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Viewpoint

Economic growth remains fragile, with Central and South-Eastern Europe showing resilience while Eastern Europe faces rising risks. Inflation is moderating but still above target in some countries, slowing monetary easing in certain cases. Policymakers have to balance inflation control with the need to sustain economic momentum.

Macroeconomic scenario

- **Economic growth** – The global economy remains caught in a fragile equilibrium, shaped by the interplay of waning external demand, persistent geopolitical tensions, and a gradual disinflationary trend. While global trade flows continue to face headwinds from protectionist policies and economic fragmentation, domestic resilience in select regions has cushioned the impact of external shocks. In this context, **Central Eastern Europe (CEE)** is navigating a phase of moderate expansion, primarily supported by domestic demand, but the region's high exposure to Eurozone manufacturing weaknesses – mainly in Germany – remains a key vulnerability. In **South-Eastern Europe (SEE)**, economic activity remains stable, though inflationary pressures continue to require a delicate balance in monetary policy decisions. Meanwhile, **Eastern Europe (EE)** faces amplified risks, particularly in energy security and financial stability, given its exposure to geopolitical turbulence. **Egypt**, as a key MENA economy, continues to grapple with inflationary pressures, requiring decisive policy interventions to stabilise macroeconomic conditions.
- **Inflation** – Inflation trends across major economies exhibit a heterogeneous picture. In **CEE**, consumer prices are showing signs of moderation due to stabilizing energy costs, but remain above central bank targets, limiting the scope for aggressive monetary easing. **SEE** economies experience mixed inflation dynamics, driven by fluctuations in energy and food prices. **EE**, conversely, remains locked in an inflationary cycle, exacerbated by supply chain disruptions and regional uncertainties. **Egypt**'s inflation, among the highest in the monitored regions, has required an aggressive tightening stance, albeit at the cost of economic growth.
- **Monetary policies** – Monetary policy responses reflect these divergences. In **CEE**, central banks have largely maintained a cautious stance, with incremental rate reductions aimed at balancing inflation control with economic support. **SEE** economies have opted for a stable policy framework to avoid exacerbating price pressures. **EE** policymakers, particularly in Russia and Ukraine, operate within a constrained strategy space, as geopolitical risks limit conventional monetary tools. **Egypt**'s central bank, meanwhile, remains in a tightening phase, prioritising inflation containment despite the strain on economic momentum.

Banking aggregates

- **Loans** – In **CEE**, credit expansion has shown a mild acceleration, underpinned by robust macroeconomic conditions in Poland and Hungary. In **SEE**, credit demand remains uneven, with private-sector borrowing tempered by high lending rates. **EE** continues to experience volatility in corporate lending, particularly in regions facing geopolitical risks. **Egypt**'s loan market remains expansionary, albeit with real growth dampened by inflation.
- **Deposits** – Household deposit growth in **CEE and SEE** remains strong, driven by rising wages and precautionary savings. However, corporate deposits show a more risk-averse stance, reflecting business uncertainty. In **EE**, deposit stability remains a concern, as savers shift towards safer assets. **Egypt**'s deposit growth appears resilient in nominal terms but faces significant erosion in real value.

- **Interest rates on loans and deposits** – Interest rate trends mirror broader economic conditions. While **CEE and SEE** have pursued measured adjustments to support recovery, **EE** and **Egypt** face a far more constrained environment, where high inflation continues to keep rates elevated.
- **Non-performing loans (NPLs)** – Asset quality remains stable in **CEE and SEE**, supported by sound credit risk management. However, **EE** economies face rising credit risks, with geopolitical uncertainties exacerbating non-performing loan ratios. **Egypt**'s financial sector, while relatively stable, remains vulnerable to broader macroeconomic risks.

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This note has been coordinated by Giovanni Barone. The names of the individual authors are listed in each section.

The note considers the countries where Intesa Sanpaolo has subsidiaries: Slovakia, Slovenia, Hungary and Czech Republic among the CEE countries; Albania, Bosnia, Croatia, Serbia and Romania among SEE countries; Russia, Moldova and Ukraine among CIS countries; Egypt among MENA countries. It also includes Poland among the CEE countries, where ISP has a branch.

The Economic and Banking Monitor is released on a quarterly basis in January-February, April-May, July-August and October-November.

Cross-Country Analysis

CEE Area

Antonio Pesce

Softening of the cyclical phase in CEE countries in the third quarter of 2024 due to the economic weakness of the Eurozone, the main partner of the region. In Q3 2024, GDP grew at 1.3% year-on-year from 2.9% in the previous quarter (weighted average in the region, on seasonally-adjusted data). Albeit weak, the economic dynamic was positive owing to domestic demand (2.9 percentage points (pp) of contribution to GDP growth), in particular capital formation (1.4 pp), which compensated for the negative contribution of the external sector (-1.6 pp). However, the economic dynamic has been very different country by country, ranging from the 2.1% in the Czech Republic to -0.8% in Hungary. For the fourth quarter of last year, high-frequency economic indicators suggest still feeble GDP growth. The pause in monetary easing in several countries, such as the Czech Republic, Poland and Hungary, together with inflation that has temporarily increased and removed the stimulus from demand for consumption and investment. We expect GDP growth to approach to around 2.0% in the last quarter of this year, maintaining the full-year dynamic to about 2.0% (as in our December scenario).

In 3Q, the **Economic Sentiment Indicator** (ESI; in weighted average data) for the CEE region fell slightly, to 97.2 from 99.1, with figures ranging from 91.7 in Hungary to 100.7 in Slovakia. On average, among the subcomponents of the indicator, consumer sentiment continued to improve thanks to favourable conditions in the labour market and the expected recovery of disposable income due to the expected declining trend in inflation. Meanwhile, the business component declined due to the weakness of external demand, in particular in Germany, one of the most important trading partners of the CEE region.

Albeit with some country to country exceptions, i**nflationary pressures** increased in the CEE area in the past few months (to 3.7% from 2.8% in June, in weighted average harmonised data). Energy and food are the components of the consumer basket that have most supported the increase in inflation; while the dynamic of prices in the less volatile components (overall index excluding energy, food, beverage and tobacco) remained stable (at 1.6% since September). The risk for inflation persists to the upside, as the Russia-Ukraine war, conflict in the Middle East, geopolitical fragmentation and the economic protectionism of the new administration in the US may fuel tensions internationally.

At their most recent meetings, the central banks of the Czech Republic, Hungary and Poland held their **policy rates** steady at 4.0%, 6.5% and 5.75%, respectively. In the financial markets, **long-term yields** increased in all CEE countries vs. three months ago, in line with the 10Y Bund yields, and so spreads remained roughly unchanged. The HUF weakened further with respect to the previous three months due to the inflation differential with its main commercial partners.

Davidia Zucchelli

With regard to **banking aggregates, in the CEE area loans to the private sector accelerated strongly in November**, increasing by 4.6% yoy in the region versus 2.9% yoy in September, despite the softening of the cyclical phase in CEE countries in the third quarter. The loan performance reflected a **significant recovery in Poland** (4.2% yoy, and 3.8% ytd, improving from -2.5% yoy in 2023), which is in line with our forecasts (4.5% in 2024). Lending in the Czech Republic and Hungary remained robust (5.8% and 6.9% yoy), from 6.6% yoy and 3.3% in 2023, respectively. Slovakia continued on a moderate path (1.9% yoy). In Slovenia, loans also accelerated (from -0.5% in 2023 to 1.9% yoy in November or 3.7% ytd). In real terms, yoy changes were still negative, particularly in Slovakia and in Poland (-1.3% yoy and -0.5%, respectively) because of persistent inflation. **NPL ratios remained stable**. The highest ratio was in Poland (2.26% as of March according to IMF data). The ratio was also low in Hungary and in Slovakia (1.96% for both). Asset quality was thus good, but is expected to worsen slightly in line with the economic deceleration.

Corporate loans accelerated strongly in November (5.2% yoy), mainly because of a recovery in Poland (from -3% yoy in December to 5.8% yoy). Corporate lending growth in Hungary was also particularly strong (from 4% yoy to 7% yoy), thanks to falling interest rates and improving household wages (loans to this sector rocketed to 8.7% yoy in November). In contrast, corporate lending was weak in Slovakia (falling into negative territory, -0.1% yoy) and in Slovenia (-3.1% yoy). **Household loans** rose in the area and in all countries (from 0.5% to 4.6% yoy in November), in line with macroeconomic improvements and increasing wages, especially in Poland (from -2.2% yoy in December, due to the legal dispute regarding mortgages denominated in foreign currencies, to 3.4% yoy).

Deposits from the private sector remained strong during the year (+7.6% yoy in November) in the area. Deposit growth accelerated again in Hungary (from 0.3% in 2023 to 9.2%), still dynamic in the corporate sector (+6% yoy), but mainly in the household sector (13.4% yoy). In real terms, deposits increased by 5.5% in November in Hungary, due to modest inflation (3.7% which nevertheless accelerated in December). Data are expected to improve further in the following months. **Household deposits expanded 9.5%** yoy from 8% in September, as corporate deposits recovered from 1.6% yoy in September to 3.9% yoy in the same period, mainly in Poland (from -1.7% to 2.1%) and in Hungary (from 4.9% to 6% yoy), while they decelerated in Slovenia (from 7.2% to 3.8% yoy in November). The high granularity of deposits and large portfolios of liquid securities somewhat mitigated liquidity risks. The **loan/deposit ratio** was below 100% in all countries, with the exception of Slovakia, where it remained at 104.3%, but improving. This highlighted ongoing liquidity tensions in the system, accompanied by weak **foreign liabilities** (1.1% yoy from +26% yoy in December, even though foreign liabilities accounted for only 5% of total deposits). Furthermore, corporate deposits, which are more volatile than household deposits, accounted for 42% of total deposits.

Corporate interest rates eased slightly in many countries in November (particularly in the Czech Republic -0.3pp m/m in November). Household deposit interest rates declined as well. Surprisingly, they increased in Hungary (+0.1pp). Real rates were in positive territory in all countries particularly in Hungary where interest rates are nominally high (7.2% yoy in lending and 1% in deposits in real terms).

SEE Area

Antonio Pesce

Economic growth in the South-Eastern Europe region remained stable in the third quarter of 2024. In the SEE region, **GDP increased by 1.2% yoy in 3Q24** (from 1.9% in the previous quarter as weighted average in the region, on calendar adjusted data) confirming the good performance in Serbia and Croatia. On the demand side, domestic consumption drove the recovery while the net contribution of external demand was still negative. In the last quarter of 2024, high frequency economic indicators suggest a still robust economic dynamic. The real wage growth, together with the increase of employment, are supporting internal demand. GDP growth is expected to accelerate close to 2.0% in the last quarter of this year, bringing the full-year dynamic to 1.9% (as per our December scenario).

The **consumer price** trend reached 5.0% in December (from 4.9% in November, on a regional weighted average basis, on harmonised data), well above the minimum of 4.4% in September due to the inflationary pressures coming from the food sector. The inflation rate has been quite different country to country in this region, ranging from 2.1% in Albania to 5.5% in Romania. In their last meetings, the pause in monetary policies was continued, with the **central banks** of Albania, Romania and Serbia keeping their policy rates at 2.75%, 6.5% and 5.75%, respectively. At the same time, **long-term yields** in Romania increased to 8.0% (110 bps higher than three months ago) due to the political uncertainty after 6 December 2024, when the Constitutional Court annulled the first round of Presidential election held in Romania on 24 November. In the **FX** markets, local currencies remained stable in recent months, and **CDS spreads** increased in Romania (to 191 from 134 in October), whereas they remained roughly unchanged in Croatia and Serbia.

Davidia Zucchelli

On the **banking side, loan growth to the private sector accelerated** from 7.7% yoy in September to 8.3% yoy in November, in a wide range (from 7.3% in Serbia to 13.9% in Albania) thanks to good macroeconomic data as of Q3 with expected delayed effects on lending, and despite a weak economic context in Romania (7.9% from 7.5% yoy in September). **Deposits from the private**

sector accelerated slightly from 8.6% in September to 9.9% in November, mainly in Croatia, from 2.6% yoy in September to 5.3%.

Loans to the private sector accelerated further in November in Albania and Croatia, increasing by 13.9% yoy and 9.1% yoy respectively. Owing to gradually improving inflation, **real yoy changes in loans** are rising, especially in Bosnia (+7.6% yoy in real terms) and Croatia (5.1% yoy in real terms) and are particularly high in Albania (11.9%).

Asset quality remained good, as shown by NPL ratios, which were declining slightly in Albania (at 4.5%) and in Romania (2.4% in November). **As in the CEE countries, household loans - especially consumer loans - accelerated** to 9.6% yoy in November (from 8.4% yoy in September) showing an acceleration in Serbia (from 7.8% to 10% yoy), Croatia (to 11.8% from 10.6% yoy), and Albania (13.6% yoy) in particular. In contrast, **corporate lending stabilised** from 6.8% yoy in September to 7% yoy in September but improving versus the previous month, particularly in Albania (from 11.9% in September to 14.1% yoy) and Croatia (from 3.6% to 5.1%), mainly as a reflection of slowing working capital growth. In Croatia, recent borrower-based macroprudential measures - that will limit debt service to income (DSTI) ratios for new housing loans to 45% and loan to value (LTV) ratios to 90%, and set an upper limit on repayment periods to 30 years - could slow excessive growth in household loans but mitigate financial risks.

Deposit growth continued to accelerate in the corporate sector (from 6.3% yoy in September to 8.3%) and also in the household sector (from 10.1% yoy to 10.9% yoy in the same period) in the region. Deposits accelerated in all countries, mainly in Croatia (from 2.6% yoy in September to 5.3% yoy in November) and in Albania (from 2.4% yoy to 4.2% yoy in the same period), despite a halt in the corporate sector (from 2.3% yoy to 0%), while in the household sector deposits accelerated from 2.4% to 5.6% yoy, supported by wage growth. Banks in the area can count on an ample and stable funding base, but **there is increasing competition from new T-bills and investment funds,** particularly in Croatia. Thus, thanks also to a low and stable **loan/deposits ratio**, well under 100%, there are no signs of liquidity tensions.

Deposit interest rates decreased slightly in Romania (from 4.9% in September to 4.8% in August), and in Serbia (from 4.4% to 4.3% in the same period). In these two countries, however, **corporate lending interest rates increased slightly,** while in the other countries lending rates decreased slightly. Consequently, the spread widened in Romania and Serbia but narrowed in Bosnia and Croatia.

EE and MENA Areas

Francesca Pascali

Uncertainties about the resolution of conflict in Ukraine continue to affect Eastern European economies while in the Middle East we are beginning to see glimmers of a resolution of the conflict. In November 2024, **industrial production** in Russia (+3.7%) declined compared to October (+4.8%), and in September it improved in Ukraine (1.3% vs. -4.1% in August). It continued to decrease in Moldova (-3.6% in November vs. -8.5% in October). **Exports** in September increased in Russia (+1.5% from 0.9% in August). Moldova's exports also declined in November to -11.5% (from -3.2%), and in Ukraine they rose in November to +16.5% (from +16.4%). In November **retail sales** were positive in Russia (+6.0% from +4.8%). In terms of forward-looking indicators, in December **PMI** decreased to 50.8 vs. the November level (51.3) but still over 50 in Russia. On the **inflation** side, in December consumer prices decreased in Russia (at +9.5%), which is somewhat above the CB's-inflation target (4.0%). In Moldova, the inflation rate increased (to 7.0%, from 5.4% in November). Inflation also increased in Ukraine (12.0% in December from 11.2% in November) within the CB's target range (5.0%+/-1.0%). In 2024 as a whole, the Bank of Russia raised the **policy rate** 3 times from 16% to the present 21% as a reflection of the significant rise in interest rates for borrowers and the cooling of lending activity. On a medium-term horizon, the balance of inflation risks is still significantly tilted upwards, although some disinflationary risks have increased. At its meeting on 10 January 2025, the CB of Moldova decided by unanimous vote, to raise the policy rate to 5.60% p.a. The unplanned meeting resulted from the need to adjust monetary policy to alleviate the pressures on the inflationary process in the context of recent tariff increases. The decision was based on the analysis and assessment of recent macroeconomic data related to both the external and internal environment, particularly the prospects of accelerating inflation due to the increase in domestic tariffs for mains gas, thermal energy, and electricity, adjusted in December 2024 and January 2025. In January the Central Bank of Ukraine decided to raise the key interest rate to 14.5% per annum. This decision is aimed at supporting the sustainability of the foreign exchange market, keeping inflation expectations in check, reversing the inflationary trend and gradually bringing it back to the 5% target. A further tightening of interest rate policy will probably be necessary to contain price pressure.

High inflation continues to impact **Egypt**. In August 2024, **industrial production** rose 6.2% yoy (from +8.2% in July) and exports declined in August, by 7.2% from +10.6% in July. In December, the **PMI** index remained below 50 (to 48.1) versus November (49.2). In December, **inflation** increased to 24.1% (down from 25.5% in November). It remains far above the CB’s inflation target for Q4 2026 and Q4 2028 at 7% (± 2 p.p.) and 5% (± 2 p.p.) on average, respectively, in line with the CBE’s gradual advance towards implementing a fully-fledged inflation-targeting regime. At its meeting on 26 December, the Central Bank of Egypt decided to keep the policy rate unchanged. The Committee opined that the current policy rates remain appropriate to maintain a tight monetary stance until a significant and sustained decline in inflation is achieved, and expectations are firmly anchored.

Davidia Zucchelli

The performance of banking aggregates continued to be very dynamic in November in the **EE area** in nominal terms. Loan growth remained strong in **Russia** (+19.8% yoy in October, last available data, in nominal terms), particularly for corporates (22.1% yoy) while for households it decelerated slightly (+14.8% yoy) because of the interruption of the subsidised mortgage lending programme. A further acceleration in deposit growth was seen in November (+25.4% yoy in nominal terms, from 23.6% yoy in the previous month), to both corporates (+22.8% yoy) and households (+28% yoy). In **Moldova**, loans increased by +26.5% yoy in December (+21% yoy to corporates, which accounted for 75% of total loans to the private sector, vs. 34.9% yoy to households, a rapid increase versus the previous months). The NPL ratio fell to 4.1% in December. As of December, deposit growth rose by 13.4% yoy (corporates jumped by 13.6% yoy, households by 13.2% yoy). Loans to the private sector in **Ukraine** decelerated in November (11.9% yoy and only 0.7% in real terms), both for households (22.8% yoy) and for corporates (7.9% yoy). The NPL ratio was 31.4% as of November. Total deposits decelerated to +16.1% yoy in November (from +17.4% yoy in September), for both households (+14.6% yoy) and corporates (18.4% yoy). Foreign liabilities rose only slightly (2.7% yoy).

In **Egypt,** banking aggregates (the latest data for loans to corporates is only through September) remained vigorous, with loans increasing by 29.1% yoy as of September and deposits by 31.9% yoy as of November in nominal terms (2.7% and 6.4% in real terms). Loans increased by 23.2% yoy as of November in the household segment and by 31.9% yoy (September) in the corporate sector. NPL ratio data stopped in June (at 2.7%) and only a small increase is expected in the current year. Banks are still able to rely on ample low-cost customer deposits, which have seen strong growth of 32.9% for households and 28.6% for corporates in nominal terms.

Country-Specific Analysis

Czech Republic

Zdenko Štefanides

Real Economy

The recession in manufacturing worsened due to the loss of foreign demand, from Germany in particular. In November, industrial production fell 1.5% mom and 2.7% yoy, with particularly weak performance in sectors linked to the struggling automotive industry, such as manufacturing of car parts and rubber and plastic products, for example tyres. The divergence between relatively resilient domestic demand vs. weakening foreign demand has been evidenced by new orders in manufacturing. While new domestic orders increased by 3.1%yoy, orders from abroad fell by 3.8% yoy, leading to the 1.4% yoy decline of total orders.

The new year continued the relatively downbeat note, with economic sentiment in January decreasing by 0.3 points to 97.4 compared to December. Unlike previously, the decline in overall confidence was driven by the consumer confidence indicator, which fell 3.4 points, while the business confidence indicator increased slightly, by 0.4 points. The decline in consumer confidence to below its long-term average for the first time in three months and to its lowest level since February last year, is particularly troubling as recovery in consumer spending has been the key hope for reviving Czech economic performance in 2025.

Financial Markets

Inflation meanwhile continued to diverge further from the Czech National Bank's (CNB) target, reaching 3.0% yoy in December. The increase from +2.8% yoy in November was nonetheless less steep than expected, with the overall price level actually down over the month, by 0.3% on falling food prices. The lower-than-expected inflation alongside weak economic activity opened the door for a rate cut at the upcoming policy meeting of the CNB due on 6th February. The call for a rate cut nonetheless is not clear-cut and is conditional upon confirmation of a positive inflation development in the January inflation data due on the very same day as the CNB meets, 6th February. Meanwhile, the Czech koruna is trading relatively weaker, rangebound between 25.0 to 25.3 to the euro, whereas bonds have recovered a bit from the global market selloff since early December. Yields in the 10-year maturity slid from 4.2% peak in mid-January back to 4.0% by month-end, a level not seen since 12th December.

Banking Sector

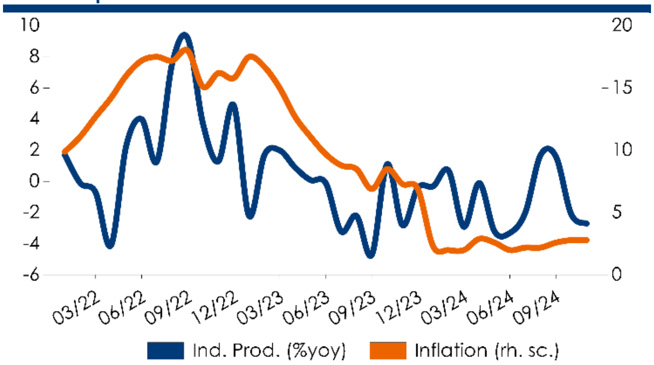
In December alone, banks and building societies granted new mortgage loans worth CZK 19.7 billion, which was a decline of some 8% over the previous month, albeit solely linked to the seasonal effects. Overall, in 2024, mortgage activity posted a strong recovery, with new production volume up 83% yoy, linked to both the growth in the number of new mortgages, by 53%, and a 20% increase in the average loan size.

Latest economic indicators

	Last value	3Q24	2Q24
Industrial production, wda yoy	-2.7 (Nov)	0.4	-2.2
Export of goods, nominal yoy	5.6 (Nov)	11.3	8.8
CB refi rate	4 (27th Jan)	4.3	4.8
ESI (index)	96.4 (Dec)	97.7	96.5
Retail sales yoy	5.6 (Nov)	11.3	8.8
Inflation rate, average yoy	3 (Dec)	2.3	2.5
Loans (priv. sector, yoy, eop)	5.8 (Nov)	5.7	5.4
Deposits (priv. sector, yoy, eop)	7.5 (Nov)	7.1	6.2
Lending interest rate (corp., eop)	5.5 (Nov)	6.0	6.6
Deposit interest rate (hh, eop)	3.3 (Nov)	3.6	4.3

Source: Czech National Bank, Czech Statistical Office

Industrial production and inflation



Source: Czech Statistical Office

Hungary

Mariann Trippon

Real Economy

According to the flash estimate, FY 2024 GDP came out at 0.5% yoy. Details are not yet available, but monthly indicators suggest that consumption may have remained the key engine of growth. Weak external and internal demand remains a drag on industrial production; output was down 4.2% yoy in November. However, retail sales continued to recover, volumes were up 3.7% yoy in November. Economic activity is expected to remain subdued in H1 2025. The low base, rising global energy/food prices and FX depreciation pushed headline CPI up from 3% in September to 4.6% in December. On the positive side, services inflation continued to decelerate. Inflation may rise further in January 2025, but we believe the disinflation process will re-start from February. Still, risks to our 2005 CPI projection are skewed to the upside. Labour market tightness eased somewhat, but the unemployment rate remains relatively low. Nominal wage growth has been decelerating, but the 11.9% yoy increase in November still implies robust real wage dynamics. The monthly trade surplus gradually narrowed last year from record high levels as a reflection of weak exports, but Hungary's external balances remain strong. The current account surplus may have surpassed 2% of GDP last year.

Financial Markets

The central bank left the policy rate unchanged in January. Upside domestic inflation risks, the uncertain global environment, geopolitical tensions, and the shift in Fed rate expectations were the key arguments behind the no-change decision. In fact, the central bank suggested that rate cuts are off the table for now. We still expect it to resume its easing cycle, possibly in H2 2025, but the change in the NBH's leadership in March increases uncertainties regarding the monetary policy outlook. The forint remains extremely sensitive to shifts in global risk appetite. EUR/HUF rose as high as 415 in January but has moved down to below 410 recently. The slight firming reflects the positive impact of the weakening USD. HUF is likely to remain volatile for the time being, with the pair fluctuating in a relatively wide range between 405-420. Long yields are eyeing core markets for direction. The 10Y yield moved up in early January in tandem with rising US yields, the yield nearing the 7% threshold before retreating to ~6.7%.

Banking Sector

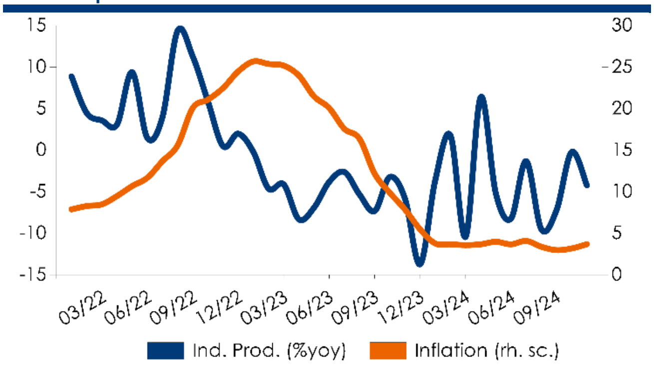
Loans in the banking sector grew by 5.9% over the first eleven months of 2024, driven by the weakening of HUF in the case of corporate loans and the pick-up of the housing loan market in case of Households. Customer deposits increased by 5.3% in the same period, mostly driven by the Households sector (+9.7%), where large government bond interest payments and growing net wages boosted the deposit volume. In the corporate deposit market, growth was just 2.0% in the same period. With subdued economic growth and still relatively high interest rates, we think loan volume could increase by around 5% in 2025. For deposits our expectation is a growth rate of 4.3% for the next year.

Latest economic indicators

	Last value	3Q24	2Q24
Industrial production yoy	-4.2 (Nov)	-6.0	-2.3
Nom. exports yoy	-3.5 (Nov)	-1.4	-0.3
ESI (index)	91.7 (Dec)	98.7	101.7
Retail sales yoy	3.7 (Nov)	2.7	3.0
Inflation rate yoy	4.6 (Dec)	3.5	3.8
CB reference rate	6.5 (27th Jan)	6.5	7.0
Loans (priv. sector, yoy, eop)	6.9 (Nov)	5.3	6.1
Deposits (priv. sector, yoy, eop)	9.2 (Nov)	7.0	10.2
Lending interest rate (corp., eop)	10.9 (Nov)	11.0	11.4
Deposit interest rate (hh, eop)	4.7 (Nov)	4.7	5.0

Source: Central Bank of Hungary, Hungarian Central Statistical Office

Industrial production and inflation



Source: Hungarian Central Statistical Office

Poland

Zdenko Štefanides

Real Economy

Industry in Poland continues to be weighed down by weak foreign demand manifested by an outright contraction of exports. In December, industrial production was basically stagnant, with a mere 0.2% yoy gain in real terms, of which manufacturing, in fact, has reported a 0.1% decline yoy. The overall stagnation nonetheless hides divergent dynamics between sectors. Some, in fact, are expanding, such as manufacture of computers, electronic and optical products, and the food sector, while other export sectors continue to struggle, for example, furniture and electrical appliances. Fewer calendar days could also have played some role in the reported stagnation in the latter part of 2024.

Business surveys offer some of hope of recovery gaining ground in early 2025. In January, general business climate indicators for most activities were reported at a higher or similar level as in December. The greatest mom improvement was noted in accommodation and food service activities section as well as in financial and insurance activities and also wholesale trade. Importantly, consumer confidence also opened 2025 encouragingly, with an improvement in both current and future consumer sentiment compared to the previous month. To be sure though, relative to the sentiment of a year ago, there is still a lot of ground to recover, as at present the consumer confidence indicator is 2.5 percentage points lower.

Financial Markets

The National Bank of Poland (NBP) has continued to stay put, holding its key rate steady at 5.75% at its January 16 meeting. At the press conference the following day, the NBP president, Mr Glapinski, reaffirmed his hawkish stance from December, saying that any discussion of interest rate cuts for must be put off for “some time”, owing to the NBP's inflation forecast not showing a sustainable decline to the target in the coming quarters. Inflation figures for December, to be sure, were slightly lower than anticipated, with the annual rate at 4.8% and the monthly rate at 0.2%. The lower-than-expected figure though owed primarily to food prices – similar to elsewhere in the region – which are less important from the central bank policy point of view.

In the markets, meanwhile, the zloty has appreciated slightly, toward 4.2 vs. the euro from cca 4.3 a month ago. Yields briefly hit 6% in mid-January on the global market selloff which started in early December, but returned to 5.9% as of end-January.

Banking Sector

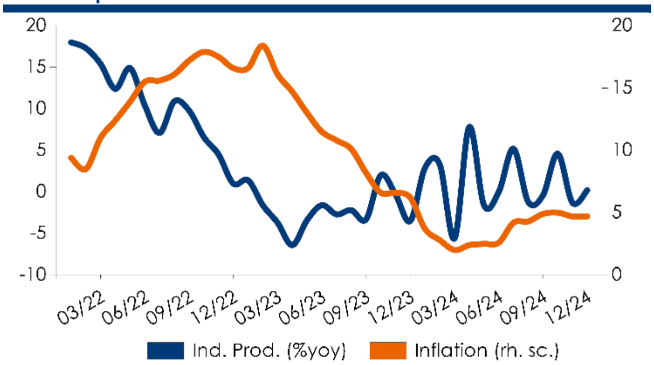
In the banking market, we saw volumes pick up their yoy growth, both in loans and deposits. In loans, yoy growth has picked up especially on the corporate side, with lending to non-financials in December up 5.4% yoy, a sizeable improvement over the stagnation of six months ago. Lending to households moderated its yoy growth in December to 2.7% from 3.4% in the previous month.

Latest economic indicators

	Last value	3Q24	2Q24
Industrial production yoy	0.2 (Dec)	1.2	2.1
Nom. exports yoy	-8.6 (Nov)	-3.0	-6.8
ESI (index)	99.2 (Dec)	102.0	101.5
Retail sales yoy	4.8 (May)	n.a.	n.a.
Inflation rate yoy	4.7 (Dec)	4.5	2.5
CB reference rate	5.8 (27th Jan)	5.8	5.8
Loans (priv. sector, yoy, eop)	4.2 (Nov)	1.6	0.8
Deposits (priv. sector, yoy, eop)	7.7 (Nov)	5.4	8.2
Lending interest rate (corp., eop)	7.6 (Nov)	7.6	7.7
Deposit interest rate (hh, eop)	4 (Nov)	4.2	4.1

Source: Narodowy Bank Polski , Statistics Poland

Industrial production and inflation



Source: Statistics Poland

Slovakia

Real Economy

Michal Lehuta

Recent monthly figures for the real economy in Slovakia paint a mixed picture, where industrial production registered only a very small annual increase (0.1% in November). On the other hand, retail sales continued their swift growth (5.0% yoy) and construction output seems to be finally exiting recession (0.9%). In addition, economic sentiment overall jumped back in December to values seen before the announcement of the large budget consolidation package for 2025. Yet, foreign demand seems still subdued judging by the indicators in the euro area and particularly Germany.

Despite discontinued gas supplies via Ukraine as of January, we do not expect any major shortages as Slovakia has pipeline connections to all its neighbours. The local labour market remains tight, but the wage growth in selected industries slowed to 4.6% yoy in November. Consumer inflation may register a smaller increase in January compared to what we expected in December, as the Cabinet decided to continue to subsidise natural gas prices for all households in 2025 as well.

Financial Markets

The ECB continues to cut short-term rates as inflation is already expected to fall below the 2% target during the first half of 2025. Compared to the beginning of December, the markets are now pricing in fewer cuts by the end of the year, but this is broadly in line with our forecasts of -100 basis points including January. Longer interest rate benchmarks such as bond yields and IRS increased markedly during the past two months, also reflecting higher rate expectations in the US with the second Trump administration. Slovakia's risk premium, on the other hand, slightly decreased to around 90 basis points despite a Moody's rating downgrade (from A2 to A3). The threat of early elections and possible misses in the budgetary targets may theoretically increase it again.

Banking Sector

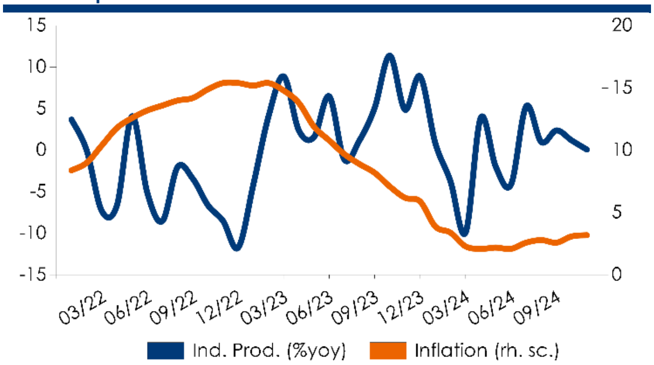
Local banking business shows rather stable trends during the past few months, when new mortgage growth continued, albeit at a much slower rate than pre-pandemic (3% yoy in November). A hackers' attack on the local Property Register is hampering new property-based loans in January. Credit provision for companies once again indicated weaker months, especially in November. On the deposit side, household deposits continued to grow comfortably (7% yoy) even as wage growth is now slowing. High bank loan-to-deposits ratios thus decreased to about 104% but may be challenged this year by lower savings rates and government bond issuance for households.

Latest economic indicators

	Last value	3Q24	2Q24
Industrial production, wda yoy	0.1 (Nov)	2.9	-0.7
Nom. exports, yoy	2.6 (Nov)	-0.7	-2.0
ESI (index)	100.7 (Dec)	99.4	103.5
Retail sales, yoy	5 (Nov)	3.6	5.3
Inflation rate, yoy	2.9 (Dec)	2.7	2.1
ECB refi rate	3.1 (27th Jan)	3.7	4.3
Loans (priv.sector,yoy,eop)	1.9 (Nov)	1.7	2.2
Deposits (priv.sector,yoy,eop)	5.9 (Nov)	5.7	8.0
Lending interest rate (corp., eop)	5.2 (Nov)	5.2	5.8
Deposit interest rate (hh, eop)	0 (Dec)	n.a.	n.a.

Source: Statistical Office of Slovakia, National Bank of Slovakia

Industrial production and inflation



Source: Statistical Office of Slovakia

Slovenia

Real Economy

Ana Lokin

While waiting on the fourth quarter GDP release (on 14th February), high-frequency data revealed solid activity in the closing quarter of the year. Industrial production accelerated from 1.0% yoy in 3Q to 1.4% yoy in Oct-Nov, with Manufacturing rising 3.5% yoy. Construction activity bottomed out, registering monthly increases since September, thus slowing the yoy fall from a steep -15.7% yoy in Q3 to -9.1% yoy in Oct-Nov amid softer drop in activity on buildings and civil engineering works paired with a 1% rise of specialised construction activities. Goods exports slowed to 12.3% yoy in Oct-Nov (c.f. Q3 +19.5%), while imports rose sharply (foreign trade with Switzerland, i.e. pharmaceuticals processing) which significantly widened the trade deficit. However, BOP data point to the continued positive contribution of net foreign trade to headline growth. Personal consumption on the other hand deteriorated, judging by the retail trade turnover which, following a 1.1% yoy increase in 3Q, sank 0.5% qoq and 1.1% yoy in Oct-Dec due to lower non-food sales. The labour market remained strong, and employment reached a new all-time high in November with the unemployment rate flattish at 4.6%.

Inflation at year-end was a bit higher than the month before, coming in at 2.0% yoy, as energy prices witnessed an upturn due to a base effect (fuel), whereas core inflation slipped to 2.0% yoy. In 2024 the average inflation rate was thus 2.0% yoy, with the biggest contribution (1.7pp) coming from 4.8% yoy higher services prices.

Financial Markets

The 10Y government bond spread vs. Bund declined in January to 60bps on average, from 70bps a month earlier, whereas the yield rose to 3.1%, from 2.9%.

Banking Sector

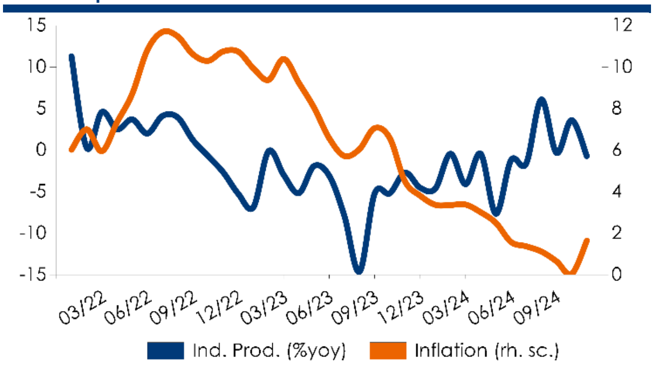
Loans strengthened to 1.9% yoy in November thanks to the acceleration of household lending and a mild improvement in corporate demand against the backdrop of sustained decline of financing costs (October-November down by 0.1pp to 0.6pp vs. 3Q, on average). Deposits decelerated to 3.2% yoy in November as corporate deposit growth slowed markedly. Interest rates on time deposits in October-November dropped by 0.3pp vs. the 3Q average on corporate deposits, while stagnating on household deposits.

Latest economic indicators

	Last value	3Q24	2Q24
Industrial production, wda yoy	-0.7 (Nov)	1.4	-3.1
Nom. exports yoy	5.2 (Nov)	19.7	15.8
ESI (index)	97.6 (Dec)	96.8	98.2
Consumer confidence indic.	-26.4 (Dec)	-25.7	-25.6
Inflation rate yoy	2 (Dec)	1.1	2.4
ECB refi rate	3.1 (27th Jan)	3.7	4.3
Loans (priv.sector,yoy,eop)	1.9 (Nov)	1.6	1.0
Deposits (priv.sector,yoy,eop)	3.2 (Nov)	4.0	3.9
Lending interest rate (corp., eop)	5.1 (Nov)	5.3	5.5
Deposit interest rate (hh, eop)	1.4 (Nov)	1.6	1.5

Source: Statistical Office of the Republic of Slovenia, National Bank of Slovenia

Industrial production and inflation



Source: Statistical Office of the Republic of Slovenia

Albania

Kledi Gjordeni

Real Economy

Albania's macroeconomic indicators point to stable growth, with effective monetary policy and a resilient banking system. The 2024 third quarter data showed GDP growth at 4.09% vs. 3.46% in the same period a year ago. The growth was sustained mainly by consumption, investments and export of services. The main contributors were tourism and construction. Private sector consumption was a positive 0.83%, while government expenditures expanded by 6.8% and capital formation increased by 4.52% YoY. The exports of goods and services registered positive growth of 2.32%, mainly due to the export of services, while imports of goods and services rose 6.82%. CPI in December 2024 was 2.1%, almost half the December 2023 rate of 4%. The easing cost of living in Albania is considered to reflect a decrease in imported inflation from its trade partners and the appreciation of the Lek. Indications are that the fourth quarter is heading in a similar direction.

Financial Markets

The Bank of Albania has implemented a prudent monetary policy to manage inflation and support economic growth. The appropriate and timely reaction of monetary policy has significantly contributed to the reduction of inflation, beyond the decline in global market prices but without undermining economic growth. The key monetary policy rate has stabilised at 2.75%. In the foreign exchange markets, the Lek's long-time appreciation against foreign currencies has also stabilised, thanks to CB interventions in the market. However, in December 2024 the EUR/LCY exchange rate reached 98.15, a 5.52 % appreciation of LCY compared to December 2023.

Banking Sector

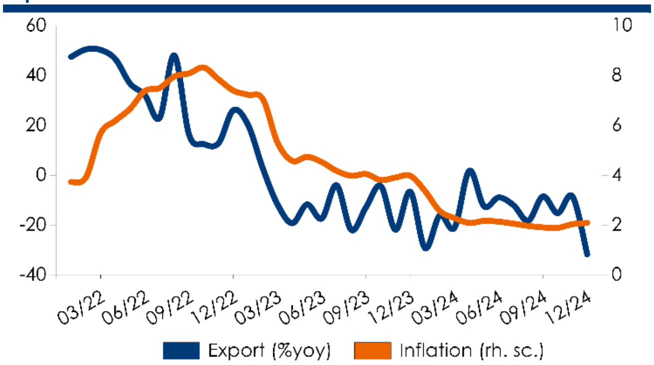
The banking system remains well-capitalised and liquid. Lending activity has improved particularly in the Lek. In December 2024, the total loan portfolio increased by two whole figures to 13.92% YoY. Lek loan activity increased 14.85% vs. to the same period in the prior year, and foreign loans rose 12.72%. Total deposits in the private sector increased 4.22%. Household lending was up 5.61% while corporate lending fell 0.04%. The December 2024 ratio eased to 4.48%.

Latest economic indicators

	Last value	3Q24	2Q24
Industrial production, wda yoy	n.a.	n.a.	n.a.
Export of goods, nominal yoy	-31.7 (Dec)	-12.9	-6.5
Unemployment rate	n.a.	n.a.	n.a.
Inflation rate, average yoy	2.1 (Dec)	2.0	2.1
CB reference rate	2.8 (31st Dec)	3.0	3.3
Loans (private sector, yoy, eop)	13.9 (Nov)	11.9	10.9
Deposits (private sector, yoy, eop)	4.2 (Nov)	2.4	4.0
Lending interest rate (pr.sect., eop)	5.5 (Nov)	5.5	5.5
Deposit interest rate (pr.sect , eop)	2.7 (Nov)	2.8	2.7

Source: National Statistical Institute, Bank of Albania

Export and inflation



Source: National Statistical Institute

Bosnia and Herzegovina

Real Economy

Ivana Jović

Following 2.5% and 2.3% yoy growth in the first and second quarter, GDP growth accelerated to 2.6% yoy in the third quarter of 2024, driven by private consumption and investments, while net foreign demand made a negative contribution. After the unprecedent surge in Q1(+48.2% yoy), gross capital formation continued to expand at a high-single-digit rate in both Q2 (+9.6%) and Q3 (+8.7%) and will likely confirm a similar trend in Q424 and Q125, supported by reconstruction activities following the devastating floods and landslides in October. Private consumption regained strength at +2.3% yoy, following the 1.9% growth registered in the previous quarter, fuelled by tourism and remittances. In Q3, remittances inflow increased by 9.6% yoy to EUR 570mn, while overall ytd remittances amounted to EUR 1.6bn or +10.5% yoy. Meanwhile, average net wages increased by 9.3% in nominal and 7.5% yoy in real terms, while average employment increased by a meagre 0.3%, and Q3 surveyed unemployment dropped to 12.2% in Q3 (-1.4pp yoy). Retail trade data suggest supportive private consumption in Q4, as overall the Oct-Nov volume increased by 1.4% yoy, although since mid-year real retail trade registered a noticeable slowdown in annual growth rates: from an average 11.9% yoy in 1H24 to 2.2% yoy in 2H. On the other hand, exports generated some positive news, which following five consecutive quarters in the red, finally inched up by 0.1% yoy, likely supported by tourism as BOP data suggest ~7% growth in services exports, compared to a 0.7% drop in goods exports. However, as imports increased by 2.6% yoy, net foreign demand shaved off -1.5pp from headline growth. Overall, data indicate that FY24 GDP growth will land around our 2.3% yoy call.

Meanwhile, after a stable 2% inflation rate over the first five months of the year, inflation weakened further over the summer, closing Q3 at 0.8%, before strengthening to 2.2% in December, thus wrapping up FY average inflation at 1.7% yoy – just a little over our own 1.6% estimate.

Banking Sector

Ana Lokin

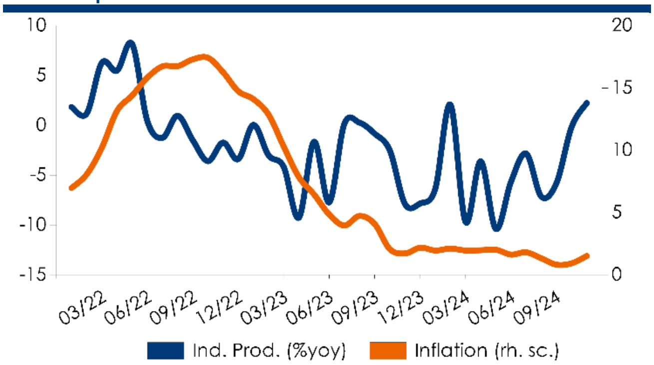
Loans continued to rise steadily, expanding by 9.1% yoy in November, whereby the pace of corporate loans at 9.2% yoy just barely exceeded (by a tiny 0.1pp) that of household loans. The breakdown of household loans reveals a sharp increase in mortgage lending (13.8% yoy) followed by 8.2% yoy higher consumer loans. The sharp growth in mortgage lending during the past year changed the structure of household lending only slightly, with its contribution increasing to 23.9% in November, from 23.1% at end-2023, while the share of consumer lending slid from 72.9% to 72.5%. Deposits strengthened again, +10.0% yoy in November, from +9.7% yoy in October.

Latest economic indicators

	Last value	3Q24	2Q24
Industrial production, wda yoy	2.3 (Nov)	0.8	-1.9
Export of goods, nominal yoy	3.6 (Dec)	-1.4	-4.0
Retail trade, real, wda yoy	2.1 (Nov)	2.7	11.1
Inflation rate, average yoy	1.5 (Nov)	1.3	1.9
Loans (private sector, yoy, eop)	9.1 (Nov)	8.9	9.0
Deposits (private sector, yoy, eop)	10 (Nov)	9.6	10.4

Source: Central Bank of Bosnia and Herzegovina, Agency for statistics of Bosnia and Herzegovina

Industrial production and inflation



Source: Agency for statistics of Bosnia and Herzegovina

Croatia

Real Economy

Ivana Jović

According to the available high-frequency data, growth in private consumption remained important in the closing quarter of 2024, as retail trade volume in Oct-Nov strengthened by 2.1% s.adj. qoq, while on an annual basis it increased by 6.7%, similar to 3Q24. Overall, YTD retail volume increased by 7.4% yoy supported by strong double-digit growth in both nominal (14.9%) and real (11.5% yoy) wages, driven by a surge in public-sector wages (+20% yoy) together with 12% wage growth in the rest of the economy as the labour market remained tight with FY average employment up by 3.3% (to 1.7mn), followed by a record low unemployment rate (5.3%) and close to 200k foreign workers according to the permits issued. Supportive labour market trends fuelled households' credit demand, as according to the available data total retail loans increased by 11.8% yoy, of which housing loans remained at a stable +9% yoy while cash loans strengthened to +15.5% yoy. Meanwhile, construction activity points to continued solid (EU-financed) investment growth, as over the Oct-Nov period activity increased by 15.8% yoy, driven by strong growth in the buildings segment (+20.8%), as well as in civil engineering activity (+5.4% yoy). Foreign trade data was a little disappointing, as preliminary data indicates growth in goods exports slowed down to around 2% in Oct-Nov compared to 10% growth registered in the 3Q, while at the same time imports increased by a steady 5.4% yoy. However, we believe exports of services will be supported by 4Q's +9.2% yoy growth in foreign overnights, likely softening a negative contribution of foreign demand to overall growth.

Year-end inflation measured by HICP strengthened to 4.5% yoy with strengthening registered across the board, thus wrapping up FY24 average inflation spot on our 4% call, driven by 7.6% average services inflation, together with 4.4% and 1.3% higher prices of food and non-energy industrial goods, respectively, while energy prices inched down by -0.3% yoy.

Financial Markets

Ana Lokin

The average 10Y government bond spread vs. Bund in January narrowed to 40bps, from 60bps a month earlier, with the yield increasing from 2.8 to 2.9%.

Banking Sector

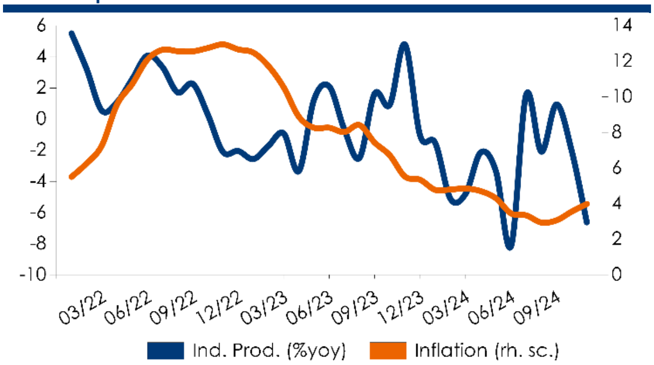
The CNB is introducing macroprudential regulations tightening household credit eligibility criteria. DSTI and LTV are limited (DSTI to 45% on housing, 40% on other loans, LTV to 90%), as well as loan durations (housing 30Y, other 10Y). Banks may grant up to 20% of housing and 10% of other loans beyond these criteria, however exceptions to the rules in the case of housing loans should primarily be applied to clients to solve housing needs. The regulation will be in force from 1st April, 2025. The CNB expects the measure to reduce the share of loans approved with relaxed criteria. In 2024 around one-third of housing loans were granted with DSTI over 45%, and 30% of other loans with DSTI over 40%.

Latest economic indicators

	Last value	3Q24	2Q24
Industrial production, wda yoy	-6.6 (Nov)	3.7	-0.1
Export of goods, nominal yoy	6.8 (Oct)	10.2	5.2
Retail trade, real, wda yoy	6.7 (Nov)	6.9	7.5
ESI (index)	106.3 (Nov)	107.2	105.2
Inflation rate, average yoy	4 (Nov)	3.1	4.2
Loans (priv. sector, yoy, eop)	9.1 (Nov)	7.8	8.3
Deposits (priv. sector, yoy, eop)	5.3 (Nov)	2.6	3.5
Lending interest rate (pr.sect., eop)	4.8 (Nov)	5.0	5.2
Deposit interest rate (pr.sect , eop)	2.7 (Nov)	3.0	3.1

Source: Croatian National Bank, Croatia Bureau of Statistics

Industrial production and inflation



Source: Croatia Bureau of Statistics

Romania

Real Economy

Marius Pacurari

The National Statistical Institute announced its first estimate of GDP growth for the third quarter of 2024 at +0.1% qoq and +1.2% yoy. These levels are lower than expectations and are driven by trade, administration and professional services, and showbiz activities. Agriculture and real estate transactions made negative contributions. In our opinion, 2024 GDP growth will be around +0.9% yoy.

At the end of December CPI was 5.14% yoy, higher than previous months and higher than the NBR's latest projection (November) for the end of 2024 (4.9%). Harmonized yoy CPI at the end of December also increased, to 5.50%. Based on the NBR's latest projection, CPI should fall back into the target range in the 3rd or 4th quarter of 2025.

Unemployment fell to 5.3% in November. Wages growth is still high, reaching 13.1% yoy at the end of October, putting pressure on the labour market.

The budget deficit at the end of November stood at 7.12% of GDP and is expected to reach around 8.0% of GDP at the end of 2024. The target deficit for 2025 will be around 7.00%, but to reach this level the government will have to "find" another ~20 billion RON on top of the tightening measures implemented on the last day of 2024 through a Government Ordinance.

The current account deficit at the end of November 2024 was 26.3 billion EUR, significantly higher than the previous year.

Financial Markets

In the January 2025 Monetary Policy Meeting, the Romanian Central Bank kept its Monetary Policy Rates unchanged: Deposit Facility Rate 5.50%, Reference Rate 6.50%, and Credit Facility Rate 7.50%. The next Monetary Policy Meeting is on the 14th of February, 2025. We do not expect further cuts until the second part of the year.

The EUR/RON exchange rate was stable around 4.97 - 4.98, despite political turmoil generated by the elections, while money market rates have been more volatile – ROBOR rose, as did implied yields in the FXSWAP market.

Banking Sector

Marius Pacurari

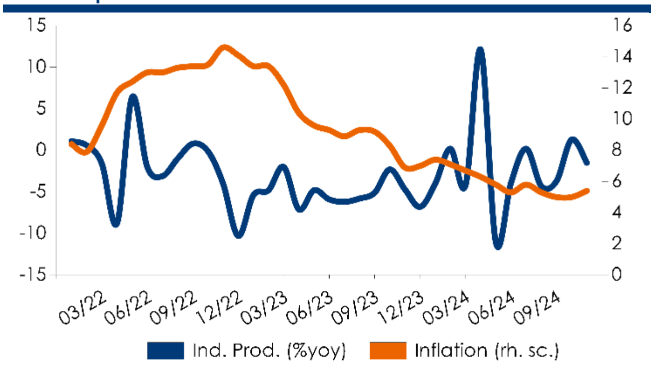
At the end of November 2024, loan growth was 7.91% yoy, with a strong component of RON (11.63%), while EUR loans decreased 0.83%. On the deposits side the overall growth was 10.88% yoy, with the RON component at +14.48% and foreign currency deposits at +3.08%.

Latest economic indicators

	Last value	3Q24	2Q24
Industrial production yoy	-1.5 (Nov)	-2.6	-1.0
Nom. exports yoy	1.6 (Nov)	1.9	-0.4
ESI (index)	102.6 (Nov)	103.3	104.4
Retail sales yoy	8.7 (Nov)	8.8	9.9
Inflation rate yoy	5.5 (Dec)	5.4	5.8
CB reference rate	6.5 (27th Jan)	6.5	7.0
Loans (priv. sector, yoy, eop)	7.9 (Nov)	7.5	5.9
Deposits (priv. sector, yoy, eop)	10.9 (Nov)	9.5	10.7
Lending interest rate (pr.sect., eop)	7.7 (Nov)	8.0	8.0
Deposit interest rate (pr.sect , eop)	5 (Nov)	4.9	5.3

Source: National Bank of Romania, National Institute of Statistics

Industrial production and inflation



Source: National Institute of Statistics

Serbia

Real Economy

Sanja Djokic

Based on the Statistical Office first estimate, Serbia's real GDP growth in 2024 amounted to 3.9% yoy. The main driver of the growth was domestic demand, primarily private consumption and investments, while net exports had a negative impact on GDP growth, since imports grew faster than exports. On the production side, growth was driven by increased activity in the services sector, industry and construction, while a decline was recorded in the agriculture sector due to bad weather conditions. NBS projects 2025 GDP growth in a range between 4.0% and 5.0%, with a positive contribution from all sectors. However, the risks to the current growth forecast are skewed to the downside, considering the high level of global uncertainty, the worsened outlook for Germany's growth, as well as additional challenges that Serbia currently faces - US sanctions on oil and gas companies (the majority Russian-owned), that could weigh on economic results. December's inflation stayed at 4.3% on an annual level. Core inflation eased slightly to 5.3%, indicating still-present inflationary pressures in the economy. Current inflation is driven mostly by services price increases, closely followed by increases in food prices. In 2024, consumer prices increased by 4.6% on average compared to 2023. The NBS expects inflation to continue to move within the target tolerance band, primarily on account of the still tight monetary conditions and lower imported inflation. We see CPI hovering around the current level in the first part of 2025, while a more prominent drop is expected later in the year, with the eop figure at 3.3%.

Financial Markets

The central bank decided to hold the key interest rate unchanged at 5.75%, at its first meeting in 2025. Opting not to change key rates, the NBS referred to global uncertainties caused by geopolitical tensions, as well as domestic factors, as a weak agricultural season and persistent core inflation also require caution in decision-making. We expect NBS to continue its cautious approach, also taking into consideration the ECB's monetary policy decisions. The Dinar remained stable in 2024, appreciating by a modest 0.1% against EUR, while the central bank bought a net EUR 2.7Bn of foreign currency in the market, pushing FX reserves to a record high level of EUR 29.3Bn at end-2024. Also, the share of gold in FX reserves continued to increase, standing at 48 tons.

Banking Sector

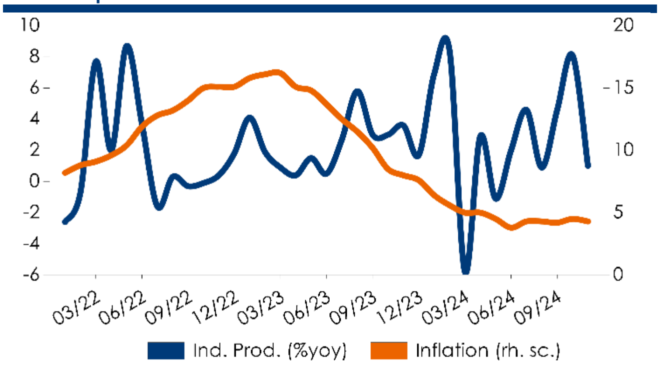
Credit activity continued to recover as total private sector loans accelerated to 7.4% yoy in November, while new lending rocketed 24.5% yoy in the January-November period, reflecting the combined effects of the start of monetary policy easing, banks' promotional offers and eased bank credit standards. Deposit growth remained double-digit, as November saw growth of 12.1% yoy in total private sector deposits, with both corporate and households' deposits growing at almost the same pace (+12.1% yoy and +12.0% yoy, respectively). Throughout 2024, the NPL ratio continued to decline, reaching 2.7% in November 2024.

Latest economic indicators

	Last value	3Q24	2Q24
Industrial production yoy	1 (Nov)	3.4	1.3
Nom. exports yoy	-2.5 (Nov)	2.0	1.1
Retail sales yoy	1.4 (Nov)	4.7	8.3
Inflation rate yoy	4.3 (Dec)	4.3	4.4
CB reference rate, eop	5.8 (27th Jan)	5.8	6.3
Loans (priv.sector,yoy,eop)	7.4 (Nov)	6.5	4.7
Deposits (priv.sector,yoy,eop)	12.1 (Nov)	12.1	14.3
Lending interest rate (pr.sect., eop)	9.5 (Nov)	9.8	10.1
Deposit interest rate (pr.sect , eop)	4.2 (Nov)	4.4	5.1

Source: Statistical Office, National Bank of Serbia

Industrial production and inflation



Source: Statistical Office

Moldova

Real Economy

Doina Caraman

Moldova's economy shrank by 1.9% YoY in the third quarter of 2024, following 2.4% growth in the previous three-month period. It was the first economic contraction since mid-2023 and the strongest since Q4 2022. These dynamics were mainly driven by the negative impact of external demand, though domestic demand—boosted by household income growth and economic activity—partially offset it. Additionally, on the supply side GDP was affected by declines in agriculture due to the 2024 summer drought, as well as in trade and real estate, while construction, finance, and IT helped mitigate these effects.

The annual inflation rate in Moldova accelerated to 6.97% in December 2024, from 5.4% in the prior month, exceeding the upper limit of the target range of 5.0% ±1.5 pp. This marked the highest reading since September 2023, as prices increased sharply for services (10.5% vs. 3.3% in November).

Financial Markets

The National Bank of Moldova raised the base rate by 2pp to 5.6% during an unscheduled meeting on January 10, 2025, the highest level since October 2023, in order to adjust its monetary policy in light of recent tariff hikes. The decision follows an evaluation of rising tariffs on gas, thermal energy, and electricity, which are expected to push up production costs and inflation expectations.

During 4Q 2024, the local currency appreciated against EUR by 0.72% and depreciated against USD by 6.05% on a qoq basis. In 2024, government bond yields experienced a steady decline, but a slight increase began in October 2024. In January 2025, yields on 91-day, 182-day, and 364-day government bonds rose by 0.49pps, 1.07pps, and 0.50pps, respectively, compared to the end of December 2024. This rise is consistent with ongoing inflation trends and expectations, reflecting the broader economic environment and the influence of the National Bank's monetary policy.

Banking Sector

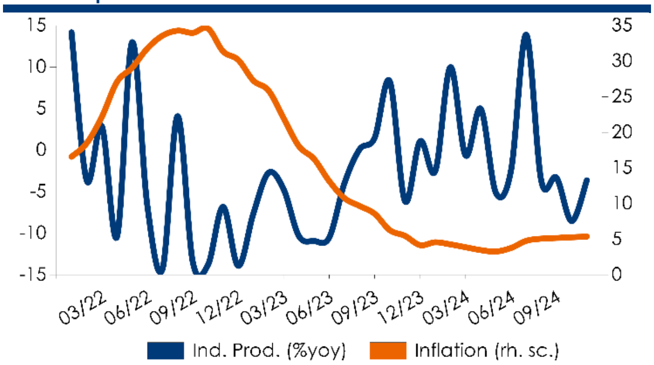
As of December 2024, the Bank's loan portfolio expanded 26.5%, with all segments contributing to this increase. Notably, household loans experienced significant growth of 34.9%, outpacing the growth of corporate loans, which rose by 21%. On the other hand, deposit growth slowed, with a 13.4% YoY increase. This was equally driven by a 13.6% rise in corporate deposits and a 13.2% increase in household deposits. The loan-to-deposit coverage ratio stands at 159.7%, indicating that the Banks have sufficient resources for further lending. The Non-Performing Loan (NPL) ratio has remained relatively stable during the fourth quarter of 2024, with slight fluctuations but averaging 4.5% on a monthly basis.

Latest economic indicators

	Last value	3Q24	2Q24
Industrial production yoy	-3.6 (Nov)	2.3	-0.8
Nom. exports yoy	-11.5 (Nov)	-13.6	-11.4
PMI manufacturing	-11.5 (Nov)	-13.6	-11.4
Retail sales	-5.6 (Dec)	n.a.	n.a.
Inflation rate yoy	7 (Dec)	5.0	3.5
CB reference rate	5.6 (31th Jan)	3.6	3.6
Loans (Priv. Sector, yoy, eop)	26.5 (Dec)	19.1	12.3
Deposits (Priv. Sector, yoy, eop)	13.4 (Dec)	17.3	13.0
Lending interest rate (corp., eop)	7.4 (Dec)	7.5	7.7
Deposit interest rate (hh, eop)	3.2 (Dec)	3.3	3.7

Source: National Bureau of Statistics of the Republic of Moldova, National Bank of Moldova

Industrial production and inflation



Source: National Bureau of Statistics of the Republic of Moldova

Russia

Real Economy

Francesca Pascali

The Russian economy continues to grow, but at a slower pace than in the first half of 2024. The 3Q2024 was +3.1% (preliminary date) vs. +4.1% and +5.4% of 2Q and 1Q respectively. Industry statistical indicators used in calculations of GDP dynamics showed growth in processing of 5.9%, production of miscellaneous motor vehicles and equipment of 30%, computers, electronic and optical devices of 27.6%, finished metal goods of 17.1%, and motor vehicles and trailers and semi-trailers of 8.6%. According to the Rosstat Institute of Statistics, data on activity in Russia indicated higher industrial output (+3.7% in November 2024 yoy, down from +4.8% in October). After falling in September (49.5), the manufacturing PMI index climbed back above 50, standing at 50.6 in October, 51.3 in November and 50.8 in December.

Financial Markets

At its meeting on 20 December, the Bank of Russia (CBR) decided to leave its key interest rate unchanged at 21.0% per annum. According to the CBR, given the significant rise in interest rates for borrowers and the cooling of lending activity, the tightening of monetary conditions achieved creates the necessary conditions for the resumption of disinflation and a return to the target, despite high current price increases and strong domestic demand. Inflation expectations continue to rise. The Bank of Russia estimates that inflationary pressures will start to ease in the coming months due to the impact of tight monetary conditions and the cooling of credit activity. Over the medium-term horizon, the balance of inflation risks is still significantly tilted upwards, although some disinflationary risks have increased. The main risks are associated with persistently high expectations and the upward deviation of the Russian economy from a balanced growth path, as well as deteriorating terms of foreign trade. Disinflationary risks involve a more rapid slowdown in lending growth and domestic demand under the effect of tightening monetary conditions.

Banking Sector

Davidia Zucchelli

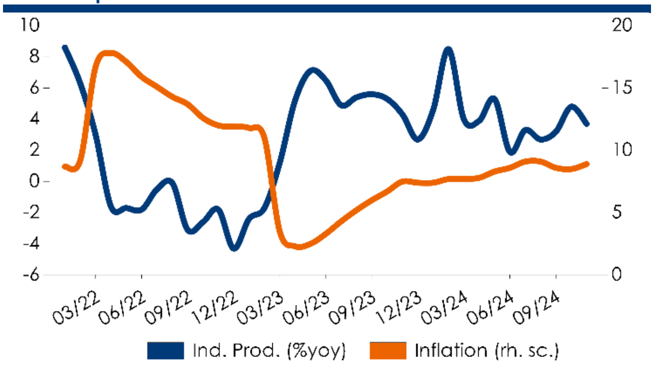
Loan growth remained strong (+19.8% yoy in October in nominal terms), particularly for corporates, (+22.1% yoy vs. +14.8% yoy for households). According to the CBR, lending slowed down in general because of high interest rates and banks' cautiousness in managing reduced capital and liquidity. The cooling of lending was also due to use of the previously accumulated capital reserves to finance rapid growth. Lending growth came from companies from a wide range of industries, mainly attracting funds for working capital lending, including for the fulfilment of government contracts. In October, the share of problem loans in retail lending remained at 4.3%, while in corporate lending, it decreased slightly (to 3.8%). This was due to the growth of the portfolio: the volume of problem loans remained at 3.1 trillion rubles.

Latest economic indicators

	Last value	3Q24	2Q24
Industrial production yoy	3.7 (Nov)	3.1	3.7
Nom. exports yoy	72.1 (Jan)	n.a.	n.a.
Retail sales yoy	6 (Nov)	5.9	7.4
PMI manufacturing	50.8 (Dec)	49.5	54.9
Inflation rate yoy	9.5 (Dec)	8.9	8.2
CB reference rate	21 (31st Dec)	19.0	16.0
Loans (priv.sector, yoy, eop)	19.8 (Oct)	19.2	21.7
Deposits (priv.sector,yoy,eop)	25.4 (Oct)	23.7	24.1
Lending interest rate (corp., eop)	20.9 (Oct)	20.1	17.0
Deposit interest rate (hh, eop)	18.8 (Oct)	17.4	16.3

Source: State Statistics Federal Service, Central Bank of Russia

Industrial production and inflation



Source: State Statistics Federal Service

Ukraine

Real Economy

Artem Krasovskyi

Despite Trump's pledge to end the war, the prospects for a swift ceasefire still remain uncertain. Both sides' red lines seem far from being negotiable at this very stage and signify complex obstacles to achieving a lasting peace any time soon. Against this backdrop, the economic recovery in Q4'24 moderated notably due to energy disruptions, a smaller harvest, and weaker exports in key sectors like metallurgy and agriculture. The persisting security risks restrained the return of refugees, and Ukrainian businesses suffered from severe labour shortages. According to the NBU's estimates, GDP grew by 3.4% in 2024, well below its forecast of 4.0% made in October 2024. The central bank also now foresees a slower recovery trajectory for the next few years, having revised downward its 2025 GDP growth forecast from 4.3% to 3.6% and its 2026 forecast from 4.6% to 4.0%. CPI rose 1.4% mom in December (down from +1.9% in November) and reached 12.0% yoy (core inflation rose to 10.7% yoy), exceeding forecasts, and the pressure on prices will likely continue in the early months of 2025. Inflation is expected to peak in Q2'25, before starting to decline and to land at 8.4% by the end of the year.

Heading into 2025, the country's economy prospects are still heavily contingent upon sustained external support. In 2024, Ukraine received as much as USD 42Bn in external financing. According to Ukrainian authorities, international support is expected to continue in 2025 and Ukraine will receive a comparable amount of USD 38Bn, which should be enough to cover the budget deficit without resorting to monetary financing.

Financial Markets

In response to blazing inflation, the NBU raised its key rate by a hefty 100bps to 14.5% on 23rd January, and a further rate hike is likely to follow in the next MP meeting to curb prices pressure and stabilise the currency. USD/UAH is hovering slightly above 42 UAH per USD, which appears to be a new balanced level, having moderated somewhat after the elevated pressure in late December amid the end-of-year rush when it reached 42.50 UAH per USD. International reserves increased from USD 39.9Bn to a new all-time high of USD 43.8Bn in December 2024, reflecting tremendous financial support of USD 9.5Bn from international partners received at the year-end. This, in turn, made it possible to cover no less impressive expenses of USD 5.3Bn (twice the November level), which the NBU sold on the FX market in December to support the national currency.

Banking Sector

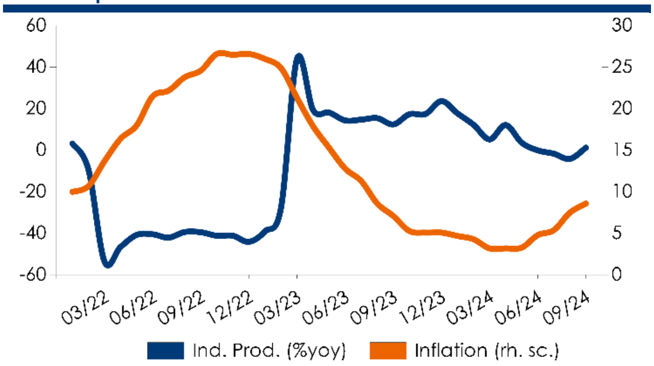
Ukrainian banks maintain high liquidity and capital ratios, and their profitability will continue to help them to maintain that situation. The quality of the households loan portfolio is improving, as well as the level of defaults in the corporate loan portfolio, which continues to decrease and is now comparable to the indicators during the period of macroeconomic stability. The new provisions for credit risks are insignificant. The NPL ratio stood at 31.5% in November, compared to 37% in early 2024. At the same time, banks expect some deterioration in the portfolio's quality, as economic expectations have worsened.

Latest economic indicators

	Last value	3Q24	2Q24
Industrial production yoy	1.3 (Sep)	-1.5	5.3
Nom. exports yoy	16.5 (Nov)	12.4	1.4
PMI manufacturing	16.5 (Nov)	12.4	1.4
Retail sales	9.9 (Sep)	15.2	16.3
Inflation rate yoy	12 (Dec)	7.2	3.8
CB reference rate	14.5 (31st Jan)	13.0	13.0
Loans (Priv. Sector, yoy, eop)	11.9 (Nov)	13.1	10.0
Deposits (Priv. Sector, yoy, eop)	16.1 (Nov)	17.4	19.7
Lending interest rate (pr.sect., eop)	18.8 (Nov)	19.3	19.1
Deposit interest rate (pr.sect , eop)	8.5 (Nov)	8.7	8.8

Source: State Statistics Service of Ukraine, National Bank of Ukraine

Industrial production and inflation



Source: State Statistics Service of Ukraine

Egypt

Samer Halim

Real Economy

Real growth inched up to 3.5% yoy in 3Q 2024 against 2.4% in the previous quarter. This can be mainly attributed to the partial recovery in non-oil manufacturing activities in light of a stable FX market. Maintaining high/stable real growth in transportation, telecoms, tourism and construction contributed positively to this improvement as well. However, the Suez Canal and oil & gas were negatively impacted by the geopolitical developments and the decline in Egypt's gas production, which is likely to stabilise in 2025 supported by the development of the Raven and Zohr fields. The following years are set to witness a recovery in production on the back of the newly discovered Nefertary field and signing a deal with Cyprus to use Egyptian infrastructure to move its gas to Europe. For the Suez Canal, shipping companies are still assessing the solidity of the ceasefire in Gaza before deciding to return to the canal. On the fiscal side, the state budget's cash balance improved 14.6% yoy during the period between July and November 2024/25 due to the major rise in tax revenues and reduction in government investments as part of the country's strategy to boost the private sector's contribution to the economy. The annual inflation rate fell to its lowest level in 2024, reaching 24.1% in December 2024 with stable FX inflows, base year effect and restrictive monetary conditions.

Financial Markets

The CBE raised key interest rates by 800 bps during 2024 to anchor inflation expectations, leading to the decline of the annual growth of Money Supply (M1), currency in circulation outside the banking system + demand deposits. This was also reflected in the sharp decline in yields on 3M EGP T-Bills (MMR), signalling market expectations about a cut in interest rates in the near term. In spite of the rise in the current account deficit during 3Q 2024 to USD5.9 Bn, Egypt's government was able to secure USD2 Bn from its first dollar-bond issuance in almost two years, a USD2 Bn syndicated facility from regional banks and EUR1 Bn in macro-financial assistance from the EU. Egypt is also set to receive a USD1.2 Bn disbursement from the IMF after finalising the fund's review for the country's reform programme. It's important to highlight that portfolio investments slowed down by the end of 2024 amid concerns over a stronger US Dollar before recovering partially in 2025.

Banking Sector

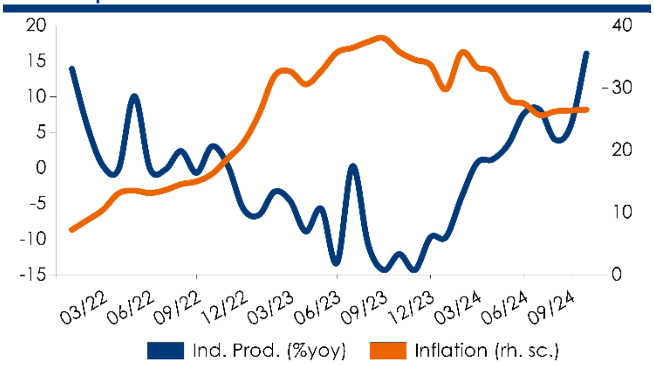
Private deposits are still recording strong annual growth (+31.9% as of November 2024), supported by the rise in retail deposits, particularly in foreign currency. Private loans are still advancing as well, boosted by corporate loans, while loans to households are still maintaining stable levels of growth. Egypt launched a new initiative to support the private sector in purchasing machinery, equipment, and production lines through offering subsidised loans. The initiative provides EGP30 Bn in financing to companies across key industrial sectors at 15% interest rates.

Latest economic indicators

	Last value	3Q24	2Q24
Industrial production, wda yoy	16.1 (Oct)	6.1	4.1
Nom. exports yoy	21.5 (Oct)	4.5	5.3
Retail sales yoy	n.a.	n.a.	n.a.
PMI	48.1 (Dec)	48.8	49.9
Inflation rate yoy	24.1 (Dec)	26.1	29.4
CB reference rate	27.3 (27th Jan)	27.3	27.3
Loans (priv. sector, yoy, eop)	29.1 (Sep)	29.1	27.3
Deposits (priv. sector, yoy, eop)	31.9 (Nov)	31.1	29.4
Lending interest rate (corp., eop)	26 (Nov)	25.4	24.9
Deposit interest rate (hh, eop)	20.7 (Nov)	20.0	20.0

Source: Ministry of Industry & Foreign Trade, Central Bank of Egypt

Industrial production and inflation



Source: Ministry of Planning, CAPMAS

Country Data: Economy, Markets and Banks - the economic cycle

The Economy

		GDP chg yoy			Ind.prod[1]. chg.yoy			Export nom. chg yoy			Retail sales chg yoy			Inflation chg yoy			Unemployment rate			Wages chg yoy			Economic Survey[2]		
		3Q24	2Q24	2023	Last	mth	3Q24	Last	mth	3Q24	Last	mth	3Q24	Last	mth	3Q24	Last	mth	3Q24	Last	mth	3Q24	Last	mth	3Q24
CEE	Czechia	2.1	0.8	0.0	-2.7	Nov	0.4	5.6	Nov	11.3	4.9	Nov	5.9	3.0	Dec	2.3	4.1	Dec	3.8	4.3	Nov	6.2	96.4	Dec	97.7
	Hungary	-0.8	1.3	-0.9	-4.2	Nov	-6.0	-3.5	Nov	-1.4	3.7	Nov	2.7	4.6	Dec	3.5	4.5	Nov	4.3	12.9	Oct	13.2	91.7	Dec	98.7
	Poland	1.6	4.3	0.1	0.2	Dec	1.2	-8.6	Nov	-3.0	1.9	Dec	1.3	4.7	Dec	4.5	5.0	Nov	5.0	9.8	Dec	10.7	99.2	Dec	102.0
	Slovakia	1.2	2.0	1.4	0.1	Nov	2.9	2.6	Nov	-0.7	5.0	Nov	3.6	2.9	Dec	2.7	5.0	Dec	5.0	4.6	Nov	5.7	100.7	Dec	99.4
	Slovenia	1.4	0.7	2.1	-0.7	Nov	1.4	5.2	Nov	19.7	-1.1	Nov	1.2	2.0	Dec	1.1	4.6	Nov	4.5	3.9	Nov	3.8	97.6	Dec	96.8
SEE	Albania	4.1	4.1	n.a.	n.a.	n.a.	n.a.	-31.7	Dec	-12.9	n.a.	n.a.	n.a.	2.1	Dec	2.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Bosnia H.	2.6	2.3	1.9	2.3	Nov	-4.9	3.6	Dec	-1.4	2.3	Nov	2.8	1.5	Nov	1.3	27.3	Nov	27.8	7.8	Nov	9.5	n.a.	n.a.	n.a.
	Croatia	3.9	3.5	3.3	-6.6	Nov	0.5	6.8	Oct	10.2	7.2	Nov	7.1	4.0	Nov	3.1	5.0	Nov	4.7	13.1	Nov	14.5	106.3	Nov	107.2
	Romania	1.2	0.9	n.a.	-1.5	Nov	-2.6	1.6	Nov	1.9	8.7	Nov	8.8	5.5	Dec	5.4	5.3	Nov	5.5	13.1	Nov	14.1	102.6	Nov	103.3
	Serbia	3.1	4.2	3.8	1.0	Nov	3.4	-2.5	Nov	2.0	1.4	Nov	4.7	4.3	Dec	4.3	n.a.	n.a.	n.a.	12.0	Nov	14.0	n.a.	n.a.	n.a.
EE & MENA	Moldova	-1.8	1.7	0.7	-3.6	Nov	2.3	-11.5	Nov	-13.6	-5.6	Dec	n.a.	7.0	Dec	5.0	n.a.	n.a.	3.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Russia	3.1	4.1	3.6	3.7	Nov	3.1	72.1	Jan	n.a.	6.0	Nov	5.9	9.5	Dec	8.9	2.3	Nov	2.4	7.2	Oct	8.1	50.8	Dec	49.5
	Ukraine	2.0	3.7	5.3	1.3	Sep	-1.5	16.5	Nov	12.4	9.9	Sep	15.2	12.0	Dec	7.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Egypt	3.5	2.4	2.9	16.1	Oct	6.1	21.5	Oct	4.5	n.a.	n.a.	n.a.	24.1	Dec	26.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	48.1	Dec	48.8
	m.i. E. A.	*0.9*	*0.6*	*0.4*	*-1.9*	*Nov*	*-1.6*	*-1.6*	*Nov*	*2.2*				*2.4*	*Dec*	*2.2*									

Source: Refinitiv; [1]Wda data for Slovakia, Slovenia; Bosnia, Croatia, Egypt; [2]PMI manufacturing for Russia and Egypt, ESI for remaining countries.

Markets and Ratings

		S/T rates		L/T rates1		Foreign exchanges2			Stock markets		CDS spread (bp)		FX res. chg (mln €)3			CA bal. (mln €)4		Rating
		28/1	3M*	28/1	3M*	28/1	3M*	1Y*	3M*	1Y*	24/1	24/10	3Q24	2Q24	2023	3Q24	2Q24	Moody's
CEE	Czechia	3.9	-0.4	4.1	0.0	25.09	-1.08	1.37	13.4	30.4	27.2	30.2	n.a.	n.a.	n.a.	3,283	3,655.8	Aa3
	Hungary	6.5	0.1	6.8	0.3	409.02	1.13	5.93	14.6	32.8	112.0	117.8	n.a.	n.a.	n.a.	n.a.	n.a.	Baa2
	Poland	5.9	-0.3	6.0	0.2	4.21	-3.19	-3.90	6.7	13.9	69.4	68.6	n.a.	n.a.	n.a.	-4,277	501.0	n.a.
	Slovakia	2.6	-0.4	3.3	0.1	n.a.	n.a.	n.a.	-0.6	-3.4	29.0	27.2	n.a.	n.a.	n.a.	-1,378	-582.0	A3
	Slovenia	2.6	-0.4	3.1	0.1	n.a.	n.a.	n.a.	13.8	42.1	31.7	34.6	28	111	18	1,086	733.6	A3
SEE	Albania	2.7	n.a.	n.a.	n.a.	99.09	0.64	-4.62	n.a.	n.a.	n.a.	n.a.	367	-117	n.a.	350	-216.0	n.a.
	Bosnia H.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	158	268	115	-47	-256.2	n.a.
	Croatia	0.4	0.0	3.1	0.1	7.53	0.00	0.00	13.2	31.8	78.5	75.6	9	208	-24,997	4,779	-1,237.3	A3
	Romania	5.8	0.4	7.9	0.9	4.97	0.02	-0.03	-2.0	12.0	191.4	134.0	2,246	499	n.a.	-19,777	-12,176.0	Baa3
	Serbia	5.8	0.0	n.a.	n.a.	117.06	0.00	-0.12	-0.6	29.0	149.3	179.5	773	2,565	5,493	-2,011	-899.4	Ba2
EE & MENA	Moldova	5.6	0.2	5.2	n.a.	18.46	3.42	4.29	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	48	70.3	B3
	Russia	n.a.	n.a.	n.a.	n.a.	98.50	9.96	0.00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	WR
	Ukraine	n.a.	n.a.	25.7	1.7	41.97	1.30	11.06	n.a.	n.a.	n.a.	n.a.	669	-3,640	12,546	-1,588	-6,117.0	Ca
	Egypt	28.7	-0.9	11.3	0.0	50.22	3.12	62.52	-3.7	8.4	509.2	620.6	353	6,023	1,217	-5,910	-3,711.1	Caa1
	m.i.A.E.	*2.6*	*-0.4*	*2.5*	*0.2*	*1.0*	*-3.6*	*-4.0*	*2.2*	*10.9*	*4.06*	*4.06*						

Source: Refinitiv; [1]For Ukraine, the long-term rate refers to a government issue in dollars; [2]The (-) sign indicates appreciation; [3]USD for Russia, Egypt, Ukraine, Romania; [4]USD for Russia, Egypt, Ukraine. (*) % change.

Banking aggregates and interest rates (private sector)

		Loans chg yoy %			NPL/Loans %			Foreign Liab. chg yoy %			Deposits chg yoy %			Loans rate1-NewB*. %				DepositsRate1-NewB*. %				Loans/Dep %		
		Last	Mth	2023	Last	mth	2023	Last	mth	2023	Last	Mth	2023	Last	mth	2023	S[4]	Last	mth	2023	S[4]	Last	mth	2023
CEE	Czechia	5.8	Nov	6.6	1.7	Nov	1.7	13.0	Nov	15.8	7.5	Nov	7.5	5.5	Nov	8.2	C	3.3	Nov	5.7	H	69.3	Nov	70.4
	Hungary	6.9	Nov	3.3	2.0	Sep	2.0	8.8	Nov	16.8	9.2	Nov	0.3	10.9	Nov	12.4	C	4.7	Nov	7.7	H	81.0	Nov	80.6
	Poland	4.2	Nov	-2.5	2.3	Jun	n.a.	n.a.	Nov	n.a.	7.7	Nov	10.5	7.6	Nov	7.8	C	4.1	Nov	4.6	H	65.7	Nov	67.1
	Slovakia	1.9	Nov	3.4	2.0	Nov	2.0	1.1	Nov	25.9	5.9	Nov	4.6	5.2	Nov	5.8	C[2]	0.0	Dec	n.a.	H[2]	104.3	Nov	107.0
	Slovenia	1.3	Oct	-0.5	1.0	Sep	1.0	2.6	Nov	21.9	3.2	Nov	5.5	5.1	Nov	5.6	C[2]	1.5	Nov	1.3	H[2]	62.6	Nov	60.6
SEE	Albania	13.9	Nov	3.7	4.5	Nov	4.7	15.9	Nov	5.3	4.2	Nov	1.6	5.5	Nov	5.6	PS	2.7	Nov	2.3	PS	60.8	Nov	56.0
	Bosnia H.	9.1	Nov	6.8	3.5	Sep	3.8	33.4	Nov	-15.6	10.0	Nov	10.2	4.1	Nov	3.9	C	1.1	Nov	0.6	H	88.6	Nov	88.5
	Croatia	9.1	Nov	8.0	2.5	Sep	2.6	24.4	Nov	-13.6	5.3	Nov	3.5	4.8	Nov	5.2	PS	2.7	Nov	3.1	PS	70.6	Nov	66.6
	Romania	7.9	Nov	5.9	2.4	Nov	2.3	13.5	Nov	19.0	10.9	Nov	12.9	7.7	Nov	8.6	PS	5.0	Nov	5.6	PS	67.2	Nov	66.6
	Serbia	7.4	Nov	1.0	2.7	Nov	3.2	0.5	Nov	-5.8	12.1	Nov	11.7	9.5	Nov	10.5	PS	4.2	Nov	5.7	PS	79.1	Nov	81.1
EE & MENA	Moldova	26.5	Dec	3.7	4.1	Dec	5.6	0.7	Jul	n.a.	13.4	Dec	19.9	7.3	Dec	9.3	C	3.1	Dec	5.4	H	62.6	Dec	56.1
	Russia	19.8	Oct	24.2	n.a.	Sept	n.a.	13.3	Dec	n.a.	25.4	Oct	23.4	20.9	Oct	16.1	C	18.8	Oct	12.8	H	119.5	Oct	121.0
	Ukraine	11.9	Nov	-0.3	31.4	Nov	37.4	2.7	Nov	-2.6	16.1	Nov	26.7	18.8	Nov	20.7	PS	8.5	Nov	10.4	PS	44.9	Nov	43.4
	Egypt	29.1	Sep	22.1	2.7	Jun	3.0	47.8	Nov	33.9	31.9	Nov	18.5	26.0	Nov	19.5	C	20.7	Nov	14.2	H	35.7	Sep	36.7
	m.i. E. A.	*0.54*	*Oct*	*0.6*	*n.a.*	*n.a.*	*n.a.*	*-1.6*	*Oct*	*1.2*	*4.2*	*Oct*	*1.5*	*4.4*	*Nov*	*5.2*	*C*	*2.6*	*Nov*	*3.3*	*H*	*72.9*	*Oct*	*74.5*

Source: Central Banks, IMF, Moody's ;[1]monthly average; [2]lending rate on current account overdraft; on deposits up to 1 year.[4]Sector C=Corporates, H=Household, PS=Private Sector.

Appendix

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