

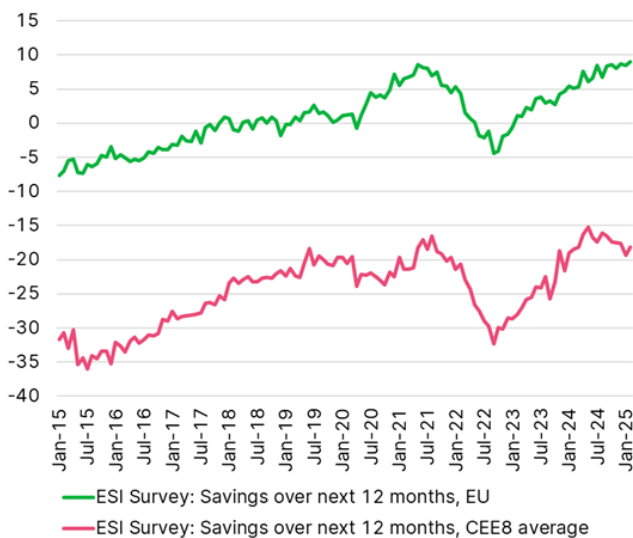
CEE MACRO AND FI DAILY

Propensity to save remains high, potentially reducing consumption appetite

On the Radar

- PMI in Romania increased to 48.1 in February.
- In Hungary, January's trade balance was at EUR 903 million.
- In Hungary and in Poland, February's PMI Indices went above the threshold of 50 and are at 51 and 50.6 respectively.
- At 11 AM CET, Croatia will release February's flash estimate of inflation.

ESI Survey: Savings over next 12 months, balance

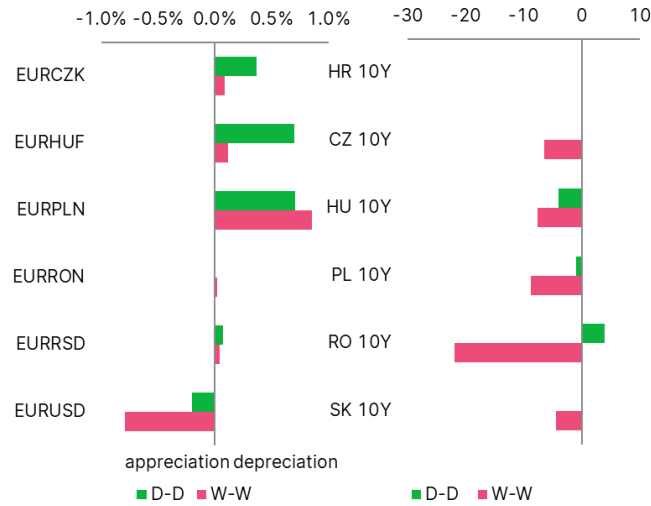


Source: Erste Group Research

Economic developments

Market sentiment indicators for February continue to flow in. Before we analyze the PMI indices for the region, let's dive into consumers' behavior. We have already reported that consumer confidence has been declining since mid-2024. Today, we zoom in on the saving plans of households. Within the ESI surveys, the balance of answers for planned savings over the next 12 months is being collected. In the EU, the propensity to save seems to have continuously increased and is at the highest level since 2015. In the region, we have seen a similar trend from mid-2022 until mid-2024. The average for CEE8 reached its peak in May 2024, and since then, we have seen some divergence compared to the whole EU as the balance of answers has been dropping in the region over the last half a year. It remains at relatively high levels overall. In 2024, consumption was a key driver of growth as the purchasing power of households improved substantially. Yet, in many CEE countries, it has not been as strong as wage growth would imply. The increased tendency to save (rebuilding financial buffer, increased global uncertainty) is one of the reasons behind such behavior.

Market performance



Source: Erste Group Research

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Market developments

CEE currencies began the week slightly weaker against the euro, with EURHUF at 401 and EURPLN moving toward 4.17. The long-term yields have been declining ahead of the ECB meeting and interest rate decision (due March 6). Slovakia will issue retail bonds. The total size of 2Y and 4Y issues together will not exceed EUR 500m. Global developments and geopolitics remain key determinants for the markets in the region. The clash between Ukraine's President Zelenskiy with the US President Trump and Vice-President Pence adds to uncertainty about the possibility of reaching a peace deal. Europe has shown continuous support for Ukraine; on the other hand, the European Council will meet on Thursday to discuss the EUR 20 million package for Ukraine as well as how to boost defense spending. Furthermore, the discussions on tariffs continue.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
03. Mar	08:00	RO	PMI Index	Feb			46.10
	08:30	HU	Trade	Jan			458.00
	09:00	PL HU	PMI Index	Feb			
	09:30	CZ	PMI Index	Mar			46.60
	11:00	HR	CPI (y/y)	Feb P			4.0%
04. Mar	08:00	RO	Unemployment Rate	Jan			5.2%
	08:00	RO	PPI (y/y)	Jan			-0.7%
	08:30	HU	GDP (q/q)	4Q F			0.5%
	08:30	HU	GDP (y/y)	4Q F			0.4%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.06	0.4	0.1
EUR/HUF	403.30	0.7	0.1
EUR/PLN	4.19	0.7	0.9
EUR/RON	4.97	0.0	0.0
EUR/RSD	117.06	0.1	0.0
EUR/USD	1.04	-0.2	-0.8

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.73	0	-1
HUF	6.50	0	-1
PLN	5.86	0	-1
RON	5.93	0	0
RSD	4.70	0	0
EUR	2.46	-2	-6

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.01	0	-6
HU 10Y	6.50	-4	-8
PL 10Y	5.73	-1	-9
RO 10Y	7.31	4	-22
HR 10Y	3.09	0	0
SK 10Y	3.30	0	-4

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Published by:

Erste Group Bank AG
Group Research
1100 Vienna, Austria, Am Belvedere 1
Head Office: Wien
Commercial Register No: FN 33209m
Commercial Court of Vienna

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