

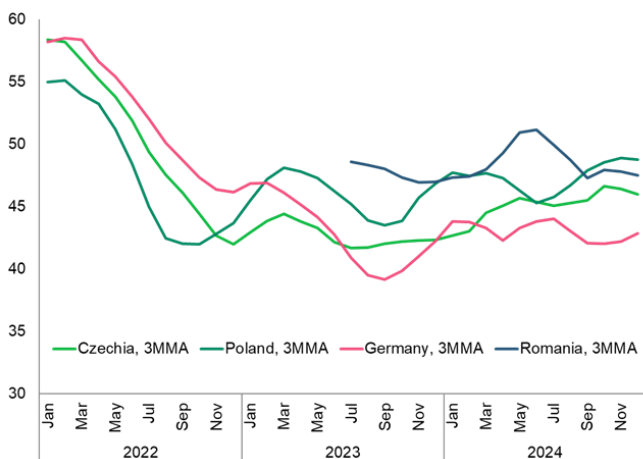
CEE MACRO AND FI DAILY

# Growing pessimism in CEE manufacturing

## On the Radar

- We wish our readers a prosperous year!
- In Hungary producer prices grew by 7.9% y/y in November.
- In Czechia trade balance in November reached surplus of CZK 23.6 billion.
- In Croatia flash inflation for December will be released at 11 AM CET.

## Manufacturing PMI Indices in CEE

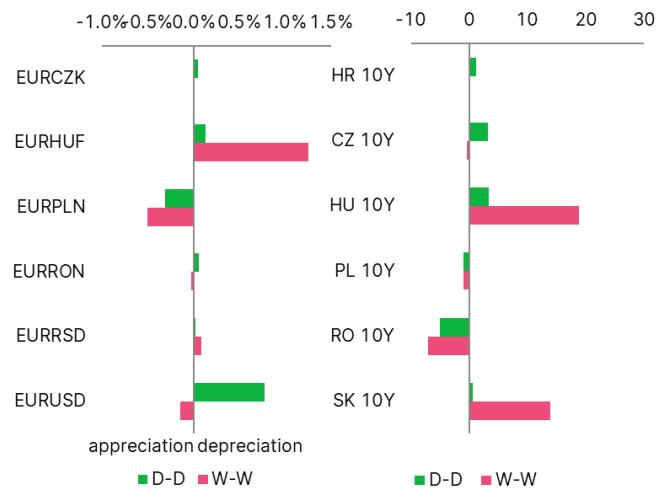


Source: Erste Group Research

## Economic developments

We begin daily reports of 2025 with a comment on the Manufacturing PMI Indices in the region. At the beginning of the year, market sentiment for December was released, and we can summarize it as growing pessimism in the manufacturing sector. Apart from Hungary, where the local PMI index marginally grew to 50.6 in December 2024 from 50.4 in the previous month, PMI Indices declined in December 2024 across the region, following the developments in Germany. In Czechia, the latest PMI Index is at 44.8, in Poland at 48.2 and in Romania at 46.4. The upward trend (three-month moving average) has reversed in CEE countries as well, suggesting rather muted prospects for the manufacturing sector at the beginning of 2025. In general, new orders keep falling in Czechia, Poland, and Romania as demand remains somewhat weak. Subdued demand on the domestic side has been a drag in Czechia or Romania, while in Poland, the export side and weakness of Germany were named as the main reasons for the decline of new orders.

## Market performance



Source: Erste Group Research

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## Market developments

The CEE currencies began the week being stronger against the euro. On Monday, EURHUF fell to 413 (it touched 415 last week) while EURPLN was at 4.25. On Tuesday morning, the EURHUF is at 416, however, reversing the appreciation from Monday. On the bond market, declines in long-term yields were rather marginal on Monday, apart from Romania, where the long end of the curve moved more visibly down. We associate such development with measures of fiscal consolidation that were announced and introduced as of January. In Czechia, the central bank governor Michl sees the fiscal gap as the core reason for the elevated price pressure. Although fiscal tightening is taking place in Czechia, Michl called for a balanced budget.

## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
07. Jan	08:30	HU	PPI (y/y)	Nov			2.60%
	09:00	CZ	Trade Balance	Nov		19.30	16.30
	11:00	HR	CPI (y/y)	Dec P		2.80%	2.80%
	11:00	HR	CPI (m/m)	Dec P			0.00
08. Jan	08:00	RO	Unemployment Rate	Nov			5.40%

## FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.13	0.1	0.0
EUR/HUF	415.97	0.1	1.2
EUR/PLN	4.25	-0.3	-0.5
EUR/RON	4.97	0.1	0.0
EUR/RSD	116.92	0.0	0.1
EUR/USD	1.04	0.8	-0.1

## 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.92	0	0
HUF	6.50	0	0
PLN	5.84	2	-1
RON	5.92	0	1
RSD	4.70	0	0
EUR	2.76	3	8

## 10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.13	3	0
HU 10Y	6.74	3	19
PL 10Y	5.83	-1	-1
RO 10Y	7.29	-5	-7
HR 10Y	2.95	1	0
SK 10Y	3.30	1	14

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