

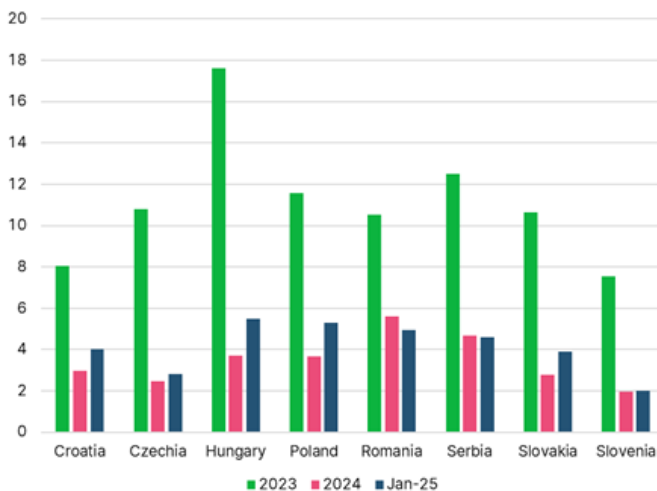
CEE MACRO AND FI DAILY

Inflation surprises to the upside in January

On the Radar

- Industrial output growth declined by -1.0% y/y in January in Poland. Producer prices declined by -0.9% y/y.
- January's employment declined by -0.9% y/y in Poland, while nominal wage grew 9.2% y/y.
- Unemployment rate in Croatia increased to 5.4% while in Slovakia it went up to 5.1% in January.
- Real wage in Croatia grew 12.1% y/y in December.
- Today there are no releases scheduled.

Inflation, percent

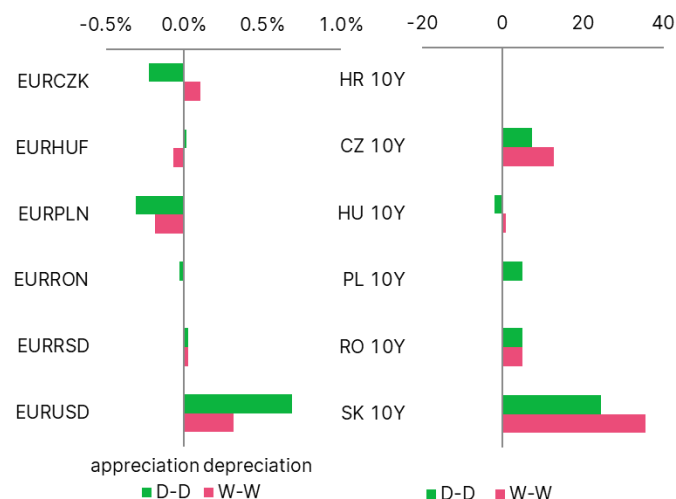


Source: Erste Group Research

Economic developments

January's inflation increased in all CEE countries but Czechia in Romania. Moreover, in several of them, such as Hungary or Poland, January's headline inflation number surprised to the upside. In these two countries inflation was also the highest within the region at 5.5% y/y and 5.3% y/y respectively. In Serbia, January's inflation at 4.6% y/y was also a surprise to the upside that confirms still relatively high inflation pressure in Serbia. Further, we revised our 2025 inflation forecast upward in part of the region. The biggest upward revision of headline inflation took place in Hungary, where we see the 2025 average at 5.0%, compared to 4.1% previously. Inflation was revised upward and is expected to be higher by roughly 0.5 percentage points in Croatia and Poland compared to our expectations from the end of 2024. In Czechia and Romania, on the other hand, inflation dropped in January. Such development allowed the Czech central bank to cut rate at the last meeting. In other countries, however, recent inflation path will likely delay monetary easing and reduce the size of it.

Market performance



Source: Erste Group Research

Market developments

Polish Prime Minister Donal Tusk called for aid for Ukraine to be financed from Russian frozen assets and urged the European Union to adopt new fiscal rules to enable more defense spending. Ursula von der Leyen already suggested triggering escape clause week ago. The FX market remains relatively strong this week, while on the bond market the long-term yields are slightly higher this week. Slovakia issued a new 15-year euro-denominated government bond maturing in 2040 with a total value of EUR 3 billion and a risk premium of +130 basis points over the corresponding swap rate. The risk premium over the reference German government bond maturing in 2039 stands at 111 basis points. The demand was strong.

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Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
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21. Feb

No releases scheduled

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.04	-0.2	0.1
EUR/HUF	402.17	0.0	-0.1
EUR/PLN	4.16	-0.3	-0.2
EUR/RON	4.97	0.0	0.0
EUR/RSD	117.02	0.0	0.0
EUR/USD	1.05	0.7	0.3

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	3.74	0	0
HUF	6.51	0	0
PLN	5.87	0	0
RON	5.93	0	0
RSD	4.70	0	0
EUR	2.53	0	-2

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.08	7	13
HU 10Y	6.61	-2	1
PL 10Y	5.81	5	0
RO 10Y	7.52	5	5
HR 10Y	3.09	0	0
SK 10Y	3.39	25	36

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