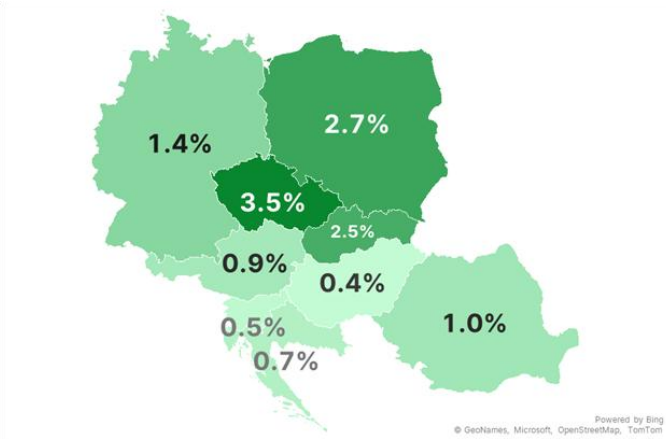
CEE MACRO AND FI DAILY

CEE economies benefit from Ukrainian refugees

On the Radar

- Producer prices declined in Czechia by -3.0% y/y in January.
- Real gross wage in Serbia in December accelerated to 11.5% y/y,
- Today, Slovakia and Croatia release producer prices for January.
- Slovenia will publish retail sales growth in January at 10.30 AM CET.

Beneficiaries of temporary protection from Ukraine, % of population in 2025

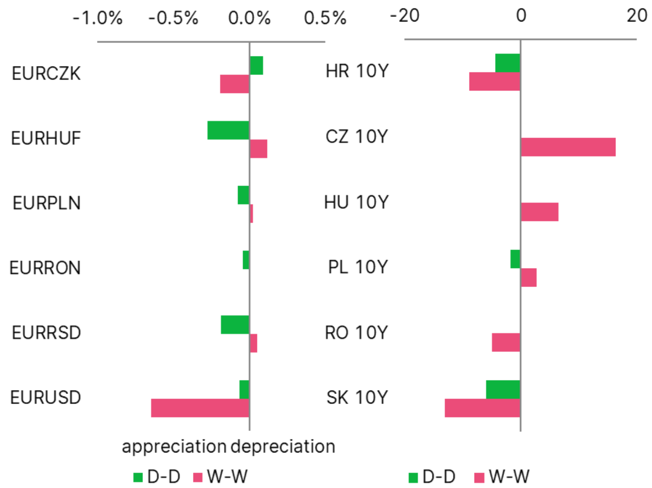


Source: Erste Group Research

Economic developments

Today we look at inflow of Ukrainian refugees into the region following the outbreak of the war in Ukraine. In the region, the highest shares of Ukrainian beneficiaries of temporary protection as percent of population are visible in Czechia (3.5%), Poland (2.7%), and Slovakia (2.5%). These countries have absorbed substantial refugee population and have been bearing short term fiscal and administrative costs. On the other hand, Ukrainian refugees filled the gap on the labor market and improved matching. In other words, they took the positions that were vacant for a long-time and employment rates among Ukrainian refugees tend to be high. At the same time unemployment rates in host countries remained close to historically low levels. Ukrainian refugees also contribute positively to economic development through employment and private consumption.

Market performance



Source: Erste Group Research

Market developments

The Hungarian forint strengthened more visibly following the central bank's decision to lower interest rate. EURHUF moved down to 375. EURPLN also declined slightly to 4.21 while EURCZK holds at 24.23. Poland's central banker Dabrowski stated that he sees the target level for the main rate at 3.5%, noting that further cuts would be very difficult unless inflation anchors in the lower part of the target band. Further, Poland's Ministry of Finance announced that after the latest bond auction, approximately 38% of the gross borrowing needs for 2026 have been financed. Romania tapped international debt markets for the first time this year. Romania priced EUR 3 billion of 7Y euro notes and USD 2 billion of 10Y dollar bonds on Wednesday. Czechia sold government papers maturing in 2033, 2037 and 2044 amid strong demand.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
26. Feb	**09:00**	**SK**	PPI (y/y)	Jan			-0.3%
	10:30	**SI**	Retail Sales (y/y)	Jan		2.0%	2.4%
	11:00	**HR**	PPI (y/y)	Jan			0.1%
27. Feb	**08:30**	**HU**	Unemployment Rate	Jan		4.4%	4.4%
	08:30	**HU**	PPI (y/y)	Jan			-3.4%
	10:30	**SI**	CPI (y/y)	Feb		2.5%	2.6%
	10:30	**SI**	CPI (m/m)	Feb			-0.5%
	10:30	**SI**	PPI (y/y)	Jan			1.1%
	11:00	**HR**	GDP (y/y)	4Q		3.1%	2.3%
	12:00	**RS**	Industrial Production (y/y)	Jan			-5.7%
	12:00	**RS**	Retail Sales (y/y)	Jan			8.5%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.20	0.1	-0.2
EUR/HUF	377.99	-0.3	0.1
EUR/PLN	4.21	-0.1	0.0
EUR/RON	5.09	0.0	0.0
EUR/RSD	117.16	-0.2	0.1
EUR/USD	1.18	-0.1	-0.6

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.48	0	0
HUF	6.25	-1	-4
PLN	3.81	-1	-5
RON	5.77	0	-4
RSD	4.68	0	0
EUR	2.04	1	3

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.38	0	16
HU 10Y	6.49	0	6
PL 10Y	4.91	-2	3
RO 10Y	6.30	0	-5
HR 10Y	3.14	-4	-9
SK 10Y	3.13	-6	-13

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