories, although the picture is more mixed across countries. For example, in the case of space cooling, lighting, and electrical appliances, some countries saw a decline in 2023, while others did not. These two categories have a much lower share in energy consumption by households. Finally, most of the EU's final energy consumption in households was covered by natural gas (29.5%), electricity (25.9%) and renewables and biofuels (23.5%).

Market performance



Source: Erste Group Research

Market developments

Czechia's central bank vote to keep the key policy rate stable at 3.5% was unanimous. This is unsurprising given the May rate cut and recent data from the Czech economy. Further. the Governor Michl highlighted recent inflationary developments that was reflected in the change in the board's statement from the meeting, indicating inflationary risks. We expect a slightly longer period of interest rate stability in Czechia. In Poland, Ministry of Finance revealed plans to tax banking sector to increase budget revenues as deficit is set to exceed 6% of GDP in 2025. The proposal includes a tax on bank profits earned on interest from mandatory reserves. On the FX market, the Czech koruna, the Hungarian forint and the Polish zloty strengthened against the euro as global sentiment has improved given the ceasefire in the Middle East. The EURRON has moved up on the other hand and is at 5.06 most lately. 10Y yields are slightly lower this week in all CEE countries.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
26. Jun	**08:30**	**HU**	Current Account Balance (quarterly)	1Q			109.10
	09:00	**SK**	PPI (y/y)	May			1.30%
27. Jun		**HU**	Unemployment Rate	May			4.40%
	10:30	**SI**	Retail Sales (y/y)	May		1.00%	0.30%

FX Market

	Last	Change (%) d/d	Change (%) w/w
EUR/CZK	24.72	-0.1	-0.3
EUR/HUF	400.42	-0.2	-0.6
EUR/PLN	4.25	0.0	-0.5
EUR/RON	5.06	0.2	0.6
EUR/RSD	117.02	0.0	-0.1
EUR/USD	1.17	0.4	1.6

3M Market

	Last	Change (bps) d-d	Change (bps) w-w
CZK	3.50	-1	-1
HUF	6.50	0	0
PLN	5.22	1	0
RON	7.10	1	1
RSD	4.68	0	0
EUR	1.99	0	-2

10Y Yields

	Last	Change (bps) d-d	Change (bps) w-w
CZ 10Y	4.26	3	1
HU 10Y	7.11	3	0
PL 10Y	5.40	-4	-14
RO 10Y	7.34	1	-11
HR 10Y	3.10	0	0
SK 10Y	3.40	-1	2

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