

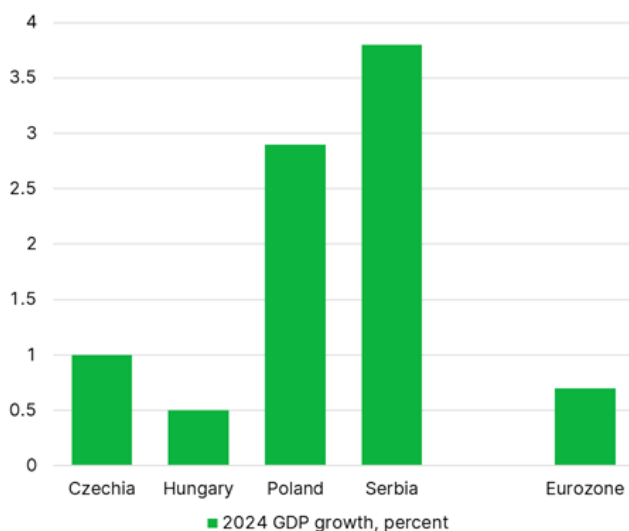
CEE MACRO AND FI DAILY

Poland's and Serbia's economies visibly outperformed last year

On the Radar

- Fitch affirmed Serbia's BB+ with positive outlook.
- January's S&P PMI index in Romania eased to 46.1, in Poland increased marginally to 48.8, and in Czechia it will be released at 9.30 AM CET.
- Trade balance in Hungary for December was EUR 387 million.
- At 11 AM CET, Croatia will release the flash estimate of January's inflation.

2024 GDP growth, percent

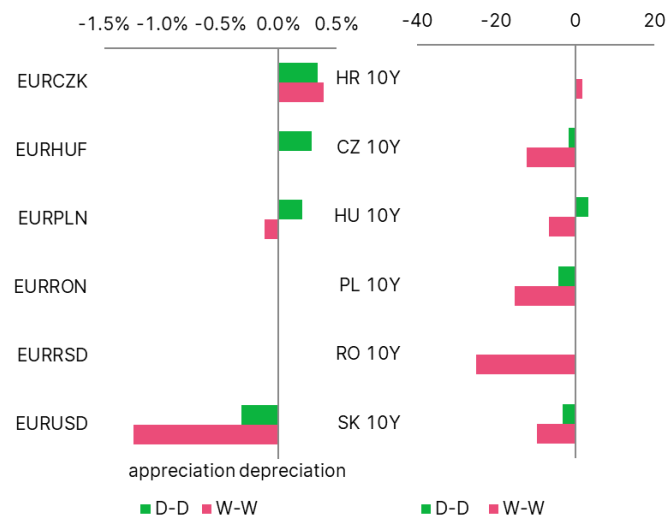


Source: Erste Group Research

Economic developments

Several CEE countries had flash estimates of 4Q24 GDP data published at the end of the last week. The most dynamic economic development last year was recorder in Serbia and in Poland (3.8% and 2.9%, respectively). Czechia grew by 1.0% while Hungary expanded by 0.5% in 2024. In Serbia, GDP growth has been domestically driven, with robust labor market and real wage gains (around 9% y/y in 2024) supporting household consumption. Meanwhile solid public investment partly reflects preparations for the Expo 2027. Poland's GDP growth for 2024 is expected to be among the highest in the European Union, even amid challenging external conditions and a tendency among Polish households to save a bit more instead of spending. Although Hungarian economy emerged from technical recession at the end of the year, the economic development was likely the weakest in the region in 2024. Czechia experienced gradual recovery and relatively solid performance given the weakness of external environment. We expect Czechia and Hungary to accelerate toward 2% in 2025 while Poland and Serbia should sustain dynamic development. GDP growth should be driven by domestic demand to a great extent (acceleration of investment growth). On the external side, pressures observed in 2024 will likely continue in the mid-term as external demand from Eurozone countries has been weak.

Market performance



Source: Erste Group Research

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Market developments

Fitch affirmed Serbia's rating at BB+ with positive outlook. While economic development has been robust and would support rating upgrade, the recent political turmoil supported postponement of the upgrade. The FX market has been quite stable over the last week. The CEE currencies have held strong against the euro. The EURHUF went down to 408 and the EURPLN was shortly at 4.20. The EURCZK, on the other hand, went in the opposite direction and moved up to 25.13. CEE government bonds rallied last week, supported by falling bond yields on major markets. ROMGBs performed exceptionally well, with 10-year yields dropping nearly 50 basis points w/w from their previously elevated levels. Romania published the 2025 budget plan targeting 7% budget deficit.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
03. Feb	08:30	HU	Trade Balance	Dec P			819.00
	11:00	HR	CPI (y/y)	Jan P			3.40%
	11:00	HR	CPI (m/m)	Jan P			0.10%
04. Feb	08:00	RO	PPI (y/y)	Dec			-0.37%
	10:30	SI	Trade Balance	Dec			-0.29

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.18	0.3	0.4
EUR/HUF	407.61	0.3	0.0
EUR/PLN	4.21	0.2	-0.1
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.95	0.0	0.0
EUR/USD	1.04	-0.3	-1.2

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.83	0	-2
HUF	6.50	0	0
PLN	5.86	0	-2
RON	5.94	-1	-2
RSD	4.70	0	0
EUR	2.59	-2	-5

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.93	-2	-12
HU 10Y	6.58	3	-7
PL 10Y	5.77	-4	-15
RO 10Y	7.64	0	-25
HR 10Y	3.12	0	2
SK 10Y	3.18	-3	-10

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