

Press Release

ZEW

Zentrum für Europäische
Wirtschaftsforschung GmbH

Centre for European
Economic Research

For press enquiries please contact:

Gunter Grittmann
Phone +49 (0)621/1235-132, Fax -255
E-mail grittmann@zew.de

68/2014

September 18, 2014

ZEW-Erste Group Bank Economic Sentiment Indicator for Central and Eastern Europe (CEE)

Economic Expectations Decrease

In September 2014 economic expectations for Central and Eastern Europe including Turkey (CEE region) slightly decrease. In the current survey the ZEW-Erste Group Bank Economic Sentiment Indicator for the CEE region has lost 7.9 points and now stands at a rather balanced level of 3.3 points. The majority of 43.3 per cent of the survey participants does not expect any changes in the economic conditions of the CEE region over the next six months. The ZEW-Erste Group Bank Economic Sentiment Indicator for Central and Eastern Europe reflects the financial market experts' expectations for the CEE region on a six-month time horizon. The indicator has been compiled on a monthly basis together with further financial market data by the Centre for European Economic Research (ZEW) in Mannheim with the support of Erste Group Bank, Vienna, since 2007.

In September the experts' assessment of the current economic situation for the CEE region improves by 7.1 points to the balanced 0.0 mark.

Information concerning further indicators of the CEE region, the Eurozone, individual CEE countries covered by the analysis, or Austria can be found in the table at the end of the press release. The answers of all survey participants are taken into account for the calculation of the indicators for the CEE region, the Eurozone and Turkey. The answers of the Turkish survey participants are not taken into account for the calculation of the indicators for individual CEE countries and Austria, because their high participation share in the survey could cause significant biases in the survey results.

For further information please contact:

Lena Jaroszek, phone +49 (0)621/1235-380, e-mail jaroszek@zew.de

Survey Procedure and Methodology

The Financial Market Survey CEE is a survey carried out among financial market experts by the Centre for European Economic Research in Mannheim (ZEW) and Erste Group Bank AG, Vienna. The target of this survey is to develop indicators describing the economic conditions in Central and Eastern Europe (CEE) as well as in Austria.

The CEE region observed in the survey consists of Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Serbia, Slovakia, Slovenia and, since October 2010, Turkey.

The financial experts are questioned on their evaluations of the current business situation, the medium-term prospects of the respective economies and their expectations as to the development of the inflation rate, the short- and long-term interest rates, exchange rates

and stock prices on a six-month time horizon. The analysts' assessments reflect the qualitative direction of the estimated changes. The quarterly 'Financial Market Report CEE' contains the results for every Central and Eastern European country in detail.

The Centre for European Economic Research (ZEW), Mannheim

ZEW is one of Germany's leading economic research institutes and enjoys a strong reputation throughout Europe. ZEW has distinguished itself by analysing internationally comparative issues in the European context and creating data bases important for scientific research, e.g. Mannheim Innovation Panel (MIP), ZEW Start-Up Panel. ZEW's key objectives are conducting economic research, providing economic policy advising and transferring knowledge. ZEW was founded in 1990 and currently employs a staff of 190, of which two thirds are researchers.

Research at ZEW:

International Finance and Financial Management; Labour Markets, Human Resources and Social Policy; Industrial Economics and International Management; Corporate Taxation and Public Finance; Environmental and Resource Economics, Environmental Management; Information and Communication Technologies; Competition and Regulation, International Distribution and Redistribution.

www.zew.de / www.zew.eu

ZEW / Erste Group Bank - Financial Market Survey CEE: September 2014

Current economic situation	good		acceptable (normal)		bad		balance	
Austria	8.0	(- 1.5)	84.0	(- 6.5)	8.0	(+ 8.0)	0.0	(- 9.5)
Croatia	3.6	(+ 3.6)	35.7	(-12.4)	60.7	(+ 8.8)	-57.1	(- 5.2)
Czech Republic	10.4	(- 9.6)	86.2	(+10.2)	3.4	(- 0.6)	7.0	(- 9.0)
Hungary	18.7	(+18.7)	68.8	(-12.7)	12.5	(- 6.0)	6.2	(+24.7)
Poland	20.0	(- 6.9)	76.7	(+ 3.6)	3.3	(+ 3.3)	16.7	(-10.2)
Romania	10.4	(+ 2.1)	86.2	(+11.2)	3.4	(-13.3)	7.0	(+15.4)
Slovakia	22.6	(+ 6.6)	74.2	(- 5.8)	3.2	(- 0.8)	19.4	(+ 7.4)
Turkey	10.3	(- 1.5)	76.9	(+ 6.3)	12.8	(- 4.8)	-2.5	(+ 3.3)
CEE (incl. Turkey)	6.9	(+ 3.3)	86.2	(+ 0.5)	6.9	(- 3.8)	0.0	(+ 7.1)
Eurozone	5.4	(- 1.3)	67.6	(-12.4)	27.0	(+13.7)	-21.6	(-15.0)
Economic expectations	improve		no change		worsen		balance	
Austria	25.0	(- 8.4)	58.3	(+ 1.2)	16.7	(+ 7.2)	8.3	(-15.6)
Croatia	27.6	(- 9.5)	51.7	(+ 7.3)	20.7	(+ 2.2)	6.9	(-11.7)
Czech Republic	33.3	(-10.7)	50.0	(+ 6.0)	16.7	(+ 4.7)	16.6	(-15.4)
Hungary	31.4	(- 4.3)	34.3	(- 1.4)	34.3	(+ 5.7)	-2.9	(-10.0)
Poland	19.4	(-22.9)	54.8	(+12.5)	25.8	(+10.4)	-6.4	(-33.3)
Romania	46.4	(+ 6.4)	35.7	(- 4.3)	17.9	(- 2.1)	28.5	(+ 8.5)
Slovakia	27.6	(- 4.4)	55.2	(- 0.8)	17.2	(+ 5.2)	10.4	(- 9.6)
Turkey	16.3	(- 5.9)	48.6	(+ 9.7)	35.1	(- 3.8)	-18.8	(- 2.1)
CEE (incl. Turkey)	30.0	(- 7.1)	43.3	(+ 6.3)	26.7	(+ 0.8)	3.3	(- 7.9)
Eurozone	37.2	(+ 9.6)	45.7	(- 9.5)	17.1	(- 0.1)	20.1	(+ 9.7)
Inflation rate	increase		no change		decrease		balance	
Austria	13.0	(- 3.7)	78.3	(+17.2)	8.7	(-13.5)	4.3	(+ 9.8)
Croatia	17.9	(-19.6)	71.4	(+25.6)	10.7	(- 6.0)	7.2	(-13.6)
Czech Republic	51.8	(+19.9)	44.8	(- 9.7)	3.4	(-10.2)	48.4	(+30.1)
Hungary	53.1	(+ 7.0)	40.6	(+ 2.1)	6.3	(- 9.1)	46.8	(+16.1)
Poland	37.9	(- 1.3)	48.3	(+ 0.5)	13.8	(+ 0.8)	24.1	(- 2.1)
Romania	44.4	(+12.6)	51.9	(+ 1.9)	3.7	(-14.5)	40.7	(+27.1)
Slovakia	34.5	(- 0.3)	58.6	(+ 6.4)	6.9	(- 6.1)	27.6	(+ 5.8)
Turkey	31.6	(+10.4)	36.8	(- 2.6)	31.6	(- 7.8)	0.0	(+18.2)
CEE (incl. Turkey)	28.6	(- 1.9)	64.3	(+ 7.8)	7.1	(- 5.9)	21.5	(+ 4.0)
Eurozone	25.0	(- 3.0)	61.1	(+ 9.1)	13.9	(- 6.1)	11.1	(+ 3.1)
Short-term interest rates	increase		no change		decrease		balance	
	[abs.]	[rel.]	[abs.]	[rel.]	[abs.]	[rel.]	[abs.]	[rel.]
Croatia	7.4 (+ 7.4)	8.7 (+ 3.9)	66.7 (-24.2)	78.3 (- 7.4)	25.9 (+16.8)	13.0 (+ 3.5)	-18.5 (- 9.4)	-4.3 (+ 0.4)
Czech Republic	3.6 (-11.4)	4.2 (-11.6)	75.0 (± 0.0)	83.3 (+ 9.6)	21.4 (+11.4)	12.5 (+ 2.0)	-17.8 (-22.8)	-8.3 (-13.6)
Hungary	12.2 (-10.9)	13.8 (-11.2)	63.6 (+ 2.1)	69.0 (+ 6.5)	24.2 (+ 8.8)	17.2 (+ 4.7)	-12.0 (-19.7)	-3.4 (-15.9)
Poland	3.4 (-14.8)	0.0 (-15.7)	34.5 (-29.1)	44.0 (-19.2)	62.1 (+43.9)	56.0 (+34.9)	-58.7 (-58.7)	-56.0 (-50.6)
Romania	10.7 (- 7.5)	8.3 (-11.7)	46.4 (-21.8)	54.2 (-10.8)	42.9 (+29.3)	37.5 (+22.5)	-32.2 (-36.8)	-29.2 (-34.2)
Turkey	42.9 (+ 4.2)	51.8 (+ 3.5)	40.0 (- 5.2)	31.0 (- 3.5)	17.1 (+ 1.0)	17.2 (± 0.0)	25.8 (+ 3.2)	34.6 (+ 3.5)
Eurozone	2.8 (- 8.0)		83.3 (+ 1.2)		13.9 (+ 6.8)		-11.1 (-14.8)	
Long-term interest rates	increase		no change		decrease		balance	
	[abs.]	[rel.]	[abs.]	[rel.]	[abs.]	[rel.]	[abs.]	[rel.]
Croatia	53.9 (+13.0)	39.1 (+ 1.0)	34.6 (-10.9)	43.5 (+ 0.6)	11.5 (- 2.1)	17.4 (- 1.6)	42.4 (+15.1)	21.7 (+ 2.6)
Czech Republic	40.8 (- 4.2)	13.1 (+ 3.1)	40.7 (+ 0.7)	73.9 (+ 8.9)	18.5 (+ 3.5)	13.0 (-12.0)	22.3 (- 7.7)	0.1 (+15.1)
Hungary	48.3 (+ 9.9)	44.0 (+ 8.0)	34.5 (-11.7)	40.0 (± 0.0)	17.2 (+ 1.8)	16.0 (- 8.0)	31.1 (+ 8.1)	28.0 (+16.0)
Poland	21.5 (- 1.3)	17.4 (+ 7.4)	57.1 (+ 2.6)	47.8 (-12.2)	21.4 (- 1.3)	34.8 (+ 4.8)	0.1 (± 0.0)	-17.4 (+ 2.6)
Slovakia	27.6 (- 4.2)	12.5 (- 1.8)	41.4 (- 8.6)	62.5 (- 4.2)	31.0 (+12.8)	25.0 (+ 6.0)	-3.4 (-17.0)	-12.5 (- 7.8)
Turkey	55.9 (+ 4.3)	58.6 (+13.7)	26.5 (-12.2)	20.7 (-17.2)	17.6 (+ 7.9)	20.7 (+ 3.5)	38.3 (- 3.6)	37.9 (+10.2)
Germany	32.3 (+ 8.3)		54.8 (-13.2)		12.9 (+ 4.9)		19.4 (+ 3.4)	
Stock market indices	increase		no change		decrease		balance	
EURO STOXX 50	51.8	(+17.0)	17.2	(-13.2)	31.0	(- 3.8)	20.8	(+20.8)
ATX (Austria)	75.0	(+38.2)	10.0	(-21.6)	15.0	(-16.6)	60.0	(+54.8)
NTX (CEE)	66.7	(+21.7)	14.3	(- 5.7)	19.0	(-16.0)	47.7	(+37.7)
CROBEX (Croatia)	52.0	(+ 9.2)	32.0	(+ 3.4)	16.0	(-12.6)	36.0	(+21.8)
PX 50 (Czech Rep.)	50.0	(+ 7.1)	22.7	(- 1.1)	27.3	(- 6.0)	22.7	(+13.1)
BUX (Hungary)	59.3	(+17.0)	18.5	(-12.3)	22.2	(- 4.7)	37.1	(+21.7)
WIG (Poland)	58.4	(+22.0)	20.8	(-11.0)	20.8	(-11.0)	37.6	(+33.0)
BET (Romania)	83.4	(+43.4)	8.3	(-16.7)	8.3	(-26.7)	75.1	(+70.1)
SAX (Slovakia)	31.6	(+ 7.8)	52.6	(+ 5.0)	15.8	(-12.8)	15.8	(+20.6)
ISE-100 (Turkey)	42.4	(+13.0)	15.2	(- 8.3)	42.4	(- 4.7)	0.0	(+17.7)
Exchange rates (vs. Euro)	appreciate		no change		depreciate		balance	
Kuna (Croatia)	6.9	(- 1.8)	62.1	(+14.3)	31.0	(-12.5)	-24.1	(+10.7)
Koruna (Czech Rep.)	24.2	(+ 0.4)	51.7	(-15.0)	24.1	(+14.6)	0.1	(-14.2)
Forint (Hungary)	17.6	(+ 5.6)	32.4	(-15.6)	50.0	(+10.0)	-32.4	(- 4.4)
Zloty (Poland)	42.8	(- 4.9)	28.6	(- 4.7)	28.6	(+ 9.6)	14.2	(-14.5)
Lei (Romania)	17.3	(-12.7)	51.7	(- 3.3)	31.0	(+16.0)	-13.7	(-28.7)
Lira (Turkey)	11.8	(- 4.3)	23.5	(-12.0)	64.7	(+16.3)	-52.9	(-20.6)
US-Dollar	71.1	(+ 3.1)	10.5	(-17.5)	18.4	(+14.4)	52.7	(-11.3)

Note: 72 Financial market experts, 13 from which from Turkey, participated in the September survey which was conducted during the period of 8/31-9/15/2014. Analysts were asked about their expectations for the next 6 months. Numbers displayed are percentages (month-over-month percentage point changes compared to the survey in August 2014 in parentheses). Balances refer to the differences between positive and negative assessments.