CEE Insights

Fixed Income and Foreign Exchange

Looking ahead this week

Monday	Tuesday	Wednesday	Thursday	Friday
RO: Industry	**HU:** CPI **CZ, PL, RO:** Current Account	**CZ, RO:** CPI **HU, PL, SK, RO:** 4Q GDP	**PL, SK:** CPI **HR:** Retail, Trade Balance	**CZ:** 4Q GDP **PL:** Wages, Employment

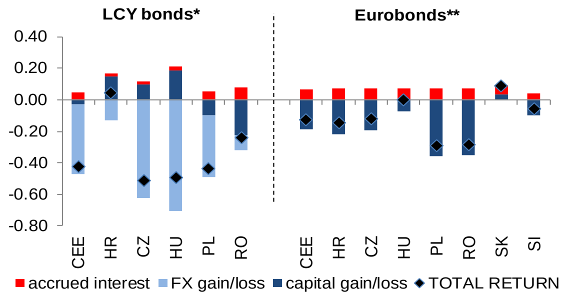
Click for: this week's detailed releases/events, market forecasts, macro forecasts

All eyes will be on Wednesday's 4Q17 GDP releases this week. We expect quite upbeat numbers, with Romania remaining on top of the list, likely having delivered a robust year-end (1.1% q/q), sending the annual number to a stellar 7.9%. Other countries are also unlikely to remain shy, with annual numbers likely speeding up in Poland (to 5.3%) and slightly in the Czech Republic (to 5.1%), as well as in Hungary (to 4.0%), while Slovakia should deliver 3.3%. Both external and domestic demand likely played strong roles in the growth. Looking forward, some mild deceleration should definitely not be ruled out, as the increase in employment may be close to its limits (with unemployment being close to, or at, all-time lows). EU fund inflows could accelerate, however, in most countries, partly offsetting this effect. Several inflation figures will also be released for January, where the base effect stemming from energy prices could dampen price increases on the annual level, while on a monthly basis, food and fuel prices likely increased. Annual CPI could range within 1.8-2.2% for January, except for Romania, where it could print at 4.0%, after 3.3% in December. The new NBR forecast sees inflation peaking at 5.1% this year, underpinning the need for further hikes; at the moment, we see two more coming this year in 25bp steps.

In case you missed it last week…

- NBR hiked 25bp to 2.25% as expected in Romania; we could see two more hikes in 2018
- NBS kept policy rate at 3.5% in Serbia as expected; central bank to stay put this year
- NBP kept policy rate at 1.5% as expected in Poland; rate stability is most likely scenario for 2018
- Fitch confirmed Slovakia's rating at A+ with stable outlook
- Serbian MinFin reported general government surplus (+1.2% of GDP) for 2017, first on record

For other events last week, please check respective countries: HR, CZ, HU, PL, RO, TR, SI, SK, SR



On Radar

CEE fixed income markets were pretty resilient to the last week's huge correction on global equity markets. While equity markets fell 6-7% y/y, bond yields in CEE and spreads remained almost unchanged, expect for in Romania and Hungary. However, the higher yields seen in Romania and Hungary have been rather the result of homegrown issues, rather than the global factors that stressed the markets last week. The National Bank of Romania delivered its second consecutive rate hike last week and two more are expected to be delivered later this year. In Hungary, 10Y yields jumped to 2.6%, as the market started to speculate on whether the unconventional monetary policy tools recently adopted by the MNB will be effective to counterbalance the global trend of rising yields. The central bank has also changed its rhetoric recently and, instead of depressing the yield level, it aims to contain the spread widening. CEE currencies weakened about half a percent on average vs. the euro last week, which does not differ from normal volatility. (For further details, see the next page.)

CEE currencies slightly eased last week (less than 1% w/w), while bond yields hardly moved. Higher fluctuation in HGB yields has been rather related to doubts on whether unconventional monetary policy tools recently adopted by the MNB will be effective to counterbalance the global trend of rising yields.

Correction on global stock markets had limited impact on CEE fixed income markets

'Has there been any spillover from the recent correction on global stock markets into CEE fixed income markets?'

Croatia: Markets thus far have been fairly resilient to global market moves. Hence, the exchange rate has traditionally (given the monetary policy setup) shown no volatility and continues to move below the 7.45 level. The 10Y LCY yield moved further downward to below 2.30%, continuing to reflect improved fundamentals, high LCY liquidity and a strong appetite from the local investor base. The long end of the EUR curve showed only a modest yield uptick (to 5bp), continuing mostly to reflect the ongoing spread-tightening scenario, as the DE benchmark trends higher. As expected, the most aggressive move was seen on the USD curve, where the longest tenor (USD2024) re-priced up approx. 30bp w/w, mainly reflecting market jitters and the uncertainty over the US rate outlook.

Czech Republic: The development of the Czech economy has remained favorable, with very low macroeconomics risks, and this is expected to continue in the coming years. The Czech National Bank has been gradually raising interest rates and the koruna has been appreciating. Thus, the recent correction on global markets had almost no impact on the EURCZK and yields, in our view. However, we should expect higher volatility for the koruna, mainly as some market participants are still too optimistic about monetary policy tightening this year, in our view, which could in turn slightly depreciate the koruna towards 25.30-25.35.

Hungary: The 10-year reference yield jumped to 2.60% in Hungary from its year-end level of just 2.02%, while the spread over the respective German Bund yield rose to around 190bp. This means that, despite the central bank's continuous efforts to keep the whole yield curve at as low a level as possible, the domestic bond market has not been resilient to changes on global markets. Not long ago, the MNB changed his communication, as they said that they would primarily focus on spreads over major bond yields. We think that the MNB will continue its unconditional IRS tenders and mortgage bond purchases to maintain stable spreads. Thus, movements of global bond market yields seem to be the most decisive factor in terms of the formation of domestic bond yields. Overall, depending on changes on global markets, the 10-year bond yield potentially could be somewhat higher this year than our current forecast of 2%.

Poland: For most of the week, the bond and FX market has been relatively stable, as both the zloty and 10Y yield have been holding in a relatively tight range. The weakening of the zloty toward 4.19 vs. the EUR (from 4.15 on Monday) and increase in long-term yields to 3.6% (from 3.55% on Monday) took place only toward the end of the week, mirroring the development on the core markets and increasing global risk aversion. As far as the FX market is concerned, the MPC meeting and return of clear dovish rhetoric could also keep the zloty slightly weaker than in the previous weeks.

Romania: The RON yield curve has steepened since the beginning of February, with long-term yields rising by 10bp and short-term yields almost constantly under the influence of the significant liquidity surplus in the market. It is hard to discern how much of this curve steepening was driven by the correction in global equity markets and how much was due to domestic factors like the backdrop of rising inflation, strong economic growth and risks related to the current account and budget deficits. Last week's auctions on the primary market were mixed, with modest bids at Monday's auction for 2022 bonds and issuance below the plan by the Ministry of Finance, but strong investor interest at the auction for bonds maturing in 2024 held on Thursday. On the FX market, there was nothing special in February and the leu was range-bound within 4.63-4.66.

Serbia: Serbian bond yields recorded a mixed performance last week. LCY yields remained relatively flat, despite the presence of foreign (mostly US-based) investors on the domestic bond market. The benchmark RSD 2023 yield even compressed by a few basis points. On the other hand, USD Eurobond yields took a hit of 10-20bp and thus followed a pattern seen in most emerging markets. However, Serbian USD yields have gradually been moving in an upward direction for months, following Fed tightening and an increase of benchmark yields, so this reaction was expected. As for LCY yields, we still see some potential for milder spread compression, supported by stronger fundamentals - the expected acceleration of economic activity, notable reduction of public debt, lower financing needs and improved external stability.

Slovakia: The recent global stock market rout did not have a significant impact on the Slovak market. Yields on 10Y Slovak government bonds increased to 0.94% on the first day of the turbulence, but later returned to lower levels and started a gradual climb again. Overall, yields on Slovak government bonds have been in an upward trend this year. However, the rise in German Bund yields has been even more pronounced, thus narrowing the 10Y spread to around 19bp. We expect a further rise in Slovak bond yields, reflecting the steady return of inflation, the move towards a more hawkish stance at the ECB and the expected tightening of monetary policy in the US. However, increases will still be mitigated to some extent by the duration of QE and Slovakia's good fiscal stance. We expect the 10-year government bond yield to be around 1.05% in 1Q18 before rising to 1.25% by the end of the year.

Slovenia: Slovenian bonds fared well in the turbulent week behind us. The long end of the EUR curve showed only a modest yield uptick (approx. 5bp), while in the recent period, Slovenia was mostly tracking the DE benchmark trajectory, as the spread remained in the region of 40bp. The USD curve came under some upward pressure, with the longest 2024 tenor yield up approx. 10bp w/w.

Looking ahead

	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.	Pre Comment
12. Feb.	8:00	RO	Industrial Production (y/y)	Dec		*8.8%*	9.5%	*Industrial production benefiting at present from mix of strong external demand and booming household consumption.*
13. Feb.		RO	Current Account Balance YTD	Dec		*-650*	-5581	*Current account balance under pressure from widening of trade deficit on goods segment and by limited growth of trade surplus for services.*
	9:00	HU	CPI (y/y)	Jan	*2.0%*	*2.1%*	2.1%	*Mixed effects: moderate m/m increases in food and fuel prices, seasonal drops of clothes prices, price-decreasing effect of VAT cuts in certain price categories.*
	9:00	HU	CPI (m/m)	Jan	*0.4%*	*0.4%*	0.0%	
	14:00	PL	Trade Balance	Dec	*-464*		109	
	14:00	PL	Current Account Balance (monthly)	Dec	*-500*		233	
14. Feb.	8:00	RO	CPI (y/y)	Jan		*4.0%*	3.32%	*After increasing above NBR target in January, inflation rate to remain at high levels until autumn.*
	8:00	RO	CPI (m/m)	Jan		*0.5%*	0.32%	*Rising inflationary pressures from administered energy price, fuels and food items.*
	8:00	RO	GDP (q/q)	4Q A		*1.1%*	2.64%	
	8:00	RO	GDP (y/y)	4Q A		*7.9%*	8.75%	*Industrial production, retail sales and agriculture key contributors to real GDP in 4Q17.*
	9:00	CZ	CPI (y/y)	Jan	*2.2%*	*2.0%*	2.4%	*CPI inflation slowing down since November, mainly because of base effect. Coming months should see very gradual rise, due to spillover of solid domestic demand and high wage growth into prices.*
	9:00	CZ	CPI (m/m)	Jan	*0.6%*	*0.4%*	0.1%	*Increase in price level mainly affected by higher oil prices and seasonal effect associated with rise in prices of package holidays. Also, solid domestic demand contributed positively.*
	9:00	HU	GDP (q/q)	4Q P	*1.0%*	*0.8%*	0.9%	
	9:00	HU	GDP (y/y)	4Q P	*4.2%*	*4.0%*	3.9%	*Economic growth could have been driven by improving internal demand.*
	9:00	SK	GDP (y/y)	4Q P		*3.3%*	3.4%	*Solid economic growth should continue, driven predominantly by domestic demand.*
	10:00	PL	GDP (y/y)	4Q P	*5.1%*	*5.3%*	4.9%	*FY17 growth at 4.6% suggests quarter must have been very strong and we see 4Q17 GDP at 5.3% y/y.*
15. Feb.	9:00	SK	CPI (y/y)	Jan		*2.2%*	1.9%	*Consumer prices may rise faster due to regulated energy prices, as well as food and service prices.*
	9:00	SK	CPI (m/m)	Jan		*0.6%*	0.0%	*Due to higher regulated energy prices, the monthly dynamics should be brisker.*
	10:00	PL	CPI (y/y)	Jan	*1.9%*	*1.8%*	2.1%	*Inflation rate should ease further due to base effects.*
	10:00	PL	CPI (m/m)	Jan	*0.2%*	*0.2%*	0.2%	
16. Feb.	9:00	CZ	GDP (q/q)	4Q A	*0.7%*	*0.6%*	0.5%	*Strong household consumption and fixed investment expenditures were most important factors behind solid growth in 4Q.*
	9:00	CZ	GDP (y/y)	4Q A	*2.8%*	*5.1%*	5%	*Economic recovery in Eurozone and strong labor market have been supporting solid economic growth. We expect that all main GDP components contributed positively in 4Q.*
	10:00	PL	Wages (y/y)	Jan	*6.8%*	*6.9%*	7.3%	*Nominal wage should sustain robust growth dynamics, thereby supporting private consumption growth.*
	10:00	PL	Employment (y/y)	Jan	*3.1%*		4.6%	

Sources: Bloomberg, Reuters

Major markets

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- With regards to the latest yield increase, US bond markets seem to have played a leading role. Apparently, the release of the US labor market report and especially of the higher than expected hourly wages, generated more confidence that the price dynamics might accelerate. Currently markets react apparently particularly sensitive to inflation risks. The global economic recovery should support increases in inflation; however, with regards to prices, the momentum is still sluggish. Since all central banks have to achieve inflation targets, all of them are – depending on the specific form of their mandate – more or less under pressure to adjust their instruments to the incoming data accordingly. In total, we expect only gradual modifications, as none of the central banks is interested in endangering the economic upswing. However, after a long period of high predictability of the central banks, periods of higher volatility on the markets are now to be expected.
- Albeit market expectations for the Eurozone's development of inflation in the mid-term have increased steadily since summer 2017, the latest increase in 10-year yields of German government bonds still occurred faster and stronger than expected. Therefore, small corrections are possible in the weeks to come. However, the direction until the end of the year is clear: moderate yield increases in accordance with slightly rising core inflation.

Croatia

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- After strong trends in recent months, preliminary results for the December trade balance showed a negative footprint on both the export and import sides, with 5% and 15% contractions, respectively, hence wrapping up fairly mediocre December monthly-frequency data. This led to a strong deficit reduction of 30% on the annual level, due to the stronger import contraction vs. exports. However, on the quarterly level, exports increased by 8% y/y, while imports grew by 1.4% y/y. This, coupled with the still favorable 4Q17 performance on the retail trade and industrial production sides, indicate GDP remaining on a solid growth trajectory in the last quarter of 2017.
- Last week brought another calm performance on the markets, as the exchange rate remained slightly below the 7.45 mark, while the HRK 2028 bond yield stayed around the 2.3% level.

Czech Republic

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- The trade balance arrived at CZK -2.2bn in December. The figure was negatively affected by seasonal effects and higher oil prices.
- Retail sales growth arrived at 4.7% y/y in December. The economic story has not changed. Strong wage growth and the low unemployment rate in the Czech economy are still the main drivers of the positive development in retail sales.
- In December, industrial production came in at 2.7% y/y, from the 8.5% y/y reached in November. However, this slowdown was affected by data volatility and significant calendar effects, as December 2017 had two days less than the same month a year ago.

- The share of unemployed arrived at 3.9% in December, from the 3.8% reached in November. This slight increase in unemployment was solely cyclical and we expect tight labor market conditions to continue in the coming months.

Hungary

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- Retail sales volume rose 5.9% y/y WDA in December. All three core components contributed to retail sales growth, as food sales rose 2.1%, non-food sales increased 10.4%, while fuel sales edged up 4.1% in December. Overall, retail sales volume growth was 4.8% on average throughout 2017, matching the pace of 2016.
- Volume growth of industrial production accelerated to 4.5% y/y (wda) in December, from the 3.4% y/y published in November. The unadjusted December figure showed a 0.5% decline on the yearly level, due to the working day effect, as the number of workdays was two fewer in December 2017 than in December 2016. The performance rose by 4.8% y/y in FY17.
- The external trade surplus in December 2017 amounted to EUR 502mn. In an annual comparison, the surplus was slightly higher (by EUR 12mn) than in December 2016. Growth dynamics of exports in euro terms arrived at 2.5% y/y, while imports increased by 2.5% y/y as well. The FY17 trade surplus was EUR 8.24bn, EUR 1.49bn lower than in FY16.

Poland

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- In Poland, the MPC kept the policy rate flat at 1.5% as expected and maintained the view that the stability of rates is the most likely scenario this year. According to MPC member Hardt (who considered a rate hike in 2018 earlier), the probability of keeping the rate stable is higher than it is for changing it. Governor Glapinski refused to comment on the interest rate outlook for 2019. The current economic situation (solid growth and accelerating wages, without increasing inflationary pressure) supports the scenario of rate stability.
- The Ministry of Finance sold PLN 5bn in different Treasury papers with demand at PLN 8.6bn. The supply for Thursday‘s auction was curbed earlier, given the recent increase in yields. However, the Ministry of Finance has 43% of this year‘s borrowing needs financed, which is slightly higher than at this time last year.

Romania

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- The new inflation report of the NBR shows stronger inflationary pressures coming from factors outside the central bank’s influence (fuel, fruits and vegetables, administered prices), coupled with weaker pressure from core inflation. The inflation rate is now seen by the NBR at 3.5% y/y in December 2018 (from 3.2% in the previous inflation report), the upper limit of its targeted range. Moreover, inflation will climb as high as 5.1% in June this year. Before releasing its new inflation report, the NBR delivered another 25bp hike in the key rate to 2.25%. We continue to see two more rate hikes until the end of 2018 and we think that the amplitude and timing of this hiking cycle will be data-dependent, especially in an external environment that is evolving rapidly.

- Exports of goods increased by 9.1% in euro terms in 2017, while imports were faster at 12.2%, in the context of strong household consumption. Trade deficit (goods only) widened to 7% of GDP in 2017, from 5.9% in 2016, thus explaining part of the RON underperformance vs. the region.

Serbia

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- The NBS kept the key rate at 3.50%, as monetary policy makers see inflation moving steadily inside the target band in the mid run and are keeping their eyes on market reactions to the expected hawkish moves by the Fed and ECB. For more details, see our Friday daily.
- On the FX and LCY bond markets, we saw no major developments, as the EUR/RSD moved steadily around the 118.5 mark and the benchmark RSD 2023 bond yield remained relatively flat. On the other hand, USD yields took a 10-20bp hit, amid increased stress on global financial markets.

Slovakia

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- Fitch confirmed Slovakia's rating at A+ with a stable outlook. It expects the economy to grow by 3.6% this year before speeding up to 3.9% in 2019 (lower than our projections). The agency also commended the falling public debt and favorable underlying labor market trends. However, the rating is constrained by the high net external debt and a potential risk may stem from the fast growth in household debts (currently around 40% of GDP).
- Retail sales grew by 5.6% y/y (+1.1% m/m) in December, somewhat below our expectations. The fundamentals for dynamic retail sales growth remain very good. We expect retail sales to remain on a good trajectory in the coming months.
- Industrial production fell by 1.1% y/y in December (-2.6% m/m), below both our and market expectations. Car production was the largest contributor to the decrease, as it fell by 6.9% y/y. On the other hand, the manufacture of metals rose by 9.9% y/y. Construction production continued its positive growth rate trend on a milder note and rose by 3% y/y in December (-5.5% m/m). The fundamentals remain unchanged – industrial production should keep growing at good rates this year and support GDP growth.
- Foreign trade dynamics slowed down only partially in December, as exports grew by 5.3% y/y and imports rose by 2.5% y/y. The foreign trade balance was positive at EUR 8.5mn, unusually for that month.
- New forecasts of the Ministry of Finance paint a bright picture. The ministry expects the economy to grow by 4.2% this year and 4.5% in 2019, above our projections of 3.9% and 4.2%, respectively. Both domestic and foreign demand are expected to drive growth. Investments will rise further due to the construction of the JLR plant and the Bratislava highway bypass. Exports will get a boost from higher production capacities at the Bratislava plant of VW and Jaguar Land Rover (JLR) later on. PM Robert Fico mentioned that he wants to distribute higher tax revenues arising from the positive projections in as yet unspecified new social measures.

Slovenia

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- January inflation remained in a tight band, with the headline figure landing at 1.5% y/y vs. the 1.7% recorded at YE17. On the monthly level, CPI fell 0.8%, driven primarily by seasonal effects, i.e. lower prices in the clothing and footwear segment amid the sales season.
- Following a 1.7% y/y increase on the retail trade side, the remainder of the short-term data wrapped up the strong overall December performance. Industrial production thus grew 12.2%, showing support from practically every sector of production. On the trade balance side, we saw another vivid export performance with a 9.2% y/y increase, while imports also caught up with the strong momentum, growing 10.1% on the annual level.
- We saw no major changes on the bond market, as yields maintained a steady w/w performance, with the EUR 2027 curve remaining around the 1.1% mark.

Capital market forecasts

Government bond yields	current	2018Q1	2018Q2	2018Q3	2018Q4
Croatia 10Y	2.27	2.30	2.30	2.40	2.50
spread (bps)	151	171	161	165	160
Czech Rep. 10Y	1.86	1.86	1.89	1.92	1.93
spread (bps)	111	127	120	117	103
Hungary 10Y	2.55	2.00	2.00	2.00	2.00
spread (bps)	179	141	131	125	110
Poland 10Y	3.56	3.40	3.45	3.71	3.91
spread (bps)	280	281	276	296	301
Romania10Y	4.61	4.60	4.80	5.10	5.40
spread (bps)	385	401	411	435	450
Slovakia 10Y	0.89	1.05	1.10	1.15	1.25
spread (bps)	14	46	41	40	35
Slovenia 10Y	1.22	0.90	1.10	1.20	1.30
spread (bps)	47	31	41	45	40
Serbia 7Y	4.12	4.40	4.20	4.20	4.20
DE10Y (BBG)*	***0.75***	***0.59***	***0.69***	***0.75***	***0.90***

FX	current	2018Q1	2018Q2	2018Q3	2018Q4
EURHRK	7.44	7.45	7.35	7.45	7.50
forwards		7.44	7.44	7.44	7.44
EURCZK	25.33	25.40	25.30	25.10	25.00
forwards		25.36	25.36	25.36	25.36
EURHUF	312.1	315.0	315.0	315.0	315.0
forwards		315.2	315.2	315.2	315.2
EURPLN	4.19	4.13	4.14	4.18	4.15
forwards		4.19	4.19	4.19	4.19
EURRON	4.66	4.65	4.65	4.70	4.73
forwards		4.66	4.66	4.66	4.66
EURRSD	118.5	119.0	119.0	119.0	119.0
forwards		-	-	-	-
EURUSD	1.23	1.13	1.11	1.10	1.12

3M Money Market Rate	current	2018Q1	2018Q2	2018Q3	2018Q4
Croatia	0.51	0.40	0.40	0.40	0.40
Czech Republic	0.90	0.89	1.11	1.11	1.34
Hungary	0.02	0.02	0.02	0.02	0.02
Poland	1.72	1.73	1.75	1.75	1.79
Romania	2.04	2.15	2.45	2.70	2.75
Serbia	3.10	3.00	3.00	3.00	3.00
Eurozone	-0.33	-0.30	-0.30	-0.30	-0.30

Key Interest Rate	current	2018Q1	2018Q2	2018Q3	2018Q4
Croatia	0.50	0.30	0.30	0.30	0.30
Czech Republic	0.75	0.75	1.00	1.00	1.25
Hungary	0.90	0.90	0.90	0.90	0.90
Poland	1.50	1.50	1.50	1.50	1.50
Romania	2.25	2.25	2.50	2.75	2.75
Serbia	3.50	3.50	3.50	3.50	3.50
Eurozone	0.00	0.00	0.00	0.00	0.00

Macro forecasts

Real GDP growth (%)	2016	2017f	2018f	2019f
Croatia	3.2	3.0	2.8	2.9
Czech Republic	2.5	4.4	3.4	2.9
Hungary	2.2	3.9	3.5	3.3
Poland	2.9	4.6	3.9	3.0
Romania	4.8	7.1	4.1	2.4
Serbia	2.8	1.8	2.9	3.0
Slovakia	3.3	3.3	3.9	4.2
Slovenia	3.1	4.6	4.0	3.5
CEE8 average	**3.1**	**4.6**	**3.7**	**3.0**

Average inflation (%)	2016	2017f	2018f	2019f
Croatia	-1.1	1.2	1.6	1.8
Czech Republic	0.7	2.5	2.3	2.0
Hungary	0.4	2.3	3.0	3.5
Poland	-0.6	2.0	2.2	2.3
Romania	-1.5	1.3	4.0	3.0
Serbia	1.6	3.1	2.9	3.6
Slovakia	-0.5	1.3	2.0	2.3
Slovenia	-0.1	1.4	1.6	1.8
CEE8 average	**-0.4**	**1.9**	**2.6**	**2.5**

Unemployment (%)	2016	2017f	2018f	2019f
Croatia	13.1	10.9	10.0	9.2
Czech Republic	4.0	3.0	2.8	3.2
Hungary	5.1	4.2	4.0	3.9
Poland	8.9	7.4	7.2	7.3
Romania	6.0	5.4	5.5	5.5
Serbia	15.3	12.8	11.6	11.1
Slovakia	9.7	8.2	7.5	6.8
Slovenia	8.0	6.7	5.8	5.1
CEE8 average	**7.7**	**6.4**	**6.1**	**6.1**

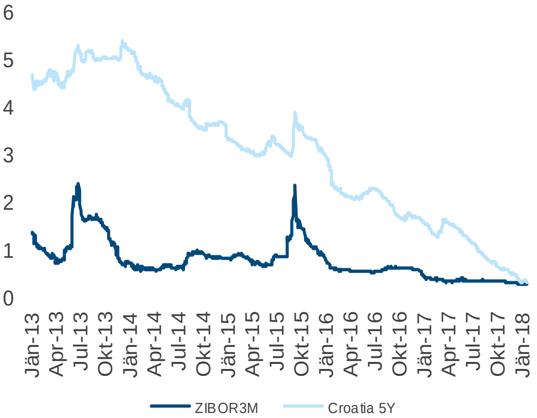
Public debt (% of GDP)	2016	2017f	2018f	2019f
Croatia	82.7	79.3	76.2	73.0
Czech Republic	36.8	34.9	32.8	31.9
Hungary	73.9	72.0	70.7	69.7
Poland	52.1	52.4	53.2	52.9
Romania	37.6	36.9	37.0	37.7
Serbia	71.9	61.5	65.3	61.6
Slovakia	51.8	51.2	50.1	47.6
Slovenia	78.3	74.2	72.5	69.0
CEE8 average	**52.6**	**51.3**	**50.9**	**50.0**

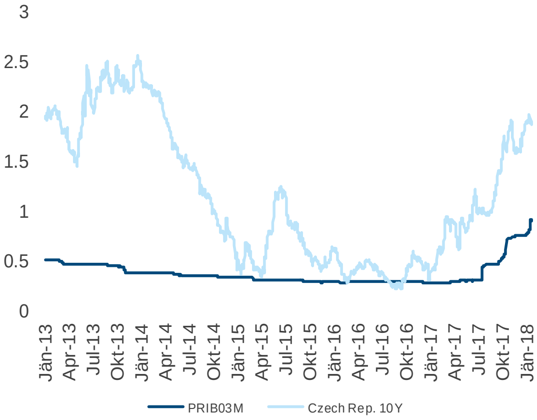
C/A (%GDP)	2016	2017f	2018f	2019f
Croatia	2.5	4.1	2.5	1.5
Czech Republic	1.1	0.9	0.7	0.5
Hungary	6.1	3.5	3.0	2.4
Poland	-0.3	0.2	-0.3	-0.9
Romania	-2.3	-3.1	-3.7	-3.6
Serbia	-4.2	-4.7	-5.3	-6.6
Slovakia	-1.5	-0.9	-0.2	0.3
Slovenia	5.2	6.4	6.1	5.4
CEE8 average	**0.4**	**0.3**	**-0.1**	**-0.5**

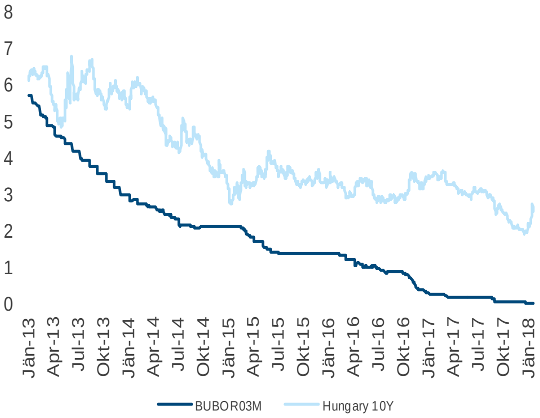
Budget Balance (%GDP)	2016	2017f	2018f	2019f
Croatia	-0.8	-0.5	-0.5	-0.5
Czech Republic	0.5	0.2	0.1	-0.2
Hungary	-1.8	-2.0	-2.5	-2.5
Poland	-2.4	-2.1	-2.5	-2.3
Romania	-3.0	-3.0	-3.4	-2.9
Serbia	-1.3	1.2	-0.5	-0.5
Slovakia	-2.2	-1.5	-1.0	-0.6
Slovenia	-1.8	-0.8	-0.3	0.0
CEE8 average	**-1.8**	**-1.6**	**-1.9**	**-1.7**

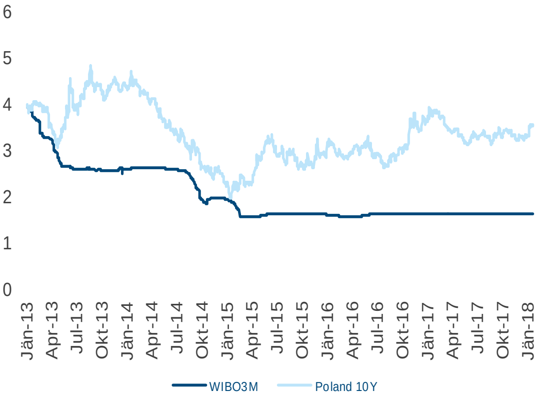
Note:*Information on past performance is not a reliable indicator for future performance. Forecasts are not a reliable indicator for future performance.

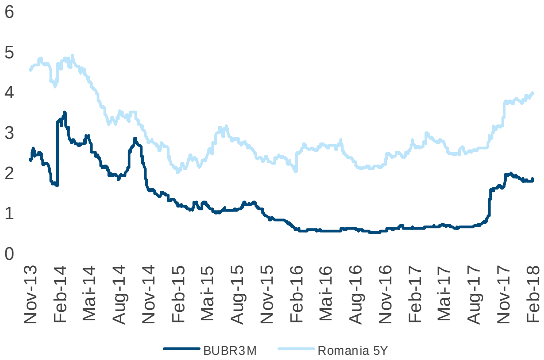
Appendix

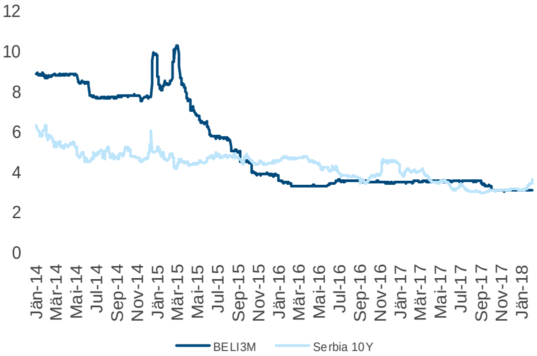


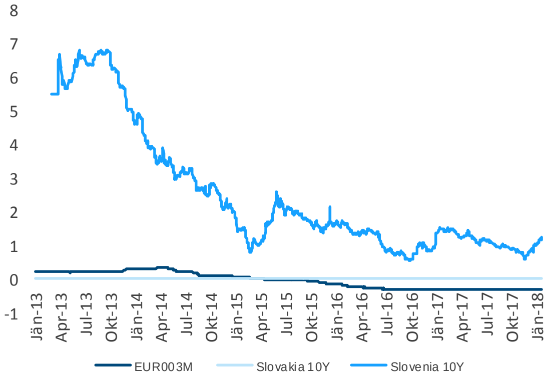












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