

CEE MACRO AND FI DAILY

Consumer confidence in the EU still struggles below the long-term average

On the Radar

- In Poland, real retail sales arrived at 1.9% y/y in December, well below market expectations.
- Unemployment rate in Hungary dropped to 4.3% in December.
- At noon CET, Serbia will release real wage growth for November.

Consumer confidence, EU and Eurozone, points

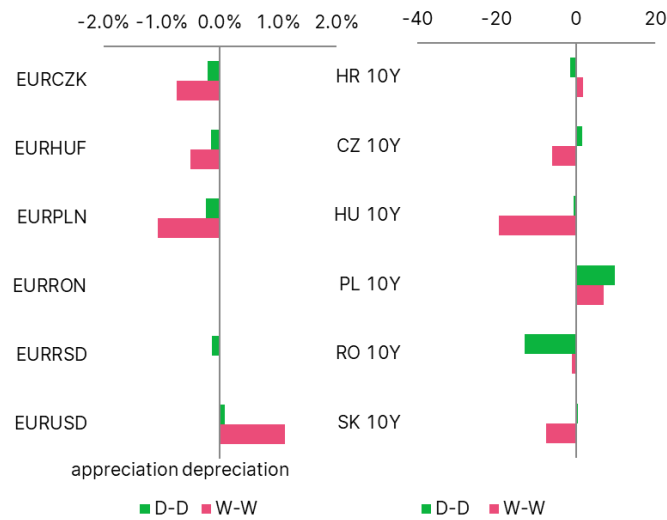


Source: Erste Group Research

Economic developments

In January 2025, the flash estimate of the consumer confidence indicator for the European Union remained stable compared to December 2024 at -13.3 points. In the Eurozone it edged up by 0.3 points to -14.2 (euro area) points. According to the statement, consumer confidence remained below its long-term average. Worryingly, consumer confidence has been declining for the last half year suggesting that private consumption may remain weak. Although for the CEE region the flash estimate of consumer confidence indicators is not released, we have seen similar trend in development over recent months. The confidence indicator has been weakening amid inflation increases toward the end of the year.

Market performance



Source: Erste Group Research

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Market developments

The CEE currencies have strengthened visibly throughout the week against the euro. EURCZK is at 25.09, EURHUF went below 410 and EURPLN is at 4.21, which is a five-year low. While global factors are definitely in play as all the currencies moved in the same direction, the Polish zloty may be additionally supported by the hawkish stance of central bank and high interest rate differential. Long-term yields have been lower this week across the region.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
24. Jan	08:30	HU	Unemployment Rate	Dec			4.70%
	12:00	RS	Wages (y/y)	Nov			8.80%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.07	-0.2	-0.7
EUR/HUF	409.92	-0.2	-0.5
EUR/PLN	4.21	-0.2	-1.1
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.95	-0.1	0.0
EUR/USD	1.04	0.1	1.1

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.86	-1	-2
HUF	6.50	0	0
PLN	5.86	0	2
RON	5.96	2	3
RSD	4.70	0	0
EUR	2.67	0	-7

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.05	2	-6
HU 10Y	6.70	-1	-19
PL 10Y	5.92	10	7
RO 10Y	7.90	-13	-1
HR 10Y	3.10	-1	2
SK 10Y	3.27	1	-8

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