

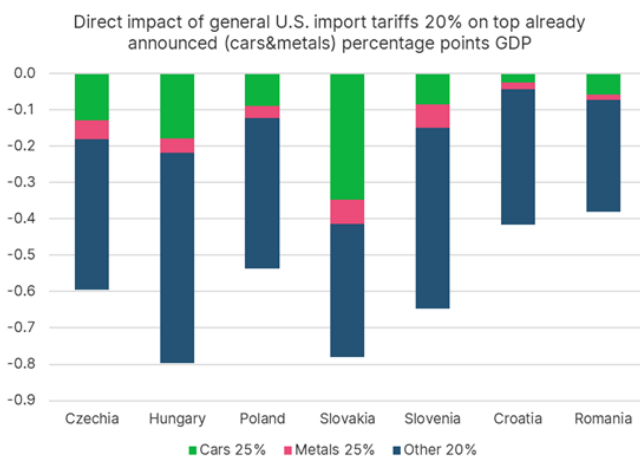
CEE MACRO AND FI DAILY

Hungary and Slovakia to be hit the hardest by tariffs

On the Radar

- Industrial output growth in Hungary in February declined by 8% y/y (calendar adjusted).
- Flash estimate of March inflation in Czechia was 2.7% y/y.
- Retail sales growth in Czechia in February was 3.8 % y/y.
- Trade balance in Slovenia will be released at 10.30 AM CET.

Impact of tariffs, pp GDP

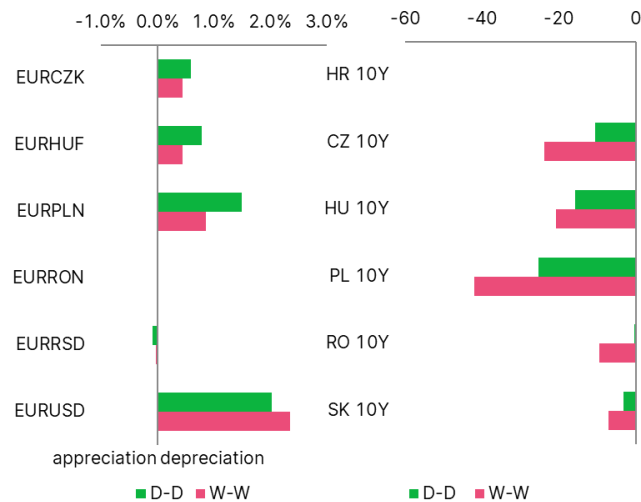


Source: Erste Group Research

Economic developments

Today, we focus on cumulative direct impact of 20% tariffs on all US imports from EU at the top of those already announced on cars and metals. Although the region's direct trade exposure to the US is not too extensive, the impact would obviously be negative. Value added created in CEE countries embedded in imports to the US (direct and indirect) ranges between 1.7% to almost 3.6% of their total value added. Hungary and Slovakia have the highest exposure, and these two countries would suffer the biggest cumulative loss amounting to as much as -0.8 percentage points of GDP. In Czechia, Poland and Slovenia the loss is about -0.5 to -0.6 percentage points, while Croatia and Romania seem to be least exposed with negative impact evaluated at -0.4 percentage points. The overall impact, however, would include the indirect effects steaming through the shock of our main trading partners (Germany and Eurozone) and would be much larger at the end. With current growth forecasts between 2% and 3.8% in 2025 in all CEE countries, we believe, however, that economies would avoid recession this year. The positive effect from potential fiscal stimulus would be whipped off, however.

Market performance



Source: Erste Group Research

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Market developments

The announcement of President Trump about general tariffs on the US imports was in the focus on Thursday. EURUSD moved to 1.10, while long-term yields in the US are roughly 30 basis points lower since the beginning of the week. In the region the bond market followed global development (decline of yields) while CEE currencies have weakened more visibly on Thursday. EURCZK is 25.09, EURHUF moved up to 403 while EURPLN is at 4.22. President Trump said on Thursday that he is open to negotiations, however. The Poland's central bank governor Glapinski sound very dovish on his press conference saying that the monetary easing is getting close, and interest rate cuts may exceed 100 basis points in 2025. Decline of inflation and recent global developments support such a scenario.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
04. Apr	08:30	HU	Industrial Production (y/y)	Feb		-5.5%	-3.9%
	09:00	CZ	CPI (y/y)	Mar P			2.7%
	09:00	CZ	CPI (m/m)	Mar P			0.2%
	10:30	SI	Trade Balance	Feb			20.0%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.04	0.6	0.4
EUR/HUF	403.08	0.8	0.4
EUR/PLN	4.22	1.5	0.9
EUR/RON	4.98	0.0	0.0
EUR/RSD	117.04	-0.1	0.0
EUR/USD	1.10	2.0	2.3

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.71	0	-1
HUF	6.51	0	0
PLN	5.85	0	-1
RON	5.89	-1	-1
RSD	4.68	0	-2
EUR	2.35	-1	-1

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.05	-11	-24
HU 10Y	6.80	-16	-21
PL 10Y	5.35	-25	-42
RO 10Y	7.33	0	-9
HR 10Y	3.09	0	0
SK 10Y	3.54	-3	-7

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