

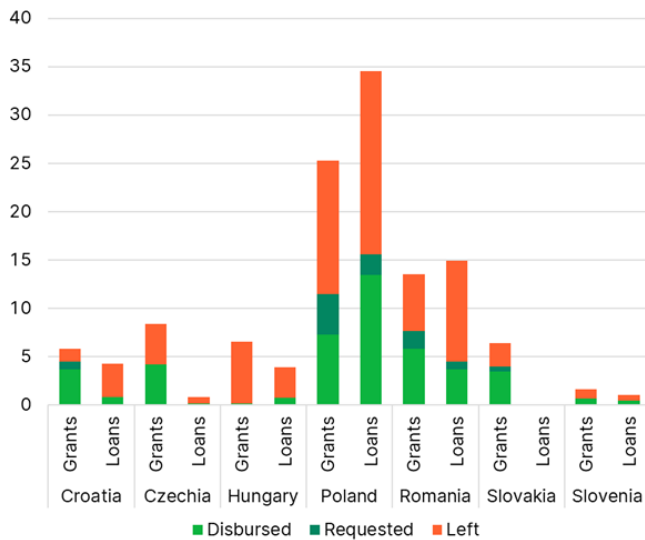
CEE MACRO AND FI DAILY

# Pot of RRF money for CEE is still high

## On the Radar

- Hungarian central bank left the key policy rate unchanged at 6.50%.
- Retail sales in Slovenia declined by -3.1% y/y in December.
- Today, there are no releases scheduled in the region.

### RRF Funds, EUR billion

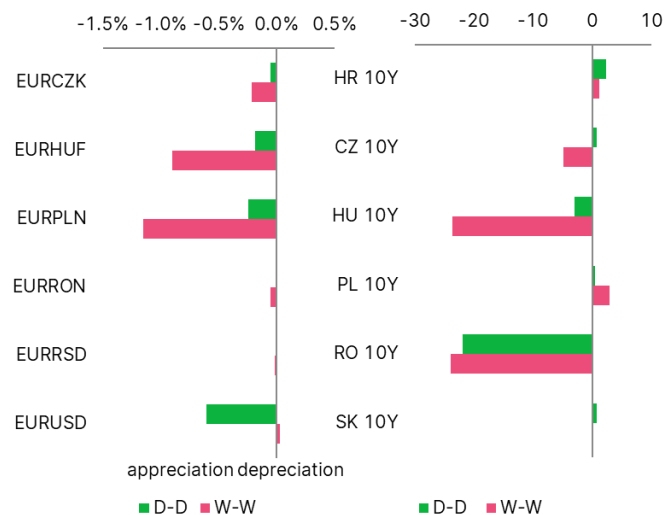


Source: Erste Group Research

### Economic developments

CEE countries have already received EUR 44 billion from the EU's Recovery and Resilience Facility (RRF) through grants and loans, including pre-financing payments. EUR 10 billion is awaiting disbursement, and another EUR 63 billion could still be requested if milestones are met before the end of 2026. So far, Croatia has been the most disciplined in meeting its milestones, securing disbursement of 64% of allocated grants, and has already submitted a request for the 6th payment. Slovakia follows with the disbursement of 54% of available grants and has submitted a request for the 5th payment. Unlike other CEE countries, Slovakia has not requested any loans in its Recovery and Resilience Plan. RRF loans have become a strong backbone of Poland's financing, with EUR 13.5 billion (39% of its envelope) already drawn and a request for another EUR 2.1 billion already submitted. Romania is still struggling to get the 3rd payment. Any material progress in meeting milestones and disbursement of these funds would definitely help Romania ease the pressure on financing costs. Hungary has not utilized the potential of the RRF grant and loan scheme as it has not met preconditions. Hungary has received only small volumes that were part of the pre-financing of the REPowerEU program and thus 90% of the envelope (equal to EUR 9.5bn) will be unused.

## Market performance



Source: Erste Group Research

## Market developments

Hungarian central bank kept the policy rate unchanged at 6.50%. In its communication, the monetary council preserved its cautious approach. More importantly, however, the forward guidance changed to a more hawkish direction. Instead of a “further pause in cutting interest rates,” the statement of the monetary council emphasized “the maintenance of tight monetary conditions.” Nevertheless, we would not rule out a chance for cautious rate reductions later in the year. The expected interest rate cuts of the ECB in the first half of the year may increase the room for maneuver later, and inflationary pressure should also slowly ease from the middle of the year. However, it would be important to have a more stable exchange rate and an improvement in risk perception before interest rate cuts are restated in Hungary. In Czechia, the governor Michl said that the 25 basis points interest rate cut is very likely at the upcoming Czech central bank meeting (due February 6). CEE currencies kept strengthening against the euro, while the long term yields have been lower ahead of the ECB meeting.

**Analyst:**

Katarzyna Rzentarzewska  
+43 5 0100 17356  
katarzyna.rzentarzewska@erstegroup.com

**Analyst:**

Juraj Kotian  
+43 (0)5 0100 17357  
juraj.kotian@erstegroup.com

## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.	
29. Jan			No releases scheduled					
30. Jan	08:00	RO	Unemployment Rate	Dec			5.30%	
	08:30	HU	Trade Balance	Nov F			742.00	
	08:30	HU	GDP (q/q)	4Q P	0.01	0.20%	-0.70%	
	08:30	HU	GDP (y/y)	4Q P	0.00	-0.10%	-0.80%	
	10:00	PL	GDP	2024			0.10%	
	11:00	HR	Industrial Production (y/y)	Dec		-2.00%	-6.60%	
	11:00	HR	Retail Sales (y/y)	Dec		5.00%	6.68%	

### FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.05	-0.1	-0.2
EUR/HUF	407.44	-0.2	-0.9
EUR/PLN	4.20	-0.2	-1.2
EUR/RON	4.97	0.0	-0.1
EUR/RSD	116.96	0.0	0.0
EUR/USD	1.04	-0.6	0.0

### 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.84	0	-3
HUF	6.50	0	0
PLN	5.86	-2	1
RON	5.95	0	1
RSD	4.70	0	0
EUR	2.62	-3	-7

### 10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.04	1	-5
HU 10Y	6.59	-3	-24
PL 10Y	5.92	0	3
RO 10Y	7.69	-22	-24
HR 10Y	3.12	2	1
SK 10Y	3.25	1	0

## Group Research

Head of Group Research Friedrich Mostböck, CEFA®, CESGA®	+43 (0)5 0100 11902	GM Retail Products & Business Development Head: Martin Langer	+43 (0)50100 11313
CEE Macro/Fixed Income Research Head: Juraj Kotian (Macro/Fl) Katarzyna Rzentarzewska (Fixed income) Jakub Cery (Fixed income)	+43 (0)5 0100 17357 +43 (0)5 0100 17356 +43 (0)5 0100 17384	Corporate Treasury Product Distribution AT Head: Martina Kranzl-Carvell	+43 (0)5 0100 84147
Croatia/Serbia Alen Kovac (Head) Mate Jelić Ivana Rogic	+385 72 37 1383 +385 72 37 1443 +385 72 37 2419	Group Securities Markets Head: Thomas Einramhof	+43 (0)50100 84432
Czech Republic David Navratil (Head) Jiri Polansky Michal Skorepa	+420 956 765 439 +420 956 765 192 +420 956 765 172	Institutional Distribution Core Head: Jürgen Niemeier	+49 (0)30 8105800 5503
Hungary Orsolya Nyeste János Nagy	+361 268 4428 +361 272 5115	Institutional Distribution DACH+ Head: Marc Friebertshäuser Bernad Bollhof Andreas Goll Mathias Gindele Ulrich Inhofner Sven Kienzle Rene Klases Christopher Lampe-Traupe Danijel Popovic Michael Schmotz Christoph Ungerböck Klaus Vosseler Slovakia Šarlota Šipulová Monika Smělíková	+49 (0)711 810400 5540 +49 (0)30 8105800 5525 +49 (0)711 810400 5561 +49 (0)711 810400 5562 +43 (0)5 0100 85544 +49 (0)711 810400 5541 +49 (0)30 8105800 5521 +49 (0)30 8105800 5523 +49 1704144713 +43 (0)5 0100 85542 +43 (0)5 0100 85558 +49 (0)711 810400 5560
Romania Ciprian Dascalu (Head) Eugen Sinca Vlad Nicolae Ionita	+40 3735 10108 +40 3735 10435 +40 7867 15618	Institutional Distribution CEE & Insti AM CZ Head: Antun Burić Jaromir Malak	+421 2 4862 4185 +421 902 213 591 +421 904 677 274  +385 (0)7237 2439 +43 (0)5 0100 84254
Slovakia Maria Valachyova (Head) Matej Hornak Marian Kocis	+421 2 4862 4185 +421 902 213 591 +421 904 677 274	Czech Republic Head: Ondrej Čech Milan Bartoš Jan Porvich Pavel Zličihynec	+420 2 2499 5577 +420 2 2499 5562 +420 2 2499 5566 +420 2 2499 5560
Major Markets & Credit Research Head: Gudrun Egger, CEFA® Ralf Burchert, CEFA®, CESGA® (Sub-Sovereigns & Agencies) Hans Engel (Global Equities) Peter Kaufmann, CFA® (Corporate Bonds) Heiko Langer (Financials & Covered Bonds) Stephan Lingnau (Global Equities) Maximilian Möstl (Credit Analyst Austria) Carmen Riefler-Kowarsch (Financials & Covered Bonds) Rainer Singer (Euro, US) Bernadett Povazsai-Römhild, CEFA®, CESGA® (Corporate Bonds) Elena Statelov, CIAA® (Corporate Bonds) Gerald Walek, CFA® (Euro, CHF)	+43 (0)5 0100 11909 +43 (0)5 0100 16314 +43 (0)5 0100 19835 +43 (0)5 0100 11813 +43 (0)5 0100 85509 +43 (0)5 0100 16574 +43 (0)5 0100 17211 +43 (0)5 0100 19632 +43 (0)5 0100 17331 +43 (0)5 0100 17203 +43 (0)5 0100 19641 +43 (0)5 0100 16360	Institutional Asset Management Czech Republic Head: Petr Holeček Petra Maděrová Martin Peřina David Petráček Blanka Weinerová Petr Valenta Croatia Head: Antun Burić Zvonimir Tukač Ana Tunjić Natalija Zujic Hungary Head: Peter Csizmadia Balazs Papay Gábor Bálint Gergő Szabo Romania Head: Octavian Florin Munteanu	+420 956 765 453 +420 956 765 178 +420 956 765 106 +420 956 765 809 +420 956 765 317 +420 956 765 140  +385 (0)7237 2439 +385 (0)7237 1787 +385 (0)7237 2225 +385 (0)7237 1638  +36 1 237 8211 +36 1 237 8213 +36 1 237 8205 +36 1 237 8209  +40 746128914
CEE Equity Research Head: Henning Eßkuchen Daniel Lion, CIAA® (Technology, Ind. Goods&Services) Michael Marschallinger, CFA® Nora Nagy (Telecom) Christoph Schultes, MBA, CIAA® (Real Estate) Thomas Unger, CFA® (Banks, Insurance) Vladimira Urbankova, MBA (Pharma) Martina Valenta, MBA	+43 (0)5 0100 19634 +43 (0)5 0100 17420 +43 (0)5 0100 17906 +43 (0)5 0100 17416 +43 (0)5 0100 11523 +43 (0)5 0100 17344 +43 (0)5 0100 17343 +43 (0)5 0100 11913	Group Institutional Equity Sales Head: Michal Řízek Werner Fürst Viktoria Kubalцова Thomas Schneidhofer Oliver Schuster Czech Republic Head: Michal Řízek Jifi Fereš Martin Havlan Pavel Krabička Poland Head: Jacek Jakub Langer Tomasz Galanciak Wojciech Wysocki Przemyslaw Nowosad Maciej Senderek Croatia Matija Tkalicanac Hungary Nandori Levente Krisztian Kandik Balasz Zankay Romania Valerian Ionescu	+420 224 995 537 +43 (0)50100 83121 +43 (0)5 0100 83124 +43 (0)5 0100 83120 +43 (0)5 0100 83119  +420 224 995 537 +420 224 995 554 +420 224 995 551 +420 224 995 411  +48 22 257 5711 +48 22 257 5715 +48 22 257 5714 +48 22 257 5712 +48 22 257 5713  +385 72 37 21 14  +36 1 23 55 141 +36 1 23 55 162 +36 1 23 55 156  +40 3735 16541
Croatia/Serbia Mladen Dodig (Head) Boris Pevalek, CFA® Marko Platic Bruno Barbic, CFA® Davor Spoljar, CFA® Magdalena Basic	+381 11 22 09178 +385 99 237 2201 +385 99 237 5191 +385 99 237 1041 +385 72 37 2825 +385 99 237 1407	Group Fixed Income Securities Markets Head: Goran Hobljaj	+43 (0)50100 84403
Czech Republic Petr Bartek (Head, Utilities) Jan Bystřický	+420 956 765 227 +420 956 765 218	Fixed Income Flow Sales Head: Gorjan Hobljaj Margit Hraschek Christian Kienesberger Ciprian Mitu Bernad Thaler Zsuzsanna Toth Poland Pawel Kielek Michal Jarmakowicz	+43 (0)5 0100 84403 +43 (0)5 0100 84117 +43 (0)5 0100 84323 +43 (0)5 0100 85612 +43 (0)5 0100 84119 +36 1 237 8209  +48 22 538 6223 +43 50100 85611
Hungary József Miró (Head) András Nagy Tamás Pletser, CFA® (Oil & Gas)	+361 235 5131 +361 235 5132 +361 235 5135	Fixed Income Flow Trading Head: Gorjan Hobljaj	+43 (0)5 0100 84403
Poland Cezary Bernatek (Head) Piotr Bogusz Łukasz Jańczak Krzysztof Kawa, CIAA® Jakub Szkopek	+48 22 257 5751 +48 22 257 5755 +48 22 257 5754 +48 22 257 5752 +48 22 257 5753	Group Fixed Income Securities Trading Head: Goran Hobljaj	+43 (0)50100 84403
Romania Caius Rapanu	+40 3735 10441	Group Equity Trading & Structuring Head: Ronald Nemeč	+43 (0)50100 83011
Group Markets		Business Support Bettina Mahoric	+43 (0)50100 86441
Head of Group Markets Oswald Huber	+43 (0)5 0100 84901		
Group Markets Retail and Agency Business Head: Christian Reiss	+43 (0)5 0100 84012		
Markets Retail Sales AT Head: Markus Kaller	+43 (0)5 0100 84239		
Group Markets Execution Head: Kurt Gerhold	+43 (0)5 0100 84232		
Retail & Sparkassen Sales Head: Uwe Kolar	+43 (0)5 0100 83214		
Markets Retail Sales CZ Head: Roman Choc	+420 956 765 374		
Markets Retail Sales HUN Head: Peter Kishazi	+36 1 23 55 853		

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