

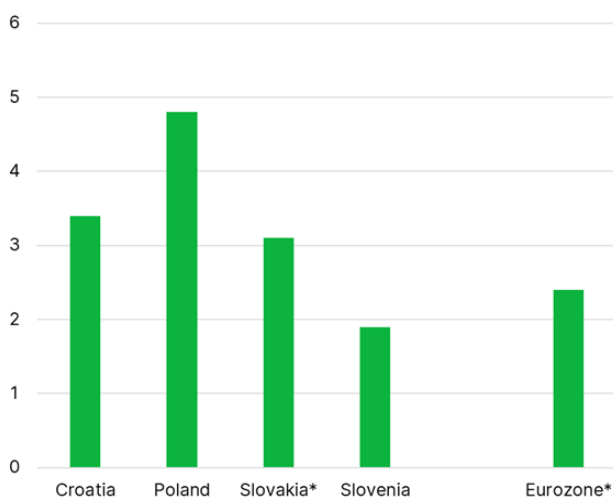
CEE MACRO AND FI DAILY

# Flash inflation for December shows slight increases, except for Slovakia

## On the Radar

- Flash inflation rate in Eurozone arrived at 2.4% y/y in December.
- December's flash inflation in Croatia landed at 3.4% y/y.
- Unemployment rate in Romania landed at 5.3%.
- There are no other releases scheduled for today.

## Flash inflation in December 2024, percent, \*HICP

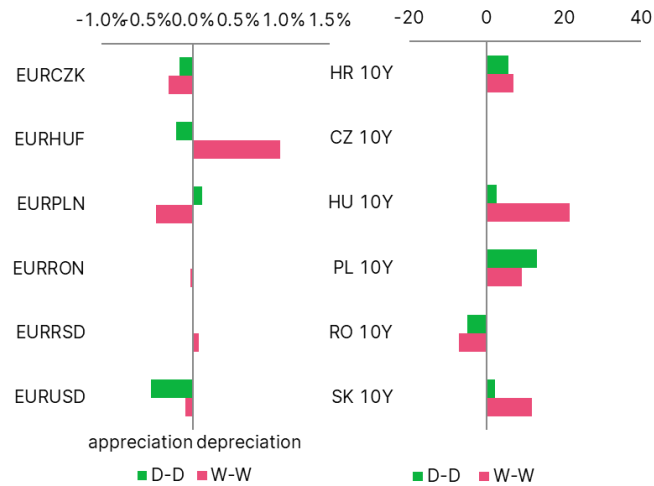


Source: Erste Group Research

## Economic developments

In the Eurozone, annual inflation is expected to be 2.4% in December 2024, up from 2.2% in November. Looking at the main components, services are expected to have the highest annual rate in December (4.0%, compared with 3.9% in November), followed by food, alcohol & tobacco (2.7%, stable compared with November). Finally, energy prices grew 0.1% y/y compared with a decline of -2.0% in November. In the region, there are four countries that currently publish a flash inflation estimate. In Czechia, Poland, and Slovenia, inflation rates increased at the end of the year – a development that was anticipated due to statistical effects. In Croatia, December's inflation landed at 3.4% y/y (up from 2.8%). In Poland, inflation increased marginally to 4.8% y/y, below market expectations, while in Slovenia, it picked up to 1.9% y/y. In Slovakia (HICP flash estimate), the inflation rate surprisingly slowed from 3.6% y/y in November to 3.1% y/y in December due to a year-on-year moderation in the growth of food prices, including alcohol and tobacco, and a sharp month-on-month decline of more than 2% in the same category (food, including alcohol and tobacco). At the month-on-month basis, this is the most significant decline ever (since February 1996). Local factors such as the decline of VAT for food items helped push food prices down. Finally, Czechia will be releasing flash inflation estimates as of February 2025.

## Market performance



Source: Erste Group Research

## Market developments

CEE countries, as usual, are active in the international bond market at the beginning of the year. Slovenia tapped the bond market, issuing a new 30-year tenor in the amount of EUR 1bn at a 3.548% yield i.e. the spread of MS+128bp (vs. initial guidance at MS+140bps). With 2025 financing needs estimated slightly below the 7% of GDP mark, this issuance puts Slovenia in a comfortable financing position early on, securing more than 20% of the 2025 funding needs. Hungary sold a €1.5 billion euro-denominated note due in 2034 at 205 basis points above midswaps, tighter than the initial price talk around 240. It also issued a 15-year green note priced at midswaps plus 235 basis points. As for other news, in Poland, the MPC member Kotecki expects the inflation rate to peak close to 5% in February 2025 and sees the space to begin talks about monetary easing in March. CEE currencies have weakened slightly against the euro since the beginning of the week.

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## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
08. Jan	08:00	RO	Unemployment Rate	Nov			5.40%
09. Jan	08:00	RO	PPI (y/y)	Nov			-3.27%
	08:30	HU	Industrial Production (y/y)	Nov		-1.30%	-3.10%
	08:30	HU	Retail Sales (y/y)	Nov		4.10%	3.60%
	09:00	CZ	Industrial Production (y/y)	Nov		-0.40%	-2.10%
	09:00	SK	Industrial Production (y/y)	Nov		2.30%	1.90%
	09:00	SK	Retail Sales (y/y)	Nov		2.00%	0.05
	09:00	SK	Trade Balance	Nov		-120.00	391.70

## FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.10	-0.1	-0.3
EUR/HUF	415.22	-0.2	1.0
EUR/PLN	4.26	0.1	-0.4
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.91	0.0	0.1
EUR/USD	1.03	-0.5	-0.1

## 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.92	0	0
HUF	6.50	0	0
PLN	5.84	2	-1
RON	5.92	0	1
RSD	4.70	0	0
EUR	2.79	3	7

## 10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.14	0	0
HU 10Y	6.77	3	21
PL 10Y	5.96	13	9
RO 10Y	7.29	-5	-7
HR 10Y	3.01	6	7
SK 10Y	3.32	2	12

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