

## CEE Macro and FI Daily

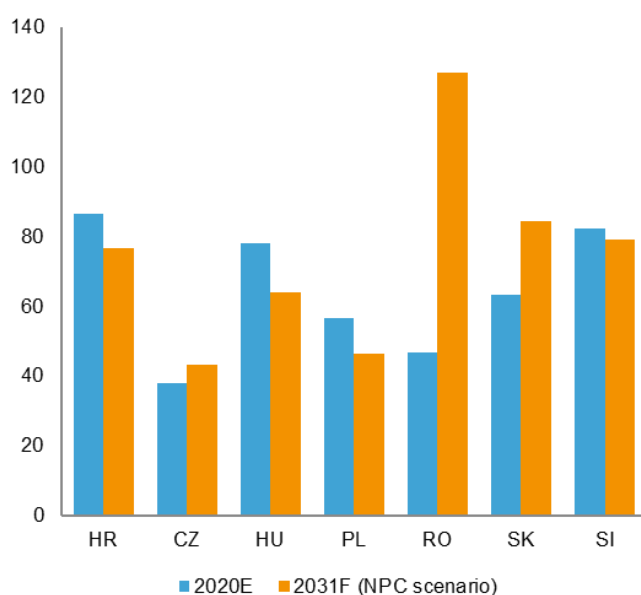
Debt ratios to stabilize in most of CEE countries

### On the Radar

- In Czechia, [industrial production](#) arrived at 1.3% y/y in December.
- According to PM Ciu, Romania will present its 2021 budget bill by Wednesday morning targeting the deficit of 7-7.1% of GDP.
- In Croatia trade deficit narrowed to HRK -3.7bn in November, while it widened in Romania to EUR -1.95bn in December.
- Today at 10:30 AM CET, Slovenia will publish trade statistics for December.
- Tomorrow in the morning, industrial production for December is due in Slovakia.

### Public debt, % of GDP

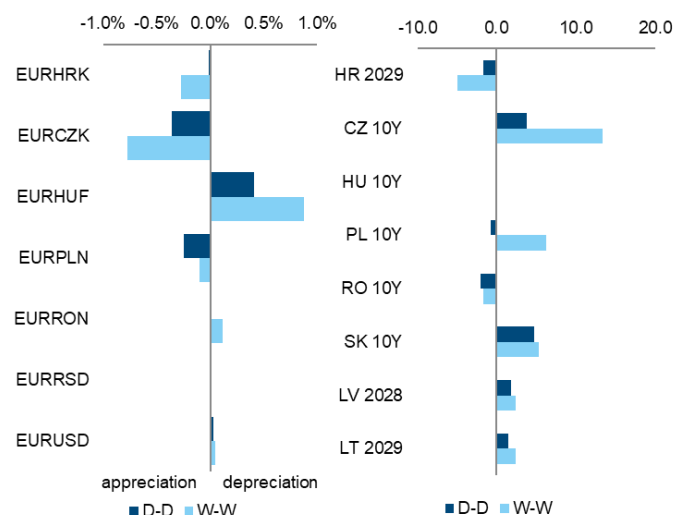
### Economic developments



The new [Debt sustainability monitor](#) issued by the EC last week show that debt ratios in most of CEE countries should stabilize or even decline over the next decade without any extra effort - in so called no-policy-change (NPC) scenario. Romania and Slovakia are the only CEE countries where public debt is expected to continue to increase by brisk pace well above 60% also in Stochastic Debt Projections, according to which Romania's public debt ratio is to nearly double in 5 years and breach 120% of GDP in 10 years unless some policy action is taken. The main reason is high structural deficit and unreformed pension system. According to the EC's material, Romania would need to deliver the highest fiscal consolidation from all EU member states (higher than Italy) in order to achieve the 60% of GDP debt target in 15 years.

Source: European Commission, Erste Group Research

## Market performance



Source: Bloomberg, Erste Group Research

## Market developments

Global market mood continues to benefit from vaccine roll-out in the US and progress on new stimulus package, tough concerns are rising over its impact on inflation. US dollar depreciated today morning and is moving toward 1.21 vs. EUR. CEE currencies benefited from global risk-on mood and appreciated with exception of Hungarian forint that weakened and is trading above 358 vs. EUR. Czech koruna continues its downward move as EURCZK broke the 25.7 margin, while Polish zloty moved toward 4.48 vs. EUR. In Hungary, central bank cut liquidity support for economy as MNB bought last week HUF 60bn in Treasuries and injected HUF 10bn liquidity via repo operations. Last week's total HUF 70bn support compares with HUF 75bn in the previous week and HUF 80bn earlier in January.

## COVID-19 update

	Actuals 08.02.2021			24H Cases		Prev. Day		3 Day Average		5 Day Average	
	Active Cases	New	Pct.	New	Pct.	New Cases	Pct.	New Cases	Pct.		
US	26,629,073	86,646	0.3%	89,581	0.3%	93,414	0.4%	107,398	0.4%		
UK	3,847,978	14,138	0.4%	15,904	0.4%	16,135	0.4%	17,669	0.5%		
FR	3,080,553	4,343	0.1%	19,715	0.6%	14,882	0.5%	18,055	0.6%		
IT	419,604	7,969	1.9%	11,640	2.7%	11,016	2.6%	12,183	2.9%		
ES	2,776,414	47,095	1.7% ↑	-	0.0%	15,698	0.6%	21,124	0.8%		
DE	179,792	4,650	2.6%	6,670	3.8%	6,651	3.7%	8,764	4.8%		
CH	207,902	3,280	1.6% ↑	-	0.0%	1,093	0.5%	1,326	0.6%		
AT	13,562	1,057	7.8%	1,317	9.6%	1,236	9.0%	1,323	9.6%		
PL	200,698	2,431	1.2%	4,725	2.3%	4,374	2.1%	5,134	2.5%		
RS	405,702	1,960 ↑	0.5% ↑	1,529	0.4%	1,724	0.4%	1,801	0.4%		
RO	34,995	1,319	3.8%	1,975	5.6%	1,968	5.6%	2,231	6.3%		
CZ	98,041	4,863	5.0%	8,635	9.0%	7,208	7.5%	8,092	8.5%		
HU	82,661	1,160	1.4%	1,370	1.6%	1,364	1.6%	1,464	1.7%		
SI	15,758	298	1.9%	501	3.2%	567	3.6%	780	4.8%		
SK	13,110	757	5.8%	1,552	9.4%	1,517	9.1%	1,851	10.0%		
HR	2,407	71	2.9%	276	10.0%	257	9.2%	367	12.7%		

Source: John Hopkins University

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## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
09.Feb	10:30	SI	Trade Balance	Dec			-0.28
10.Feb		SK	Industrial Production (y/y)	Dec		2.50%	2.30%

## CDS Spread

	Last	Change (bps)	
		d-d	w-w
Czechia	36	0	0
Hungary	60	0	0
Poland	45	0	0
Romania	80	0	0
Croatia	76	0	0
Slovakia	45	0	0
Slovenia	65	0	0

## FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.69	-0.4	-0.8
EUR/HUF	358.51	0.4	0.9
EUR/PLN	4.48	-0.2	0.0
EUR/RON	4.88	0.0	0.1
EUR/HRK	7.56	0.0	-0.3
EUR/RSD	117.62	0.0	0.1
EUR/USD	1.21	0.0	0.3

## 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	0.36	0	0
HUF	0.75	0	0
PLN	0.11	0	0
RON	1.39	0	0
RSD	0.89	-1	-1
EUR	-0.54	0	1

## Selected government bonds

Benchmark bonds	Domestic						Eurobond						
	Rating	Years to maturity	Description	Current (mid)	Change (bps)		Rating	Years to maturity	Description	Current (mid)	Change (bps)		
					d-d	w-w					d-d	w-w	
Czechia	AA-	1	CZGB 0.1 04/17/22	0.15	0	0	AA-	0	CZECH 3 5/8 04/14/21	EUR	-0.38	-1	-2
	AA-	4	CZGB 1 1/4 02/14/25	0.85	0	16	AA-	1	CZECH 3 7/8 05/24/22	EUR	-0.42	0	2
	AA-	9	CZGB 0.95 05/15/30	1.43	2	14							
Slovakia	A+	2	SLOVGB 3 02/28/23	-0.58	0	2	A+	0	SLOVAK 4 03/26/21	EUR	-0.71	0	0
	A+	6	SLOVGB 1 3/8 01/21/27	-0.49	0	5	A+	1	SLOVAK 2 3/4 04/25/22	EUR	-0.51	0	1
	A+	9	SLOVGB 0 3/4 04/09/30	-0.35	0	7							
Hungary	BBB	2	HGB 1 3/4 10/26/22	0.50	1	1	BBB	5	REPHUN 1 1/4 10/22/25	EUR	-0.02	-1	-3
	BBB	7	HGB 3 10/27/27	1.45	0	0	BBB	7	REPHUN 1 3/4 10/10/27	EUR	0.19	0	-2
Poland	A-	1	POLGB 0 07/25/22	-0.01	0	0	A-	2	POLAND 3 3/4 01/19/23	EUR	-0.34	1	1
	A-	4	POLGB 3 1/4 07/25/25	0.43	-1	2	A-	5	POLAND 1 1/2 09/09/25	EUR	-0.31	0	0
	A-	9	POLGB 2 3/4 10/25/29	1.08	7	7	A-	8	POLAND 1 10/25/28	EUR	-0.07	0	1
Romania	BBB-	1	ROMGB 4 08/08/22	1.81	0	-6	BBB-	4	ROMANI 2 7/8 10/28/24	EUR	0.06	-1	-3
	BBB-	3	ROMGB 4 1/2 06/17/24	2.02	2	1	BBB-	7	ROMANI 2 7/8 05/26/28	EUR	1.01	0	-5
	BBB-	8	ROMGB 5 02/12/29	2.50	-2	1	BBB-	15	ROMANI 3 7/8 10/29/35	EUR	2.02	-1	-7
Croatia	BBB-	1	CROATE 2 1/4 02/07/22	-0.14	-1	-11	BBB-	1	CROATI 3 7/8 05/30/22	EUR	-0.16	-1	-6
	BBB-	4	CROATE 0 1/4 03/03/25	0.22	0	0	BBB-	4	CROATI 3 03/11/25	EUR	0.11	0	-1
	BBB-	8	CROATE 2 3/8 07/09/29	0.55	0	-3	BBB-	8	CROATI 1 1/8 06/19/29	EUR	0.50	0	-2
Slovenia	AA-	0	SLOREP 3 04/08/21	-0.82	-3	0							
	AA-	6	SLOREP 1 1/4 03/22/27	-0.38	0	-1							

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