

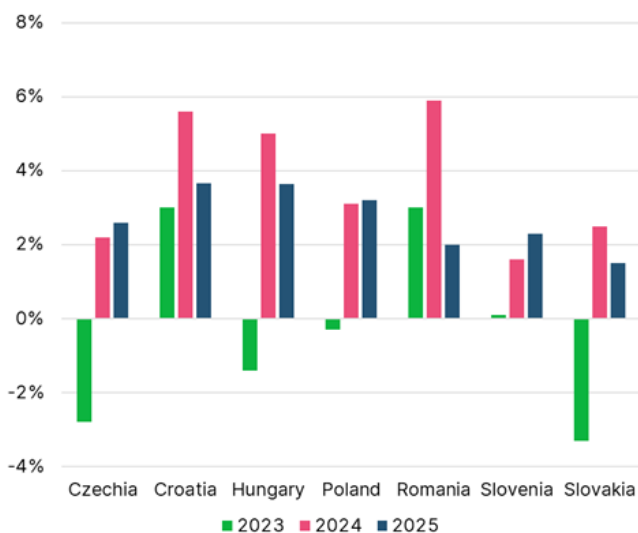
CEE MACRO AND FI DAILY

Private consumption pushed growth in 2024

On the Radar

- February's inflation rate in Hungary arrived at 5.6% y/y and 0.8% m/m.
- Final inflation in Czechia was confirmed at 2.7% y/y.
- At 11 AM CET Croatia will publish January's trade data and February's producer prices
- There are no other releases scheduled.

Household consumption growth

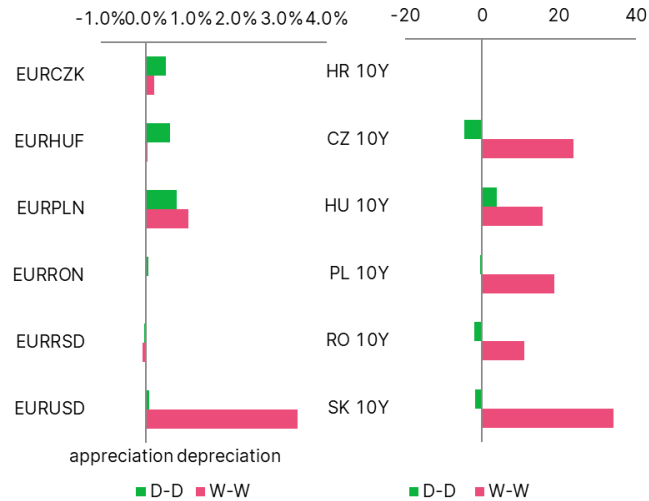


Source: Erste Group Research

Economic developments

Today, we evaluate household consumption throughout the entirety of last year. In 2024, our growth narrative predominantly centered on consumption, which proved to be accurate. According to Eurostat, household consumption experienced the highest growth in Romania (5.9%), Croatia (5.6%), and Hungary (5%). However, despite robust household spending, overall GDP growth in Hungary and Romania fell short of expectations due to other GDP components outweighing the gains. In other CEE countries, private consumption grew at a slightly slower pace, with Slovenia reporting the smallest increase at 1.6%. The outlook for the coming year remains relatively positive. In Poland, Czechia, and Slovenia, private consumption is expected to grow at a slightly faster rate than in 2024. On the other hand, expenditure growth is projected to moderate most rapidly in Romania, influenced by the base effect, frozen pensions and wages in the public sector, and fiscal consolidation. A decline in growth rates is also expected in Croatia, Hungary, and Slovakia, due to various factors that will be detailed in the upcoming Macro Outlooks.

Market performance



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Market developments

Today, Polish central bank begins the rate setting meeting and it will announce interest rate decision on Wednesday. At the meeting, the MPC members will get to know the new inflation and growth projections. It will be thus interesting to hear the rhetoric of the Monetary Policy Council regarding monetary easing in Poland. In Romania, Georgescu said he will challenge his election ban at Constitutional Court. Since the Electoral Bureau cited the Constitutional Court decision to cancel the previous presidential elections as the reason to bar Georgescu candidacy, it is very unlikely that the Constitutional Court will allow Georgescu to run. There has been a change of heart in the FX and bond market. The CEE currencies began the week weaker against the euro. EURHUF touched 400 and EURPLN moved up to 4.19. The long-term yields declined on Monday.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
11. Mar	08:30	HU	CPI (y/y)	Feb	0.05	5.2%	5.5%
	08:30	HU	CPI (m/m)	Feb	0.01	0.5%	1.5%
	09:00	CZ	CPI (y/y)	Feb F	0.03		2.7%
	09:00	CZ	CPI (m/m)	Feb F	0.00		0.2%
	09:00	SK	Trade Balance	Jan		590.00	-700.60
	11:00	HR	PPI (y/y)	Feb			0.3%
12. Mar		PL	Central Bank Rate	Mrz 25	0.06	5.8%	5.8%
	08:00	RO	Trade Balance	Jan			-3335.70
	09:00	CZ	Industrial Production (y/y)	Jan		-4.1%	-3.0%
	12:00	RS	CPI (y/y)	Feb			4.6%
	12:00	RS	CPI (m/m)	Feb			0.6%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.02	0.4	0.2
EUR/HUF	399.81	0.5	0.0
EUR/PLN	4.19	0.7	0.9
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.88	0.0	-0.1
EUR/USD	1.08	0.1	3.3

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.72	0	-1
HUF	6.50	0	0
PLN	5.85	0	-1
RON	5.92	-1	-1
RSD	4.70	0	0
EUR	2.55	2	8

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.29	-5	24
HU 10Y	6.74	4	16
PL 10Y	5.93	-1	19
RO 10Y	7.44	-2	11
HR 10Y	3.09	0	0
SK 10Y	3.66	-2	34

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