

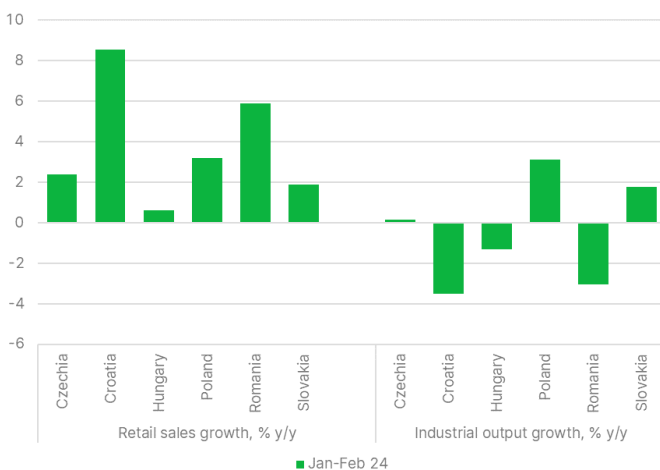
CEE MACRO AND FI DAILY

Retail sector has recovered in CEE

On the Radar

- Romania: S&P affirmed Romania's outlook at BBB- with stable outlook.
- Slovenia: Fitch affirmed Slovenia's rating at A with stable outlook.
- Moody's did not review ratings of Czechia and Slovenia.
- In Slovakia inflation rate arrived at 2.3% y/y in March.
- At 10 AM CET, in Poland final inflation footprint for March will be released.

Industrial output and retail sales growth, Economic developments percent y/y



Source: Erste Group Research

There is complete set of data for retail and industry sectors for the first two months of 2024. Retail sector finally recovered in the region after contraction in several CEE countries. Actually, only Croatia and Serbia experienced positive retail sales growth throughout 2023. Retail sales were deeply in red in Czechia, Hungary, Poland or Slovakia. At the beginning of the year, Croatia and Romania continue to experience the strongest growth of retail sector. As far as industry is concerned, it is a mixed bag. In Czechia, the average growth of industrial output in January and February 2024 was marginally positive. Poland and Slovakia experienced stronger growth of industry sector, on the other hand the industrial output kept declining in Croatia, Hungary or Romania. In Romania, however, we expect industrial production to turn positive in 2024. Gradually climbing sentiment indicators suggest increasing likelihood of such scenario not only in Romania but also in other CEE countries.

Market performance



Source: Erste Group Research

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Market developments

S&P affirms Romania's BBB- rating with stable outlook. Pre-election spending is expected to push Romania's fiscal deficit to 6% of GDP this year and fiscal consolidation is expected to be only gradual in the coming years. Possible causes for a rating downgrade are government deficits and public debt level above expectations for instance due to lower economic growth. Rating upgrades will depend on fiscal consolidation and also lower current account deficit. S&P also released rating review of Slovenia, where it affirmed the A rating with stable outlook. As for other rating relevant news, Fitch published a statement, that persistently looser fiscal stance that would put public debt on an upward trajectory in Hungary is a negative rating sensitivity.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
15. Apr	9:00	SK	CPI (y/y)	Mar			3.40%
	9:00	SK	CPI (m/m)	Mar			0.50%
	10:00	PL	CPI (y/y)	Mar F			1.90%
	10:00	PL	CPI (m/m)	Mar F			0.20%
16. Apr	11:00	HR	CPI (y/y)	Mar F			4.10%
	11:00	HR	CPI (m/m)	Mar F			0.90%

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