

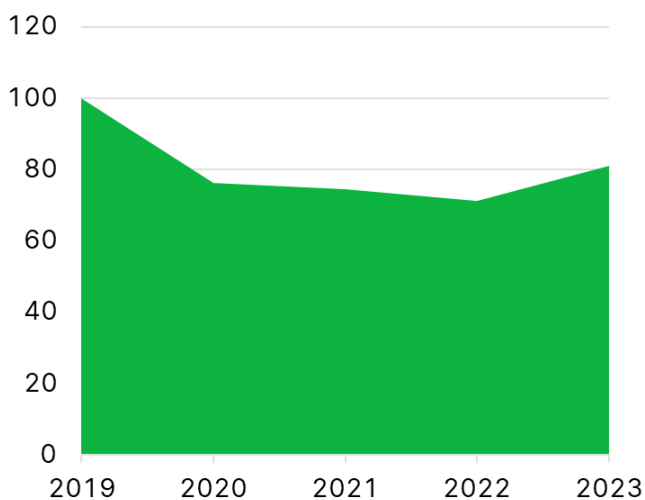
CEE MACRO AND FI DAILY

Car sales rebound in January, still below pre-pandemic levels

On the Radar

- Inflation rate in Serbia dropped to 6.4% y/y in January, more than expected.
- Today at 10 AM CET Poland will release set of data on industry, producer prices, wage and employment growth in January.
- At 10.30 AM CET Slovakia is scheduled to release current account data for December.
- AT 11 AM CET Croatia will publish unemployment rate in January and real wage growth in December.

EU car registrations, Index 2019=100

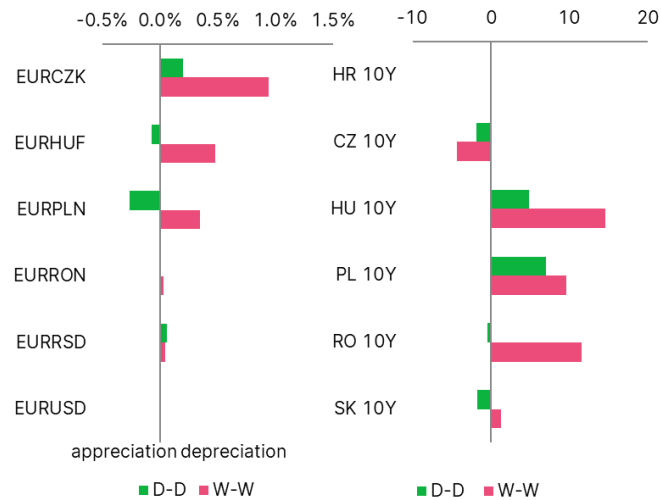


Source: Erste Group Research

Economic developments

In January 2024, the EU new car market rebounded from the slowdown experienced in December 2023, with car registrations increasing by 12.1% y/y according to the ACEA. As far as region is concerned, all CEE countries apart from Hungary and Slovenia experienced growth in the new car registrations making the beginning of the year quite promising. In January, battery electric cars increased the market share to 10.9%, while hybrid-electric cars accounted for nearly 30%, solidifying their position as the second most preferred choice among EU car buyers. Looking at the bigger picture, car registrations in the European Union remained below the pre-pandemic level in 2023. Although the recovery was noted over last year (EU car registrations grew by roughly 14%), 10.5 million cars registered in 2023 falls short of about 13 million cars registered in 2019. For the level to come back to what we saw before the pandemic outbreak, the EU car registrations would need to grow by almost 25% in 2024.

Market performance



Source: Erste Group Research

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Market developments

While the Hungarian forint and the Polish zloty have strengthened against the euro on Monday, the Czech koruna moved in the opposite direction. On the bond market, long-term yields inched up. Romania held a bond auction on Monday and faced weaker demand selling less than planned. Slovakia, on the other hand, met with strong investors' appetite to hold its debt with bid-to-cover ratio ranging from 1.5 for bonds maturing in 2023 to as much as 2.9 for bonds maturing in 2047. Further, Czechia plans to reduce the bond supply in March as falling inflation drives expectations for monetary easing and lower yields. Zamrazilova, the Czech central banker, underlined on Monday that the pace of monetary easing will depend on the Czech koruna development that has been weakening against the euro lately.

Upcoming releases in CEE

| Date | Time | Country | Indicator | Period | Survey | Erste Est. | Prev. |
|---------|-------|---------|-----------------------------------|--------|--------|------------|---------|
| 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% |
| 21. Feb | 10:00 | PL | Retail Sales (y/y) | Jan | 2.80% | | 0.50% |

FX Market

| | Last | Change (%) | |
|---------|--------|------------|-----|
| | | d/d | w/w |
| EUR/CZK | 25.46 | 0.2 | 0.9 |
| EUR/HUF | 388.36 | -0.1 | 0.5 |
| EUR/PLN | 4.32 | -0.3 | 0.3 |
| EUR/RON | 4.97 | 0.0 | 0.0 |
| EUR/RSD | 117.03 | 0.1 | 0.0 |
| EUR/USD | 1.08 | 0.0 | 0.0 |

3M Market

| | Last | Change (bps) | |
|-----|------|--------------|-----|
| | | d-d | w-w |
| CZK | 6.09 | -1 | -8 |
| HUF | 8.90 | -3 | -14 |
| PLN | 5.88 | 2 | 2 |
| RON | 6.09 | 0 | 0 |
| RSD | 5.70 | 0 | 0 |
| EUR | 3.93 | 0 | 2 |

10Y Yields

| | Last | Change (bps) | |
|--------|------|--------------|-----|
| | | d-d | w-w |
| CZ 10Y | 3.64 | -2 | -4 |
| HU 10Y | 6.25 | 5 | 15 |
| PL 10Y | 5.50 | 7 | 10 |
| RO 10Y | 6.54 | 0 | 12 |
| HR 10Y | 3.24 | 0 | 0 |
| SK 10Y | 3.52 | -2 | 1 |

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