

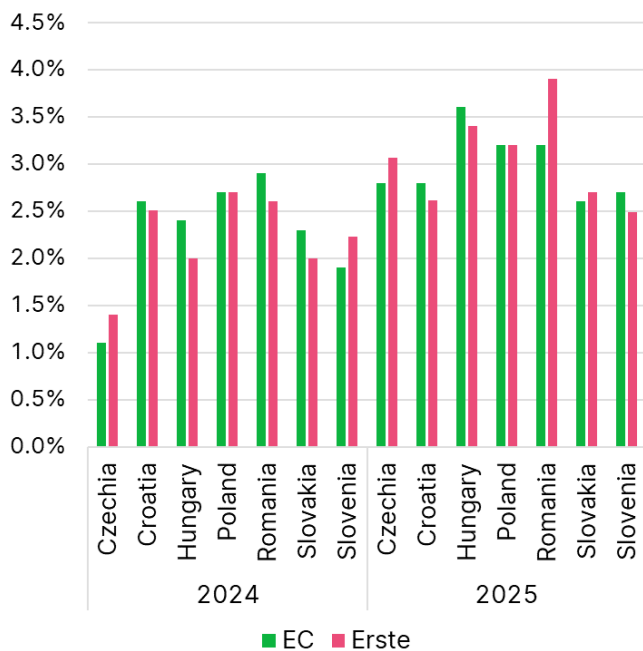
CEE MACRO AND FI DAILY

European Commission updates growth forecasts

On the Radar

- Today at noon CET Serbia will publish inflation rate in January.
- Tomorrow, Poland will release industrial output growth, PPI index, wages and employment growth in January.
- Unemployment rate in Slovakia and real wage growth in Slovenia are also scheduled for publishing in coming days.

GDP growth forecasts

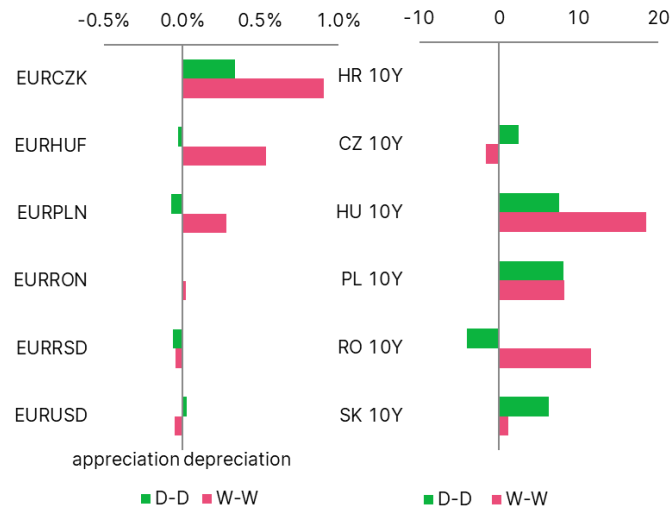


Source: Erste Group Research

Economic developments

The European Commission recently published its winter interim forecast, which presents a more conservative growth outlook for the current year and anticipates a slower rate of inflation than previously projected in the autumn. The growth forecast for 2024 has been adjusted downwards to 0.9% for the EU and 0.8% for the Eurozone. In 2025, the EU and Eurozone economies are projected to expand by 1.7% and 1.5% respectively. In the CEE region, Romania, Poland, and Croatia are expected to experience the highest growth this year, with projected rates of 2.9%, 2.7%, and 2.6% respectively. Our forecast for Romania is slightly more pessimistic, with a projected growth rate of 2.6% in 2024, while our projections for Poland and Croatia align with those of the European Commission. Further, in 2025, we are considerably more optimistic about Romania's growth, with our forecast differing by 0.7 percentage points (3.2% vs 3.9%). This is despite the fact that we recently revised Romania's growth downwards for both years. Our forecast also diverges from the EC in relation to Hungary's growth this year. In particular, we now see the Hungarian economy to recover at a much slower pace in 2024 (2.0% vs. 3.3% previously). However, our projections for Czechia are more optimistic for both years, although we acknowledge potential downside risks for 2024.

Market performance



Source: Erste Group Research

Market developments

The EURCZK opened the week at 25.44, while the EURHUF is marginally below 389 and EURPL is at 4.34 on Monday morning. Throughout last week, all three CEE currencies weakened against the euro. The CEE bond markets showed mixed performance last week. Hungarian 10Y yields edged up slightly (+15bp w/w), while the short end of the CZGB yield curve moved down due to the surprisingly low January inflation reading. Today, Slovakia will reopen SLOVGBs 2027, 2032, 2033, and 2047, while Romania will reopen ROMGBs 2027. Political events are dominating the news flow in the region. U.S. Senators visited Hungary to seek approval for Sweden's joining NATO. In Slovakia, a controversial criminal law overhaul was signed by President Caputova but will be sent to Constitutional Court for review. In Poland, the government is allegedly preparing to make a move against the central bank Governor Glapinski.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
19. Feb		SK	Unemployment Rate	Jan		5.10%	5.08%
	12:00	RS	CPI (y/y)	Jan	6.90%	6.40%	7.60%
	12:00	RS	CPI (m/m)	Jan			0.10%
20. Feb	10:00	PL	Industrial Production (y/y)	Jan	2.08%		-3.90%
	10:00	PL	PPI (y/y)	Jan	-7.90%		-6.40%
	10:00	PL	Wages (y/y)	Jan	10.64%		9.60%
	10:30	SK	Current Account Balance (monthly)	Dec			-195.80
	11:00	HR	Unemployment Rate	Jan		6.80%	6.50%
	11:00	HR	Wages (y/y)	Dec			12.00%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.41	0.3	0.9
EUR/HUF	388.64	0.0	0.5
EUR/PLN	4.34	-0.1	0.3
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.96	-0.1	0.0
EUR/USD	1.08	0.0	0.0

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	6.10	-1	-10
HUF	8.93	-3	-15
PLN	5.88	2	2
RON	6.09	0	0
RSD	5.70	0	0
EUR	3.93	2	4

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.66	2	-2
HU 10Y	6.21	8	19
PL 10Y	5.43	8	8
RO 10Y	6.54	-4	12
HR 10Y	3.24	0	0
SK 10Y	3.54	6	1

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