

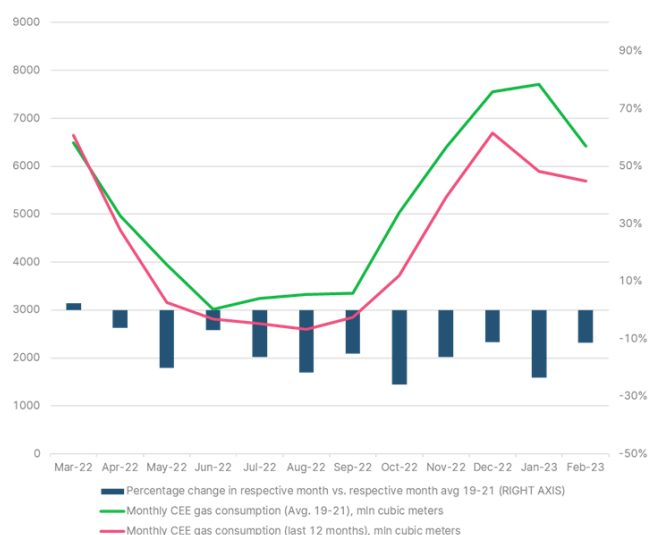
## CEE Macro and FI Daily

### CEE reduced gas consumption over last 12 months

#### On the Radar

- The European Central Bank raised interest rates by 25 basis points to 3.25% as expected on Thursday.
- In the morning Romania published retail sales data and in March it increased 7.3% y/y (6.7% y/y seasonally adjusted).
- In Hungary retail sales dived -12.6% y/y in March (-13.1% y/y calendar adjusted series) and industrial output decline by 4.1% y/y in March (4.0% y/y working-day adjusted).
- In Slovakia and Czechia retail sales landed at -6% and -8.1% y/y respectively.

#### Gas consumption over last 12 months, change vs. avg 19-21

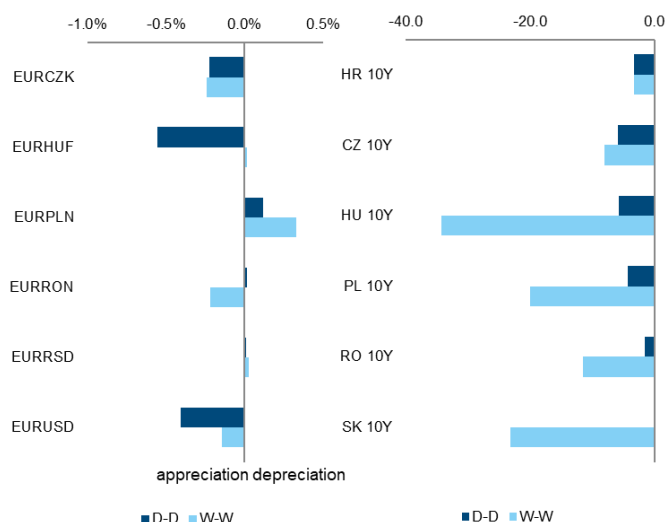


Source: Erste Group Research

#### Economic developments

On Thursday, Eurostat informed that inland demand for natural gas in the EU decreased by 13.2% in 2022 to 13.72 million terajoules, following a 4.3% increase in 2021. The reduction of the gas consumption was part of the REPowerEU plan to end EU dependence on Russian fossil fuels and the target was set of 15% for the period August 2022-March 2023 as compared to the average of the same period of the five previous consecutive years. The target was reached as between August 2022 and March 2023, EU consumption of natural gas dropped by 17.7%, compared with the average gas consumption for the same months (August-March) between 2017 and 2022. The CEE region also decreased the gas consumption visibly. We looked at the gas consumption in the region over last 12 months as opposed to the average between 2019 and 2021 and it went down in the region by 14% on average with more visible decline taking place as of mid-2022. At the same time, EU diversified the source of the natural gas imports. The 2022 imports from Russia dropped compared to 2021 and EU compensated it with a visibly increase in imports of natural gas from the US, Algeria, Qatar and UK.

## Market performance



Source: Bloomberg, Erste Group Research

## Market developments

The ECB decided to raise key interest rates by 25bp at the meeting on Thursday, bringing the main refinancing rate to 3.75%. As for the way forward, the course taken in March will be continued. Decisions will be made on a data-dependent, meeting-by-meeting basis. If there are no decisive changes in the fundamental data situation, we can therefore assume that interest rates will continue to rise. We are not pausing - that is very clear," ECB President Christine Lagarde told a press conference. As for the markets' development in the region, Czech koruna and Hungarian forint appreciated versus euro on Thursday while Polish zloty has weakened. The long-term yields continued to decline adding to the overall decrease in yields that could have been observed throughout the whole week. As for other local news, in Czechia, the rate setter Karina Kubelkova said on Thursday that Czech central bank board members supporting an interest rate hike at Wednesday's meeting (the vote was a close call 4:3 to keep policy rate unchanged) saw fiscal policy as one of the arguments, along with wage pressures and concerns about inflation expectations. Further, the Hungarian economic development minister said on Thursday that high borrowing costs threaten the Hungarian economy and risk a credit crunch, adding that inflation needed to fall so that interest rates can come down. Nagy said that government debt financing costs would jump to around 4% of gross domestic product (GDP) by 2024 from 2.8% of GDP in 2022.

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## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
05. May	08:00	RO	Retail Sales (y/y)	Mar		4.5%	3.2%
	08:30	HU	Industrial Production (y/y)	Mar	-2.6%	-4.4%	-4.6%
	08:30	HU	Retail Sales (y/y)	Mar	-14.0%	-14.1%	-10.1%
	09:00	SK	Retail Sales (y/y)	Mar		-4.0%	-2.5%
	10:30	SI	Trade Balance	Mar			0.30

### FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	23.41	-0.2	-0.2
EUR/HUF	372.84	-0.6	0.0
EUR/PLN	4.59	0.1	0.3
EUR/RON	4.92	0.0	-0.2
EUR/RSD	117.20	0.0	0.0
EUR/USD	1.10	-0.4	-0.1

### 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	7.18	1	0
HUF	16.21	-1	-3
PLN	6.90	0	0
RON	6.66	-2	-7
RSD	5.57	0	0
EUR	3.28	1	3

### 10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	4.50	-6	-8
HU 10Y	7.71	-6	-34
PL 10Y	5.76	-4	-20
RO 10Y	7.16	-1	-12
HR 10Y	3.73	-3	-3
SK 10Y	3.45	0	-23

**Erste Group Research**  
**CEE Macro and FI Daily**  
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