

CEE MACRO AND FI DAILY

Number of employed people slightly up in CEE and the EU

On the Radar

- Poland's central bank left the key policy rate unchanged at 5.75%.
- Inflation rate in Serbia landed at 4.5% y/y in February in line with expectations.
- Inflation rate in Romania remained unchanged at 5.0% y/y in February.
- Industrial output growth in January in Romania was up by 2.1% y/y (SCA).
- Retail sales in Czechia in January went up by 2,8 % y/y.
- At noon CET Serbian central bank announces interest rate decision.

Employment growth, percent

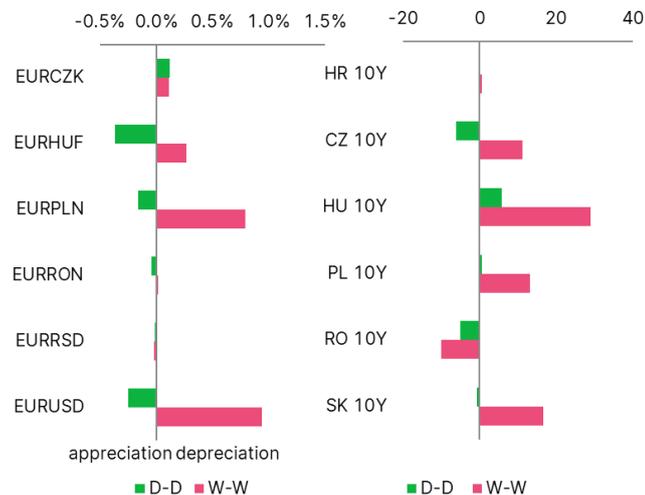


Source: Erste Group Research

Economic developments

For the whole year 2024, the number of people employed increased by 0.8% in the EU and by 1.1% in the CEE7 region. While the average growth of employment has been slowing down each year in the whole EU for the last couple of years, the CEE region shows slightly different dynamics. In 2024, average employment growth was higher compared to 2023. When looking at the quarterly data, we clearly see, however, that after the acceleration of employment growth throughout 2023, last year the growth dynamics were losing its strength. In the last quarter of 2024, employment growth was at 0.5% in the CEE7 region, down from 1.5% in the first quarter of 2024. The developments within the region are quite heterogeneous as well. In Croatia, employment growth was the highest in 2024. In Czechia and Hungary, employment increased but at quite a meager pace. On the other hand, employment declined in Poland and Slovakia. In general, we expect the labor market to remain tight in 2025. The prospect of stronger economic growth supports labor market developments.

Market performance



Source: Erste Group Research

Market developments

Today, Serbia's central bank is broadly expected to leave the key policy rate unchanged at 5.75%. On Wednesday, the central bank in Poland had decided to maintain the current interest rate as well (5.75%), a choice that aligns with general expectations. New inflation and growth projections are more important, however. For 2025, average inflation should be slightly lower compared to the previous projection from November 2024, but the 2026 forecast was revised up. As for the growth forecast, it remains relatively stable, with a slight adjustment upward for 2025. In general, the inflation path has moved up within the projection horizon, which will give arguments for the central bank to remain cautious. Today, Governor Glapinski holds a press conference that should shed more light on the monetary policy directions. In Czechia, central banker Zamrazilova said she sees space for 50 basis points cuts in 2025 that matched our interest rate forecast. In Hungary, the central bank pledged to a comprehensive review of the central bank's decisions under Matolcsy's leadership. On the fiscal front, in Hungary soaring interest payments already put the budget gap off-track in 2025 and the 2026 budget deficit was revised up from 2.9% of GDP to 3.5% of GDP.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
13. Mar	08:00	RO	Industrial Production (y/y)	Jan		-0.4%	-3.4%
	08:00	RO	CPI (y/y)	Feb		4.9%	5.0%
	08:00	RO	CPI (m/m)	Feb		0.8%	0.9%
	09:00	SK	Wages (y/y)	Jan			4.1%
	12:00	RS	Central Bank Rate	Mrz 25			5.8%
14. Mar	08:00	RO	Wages (y/y)	Jan			0.11
	09:00	SK	CPI (y/y)	Feb		3.7%	3.9%
	09:00	SK	CPI (m/m)	Feb		0.4%	1.7%
	10:00	PL	CPI (y/y)	Feb	0.05	5.3%	5.3%
	10:00	PL	CPI (m/m)	Feb	0.39%	0.4%	1.0%
	12:00	RS	Trade Balance	Jan			-1280.80

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.00	0.1	0.1
EUR/HUF	399.10	-0.4	0.3
EUR/PLN	4.19	-0.2	0.8
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.93	0.0	0.0
EUR/USD	1.09	-0.2	0.9

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.71	0	-1
HUF	6.51	0	1
PLN	5.84	-1	-2
RON	5.92	0	-1
RSD	4.70	0	0
EUR	2.53	-3	2

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.27	-6	11
HU 10Y	6.93	6	29
PL 10Y	5.93	1	13
RO 10Y	7.34	-5	-10
HR 10Y	3.10	0	1
SK 10Y	3.72	-1	17

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