

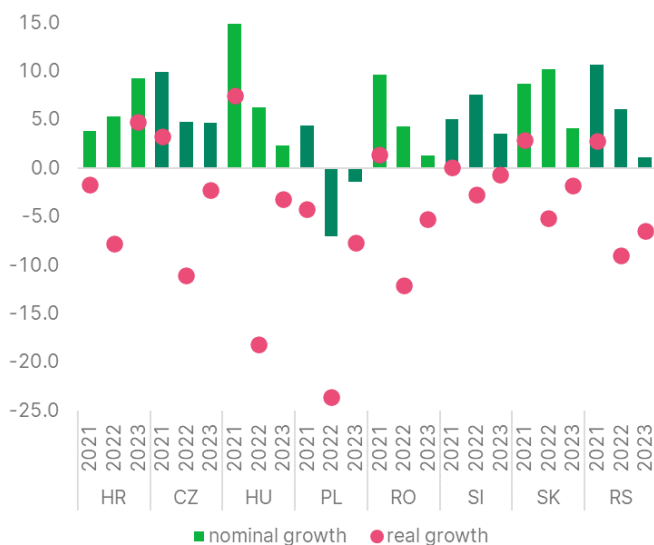
CEE MACRO AND FI DAILY

# Real loan growth declines for the second year in a row

## On the Radar

- Unemployment rate in Slovenia landed at 3.4% in 4Q23 as opposed to 3.9% previously.
- In Serbia, the PPI index arrived at -0.4% y/y in January, down from 1.1% y/y in December. Real wage growth in December reached 5.4% y/y.
- Today, at 11 AM CE, Croatia will publish 4Q23 GDP data together with the structure of the growth.
- Later today, Hungarian central bank will hold a rate setting meeting and further monetary easing is broadly expected.

## Retail loan growth, % y/y

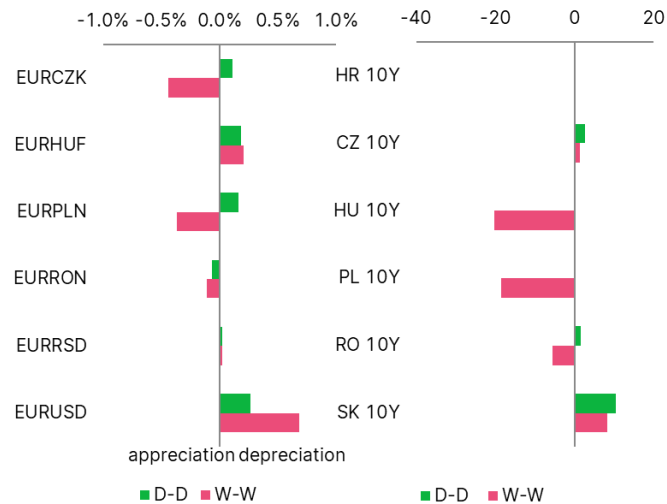


## Economic developments

The deceleration of retail loan growth continued in 2023 in CEE, with nominal growth ranging between 1.1% and 4.7% in December 2023 when two outliers were excluded. In Poland, retail loans were contracting for the second year in a row, and Croatia was the only CEE country enjoying an acceleration of loan growth in its first year with the euro. However, the picture changes when looking at loan growth in CEE in real terms. When adjusted for inflation, retail loan growth was negative for the second year, with the deepest contraction taking place in 2022 (ranging between -3% and -24%). With the sharp disinflation in 2023, the contraction of retail loan growth was much milder. In Croatia, real loan growth turned positive. Going forward, an acceleration of real wage growth in conjunction with expected monetary easing should be supportive of a rebound in loan growth, both in real and nominal terms, this year.

Source: Erste Group Research

## Market performance



Source: Erste Group Research

## Market developments

Today, Hungarian central bank holds a rate setting meeting and 75 or 100 basis points cut is broadly expected. January's inflation at 3.9% (within the tolerance band) supports bigger monetary easing, though the EURHUF development may also play role in the interest rate decision. At the previous meeting unexpected volatility and higher EURHUF levels held off the bigger interest rate cut. Polish MPC member Kotecki indicated that the space for monetary easing will appear only when core inflation falls toward 2.5% permanently. In our view, such a development is highly unlikely in 2024. The FX and the bond markets were mostly stable throughout Monday. Romania sold RON 580 million of 10Y bonds (more than plan of RON 400 million) as demand was solid. Treasury bonds were priced to yield 6.53%. Slovakia plans to launch new 10Y bond. As for other news, Hungarian parliament elected Tamas Sulyok (chief of the constitutional court) to be the next president. Hungary also ratified Sweden's accession to NATO on Monday.

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## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
27. Feb	11:00	HR	GDP (y/y)	4Q			2.75%
	14:00	HU	Central Bank Rate	Feb 24	9.08%	9.25%	10.00%
28. Feb	09:00	CZ	PPI (y/y)	Jan		-2.00%	1.40%
	09:00	SK	PPI (y/y)	Jan		6.00%	9.60%
	10:30	SI	Retail Sales (y/y)	Jan			-0.15

## FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.35	0.1	-0.4
EUR/HUF	389.17	0.2	0.2
EUR/PLN	4.31	0.2	-0.4
EUR/RON	4.97	-0.1	-0.1
EUR/RSD	117.06	0.0	0.0
EUR/USD	1.08	0.3	0.7

## 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	6.01	-2	-8
HUF	8.64	-9	-26
PLN	5.85	0	-3
RON	6.08	0	-1
RSD	5.70	0	0
EUR	3.95	2	2

## 10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.65	3	1
HU 10Y	6.05	0	-20
PL 10Y	5.32	0	-18
RO 10Y	6.48	2	-5
HR 10Y	3.24	0	0
SK 10Y	3.61	10	8

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