

CEE MARKET INSIGHTS

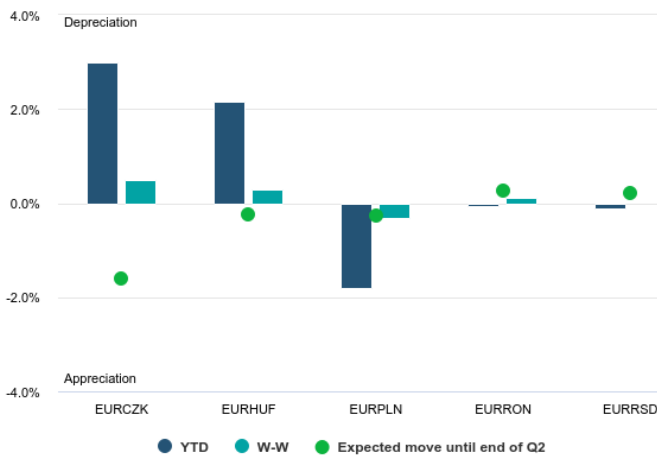
Parliamentary elections in Croatia

This week in CEE

Final inflation footprints will be released in Slovakia, Poland and Croatia. In all three countries, we have already seen flash estimates of local offices or HICP. In terms of price development, Czechia and Slovenia will publish producer prices for March. Other than that, we will see current account development for February in Slovakia and Serbia, the unemployment rate in Slovakia and Croatia for March and wage growth in February in Croatia. While the economic calendar is relatively empty, Croatia will be casting votes on Wednesday, as parliamentary elections are scheduled for Wednesday, April 17.

Monday	Tuesday	Wednesday	Thursday	Friday
SK PL: Inflation	HR: Inflation	CZ: Producer prices	SK RS: Current account	SK HR: Unemployment
				SI: Producer prices
				HR: Wages
SK: 2026 2028 2034 2047 Bonds	HU: Bills	PL: Bonds	RO: 2030 Bonds	
RO: 2028 Bonds			CZ: Bills	

FX market

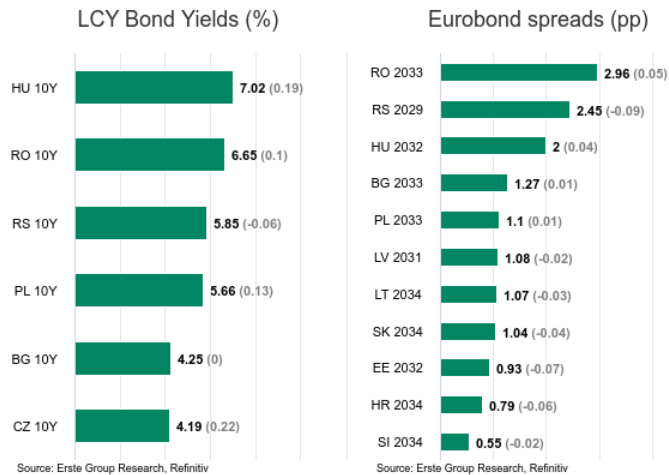


Source: Bloomberg, Erste Group Research

FX market developments

The EURPLN moved down throughout the week, while the Czech koruna and Hungarian forint remained weak against the euro last week. The Polish Prime Minister commented on the recent strengthening of the Polish zloty by saying that it is worth having a balanced exchange rate. He also sees the recent FX market development as a sign of investor confidence in his cabinet. As for monetary policy comments in Poland, MPC Dabrowski said that stability of rates is the most likely scenario in 2024, while MPC member Wnorowski would imagine a situation in which throughout the year arguments for monetary easing appear and some decisions are even made. Serbia's central bank kept the key rate unchanged at 6.5%. We still see the NBS waiting for the ECB and Fed to move first, before cutting its rates, likely starting in July. Overall, we forecast the NBS to ease by a total of 125bp by year-end, absent any new inflation shocks. Last but not least, the ECB essentially met the market's expectations, as the key interest rates were left unchanged and the statements continued to prepare the markets for a rate cut in June.

LCY yields, Eurobond spreads



Source: Bloomberg, Erste Group Research

Bond market developments

10Y LCY government bond yields were up 15-20bp last week in CEE, topping 4% and 7% in Czechia and Hungary, respectively. We saw some correction of this upward move on HGBs at the end of last week, as inflation declined further and the government announced that it will take further measures to curb the deficit. In Czechia, although inflation remained at the target, it surprised on the upside, with prices of services bringing particular concerns regarding underlining inflation pressures. Next week, Slovakia will reopen several bond issues in its regular monthly auction, intending to borrow about EUR 500mn. Romania will reopen ROMGBs 2028 and 2030, Poland will offer a series of bonds, while Hungary and Czechia will sell T-bonds.

In case you missed

CEE Bond Report: [Less aggressive monetary easing to come](#)

Czechia: [Prices of services continue to rise](#)

Czechia: [Industrial output positively surprised](#)

Hungary: [Inflation slowed to 3.6% y/y in March](#)

Romania: [Industrial Production Beats Expectations](#)

Romania: [March CPI paves the way for May rate cut](#)

Romania: S&P affirmed Romania's outlook at BBB- with stable outlook.

Serbia: [Key rate unchanged for ninth consecutive month](#)

Slovenia: Fitch affirmed Slovenia's rating at A with stable outlook.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.	Pre Comment
15. Apr	9:00	SK	CPI (y/y)	Mar		2.20%	3.40%	A significant slowdown is expected (from 3.4% in February) due to lower growth of food prices.
	9:00	SK	CPI (m/m)	Mar		0.00%	0.50%	
	10:00	PL	CPI (y/y)	Mar F			1.90%	
	10:00	PL	CPI (m/m)	Mar F			0.20%	
16. Apr	11:00	HR	CPI (y/y)	Mar F			4.10%	
	11:00	HR	CPI (m/m)	Mar F			0.90%	
17. Apr	9:00	CZ	PPI (y/y)	Mar	0.25%	0.90%	-0.90%	Oil prices are the key factor behind the inflation of producer prices.
18. Apr		RS	Current Account Balance (monthly)	Feb			124.90	
	10:30	SK	Current Account Balance (monthly)	Feb			-134.00	
19. Apr	9:00	SK	Unemployment Rate	Mar		5.10%	5.13%	Stagnation compared to the previous month is forecasted
	10:30	SI	PPI (y/y)	Mar			-3.50%	
	11:00	HR	Unemployment Rate	Mar			6.70%	
	11:00	HR	Wages (y/y)	Feb			8.60%	

Source: Erste Group Research

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Note: Past performance is not necessarily indicative of future results

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Forecasts

LCY Government bond yields					
	Friday's close	2024Q2	2024Q3	2024Q4	2025Q1
Czechia 10Y	4.19	3.85	3.67	3.50	3.36
Hungary 10Y	7.02	6.34	6.23	6.14	6.05
Poland 10Y	5.66	5.20	5.10	4.80	4.70
Romania 10Y	6.65	6.70	6.60	6.50	5.90
Serbia 10Y	5.85	5.90	5.70	5.60	5.50

Spreads vs. German Bunds (bps)					
Croatia 10Y	79.00	100.00	100.00	100.00	100.00
Slovakia 10Y	104.00	130.00	130.00	130.00	130.00
Slovenia 10Y	55.00	80.00	80.00	80.00	80.00
DE10Y yields	2.46	2.30	2.30	2.30	2.30

3M Money Market Rate					
	Friday's close	2024Q2	2024Q3	2024Q4	2025Q1
Czechia	5.55	4.94	4.44	3.95	3.85
Hungary	7.71	6.60	6.60	6.60	6.35
Poland	5.87	5.65	5.50	5.30	5.15
Romania	6.05	5.97	5.47	4.97	5.42
Serbia	5.69	5.65	5.00	4.56	4.15
Eurozone	3.91	3.79	3.40	2.92	2.45

Real GDP growth (%)				
	2022	2023e	2024f	2025f
Croatia	6.3	2.8	3.1	2.6
Czechia	2.4	-0.2	1.2	3.2
Hungary	4.6	-0.9	2.0	3.4
Poland	4.9	0.2	2.8	3.5
Romania	4.1	2.1	2.6	3.9
Serbia	2.5	2.5	3.3	3.5
Slovakia	1.8	1.1	2.0	2.7
Slovenia	2.5	1.6	2.3	2.5
CEE8 avg	4.0	0.6	2.4	3.4

Public debt (% of GDP)				
	2022	2023e	2024f	2025f
Croatia	68.2	63.5	61.5	59.9
Czechia	44.2	44.0	45.0	45.5
Hungary	74.1	73.5	73.2	72.2
Poland	49.1	49.6	53.0	55.0
Romania	47.5	48.9	49.6	49.6
Serbia	55.2	52.5	51.1	50.9
Slovakia	57.8	58.2	60.3	61.6
Slovenia	72.3	69.2	68.4	67.3
CEE8 avg	52.9	52.9	54.5	55.2

FX					
	Friday's close	2024Q2	2024Q3	2024Q4	2025Q1
EURCZK	25.40	25.00	24.80	24.65	24.50
EURHUF	390.94	390.00	390.00	390.00	390.00
EURPLN	4.26	4.25	4.25	4.20	4.25
EURRON	4.97	4.98	5.02	5.05	5.07
EURRSD	116.96	117.20	117.20	117.30	117.30
EURUSD	1.07	1.08	1.10	1.12	1.12

Key Interest Rate (deposit facility in Eurozone)					
	Friday's close	2024Q2	2024Q3	2024Q4	2025Q1
Czechia	5.75	5.00	4.50	4.00	3.75
Hungary	8.25	6.50	6.50	6.50	6.25
Poland	5.75	5.75	5.75	5.50	5.00
Romania	7.00	6.75	6.25	5.75	5.50
Serbia	6.50	6.50	5.75	5.25	4.75
Eurozone	4.50	3.75	3.50	3.00	2.50

Average inflation (%)				
	2022	2023e	2024f	2025f
Croatia	10.8	8.1	3.1	2.7
Czechia	15.1	10.7	2.4	2.2
Hungary	14.5	17.6	4.7	4.0
Poland	14.3	11.6	4.5	4.0
Romania	13.7	10.5	5.9	3.7
Serbia	11.9	12.5	4.3	2.9
Slovakia	12.8	10.5	3.0	3.0
Slovenia	8.8	7.4	2.7	2.5
CEE8 avg	13.8	11.6	4.2	3.5

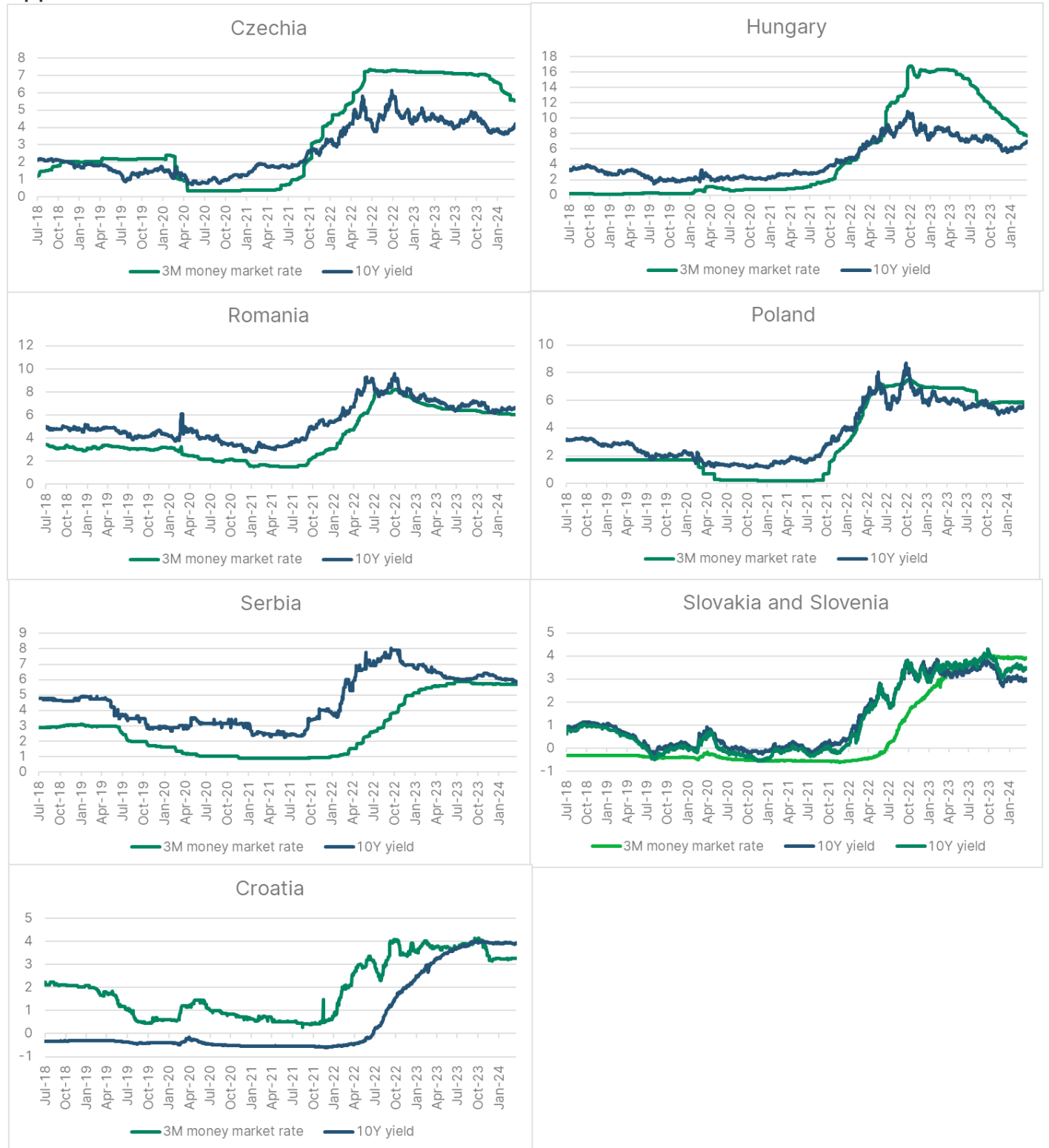
C/A (%GDP)				
	2022	2023e	2024f	2025f
Croatia	-2.8	1.1	0.6	0.1
Czechia	-6.1	1.2	0.5	0.9
Hungary	-8.3	0.2	0.4	0.7
Poland	-3.3	1.6	0.0	-1.0
Romania	-9.2	-7.0	-6.9	-6.8
Serbia	-6.9	-2.6	-3.9	-4.8
Slovakia	-7.4	-1.0	-1.3	-0.4
Slovenia	-1.0	4.4	2.9	2.6
CEE8 avg	-5.6	-0.3	-1.2	-1.5

Unemployment (%)				
	2022	2023e	2024f	2025f
Croatia	7.0	6.3	6.0	5.7
Czechia	2.2	2.6	3.3	3.9
Hungary	3.6	4.1	3.9	3.6
Poland	5.1	5.2	5.0	5.0
Romania	5.6	5.6	5.6	5.6
Serbia	9.4	9.5	8.8	8.6
Slovakia	6.1	5.8	5.7	5.7
Slovenia	4.0	3.8	3.7	3.6
CEE8 avg	4.8	4.9	4.9	5.0

Budget Balance (%GDP)				
	2022	2023e	2024f	2025f
Croatia	0.1	-0.5	-1.7	-1.5
Czechia	-3.2	-3.3	-2.8	-2.4
Hungary	-6.2	-6.7	-5.2	-4.2
Poland	-3.4	-5.1	-5.5	-4.0
Romania	-6.2	-6.0	-5.7	-4.5
Serbia	-3.1	-2.2	-2.5	-2.3
Slovakia	-2.0	-6.2	-6.0	-5.0
Slovenia	-3.0	-2.5	-3.0	-2.5
CEE8 avg	-3.9	-4.8	-4.8	-3.7

Source: Bloomberg, Erste Group Research

Appendix



Source: Bloomberg, Erste Group Research

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