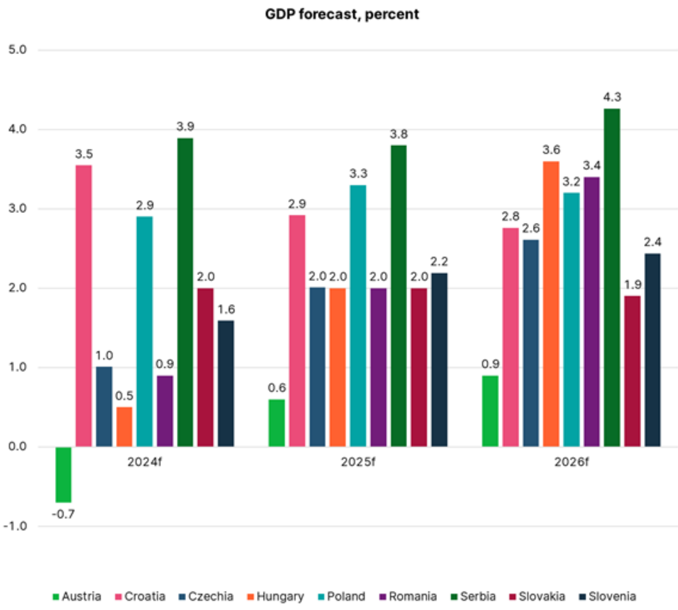
CEE MACRO AND FI DAILY

2025 growth forecast revised downwards

On the Radar

- Serbia will release January's inflation at noon CET as well.
- Slovakia and Serbia will publish current account data during the day.
- Otherwise there are no other releases scheduled.

GDP growth forecast, percent

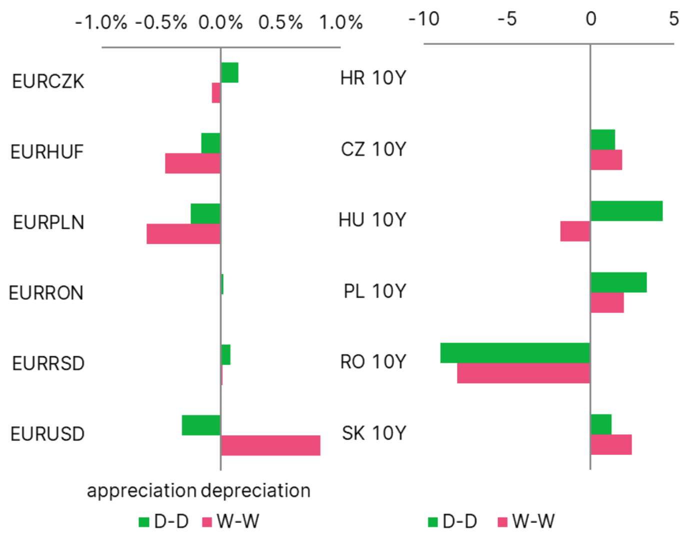


Source: Erste Group Research

Economic developments

In response to recent releases of 4Q24 flash estimates and data for economic performance in the whole 2024, we published CEE Growth Navigator when we discuss forecasts revisions for 2025. In general, we expect 2025 GDP growth to accelerate in all CEE countries except for Croatia and Slovakia. Unfortunately, the recovery is not going to be as strong as we expected at the end of 2024 as we revised the full-year growth forecast downwards in several CEE countries. While in Romania and Serbia 2025 GDP revisions were more substantial (to 2% of GDP, from 2.8%, and to 3.8% of GDP, from 4.5%, respectively), in Czechia and Slovenia, adjustments were more marginal. Regarding inflation and interest rate outlook, we revised our 2025 inflation forecast upward in part of the region and ultimately see less space for monetary easing throughout 2025. In most of the countries, it is likely to come later than we initially expected (Poland and Serbia) or rate cuts will less extensive (Hungary).

Market performance



Source: Erste Group Research

Market developments

The US and Russia held negotiations in Saudi Arabia’s capital, Riyadh, on Tuesday with a pledge to appoint high-level teams to work “on a path to ending the conflict in Ukraine as soon as possible in a way that is enduring, sustainable, and acceptable to all sides,” according to a US State Department readout. Global factors, as the one mentioned above, support the CEE currencies in our view. EURHUF is at 400 while EURPLN touched 4.15. Stocks went up in Warsaw and Budapest. Further, Polish central banker Kotecki sees the room to cut interest rates by at least 50 basis points and suggests third quarter as most likely timing for monetary easing. Hungary, in order to put an end to its excessive deficit situation by next year, government should follow the mid-term fiscal plan that was proposed and approved by EU.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
19. Feb		**RS**	Current Account Balance (monthly)	Dec			-481.30
	10:30	**SK**	Current Account Balance (monthly)	Dec			-339.42
	12:00	**RS**	CPI (y/y)	Jan			4.3%
	12:00	**RS**	CPI (m/m)	Jan			0.1%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.05	0.1	-0.1
EUR/HUF	400.95	-0.2	-0.5
EUR/PLN	4.14	-0.3	-0.6
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.98	0.1	0.0
EUR/USD	1.04	-0.3	0.8

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.74	0	0
HUF	6.51	0	0
PLN	5.87	0	1
RON	5.93	0	0
RSD	4.72	2	2
EUR	2.52	1	-2

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.96	1	2
HU 10Y	6.61	4	-2
PL 10Y	5.85	3	2
RO 10Y	7.41	-9	-8
HR 10Y	3.09	0	0
SK 10Y	3.10	1	2

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