

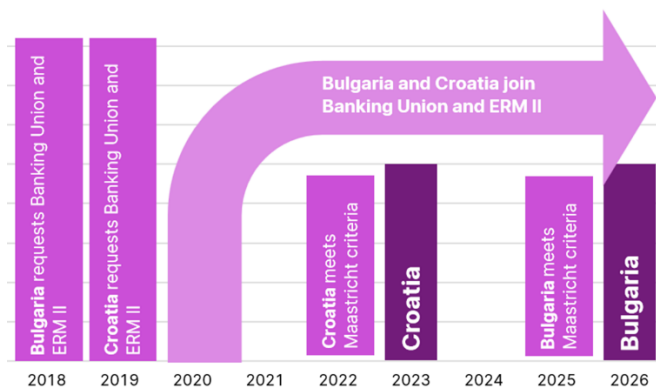
CEE MACRO AND FI DAILY

Are CEE countries ready and eager to adopt euro?

On the Radar

- Unemployment rate in Slovakia went up more visibly to 5.3% in December.
- Today, Poland will publish industrial output growth in December, producer prices as well as labor market data (wage growth and employment).
- At 10.30 AM CET Slovenia will release real wage growth in November.

Timeline of Bulgaria and Croatia

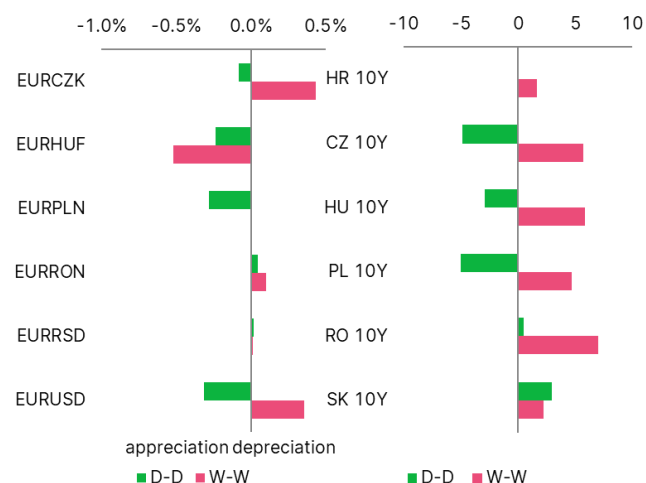


Source: Erste Group Research

Economic developments

Eurozone enlargement was most dynamic prior to 2015. It was not only smaller and less-developed countries deciding to join the Eurozone back then, as Cyprus, Slovenia and Malta belonged among well-developed economies at the moment of entry. Bulgaria requested closer ties with the Banking Union and ERM II already in 2018, one year prior to Croatia. Both countries joined the Banking Union and ERM II in 2020. Croatia joined the Eurozone in 2023, while Bulgaria waited another three years. Institutional and banking sector specific factors have therefore been de facto added to the assessment criteria (alongside Maastricht criteria that at the moment are met only by Czechia). Given Bulgaria's and Croatia's timelines, if any CEE country intends to join the Eurozone within the next decade, cooperation with the Banking Union should be requested anytime soon. As far as economic arguments are concerned, we see Czechia being the most ready and developed (see evaluation of other countries in latest [CEE Special Report | Are CEE countries ready and eager to adopt euro?](#)). As far as sentiment toward Eurozone membership is concerned, 70% of Hungarian and Romanian population is in favor of introducing euro and less than a half in Czechia and Poland. Inflation remains the biggest fear from joining the Eurozone. Roughly two thirds of Czechs and Poles expect price increases (Eurobarometer 2025). Czechs, Poles and Romanians are also concerned about abusive price setting during the changeover.

Market performance



Source: Erste Group Research

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Market developments

The meeting in Davos is taking place and, from the region, presidents and prime ministers are participating as well. The US President Trump announced he would refrain tariffs on European countries opposing his original plans regarding Greenland. The EURHUF and EURPLN moved slightly lower on Wednesday, while the Czech koruna remains weaker against the euro this week. The bond market in the region continues to show a mixed performance with long-term yields declining a bit in Croatia, Hungary and Slovakia this week. As for other news, Prime Minister Orban increases government subsidies and help shortly ahead of parliamentary elections (such as subsidies for energy bills, help to restaurants). Hungary holds a debt auction today.

Upcoming releases in CEE

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	24.31	-0.1	0.4
EUR/HUF	383.94	-0.2	-0.5
EUR/PLN	4.21	-0.3	0.0
EUR/RON	5.09	0.0	0.1
EUR/RSD	117.28	0.0	0.0
EUR/USD	1.17	-0.3	0.4

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.50	0	0
HUF	6.40	0	1
PLN	3.91	-3	-5
RON	5.91	-6	-12
RSD	4.68	0	0
EUR	2.03	1	2

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.44	-5	6
HU 10Y	6.73	-3	6
PL 10Y	5.10	-5	5
RO 10Y	6.73	0	7
HR 10Y	3.22	0	2
SK 10Y	3.41	3	2

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