

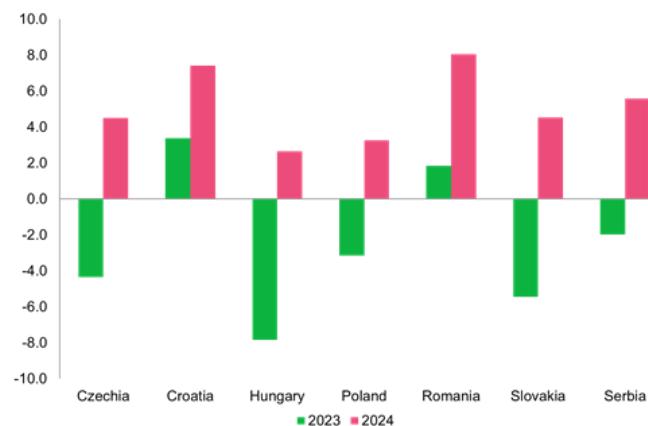
CEE MACRO AND FI DAILY

Retail sales grew across CEE last year

On the Radar

- In Romania trade deficit in December was estimated at EUR 3.3 billion.
- In Czechia, unemployment rate in January was reported at 4.3%.
- At 10.30, Slovenia will release industrial output growth for December.

Annual retail sales, percent

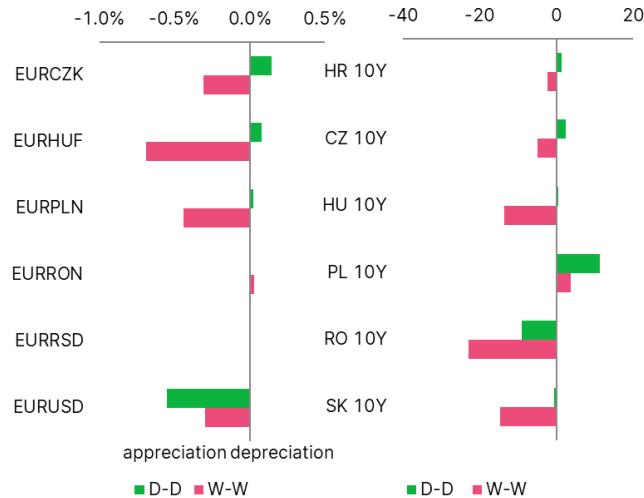


Source: Erste Group Research

Economic developments

Today, we offer yet another glimpse of retail sales development in 2024. Compared to 2023, when retail sales growth contracted in most of the CEE countries, the recovery was evident over the last year. The retail sector overperformed in Romania and Croatia, where the average growth of retail sales was close to 8% in 2024. Czechia, Slovakia, and Serbia also experienced solid growth of retail sales. In Hungary and Poland, the growth dynamics were the lowest compared to the rest of the region. However, Hungary experienced the biggest contraction of the retail sector in 2023. Strong labor markets as well as real wage gains support a high level of spending. On the other hand, a relatively high propensity to save has been holding off the growth of private consumption to some extent. We believe that the retail sector should continue to expand in 2025, though it may lose some of the impetus from the last year.

Market performance



Source: Erste Group Research

Market developments

Over the weekend, we have seen several comments from monetary policymakers in Czechia and Poland. In Czechia, Zamrazilova said that the central bank must “proceed cautiously, because inflationary tendencies have become entrenched in the economy”. She is particularly worried about the costs of services in terms of inflationary risks in Czechia. Prior to that, Governor Michl suggested that the board would be very cautious about more reductions. In Poland, the central banker Wnorowski is of the opinion that inflation may reach or exceed 5% at the start of the year. Once there are signs of inflation slowing down toward 2.5%, then there might be time to submit the rate-cut motion at the MPC meeting. Such a statement confirms that monetary easing in Poland will not happen any time soon. As for the FX market, local currencies strengthened against the euro over the last week driven by global developments, while government bond yields moved down last week, most notably in Romania.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
10. Feb	08:00	RO	Trade Balance	Dec			-2837.70
	10:30	SI	Industrial Production (y/y)	Dec		0.0%	-0.7%
11. Feb	08:30	HU	CPI (y/y)	Jan		4.8%	4.9%
	08:30	HU	CPI (m/m)	Jan		0.9%	1.0%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.10	0.1	-0.3
EUR/HUF	404.79	0.1	-0.7
EUR/PLN	4.19	0.0	-0.4
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.95	0.0	0.0
EUR/USD	1.03	-0.5	-0.3

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.74	-8	-9
HUF	6.50	0	0
PLN	5.86	1	0
RON	5.94	0	0
RSD	4.70	0	0
EUR	2.53	-1	-6

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.88	2	-5
HU 10Y	6.45	1	-14
PL 10Y	5.81	11	4
RO 10Y	7.41	-9	-23
HR 10Y	3.09	1	-2
SK 10Y	3.03	-1	-15

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