

## CEE MARKET INSIGHTS

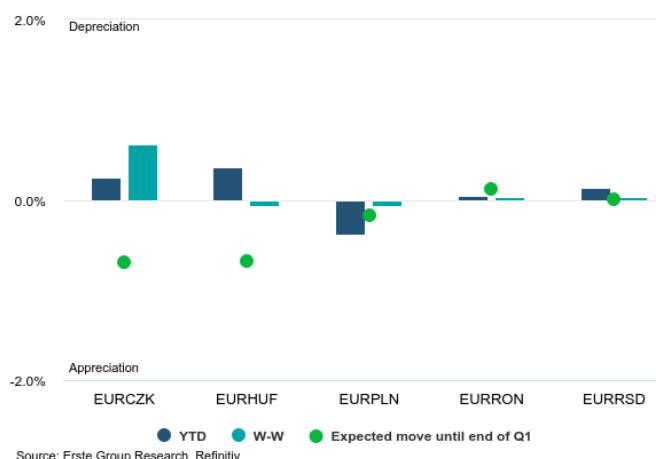
# Poland to see complete dataset for 2024

## This week in CEE

The release calendar is quite empty this week. More important data will be published only in Poland, as industrial output and retail sales growth in December are scheduled. That will give a pretty complete and accurate picture of economic development in Poland in the whole of 2024. Other than that, we will see some labor market data: December's unemployment rate in Slovakia, Croatia and Hungary, as well as wage growth in Croatia, Poland and Serbia. Finally, December's producer prices will be released in Slovenia and Poland. On Friday after the market closes, we expect S&P to change Romania's outlook to negative, keeping the rating unchanged until more clarity is received on the fiscal consolidation front.

Monday	Tuesday	Wednesday	Thursday	Friday
<b>SK: Unemployment rate</b>	<b>HR: Unemployment rate, Wages</b>	<b>PL: Industry, Producer prices, Wages</b>	<b>PL: Retail</b>	<b>HU: Unemployment rate</b>
	<b>SI: Producer prices</b>			<b>RS: Wages</b>
<b>SK: 2028 2033 2034 2043 Bonds</b>	<b>HU: Bills</b>	<b>CZ: Bonds</b>	<b>PL RS: Bonds</b>	<b>RO: Bills</b>

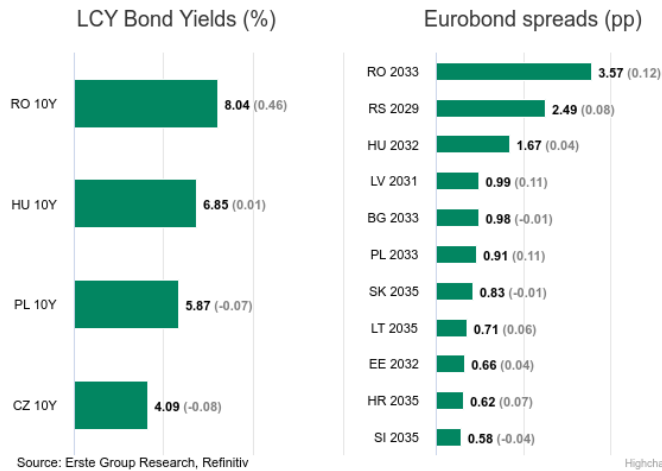
## FX market



## FX market developments

Throughout the last week we saw a diverging trend. The Czech koruna weakened. The EURHUF touched 411 and the EURPLN went to 4.25 (marking strengthening against the euro.) The Polish zloty could have been influenced at the end of the week by a quite hawkish central bank statement. While the stability of rates scenario was broadly expected, the timing of interest rate cuts remains an open question. The broad consensus that the central bank will begin monetary easing over the course of the first half of 2025 seems shaky in light of recent comments from Governor Glapinski. The Romanian central bank also kept the policy rate flat at 6.50% and the timing of monetary easing will strongly depend on the fiscal consolidation plan. In Czechia, on the other hand, December's inflation surprised to the downside, increasing the probability of monetary easing in February, as expressed by central banker Zamrazilova. That could have been behind the continuous weakening of the koruna throughout the week.

## LCY yields, Eurobond spreads



## Bond market developments

Yields on 10-year Romanian government bonds increased by 20bp last week, approaching 7.9%. This rise reflects market concerns over pending fiscal consolidation, delayed by repeated presidential elections, and the risk of a rating downgrade. S&P is scheduled to review Romania's rating this Friday, and it is expected to follow Fitch in changing the outlook to negative. Next week, Romania will present its budget draft, targeting a deficit of 7% of GDP. However, it is likely to lack details on additional discretionary revenue measures needed to achieve this goal. These measures are expected to be disclosed and approved only in the second half of 2025, after the presidential elections. In Czechia and Poland, long-term government bond yields edged down last week in response to a decline in US Treasury yields. Meanwhile, yields on Hungarian government bonds (HGBs) remained elevated, due to higher than expected inflation, which will likely prevent the MNB from pursuing further monetary easing in the coming months. This week, the Slovak debt agency plans to borrow EUR 600mn through the reopening of four bonds (3-year, 8-year, 9-year, and 19-year). Romania will offer 3-year ROMGBs and T-bills. Czechia will sell floaters, Serbia will issue RSD bonds, Poland will reopen a set of POLGBs, and Hungary will sell T-bills in addition to their regular bond offerings.

## In case you missed

CEE Bond Market: [Monetary policy in CEE remains restrictive](#)  
 CEE Baltics: [Lithuania outperforms the region](#)  
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 CEE: [Moderation of inflation in 2024](#)

Czechia: [Slight slowdown in retail sales](#)  
 Czechia: [CNB could cut interest rates in February](#)  
 Hungary: [Negative surprise for the year-end](#)  
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 Romania: [Industry to rebound partially in 2025](#)  
 Romania: [End-2024 CPI at 5.1% y/y](#)  
 Slovakia: [Annual Inflation in Line with Our Expectations in 2024](#)

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## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Erste Est.	Prev.	Comment
20. Jan		SK	Unemployment Rate	Dec	4.90%	0.05	
21. Jan	10:30	SI	PPI (y/y)	Dec		-0.40%	
	11:00	HR	Unemployment Rate	Dec	5.10%	5.00%	Unemployment rate seen further edging up on monthly level
	11:00	HR	Wages (y/y)	Nov		11.40%	
22. Jan	10:00	PL	Industrial Production (y/y)	Dec		-1.50%	
	10:00	PL	PPI (y/y)	Dec		-3.70%	
	10:00	PL	Wages (y/y)	Dec		10.50%	
23. Jan	10:00	PL	Retail Sales (y/y)	Dec		0.03	
24. Jan	8:30	HU	Unemployment Rate	Dec		4.70%	
	12:00	RS	Wages (y/y)	Nov		8.80%	

Source: Erste Group Research

Note: Past performance is not necessarily indicative of future results

## Forecasts

LCY Government bond yields					
	Friday's close	2025Q1	2025Q2	2025Q3	2025Q4
Czechia 10Y	4.09	3.94	3.79	3.67	3.59
Hungary 10Y	6.85	6.36	6.25	6.18	6.11
Poland 10Y	5.87	5.50	5.20	5.00	4.90
Romania10Y	8.04	7.70	7.00	7.10	7.20
Serbia 10Y	5.83	4.80	4.70	4.50	4.30

Spreads vs. German Bunds (bps)					
Croatia 10Y	62.00	75.00	75.00	80.00	80.00
Slovakia 10Y	83.00	110.00	110.00	110.00	110.00
Slovenia 10Y	58.00	70.00	70.00	70.00	70.00
DE10Y yields	2.50	2.10	2.00	2.00	2.00

3M Money Market Rate					
	Friday's close	2025Q1	2025Q2	2025Q3	2025Q4
Czechia	3.88	3.81	3.68	3.44	3.27
Hungary	6.50	6.50	6.35	6.10	5.85
Poland	5.85	5.80	5.60	5.40	5.20
Romania	5.94	5.70	5.70	5.50	5.05
Serbia	4.70	4.45	4.38	4.17	3.96
Eurozone	2.70	2.46	2.22	1.98	1.99

Real GDP growth (%)				
	2023	2024f	2025f	2026f
Croatia	3.3	3.5	2.9	2.8
Czechia	0.0	0.9	2.2	2.9
Hungary	-0.9	0.5	2.0	3.6
Poland	0.1	2.8	3.3	3.2
Romania	2.4	0.8	2.8	3.4
Serbia	3.8	4.0	4.5	4.3
Slovakia	1.4	2.0	2.0	1.9
Slovenia	2.1	1.4	2.2	2.4
CEE8 avg	0.8	1.9	2.8	3.2

Public debt (% of GDP)				
	2023	2024f	2025f	2026f
Croatia	61.8	58.2	57.5	56.8
Czechia	42.4	43.5	44.4	44.6
Hungary	73.5	73.4	73.3	72.2
Poland	49.7	54.0	58.0	60.0
Romania	48.8	52.4	54.2	54.3
Serbia	48.1	47.6	47.1	47.0
Slovakia	56.1	58.3	58.9	59.6
Slovenia	68.3	67.3	65.8	64.8
CEE8 avg	52.2	54.6	56.6	57.3

FX					
	Friday's close	2025Q1	2025Q2	2025Q3	2025Q4
EURCZK	25.22	25.05	24.90	24.83	24.75
EURHUF	412.78	410.00	410.00	413.00	415.00
EURPLN	4.26	4.25	4.30	4.30	4.30
EURRON	4.97	4.98	5.00	5.05	5.08
EURRSD	116.99	117.00	116.90	116.80	117.00
EURUSD	1.03	1.03	1.05	1.05	1.07

Key Interest Rate (deposit facility in Eurozone)					
	Friday's close	2025Q1	2025Q2	2025Q3	2025Q4
Czechia	4.00	3.75	3.75	3.50	3.25
Hungary	6.50	6.50	6.25	6.00	5.75
Poland	5.75	5.75	5.50	5.25	5.00
Romania	6.50	6.50	6.50	6.25	5.75
Serbia	5.75	5.50	5.25	5.00	4.75
Eurozone	3.00	2.50	2.25	2.00	2.00

Average inflation (%)				
	2023	2024f	2025f	2026f
Croatia	8.1	2.9	2.7	2.5
Czechia	10.7	2.5	2.5	2.3
Hungary	17.6	3.7	4.1	3.3
Poland	11.4	3.7	4.1	2.8
Romania	10.5	5.6	4.4	3.2
Serbia	12.5	4.7	3.7	3.2
Slovakia	10.5	2.8	4.6	3.3
Slovenia	7.4	2.0	2.7	2.2
CEE8 avg	11.5	3.7	3.8	2.9

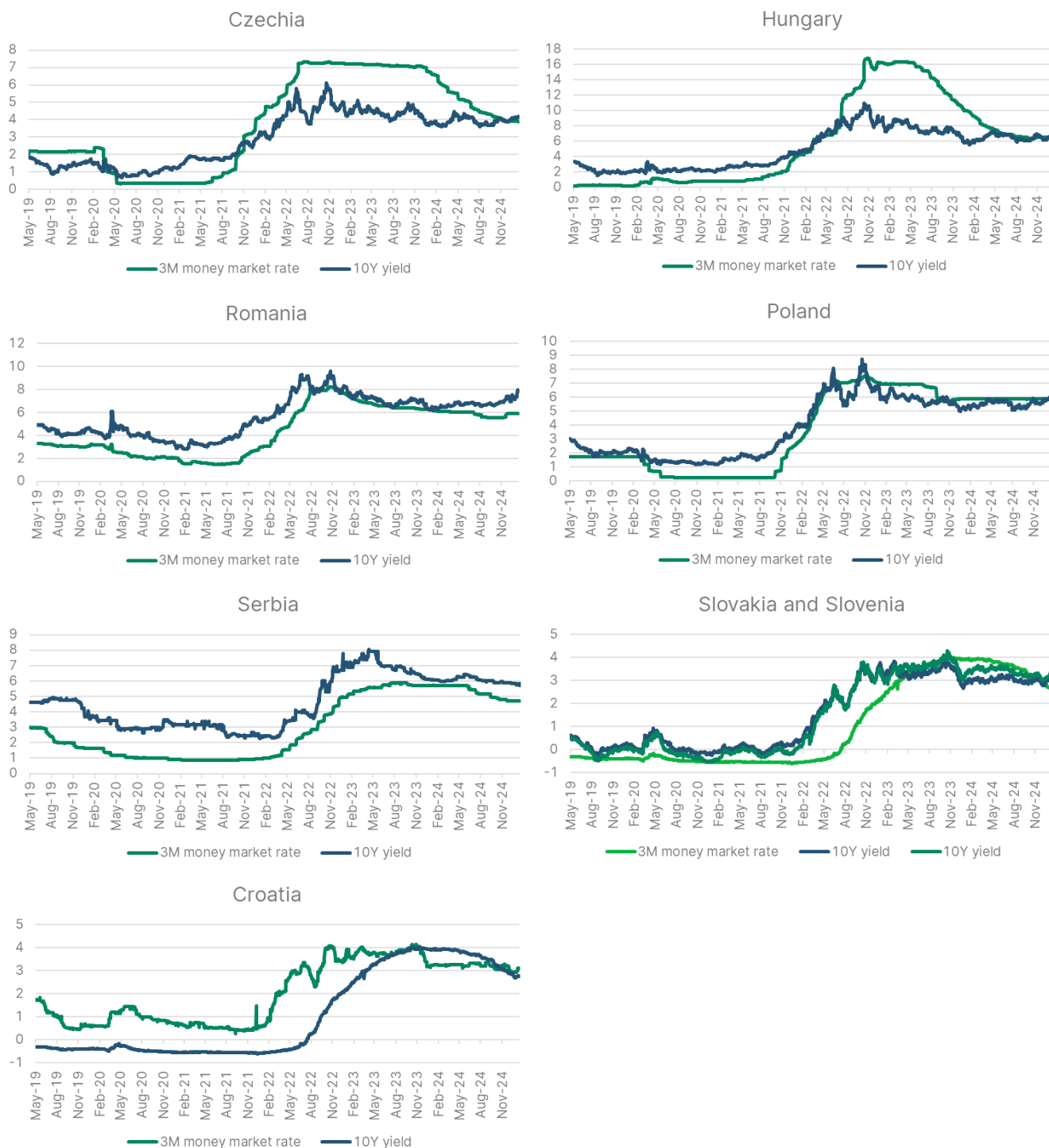
C/A (%GDP)				
	2023	2024f	2025f	2026f
Croatia	0.4	-0.2	-0.8	-1.0
Czechia	0.3	1.3	0.9	1.0
Hungary	0.7	2.3	1.8	2.0
Poland	1.8	-0.3	-1.0	-1.0
Romania	-6.6	-8.1	-7.8	-6.8
Serbia	-2.4	-5.5	-5.7	-5.9
Slovakia	-1.6	-0.6	-0.2	0.3
Slovenia	4.5	3.4	3.0	2.7
CEE8 avg	-0.3	-1.2	-1.6	-1.4

Unemployment (%)				
	2023	2024f	2025f	2026f
Croatia	6.1	5.2	4.8	4.6
Czechia	2.6	2.7	3.2	3.5
Hungary	4.1	4.5	4.3	3.9
Poland	5.1	5.1	5.0	5.0
Romania	5.6	5.3	5.3	5.2
Serbia	9.5	8.5	8.1	7.9
Slovakia	5.8	5.5	5.5	5.3
Slovenia	3.7	3.7	3.6	3.5
CEE8 avg	4.9	4.8	4.8	4.8

Budget Balance (%GDP)				
	2023	2024f	2025f	2026f
Croatia	-0.9	-2.2	-2.5	-2.2
Czechia	-3.8	-2.9	-2.4	-2.1
Hungary	-6.7	-4.8	-4.4	-3.9
Poland	-5.1	-5.9	-5.8	-4.5
Romania	-6.6	-8.3	-7.0	-6.4
Serbia	-2.1	-2.7	-3.0	-3.0
Slovakia	-5.2	-6.0	-4.5	-3.8
Slovenia	-2.5	-2.7	-2.4	-1.5
CEE8 avg	-4.9	-5.3	-4.9	-4.1

Source: Bloomberg, Erste Group Research

## Appendix



Source: Bloomberg, Erste Group Research

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