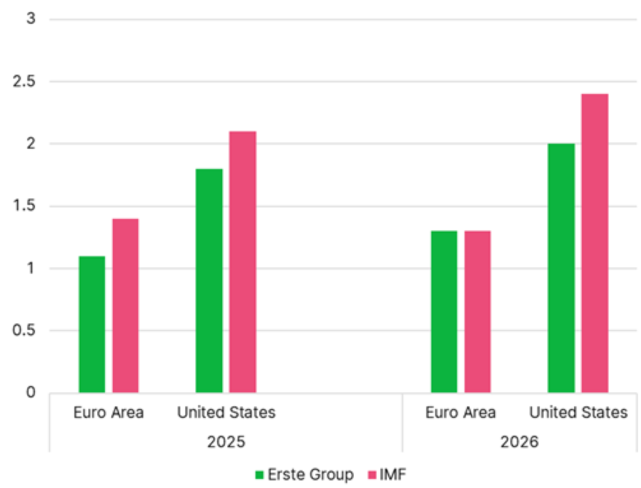
CEE MACRO AND FI DAILY

# IMF releases World Economic Outlook update

## On the Radar

- Lorem Unemployment rate increased to 4.6% in Croatia in December, while real wage growth increased by 6.2% y/y in November.
- Today, there are no major releases scheduled in the region.

## GDP growth forecasts

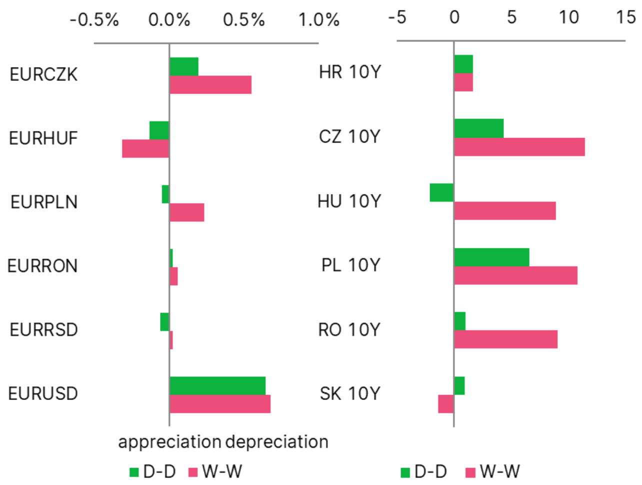



*Source: Erste Group Research*

## Economic developments

The latest World Economic Outlook Update presented by the IMF indicates that global growth will hold steady at 3.3 percent this year, an upward revision of 0.2 percentage points compared to October estimates, with most of the improvement accounted for by the United States and China. Next year global economy is expected to grow by 3.2%. Having the forecasts updated, current IMF's projections are broadly unchanged from a year earlier, as the global economy shakes off the immediate impact of the tariff shock. Interestingly, the IMF seems to be a bit more optimistic about Eurozone developments in 2025 and in 2026 compared to World Bank's projections we reported on couple of days ago. A bit more optimism regarding external environment is obviously positive sign for the CEE region. Global inflation is projected by the IMF to continue its decline, with headline inflation falling to 3.8 percent in 2026 and 3.4 percent in 2027.

## Market performance




*Source: Erste Group Research*

## Market developments

The Czech koruna has been weakening since the beginning of the week and EURCZK moved toward 24.33. The Hungarian forint and the Polish zloty did not change substantially. The bond market has been showing a mixed performance this week. Romania's government cut the cash deficit to about 7.7% of GDP, compared with a target of 8.4%, according to Finance Minister Alexandru Nazare. Officials are now targeting a shortfall of around 6% of GDP for this year, counting on a larger inflow of EU money and continuation of other consolidation measures. According to newly appointed central banker in Poland, Zarzycki, a return to interest rate cuts should only take place if the new projection clearly confirms that the disinflationary process is sustainable. Such statement suggests support for March as a possible interest rate cut timing. As for other news, today, Hungary will be active on the bond market and Czechia will sell 2034, 2035 and 2037 bonds. Czechia's central bank will hold press conference on 100th anniversary of founding of first Czechoslovak central bank.

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## Upcoming releases in CEE

| Date | Time | Country | Indicator | Period | Survey | Erste Est. | Prev. |
|---|---|---|---|---|---|---|---|
| **21. Jan** | | | No releases scheduled | | | | |
| **22. Jan** | **10:00** | **PL** | Industrial Production (y/y) | Dec | | | -1.1% |
| | **10:00** | **PL** | PPI (y/y) | Dec | | | -2.4% |
| | **10:00** | **PL** | Wages (y/y) | Dec | | | 7.1% |
| **23. Jan** | | **HU** | Unemployment Rate | Dec | | 4.4% | 4.4% |

## FX Market

| | Last | Change (%) | |
|---|---|---|---|
| | | d/d | w/w |
| **EUR/CZK** | 24.33 | 0.2 | 0.5 |
| **EUR/HUF** | 384.85 | -0.1 | -0.3 |
| **EUR/PLN** | 4.22 | 0.0 | 0.2 |
| **EUR/RON** | 5.09 | 0.0 | 0.1 |
| **EUR/RSD** | 117.26 | -0.1 | 0.0 |
| **EUR/USD** | 1.17 | 0.6 | 0.7 |

## 3M Market

| | Last | Change (bps) | |
|---|---|---|---|
| | | d-d | w-w |
| **CZK** | 3.50 | 0 | 0 |
| **HUF** | 6.40 | 0 | 1 |
| **PLN** | 3.94 | 0 | -2 |
| **RON** | 5.97 | -1 | -8 |
| **RSD** | 4.68 | 0 | 0 |
| **EUR** | 2.03 | 0 | 1 |

## 10Y Yields

| | Last | Change (bps) | |
|---|---|---|---|
| | | d-d | w-w |
| **CZ 10Y** | 4.49 | 4 | 11 |
| **HU 10Y** | 6.76 | -2 | 9 |
| **PL 10Y** | 5.15 | 7 | 11 |
| **RO 10Y** | 6.72 | 1 | 9 |
| **HR 10Y** | 3.23 | 2 | 2 |
| **SK 10Y** | 3.38 | 1 | -1 |

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