

CEE Biweekly

15 MARCH 2007



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Contact:

Edited by CEE Research Department
e-mail: cee.economic.research@ba-ca.com
Bernhard Sinhuber, Tel. +43 (0)50505-41964

KEY ECONOMIC NEWS

Bulgaria – After a 9.4% mom surge in December last year, retail sales posted a 30.2% drop in January, still being 11.8% higher when compared with the same month a year ago. Inflationary pressure abated in February. CPI inched up by a modest 0.4% mom to bring twelve-month inflation (4.5% yoy) to its lowest level since July 2005. The deceleration in prices was relatively broadly based. Apart from the drop in the prices of non-food items, mostly on the back of the plunge in clothing and footwear costs after the end-of-Christmas sales euphoria, prices of foods and services increased only marginally relative to their levels in January. Pullback in twelve month inflation also drew support from the well-pronounced base effect related to the excises rates increase on cigarettes, which brought a one-off 3.0 spike in mom prices in February 2006.

Croatia – Industrial production grew strongly in January by 9%, partly due to the positive calendar effect. However, the lower trend growth rates on a monthly basis point to a slowdown of growth from the middle of last year. The persistently high annual growth of bank lending in January (22%) was mainly due to the high level carried over from last year, while loan growth on a monthly level slowed below the 1% administrative limit, partly due to seasonal factors.

Czech Republic – GDP growth reached 5.8% in Q4, slowing mildly from 5.9% in Q3 and bringing the full-year expansion to 6.1%, the same as in 2005. Household spending and investments proved to be the main drivers of economic growth in the last three months of 2006, while net exports deteriorated. Price growth has so far lacked any signs of demand inflationary pressures, picking up slightly to 1.5% yoy in February from January's 1.3%. Hence we do not expect another interest rate hike earlier than the summer. On the other hand, we reckon the koruna appreciation will be smoother in the years to come.

Hungary – Hungary's GDP grew by a real 3.9% yoy in 2006, reaching EUR 89.2 bn in nominal terms, corresponding to EUR 8,850 per capita. The processing sector largely fuelled GDP growth, with output expanding by 9.5%, driven mainly by robust export sales, which grew 18% yoy, by far the highest level in recent years. The trend seems to be continuing with exports in euro terms expanding by 20.1% in January 2007, although imports grew 0.7 percentage points faster than exports thereby increasing the trade gap to EUR 214 mn from the December figure of EUR 80.6 mn.

Latvia – Based on sustained robust domestic demand, internal and external imbalances remained pronounced at the beginning of 2007. After reaching 7.1% yoy in January, headline inflation further climbed to 7.3% yoy in February mainly against the background of higher food prices and adjustments to administered prices (e.g. gas, public transportation). Alongside the persistent inflationary pressure, Latvia also has to cope with a huge (2006: 20.9% of GDP) and still widening current account deficit. In January the shortfall in the current account nearly tripled from EUR 147 mn to EUR 390 mn due to a massive increase in the trade deficit. In order to ease the pressure on inflation and the current account, more restrictive fiscal and monetary policies would be required.

Lithuania – Consumer price inflation (CPI) accelerated from 4% in January to 4.3% in February. Food prices (constituting around one quarter of the CPI basket) were among the main culprits. Inflation will continue to represent the key component in determining when Lithuania will be ready for adopting the euro: the current level of inflation is still far higher than the level required (now 2.9%, i.e. 1.5% higher than the 12-month average of the 3 EU countries with the slowest CPI).

Montenegro – Less than a year after declaring independence on 3 June 2006 and half a year after the resumption of talks on a Stabilization and Association Agreement (SAA) (which were put on hold with the State Union of Serbia and Montenegro in spring 2006 due to a lack of cooperation with The Hague) Montenegro signed an SAA with the EU on 15 March 2007, an important step in the country's EU integration process.

Poland – The Polish economy is still going to expand strongly in 2007. With growth driven by investment rather than individual consumption, inflation pressure is expected to be moderate from the demand side. On the other hand, the strong economic growth will help the government keep its budget deficit under control, even below the mid-term anchor. However, the government's social spending plan for the coming years will cause problems with the budget in this period.

Romania – Booming domestic demand pushed 2006 GDP growth to a real 7.7% yoy. While private consumption contributed the most, investment was the fastest expanding component increasing by 16.1% yoy. January headline inflation hit a new record low of 3.8% yoy, driven by the persistently low growth in volatile prices. The foreign trade deficit increased by some EUR 1 bn in January on the back of fast expanding imports fuelled by the elimination of custom duties following EU accession.

Russia – According to Rosstat, CPI in February 2007 was 1.1% mom, which makes it 7.6% yoy for price growth (by comparison: 1.7% mom and 11.2% yoy in February 2006). Service prices, which mostly contribute to inflation, increased by 2.6% mom, while non-food and food prices grew by only 0.6% and 0.8% respectively. The Ministry of Finance declared that the Stabilisation Fund increased from USD 89.13 bn on 1 January 2007 to USD 103.55 bn on 1 March 2007. President Putin proposed dividing the Stabilisation Fund into a Reserve Fund and a Future Generations Fund in his written address on the 2008-2010 federal budget submitted to the government and the parliament. Regional elections were held in 14 districts of Russia on Sunday. Preliminary results show that United Russia (Edinaya Rossiya), backed by Putin, has won in 13 regions (about 46% of the votes). A 7% threshold needed to win seats in regional parliaments was also reached by Fair Russia (Spravedlivaya Rossiya, a new party supported by the Kremlin), the Communist Party (KPRF) and the Liberal Democratic Party of Russia (LDPR). In some regions the centre-right SPS also entered local parliaments.

Serbia – Thanks to the continued strength of the national currency and a moderate development of food prices inflationary pressures eased further in February, with consumer price inflation dropping to 4.4% yoy, after 5.8% yoy in January. Consequently, at its February 28 meeting the NBS lowered the policy rate by an additional 150 base points to 11.5%, while leaving it at the same level at the MPC's March 13 meeting, citing uncertainties over the future course of fiscal and wage policies (in light of still ongoing coalition negotiations Serbia still has not adopted a budget for 2007) as the main reason for the move.

Slovakia – GDP grew by 9.6% yoy in Q4 2006, driven both by domestic and external demand and pushing whole-year growth up to 8.3%. Despite some acceleration of wages, labour productivity exceeded real wage growth in Q4. The Industrial Production Index touched a new historical maximum in January reaching 17.5% yoy, driven mainly (but not only) by impressive automotive production growth (126.1% yoy). Foreign trade also surprised on the upside, reaching an impressive surplus of SKK 4.0 bn in January. Thus we revised GDP growth upward for 2007 as a whole (9.0% yoy, up from 7.5%). On the other hand, retail sales surprisingly grew by only 0.9% yoy in January – most likely influenced by lower post-Christmas sales. The koruna continued to appreciate sharply reaching a new historical maximum of 33.8 SKK/EUR on 8 March and thus requiring direct intervention from the Central Bank. As expected, CPI grew by 0.2% mom (2.7% yoy) in February, confirming that demand-pulled inflation remains stable.

Slovenia – Thanks to a strong final quarter, with GDP expanding by 5.5%, GDP growth came in at 5.2% for full-year 2006, the highest growth rate since 1999. Economic growth last year was based on domestic demand, especially investment activity, with gross fixed capital formation increasing by 11.9%, although to some extent against the background of a strong base effect. Backed by rapid credit expansion, private consumption expanded by 3.3%, just slightly below the growth rate of +3.4% seen in 2005. With export growth reaching 10% and imports growing by 10.4%, the contribution of foreign trade to growth remained negative.

Turkey – In February CPI rose by 0.43%. As a result, annual inflation moved into double digits once again, reaching 10.16%. Although core inflation declined for the second consecutive month, annual inflation based on this indicator rose to 9.29%, the highest level since June 2005. Meanwhile, a current account deficit of USD 2.2 bn was announced for January 2007 (in line with our expectation). The expansion in the current account deficit has slowed down in recent months, thanks to the moderation in import growth and robust export growth. Monthly industrial production data for January indicated a surprisingly strong level of production. In fact, industrial production increased by 14.8% in January, partly due to the base effect created by the weak growth rate in January 2006.

Ukraine – On March 7th, the Ukrainian statistical office published data on EU direct investment in Ukraine: As of January 1, 2007 the stock of direct investments by EU member-states amounted to USD 19.9 bn, up from USD 12.1 bn the year before. The countries with the largest investment in Ukraine include Germany (USD 5.6 bn), "Cyprus" (USD 3.0 bn), Austria (USD 1.6 bn), the UK (USD 1.6 bn) and the Netherlands (USD 1.5 bn). The share of EU-investments in total FDI-stocks is 75.2%, showing the dominant position of EU-companies, which is likely to further increase because of likely further investments especially in the banking sector.

CZECH REPUBLIC

Q4 GDP growth beats forecasts

Economic growth slowed moderately to 5.8% yoy in Q4 from an upwardly revised 5.9% in the previous quarter, but still outpaced the 5.2% expansion predicted by the market as well as our forecast for 5.0% growth. The CNB had expected a 5.7% advance in Q4. Full-year GDP growth amounted to 6.1% yoy last year, matching the record expansion in 2005.

While growth in 2005 was driven by foreign demand, last year's expansion came primarily from domestic factors. Household demand picked up to a hefty 5.4% in the final three months of 2006 from 4.3% in Q3, bringing the full-year growth of private expenditures to 4.6%, the strongest in the last three years. Household spending expanded thanks to the fast rise in wages, the dynamic growth in various social benefits and also due to the still low level of interest rates, which made consumer loans more affordable. Fixed capital formation held between 7% and 8% for the whole year, reflecting strong and sustainable investment activity. Investments in transport equipment and machinery exhibited the strongest yoy growth. Moreover, there was large-scale stockbuilding last year, contributing some 1.4 percentage points to 2006 GDP growth. Government spending rose by 2.6% in Q4 and just 0.3% in the year as a whole, held back by a high base effect related to the leasing of jet fighters. Finally, net exports made a negative

contribution to GDP growth in Q4. Although export growth at constant prices accelerated from Q3, the growth of imports sped up even more due to the yoy improvement in terms of trade. For the whole of 2006, export growth (14.6%) still slightly exceeded import growth (14.2%).

Going forward, we expect GDP growth to decelerate to 4.5% this year, with the high base effect from 2006 playing the principal role. Domestic demand should remain the growth engine of the economy as private spending is set to gain further momentum while investment growth will at least maintain its pace from last year. We also bet on a slightly negative contribution of net exports to growth, bearing in mind the risk of stronger import growth and the continued improvement in terms of trade. Furthermore, the slower rise in inventories will be another drag on economic growth.

CPI remains below the CNB's 2-4% tolerance band

Consumer prices grew by 0.3% mom in February, in line with the market forecast and 0.1 percentage points less than we had predicted. The monthly rise brought the yoy inflation rate to 1.5% from 1.3% in January, the result being some 0.3 points below the CNB's forecast made in January. Monthly inflation was pulled mainly by a 3.3% increase in tobacco prices on the back of a delayed impact of an excise tax hike in April

2006. Prices in the housing segment rose by 0.3% driven by prices of heating and hot water. A seasonal rise of package holiday costs and prices of social care also lifted the inflation in February. By contrast, prices were pushed down by the continued decline in fuel costs. We expect yoy CPI to pick up gradually in the coming months as prices of tobacco and housing rents will continue to rise, while fuel prices are set to turn upwards. Additional pressures may come later this year on the back of strong domestic demand.

No urgency for early rate hike

Both 2006 GDP data and February inflation figures did little to alter our expectations that the CNB will raise interest rates in the summer months at the earliest. As was widely expected, the bank left interest rates unchanged for the fifth consecutive policy meeting at the beginning of this month. All seven members of the bank's board voted to hold the benchmark two-week repo rate at 2.50%, pointing out that they see upside and downside inflation risks as balanced. We continue to forecast the two-week repo at 3.00% at the end of this year. On the other hand, with the expected widening of the current account gap out of GDP we now reckon the koruna's appreciation will be smoother in the years to come, and not act as a constraint for possible decisions tightening monetary policy. '

ESTONIA

The parliamentary elections in Estonia on 4 March were won by Prime Minister Andrus Ansip's centre-right Estonian Reform Party with 27.8% of the vote. The centre-left Estonian Centre Party of economy minister Edgar Savisaar, member of the current government coalition, won 26.1% of the vote. Pro Patria and Res Publica received 17.9%, the Social Democratic Party 10.6% and the Greens and the slightly eurosceptical rural-conservative People's Union 7.1% each. It is the first time in the history of Estonia that the prime minister's party won an election and the first time since regaining independence that the same man will remain prime minister after an election.

The Reform Party and the conservative Union of Pro Patria and Res Publica (RPPPU), which merged in April 2006, received enough support to form the core of a coalition government. The two parties share common views on many economic issues. Together with their most likely partner, the Social Democrats, they would have 60 seats in the 101 seat chamber.

A prolongation of the co-operation with the Centre Party is unlikely. Although the two have led the coalition (with the smaller Estonian People's Union) successfully since the last government collapsed in 2005, they have differing views on too many topics. Recent heated disputes include different opinions on a

proposal to remove a Soviet-era war memorial. The Centre Party also showed an interest in scrapping the flat-tax system. Estonia was a frontrunner in implementing the flat rate, which includes no tax on reinvested profits.

The economic policy of the incoming government is likely to be pro-market, but not very tight and no guarantee for cooling off the economy. Euro adoption will remain a central policy target, but Prime Minister Ansip has made clear, he will not pursue a cold turkey approach to dampen growth in order meet the inflation convergence criteria. This is likely to push back euro adoption to 2010 or later. There will likely also be some fiscal loosening

later in 2007 and in 2008 in order to meet all the parliamentary parties' promises on increased social transfers.

Growth should nevertheless slow a bit over the coming years as inflation, rising interest rates and private sector debt contain domestic demand and a higher risk awareness of foreign investors reduce capital inflows. If demand and capital inflows do not slow as expected, however, Estonia runs the risk of a hard landing.

Election results (at 62% voter turn out in 2007)

Party	1999		2003		2007	
	% of vote	seats	% of vote	Seats	% of vote	Seats
Reform Party	15.9	18	17.7	19	27.8	31
Centre Party	23.4	28	25.4	28	26.1	29
Res Publica ¹	-	-	24.6	28	17.9	19
Pro Patria Union	16.1	18	7.3	7		
Social Democratic P. 3	15.2	17	7.0	6	10.6	10
Greens of Estonia	-	-	-	-	7.1	6
People's Union ²	7.3	7	13.0	13	7.1	6
Other	22.1	13	5.0	0	3.4	0
Total	100	101	100	101	100	101

¹ Formed in 2001. ² Results for 1999 refer to Rural People's Party, which later merged with the Rural Union to form the Estonian People's Union. ³ Former People's Party Moderates.
Source: Estonian National Electoral Committee

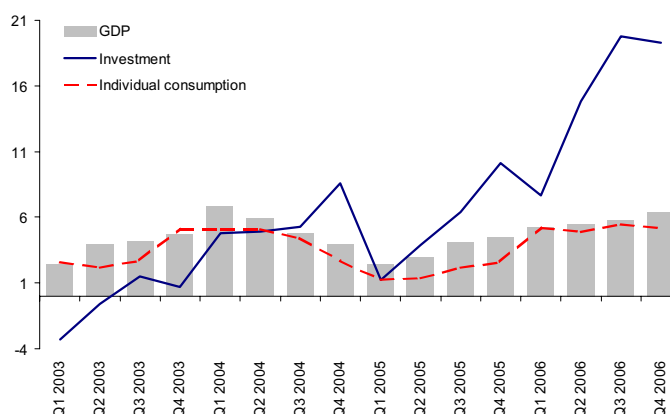
POLAND

GDP boosted in Q4 2006 by domestic demand. Trend should strengthen in 2007

According to the Statistical Office (SO) real GDP growth in Q4 2006 reached 6.4% yoy, up from 5.8% yoy in Q3 2006. It was the best performance since 1997. Amongst the drivers of domestic demand (growth of 7.7% yoy, the strongest since 1997), investments led the way. Fixed capital formation increased by 19.3% yoy in the period, while individual consumption went up by 5.2% yoy. As expected, the net exports contribution was negative (-1.2pp in Q4 2006). On the other hand, gross value added in the national economy grew by 6.6% yoy in this period, including the increase in industry (by 7.8% yoy), in the construction sector (by 19.3% yoy) and in market services (by 5.8% yoy). Summing up, the Q4 2006 GDP breakdown exhibited a favourable structure from the point of view of mid-term inflationary trends, as consumption growth is still moderate.

Q4 2006 GDP data led to growth for the full-year 2006 of 5.8% (as expected). Looking at 2007, recent macroeconomic data and our expectations are likely to support further strong investment growth not only in Q1, but also in H1, whereas consumption will be supported by strong wage dynamics. However, in H2 2007 these trends are likely to slow, mainly due to a base effect. We believe that imports will accelerate strongly and net exports will still be a negative contributor to GDP. We maintain our expectation of full-year 2007 GDP growth at 5.0%.

Chart 1. Real GDP growth vs consumption and investment (% , y/y)



Source: SO, Bank Pekao SA

Current state budget position is favourable

Poland's Ministry of Finance presented its monthly budget targets. After February the central budget deficit reached 10.1% of PLN 30bn planned for the whole of 2007. We would like to recall that the MinFin revised down its February forecast to 10.4% from 14-15% of annual plan earlier expected. In nominal terms it means budget revenues at PLN 38.3bn, budget spending at PLN 41.3bn and budget gap at ca PLN 3.0bn. On the other hand in monthly terms budget deficit will amount to PLN 6.1n (the higher level expected during the whole year) after a surprisingly high surplus of PLN 3.1bn at the end of January. Deeper budget gap in February is mainly due to pick up of spending, especially increase subsidies to the Social Security Fund (FUS) and

to the Agriculture Pension Fund (KRUS). Additionally, we also believe that MinFin still will refrain from some spending. It is also worthy noticing that budget's liquidity cushion amounted to PLN 11.2bn at the end of February and we believe that it will stay well above PLN 10bn in the coming months.

The Ministry of Finance plans a budget deficit of 22% of the annual plan at the end of Q1 2007, 48.3% at the end of June, 61.8% at the end of September and 100% in December.

In our opinion, the MinFin's timetable of expected budget performance for 2007 is only a preliminary cautious estimation. We predict the first half of 2007 will show a better realisation of the budget not only with respect to the MinFin's forecasts, but also to the previous year's performance. Moreover,

we believe that strong economic expansion will help the MinFin achieve the 2007 revenue target (or even exceed it). On the other hand we reckon that 2007 spending will more or less be close to the annual plan. Summing up, we still uphold our forecast of the full-year budget deficit being lower than assumed in the 2007 Budget Law.

Costly Pro-Family Plan

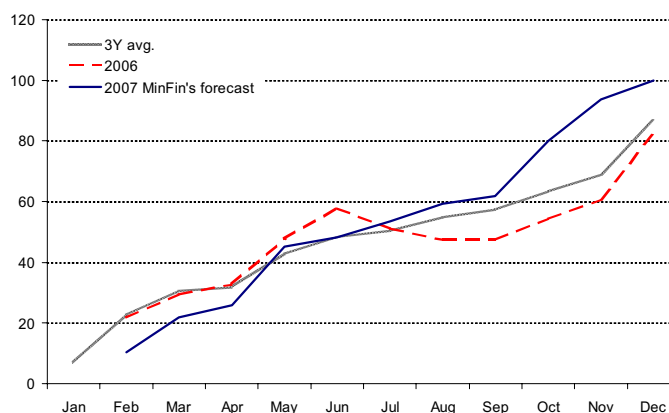
The government approved the framework of its pro-family programme for the years 2008-2014. The pro-family policy will provide various tax allowances for families with children. Furthermore, the programme puts forward the idea of the state budget paying disability and retirement pension premiums for people on maternity leave. The government also wants to extend maternity leave to 26 weeks (from 18 now), pass an Act on tele-working, broaden medical services for pregnant women and small children as well as extend the opening times of kindergartens. According to the preliminary government estimation the total cost will amount to PLN 17.3 bn over the 2008-2014 period. Deputy PM and Finance Minister Zyta Gilowska announced that this programme will be financed through the high economic growth.

We like the idea; however, we see major risks for the budget in the coming years. In our opinion, especially taking into account a cut in the tax wedge (mentioned in the last CEE Biweekly), budget problems will arise starting from 2008 and as a consequence, next year's fiscal perspectives remain uncertain. We see a 'risk of keeping the mid-term budget deficit anchor at PLN 30 bn.

The upward trend of CPI is still moderate

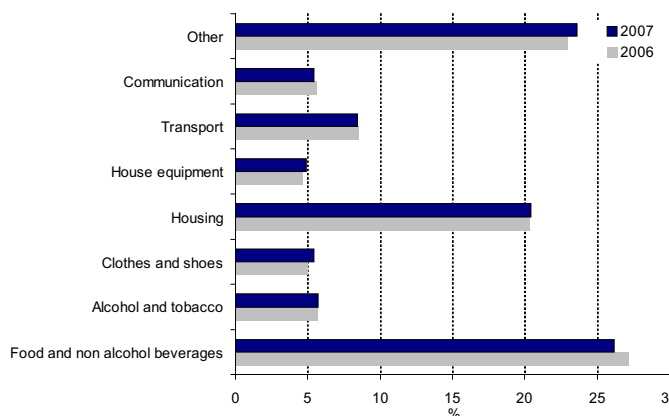
January CPI came in at 0.4% mom and 1.6% yoy (revised down from 1.7% yoy due to CPI basket change), while headline CPI inched up to 1.9% yoy in February (increase by 0.3% in monthly terms). The reason for the acceleration were an increase in fuel prices in monthly basis (by 1.7% mom) and food prices growth (by 0.7%

Chart 2. Budget deficit as a % of annual plan



Source: MF, Bank Pekao SA

Chart 3. CPI-basket breakdown



Source: SO, Bank Pekao SA

mom, the highest compared to the monthly increases in previous years). Prices of other categories on the CPI basket were more or less stable. Recent CPI figures do not change the mid-term inflation outlook. We expect inflation rate to rise to 2.0-2.1% yoy in March and further gradual increase in summer months. Policy wise, we believe that the MPC will keep interest rate unchanged at its March meeting. However, we maintain our view that the MPC will start hiking interest rate in Q2 2007 due to

high economic growth and strong wages dynamics.

As expected, CPI basket re-weighting was smooth. In accordance with the world trend, weights of services were increased, while weights of food were decreased (weight of food and non-alcohol beverages decreased to 26.2% from 27.2% in 2006, while "clothes and shoes" weight grew to 5.4% from 5.0% a year ago). Other categories were flat or slightly higher compared to the previous year weight.

ROMANIA

Buoyant growth pointing to a real 7.7% yoy in 2006 fuelled by strong domestic demand

In line with our expectations, Romanian GDP increased by a real 7.7% yoy to reach EUR 97.2 bn in 2006. Last year was characterised by persistently strong growth in private

consumption, fuelled by wage increases and credit expansion. While private consumption contributed the most, with annualised growth of 12.6% (representing 79% of total GDP), the fastest growth was registered in investments, which expanded by a real 16.1% yoy, well

supported by foreign capital inflows. The strong domestic demand together with a sustained increase in imports resulted in a further deterioration of net exports, contributing to larger local imbalances which may signal some risks of economic overheating. On the positive side,

the increasing share of capital goods in total imports (30% yoy growth in 2006 as compared to 2005) provides an indication of some improvements in the structure of the trade deficit.

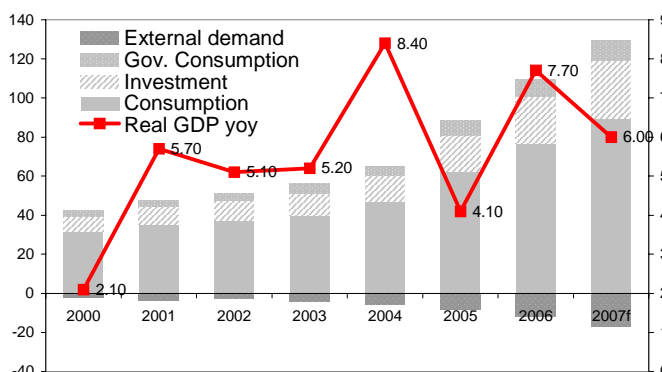
Medium-term prospects look bright and we expect the current pace of expansion to continue, albeit slightly more slowly due to the fall in consumption growth. Investment activity is expected to gain further ground sustained by new large infrastructure projects and the relentlessly high inflow of FDI.

January CPI inflation hits new record low to 3.8% yoy

Headline inflation slowed down to 3.8% in February, maintaining the trend of record lows seen in the last couple of months. Volatile food prices kept the growth rate at a low pace, similar to previous months, while the highest price increase was registered in the services sector (water and sewer, auto and electrical repair services and medical assistance). The increase in excise duties was more than counterbalanced by lower fuel price levels.

Pressures on prices are expected to resume in the next months in view of planned adjustments in administered prices. Electricity prices are expected to increase by 4% as of 1 April, according to the sector's regulator ANRE. However, the price increase may be smoothed by the less expansive nuclear power

GDP, EUR bn (left hand scale) & Real GDP growth, % (right hand scale)



Source: Statistical Office, UniCredit Romania Macroeconomic Research

supply provided by the second reactor of the Cernavoda nuclear plant due to start operating this year.

Despite the lower than expected inflation figures, demand-side inflationary pressures still seem to be present, as shown by the relatively high CORE2 inflation in the past months, supporting our view of a year-end inflation rate totalling 4.8%.

Foreign trade deficit widened by 66% yoy in January

The Romanian foreign trade deficit increased by some EUR 1 bn in January, up by 66% yoy.

Exports in January increased by nearly 11% yoy, lagging well behind growth in imports. The sharp rise registered in imports of 25.4% yoy in the first month after EU accession may also have been driven by the trade liberalisation and the elimination of custom duties on goods imported from EU countries. This was reflected by the increase in the share of foreign trade with EU countries too. The share of EU exports increased by 5 pps, while the EU import share surged by 8 pps in January as compared to the December figures, both representing above 70% of the total trade of Romania.

CROATIA

Banks adjust business policy to administrative limits of credit growth

In January 2007, the growth of overall bank credits slowed slightly to 22% in annual terms (from 22.5% in December), mostly due to the more sluggish growth in corporate loans. They grew at a rate of 25.3% as compared to the 26.1% measured in December, while the growth of retail loans accelerated from 21.8% in December to 22.3% in January. Such relatively high annual growth is the result of high levels carried over from the end of last year following the very dynamic credit growth in 2006. In comparison to the end of last year, bank credits grew by 0.5%, mostly thanks to the impact that the 0.4% kuna depreciation against the euro had on currency-linked loans. Such growth, which remained much below the 1% monthly limit set by the CNB, can largely be attributed to seasonal factors. In order to take into account the significant impact of seasonal

and irregular factors on the intra-annual dynamics of credit movements, the CNB made amendments to its regulations allowing the banks to determine on their own the intra-annual distribution of the 12% annual growth of credits to non-government sectors, without being required to subscribe the CNB bills.

In January the annual growth rate of overall deposits rose to 19.2% from 16.7% recorded in December, under the impact of substantial growth in corporate deposits (32%). This is mostly due to the strong base effect as deposits on a monthly level decreased.

In the remainder of the year, credits and deposits are expected to grow at lower annual rates thanks to the central bank's restrictions, as a result of which some companies are expected to switch to foreign borrowings, and also to a relatively high level of indebtedness, particularly in the retail sector.

Since early on this year, along with announcements of capital increases in some banks, efforts have been observed on the part of banks to encourage their clients to take out HRK-denominated loans without a currency clause. If they prove successful this could exert a positive impact on the business results of these banks as their liabilities subject to the foreign exchange liquidity reserve requirement would be reduced.

Strong annual growth in industrial production and slowdown in monthly growth

Strong annual growth in industrial production of 9% was measured in January, largely as a result of the calendar component, as the trend rate of 6.5% is only slightly higher than the 6.4% rate recorded in December. In manufacturing, the trend rate rose from 7.2% in December to 7.5% in January, caused mainly by higher growth in the production of capital goods.

However, the monthly growth rate of industrial production, derived from the trend index adjusted for seasonal fluctuations, shows that growth has been slowing since the middle of last year. Thus the monthly growth rate of overall production measured in January was 0.3%, down from 0.4% recorded in December and 0.7% over the previous six-month period. The expansion in manufacturing dropped to 0.4% in January, from 0.5% measured in December and 0.8% in the previous six months. The most stable growth trend has been observed in the production of intermediary and

capital goods, which are largely export-oriented, so this indicates the importance of external demand for the growth of industrial production. However, in the remainder of the year domestic demand is expected to strengthen while imports should slow down, thus contributing to faster growth in industrial production.

Producer price inflation slows due to moderation of oil prices

Industrial producer price inflation remained subdued as the annual increase slowed to 1.7% in February, down from 2.2% in January, mainly

due to lower prices of oil derivatives and capital goods. The above-average growth of intermediary goods prices of 2.7% was driven by growth in metal prices (+12.4%). The prices of consumer non-durables increased by 1.9% with food and beverage prices growing 2.7%, while the prices of textiles fell 0.6%. Prices of water supply, mainly controlled by municipalities, grew in February by 18.9% in annual terms, while the prices of electricity and gas stagnated. There may be a correction in prices in this segment after the elections, i.e. at the beginning of next year.'

TURKEY

Annual inflation moves into double digits as of February

Consumer prices (CPI) rose by 0.43% in February, while producer prices (PPI) increased at a considerably higher rate, namely 0.95%. Monthly inflation based on both indices was higher than the levels registered in February 2006, while annual inflation rose to 10.16% in terms of CPI and 10.13% in terms of PPI. The decline in annual inflation is expected to begin after April, mainly due to the base effect.

In terms of the CPI, although the increase in food and alcoholic beverages was once again high in February (1.6%), it was considerably lower compared to the previous month. Meanwhile, inflation in the alcoholic beverages and tobacco category was high (+2.5%), due to tax adjustments on tobacco products. The effects of these tax adjustments are expected to be reflected in March inflation as well. The increase in the international oil and gold prices can be considered another factor exerting pressure on February inflation. Besides the factors mentioned above which had a negative effect on monthly CPI inflation, there are some sectors which affected inflation in a positive way, like clothing and footwear (-6.5% in February, as a result of seasonal sales in the sector). Meanwhile, monthly inflation in the housing sector was surprisingly low in February (0.49%), though this is probably temporary.

In terms of core inflation, although the special CPI indicator H (excluding unprocessed food products, energy, alcoholic beverages, tobacco products and gold), the most closely monitored core inflation indicator, declined for the second consecutive month (-0.1%),

annual inflation based on this indicator rose to 9.29%, the highest level since June 2005.

Meanwhile, the 1.98% increase in agricultural prices due to unfavourable weather conditions was the main reason behind the high PPI inflation last month. The price increase in the manufacturing industry was also relatively high, namely 0.66%. This was mainly due to the high increases in the clothing and textile sectors which have probably been adjusting the prices for the new season, as well as tobacco production.

Current account deficit of USD 2.2 bn registered in January

The current account deficit in the first month of 2007, amounting to USD 2.2 billion, was exactly the same as in 2006. Thanks to the slowdown in imports and robust growth of exports, the trade deficit remained at around the same level in January with respect to the corresponding month of the previous year. Since November, export growth has outpaced import growth, leading to a moderation in the pace of the trade deficit. The slowdown in the rate of import growth stems mainly from the more sluggish domestic demand, which materialises in a slowdown of consumption and capital goods imports, as well as the decline in international oil prices, which eases the burden of the total import bill. If this trend continues throughout the rest of the year the current account deficit expansion may be contained and the current account deficit could stabilise or even decline slightly. Another positive development in the current account is that the income from services recorded a 9% increase, contrary to the 10% contraction in 2006 as a whole. The tourism sector, which

underperformed last year and declined by 7%, registered growth in January 2007 of 7%.

On the financial account, net capital inflows in January were quite outstanding, namely USD 4.3 billion. In particular, FDI inflows (net) amounted to a significant USD 5.1 billion, which stems from the sale of Akbank to Citigroup (USD 3.1 billion) and the acquisition of publicly-held Finansbank shares by the National Bank of Greece (USD 2.3 billion) following a public tender. Moreover, USD 3.1 billion was recorded on the portfolio account. Consequently, the official reserves increased by USD 2.6 billion in January thanks to the substantial inflows of capital.

Industrial production surprisingly strong in January

Monthly industrial production increased by 14.8% in January compared to the same month of 2006. Part of this strong growth emanated from the base effect last year, as industrial output was down by 5.2% in January 2006 (due to unfavourable weather conditions and religious holidays). Meanwhile, industrial production growth in December was revised to 3% from 2.5%.

Unemployment rate fell to 9.9% in 2006

Despite the strong growth in Turkey's economy in the last few years, the improvement in employment has been only gradual. The latest data indicates that the unemployment rate, which was 10.3% in 2005, declined to 9.9% in 2006. A further analysis indicates that the improvement in non-agricultural employment was relatively strong, and that the rise in the agricultural sector's jobless rate limited the improvement in the overall unemployment data.

TWO-WEEK MARKET MOVERS AND RISK FACTORS

Date	Event / Release	Reference date	Source	Notes
Bulgaria				
March 30, 07	External Debt	January 2007	CB	-
March 30, 07	Consolidated Government Budget	February 2007	MoF	The data are key to signal EU entry impact on VAT collection rate
Czech Republic				
March 19, 07	Retail sales	January 2007	SO	We expect sales to rise by 6.5% yoy
Estonia				
March 28, 07	Foreign trade	January 2007	SO	-
Hungary				
March 23, 07	Retail trade	January 2007	SO	We anticipate a decline of 0.3% yoy in volume turnover.
March 28, 07	Unemployment rate	December 2006 - February 2007	SO	The unemployment rate is expected to climb to 7.8%.
March 30, 07	Current account	2006	CB	The current account deficit is expected to reach 7% of GDP for full-year 2006.
Latvia				
March 21, 07	Producer prices	February 2007	SO	We expect producer price inflation to stay well in the double-digit range yoy in February on rapid wage growth and strongly increasing energy prices (mainly gas).
March 30, 07	Retail trade	February 2007	SO	Given unabated robust private consumption, retail trade is seen to have expanded in February by a real 25-30% yoy.
Poland				
Mar 19, 07	Industrial production	February 2007	SO	+15.6% yoy in Jan, MF expects growth at 13% yoy in Feb
March 19, 07	PPI	February 2007	SO	+2.9% yoy in Jan
March 23, 07	Retail sales	February 2007	SO	Data about a new car sales supports two-digit growth in Feb
Romania				
March 15, 07	Balance of Payment	January 2007	CB	CA deficit +44.8% (12M) yoy in Dec 2006, 10.3% of the full-year GDP
Slovakia				
March 28, 07	Current account	January 2007	CB	A continual improvement is expected driven by better export performance
March 28, 07	PPI	February 2007	SO	We expect a further slow-down of yoy dynamics (to 2.2% from 3.4%) driven mainly by a base effect
Slovenia				
March 30, 07	Industrial output	January 2007	SO	After recording a brisk 7% yoy in 2006, growth in industrial output is expected to decelerate to 5.2% in 2007 on lower export demand.
March 30, 07	Consumer prices	March 2006	SO	We expect a further moderation in inflation to 2% yoy on lower energy prices, despite sustained inflationary pressure stemming from the services sector.
Croatia				
March 21, 07	Industrial Production	Feb 2007	SO	Continuation of moderate upward trend expected
Macedonia				
March 30, 07	GDP	Q4 2006	SO	We expect an acceleration in growth to 3.3% for Q4, bringing GDP growth in 2006 as a whole to 2.8%.
Turkey				
March 30, 07	Foreign Trade	February 2007	SO	Exports (yoy): USD 86.6 bn; imports (yoy): USD 138.8 bn. as of January
March 30, 07	Foreign Debt	2006 Q4	SO	The foreign debt stock stood at USD 198 bn. as of Q3.
April 2, 07	GDP	2006 Q4	SO	Q3 came at +3.4%
Russia				
16-19.3.2007	Industrial production	FEB	SO	6,4%
19-21.3.2007	Unemployment rate	FEB	SO	7,1%
Ukraine				
March 16-20, 07	Balance of Payments	4th quarter 2006	CB	-

Source: Statistical Office (SO), Central Bank (CB), Ministry of Finance (MoF), Labour Office (LO)

INTEREST AND EXCHANGE RATES

Upcoming meetings*			Policy interest rate, eop (% p.a.)**				Fx rate, n.c. per euro, eop			
	Next move	Date	current	Jun 07	Sep 07	Dec 07	current	Jun 07	Sep 07	Dec 07
Bulgaria	Currency board regime	-	-	-	-	-	1.96	1.96	1.96	1.96
Czech R.	On hold	March 29, 07	2.50	2.50	2.75	3.00	28.2	28.3	28.3	28.0
Estonia	Currency board	-	-	-	-	-	15.65	15.65	15.65	15.65
Hungary	On hold	March 26, 07	8.00	7.75	7.25	6.75	251.8	252.0	254.0	255.0
Latvia	On hold	May 17, 07	5.50	5.50	5.50	5.50	0.70	0.70	0.70	0.70
Lithuania	Currency board	-	-	-	-	-	3.45	3.45	3.45	3.45
Poland	On hold	March 27-28, 07	4.00	4.50	4.50	4.75	3.9	3.9	4.0	3.9
Romania	On hold	March 26, 2007	8.00	8.00	8.00	8.00	3.37	3.38	3.38	3.37
Slovakia	On hold	March 27, 07	4.75	4.75	4.25	4.25	34.1	35.1	34.6	34.5
Slovenia	On hold	April 12, 07	3.75	4.00	4.00	4.00	EUR	EUR	EUR	EUR
Croatia	-	-	3.68	3.70	3.80	4.00	7.4	7.3	7.3	7.3
Macedonia	-	-	5.44	6.00	6.00	6.00	61.2	61.2	61.2	61.2
Turkey	On hold	March 15, 07	17.50	17.50	17.00	16.50	1.84	1.90	1.94	1.97
Albania	-	-	5.50	5.75	5.75	5.75	125.9	124.0	123.5	122.5
Bosnia-H.	Currency Board	-	-	-	-	-	1.96	1.96	1.96	1.96
Montenegro	Euro	-	-	-	-	-	EUR	EUR	EUR	EUR
Russia***	-	-	10.50	10.50	10.00	10.00	26.2	26.1	26.0	25.8
Serbia	On hold	March 28, 07	11.50	11.00	10.50	10.00	81.1	80.0	79.0	78.0
Ukraine***	-	-	9.50	9.50	9.50	9.50	5.05	5.05	5.05	5.05

* of the decision making board or council

** Policy interest rates: Czech Rep. - 2-week repo rate, Hungary - 2-week deposit rate, Latvia - Refinancing rate, Poland - 7 day open market operation, Romania - 1M commercial bank deposits, Slovakia - 2-week repo rate, Slovenia - ECB main refinancing operation, Croatia - 1W ZIBOR, Macedonia - Central bank bills auction, Turkey - ON borrowing rate, Albania - Repo rate, Russia - CBR refinancing rate, Serbia - 2W Repo, Ukraine - Overnight central bank credits

*** exchange rate to the USD

Source: Central banks, UniCredit Group New Europe Research Network

RATINGS

	Moody's		S & P's		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
Bulgaria	Baa3	positive	BBB+	stable	BBB	stable
Czech R.	A1	positive	A-	positive	A	stable
Estonia	A1	positive	A	stable	A	stable
Hungary	A2	stable	BBB+	stable	BBB+	negative
Latvia	A2	positive	A-	negative	A-	stable
Lithuania	A2	stable	A	stable	A	stable
Poland	A2	stable	BBB+	stable	A-	stable
Romania	Baa3	stable	BBB-	positive	BBB	stable
Slovakia	A1	stable	A	stable	A	stable
Slovenia	Aa2	positive	AA	stable	AA	stable
Croatia	Baa3	stable	BBB	stable	BBB-	stable
Macedonia	-	-	BB+	stable	BB+	stable
Turkey	Ba3	stable	BB-	stable	BB-	positive
Albania	-	-	-	-	-	-
Bosnia-H.	B2	stable	-	-	-	-
Montenegro	-	-	BB	positive	-	-
Russia	Baa2	Stable	BBB+	Stable	BBB+	Stable
Serbia	-	-	BB-	positive	BB-	stable
Ukraine	B1	positive	BB-	stable	BB-	positive

Source: Central banks, UniCredit Group New Europe Research Network

MONTHLY INDICATORS

	Exports, euro (yoy)			Imports, euro (yoy)			Industrial production, (yoy)			Retail sales, real (yoy)			Consumer prices, (yoy)		
	Nov	Dec	Jan	Nov	Dec	Jan	Nov	Dec	Jan	Nov	Dec	Jan	Dec	Jan	Feb
Bulgaria	17.8	13.2	-	16.5	30.3	-	4.2	1.2	1.3	16.4	15.3	11.8	6.5	7.2	4.5
Czech R.	20.3	18.1	17.4	19.0	17.0	19.2	7.6	3.0	9.8	6.5	4.4	-	1.7	1.3	1.5
Estonia	9.2	18.0	25.2	16.0	17.0	37.1	4.0	0.4	6.8	21.1	17.9	22.2	5.1	5.1	4.7
Hungary	17.4	13.5	20.1	13.3	12.0	20.8	10.6	8.7	11.0	0.9	0.7	-	6.5	7.8	8.8
Latvia	8.5	3.7	18.1	25.2	26.0	47.7	1.1	-1.1	0.3	22.5	25.8	30.5	6.8	7.1	7.3
Lithuania	-5.0	-0.3	-	7.6	9.0	-	-2.2	-7.9	0.1	6.1	7.6	12.3	4.5	4.0	4.3
Poland	22.0	8.3	15.5	20.6	17.0	21.3	12.0	5.7	15.6	13.6	13.3	16.5	1.4	1.6	1.9
Romania	21.4	7.6	10.7	22.8	30.7	25.4	7.4	8.2	2.9	25.5	24.8	24.6	4.9	4.0	3.8
Slovakia	29.4	29.0	47.5	34.6	10.1	29.2	9.8	9.0	17.5	9.4	7.4	0.9	4.2	3.0	2.7
Slovenia	15.5	12.6	15.0	15.6	6.0	20.9	8.3	4.0	-	2.3	-5.1	-	2.8	2.7	2.1
EU-10	19.7	11.8	-	19.7	17.5	-	9.2	5.3	-	11.6	10.7	-	3.2	3.3	3.4
Croatia	4.5	14.9	-3.4	10.0	9.1	4.6	6.9	3.1	9.0	3.4	4.0	-	2.0	1.8	1.2
Macedonia	8.9	14.1	-	11.5	21.2	-	4.4	-2.2	-	-	-	-	2.9	0.8	1.2
Turkey	35.2	9.2	18.0	20.3	-10.5	10.2	11.6	3.0	14.8	-	-	-	9.7	9.9	10.2
Albania	28.4	20.1	17.5	13.3	7.6	21.3	-	-	-	21.9	26.8	-	2.5	2.9	2.9
Bosnia-H.	27.2	4.1	42.2	6.9	-16.9	34.6	20.8	13.7	-	-	-	-	6.0	1.2	-
Montenegro	-	-	-	-	-	-	0.5	2.3	-19.1	-	-	-	2.8	2.6	-
Russia	5.2	10.1	0.0	19.6	25.7	0.0	3.0	1.9	8.4	13.9	14.8	13.5	9.0	8.2	7.6
Serbia	42.0	52.6	-	23.6	32.6	-	1.4	5.4	11.0	-0.8	16.0	28.3	6.0	5.8	4.4
Ukraine	24.1	30.8	-	31.3	56.4	-	8.3	12.0	15.8	26.0	26.7	24.0	11.6	10.9	9.5

Source: National statistical offices, UniCredit Group New Europe Research Network

QUARTERLY GDP

constant prices, % yoy	2005			2006				2007							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Bulgaria	5.5	6.3	6.5	5.9	6.5	4.6	5.5	5.6	6.6	6.7	6.0	6.4	6.3	6.6	6.5
Czech R.	6.1	6.1	4.5	5.4	6.2	6.0	6.7	6.4	6.2	5.9	5.8	4.8	4.5	4.5	4.3
Estonia	10.5	11.4	9.5	8.3	10.1	11.9	11.3	11.7	11.7	11.3	10.8	10.0	9.5	8.8	9.6
Hungary	4.2	3.9	2.5	3.1	4.6	4.3	4.8	4.9	3.8	3.8	3.2	2.4	2.3	2.5	2.8
Latvia	10.6	11.9	9.0	7.7	11.5	11.6	10.5	13.1	11.1	11.9	11.7	8.0	8.7	9.2	9.7
Lithuania	7.6	7.5	7.4	4.6	8.3	8.3	8.7	8.5	8.4	6.4	6.9	6.4	6.8	7.8	8.4
Poland	3.5	5.8	5.0	2.4	3.0	4.1	4.5	5.2	5.5	5.8	6.4	5.2	5.2	5.0	4.5
Romania	4.1	7.7	6.0	6.0	4.7	2.6	4.3	6.9	7.8	8.3	7.7	6.3	6.1	5.9	5.8
Slovakia	6.0	8.3	9.0	4.9	5.4	6.3	7.5	6.7	6.7	9.8	9.6	10.5	10.9	7.6	7.1
Slovenia	4.0	5.2	4.3	3.0	5.4	3.8	3.9	5.0	4.7	5.6	5.5	4.3	4.5	4.3	4.1
EU-10	4.7	6.3	5.3	4.0	4.7	4.8	5.4	6.1	6.1	6.4	6.4	5.5	5.4	5.2	5.0
Croatia	4.3	4.7	4.2	1.8	5.1	5.2	4.8	6.0	3.6	4.7	4.6	4.3	4.6	4.0	4.0
Macedonia	3.8	2.8	4.0	2.7	4.8	3.9	3.7	2.5	2.6	3.0	3.3	3.9	3.6	3.5	3.1
Turkey	7.4	5.2	5.4	6.6	5.5	7.7	9.5	6.5	7.8	3.4	3.7	5.6	4.2	4.9	6.9
Albania	5.6	5.5	5.5	-	-	-	-	-	-	-	-	-	-	-	-
Bosnia-H.	5.5	5.9	5.7	-	-	-	-	-	-	-	-	-	-	-	-
Montenegro	4.3	6.5	6.0	-	-	-	-	6.8	6.2	6.0	6.8	5.7	6.1	6.4	5.9
Russia	6.4	6.7	6.2	5.0	5.7	6.6	7.9	5.5	7.4	6.5	7.5	5.8	6.8	6.1	6.1
Serbia	6.2	5.7	6.0	4.6	7.8	7.4	5.0	6.2	5.6	4.6	6.5	4.9	5.3	5.7	5.0
Ukraine	2.6	7.0	6.0	4.9	3.4	1.4	1.7	3.2	7.3	8.0	8.3	8.4	5.2	5.2	5.9

Source: National statistical offices, UniCredit Group New Europe Research Network

MAIN INDICATORS

	GDP, real (yoy)				Unemployment, (% of labor force)				Budget balance (in % of GDP)				Current account (in % of GDP)			
	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008
Bulgaria	5.5	6.3	6.5	6.3	10.7	9.1	8.0	7.5	2.3	3.7	2.0	1.5	-11.3	-15.9	-14.2	-11.0
Czech R.	6.1	6.1	4.5	4.2	8.9	7.7	6.7	6.5	-3.6	-3.8	-4.6	-3.5	-2.6	-4.2	-4.6	-4.6
Estonia	10.5	11.4	9.5	8.8	7.9	5.9	5.5	5.3	1.6	1.4	0.8	0.5	-10.5	-14.1	-12.0	-11.6
Hungary	4.2	3.9	2.5	3.3	7.2	7.5	7.6	7.3	-7.5	-9.8	-6.8	-4.2	-6.8	-7.0	-5.1	-4.4
Latvia	10.6	11.9	9.0	8.0	8.9	6.9	6.0	5.7	-1.0	-0.3	-1.2	-1.1	-12.6	-20.9	-18.6	-15.7
Lithuania	7.6	7.4	7.4	6.4	8.3	5.9	5.5	5.3	-0.5	-0.2	-0.6	-1.1	-6.9	-11.5	-9.6	-8.9
Poland	3.5	5.8	5.0	4.6	17.6	14.9	13.3	12.1	-2.5	-1.7	-3.5	-3.0	-1.7	-2.1	-2.5	-2.8
Romania	4.1	7.7	6.0	5.5	5.8	5.4	5.3	5.2	-0.8	-1.7	-2.3	-2.4	-8.7	-10.3	-11.5	-11.2
Slovakia	6.0	8.3	9.0	7.1	11.6	10.4	9.0	8.5	-3.1	-3.4	-2.9	-2.4	-8.6	-7.9	-5.5	-3.8
Slovenia	4.0	5.2	4.3	4.5	6.5	6.0	5.9	5.8	-1.4	-1.0	-1.3	-1.5	-2.0	-2.6	-2.4	-2.5
EU-10	4.7	6.3	5.3	5.0	11.7	10.1	9.1	8.5	-2.8	-2.8	-3.4	-2.7	-4.7	-5.9	-5.8	-5.5
Croatia	4.3	4.7	4.2	4.3	12.7	12.0	11.6	11.2	-4.1	-3.0	-2.8	-2.5	-6.4	-8.2	-7.5	-6.9
Macedonia	3.8	2.8	4.0	4.5	37.3	36.0	34.5	33.0	0.2	-0.6	-1.1	-1.5	-1.4	-0.3	-1.5	-2.1
Turkey	7.4	5.2	5.4	6.4	10.3	9.9	9.3	9.0	-2.0	-0.7	-2.6	-2.0	-6.3	-8.0	-7.2	-7.9
Albania	5.6	5.5	5.5	6.0	14.1	14.0	13.5	13.0	-3.4	-3.0	-3.2	-3.3	-7.4	-7.7	-8.2	-8.6
Bosnia-H.	5.5	5.9	5.7	6.0	44.6	43.0	42.5	41.0	2.6	1.6	1.1	0.4	-21.3	-11.4	-16.8	-16.3
Montenegro	4.3	6.5	6.0	6.0	27.4	22.2	19.7	18.1	2.7	1.3	0.7	0.8	-9.1	-24.6	-22.6	-20.8
Russia	6.4	6.7	6.2	6.0	7.7	6.9	6.3	5.8	7.5*	7.0	4.0	2.0	10.9	10.2	7.7	5.7
Serbia	6.2	5.7	6.0	6.3	20.8	22.2	21.0	19.8	1.9	0.9	0.3	0.5	-8.5	-12.0	-10.0	-9.7
Ukraine	2.6	7.0	6.0	5.5	7.2	6.9	7.4	8.3	-2.0	-1.0	-3.3	-4.0	3.1	-1.5	-3.3	-5.5

* Change in methodology.

Source: National statistical offices and central banks, UniCredit Group New Europe Research Network

	CPI, average (yoy)				CPI, December (yoy)				Policy interest rate, eop (% p.a.)				Foreign exchange rate, n.c. per euro, eop			
	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008
Bulgaria	5.0	7.3	6.2	4.7	6.5	6.5	5.2	3.9	-	-	-	-	1.96	1.96	1.96	1.96
Czech R.	1.9	2.5	2.3	3.0	2.2	1.7	3.0	2.8	2.00	2.50	3.00	3.50	29.0	27.5	28.0	27.7
Estonia	4.1	4.4	4.1	3.3	3.6	5.1	3.5	3.0	-	-	-	-	15.65	15.65	15.65	15.65
Hungary	3.6	3.9	7.0	3.2	3.3	6.5	4.8	3.5	6.00	8.00	6.75	5.75	253	252	255	260
Latvia	6.7	6.5	6.5	5.4	7.0	6.8	5.7	4.7	4.00	5.00	5.50	5.50	0.70	0.70	0.70	0.70
Lithuania	2.7	3.8	4.2	3.5	3.0	4.5	3.9	3.1	-	-	-	-	3.45	3.45	3.45	3.45
Poland	2.1	1.0	2.6	3.1	0.7	1.4	3.9	2.4	4.50	4.00	4.75	4.50	3.86	3.83	3.90	3.90
Romania	9.0	6.6	4.8	4.5	8.6	4.9	4.8	4.2	7.50	8.75	8.00	7.50	3.68	3.38	3.37	3.39
Slovakia	2.7	4.5	2.2	2.1	3.7	4.2	2.0	2.2	3.00	4.75	4.25	4.00	37.9	34.6	34.5	33.5
Slovenia	2.5	2.5	2.3	2.1	2.3	2.8	2.3	2.0	3.75	3.75	4.00	4.00	239.6	239.6	EUR	EUR
EU-10	3.4	3.1	3.7	3.3	3.0	3.2	3.9	3.0	-	-	-	-	-	-	-	-
Croatia	3.3	3.2	2.5	2.7	3.6	2.0	3.0	2.7	4.38	3.84	4.00	3.90	7.38	7.35	7.30	7.25
Macedonia	0.5	3.2	1.8	2.5	1.2	2.9	2.2	3.0	8.52	5.74	6.00	6.00	61.2	61.2	61.2	61.2
Turkey	8.2	9.6	8.1	5.9	7.7	9.7	6.5	5.3	13.50	17.50	16.50	14.00	1.60	1.86	1.97	1.98
Albania	2.4	2.4	2.7	2.8	2.0	2.5	2.5	2.2	5.00	5.50	5.75	5.75	122.6	123.0	122.5	121.0
Bosnia-H.	3.7	7.4	2.0	3.5	4.3	6.0	3.6	2.1	-	-	-	-	1.96	1.96	1.96	1.96
Montenegro	2.4	3.0	2.6	2.5	2.4	2.8	2.2	2.6	-	-	-	-	EUR	EUR	EUR	EUR
Russia *	12.7	9.7	8.9	8.1	10.9	9.0	8.3	7.5	12.00	11.00	10.00	9.00	28.8	26.3	25.8	25.0
Serbia	16.2	11.7	6.2	6.4	17.1	6.0	8.0	5.5	19.80	14.00	10.00	8.00	85.5	79.0	78.0	77.5
Ukraine *	13.5	9.1	11.5	8.9	10.3	11.6	10.3	7.7	9.50	9.50	9.50	9.50	5.05	5.05	5.05	5.05

* exchange rate to the USD

Source: National statistical offices and central banks, UniCredit Group New Europe Research Network

UNICREDIT GROUP NEW EUROPE RESEARCH NETWORK

Debora Revoltella
UniCredit Group, CEE Chief Economist
Network Coordinator
Neweuroperesearch@unicreditgroup.eu

UniCredit Group, CEE Economic Research
Carmelina Carluzzo – Matteo Ferrazzi – Sandor Gardo –
Hans Holzhaecker – Fabio Mucci – Lisa Perrin – Bernhard Sinhuber – Gerd Stiglitz

Bulbank Planning and Control Division, Economic Research Unit
Kristofor Pavlov, Chief Economist
Elena Georgieva – Neli Todorova

Zagrebacka Banka – Macroeconomic Research
Zarko Miljenovic, Chief Economist
Nenad Golac

HVB Bank Czech Republic – Economic Research
Pavel Sobisek, Chief Economist

Zivnostenska Banka – Financial Markets Division
Patrik Rozumbersky, Chief Economist

Pekao SA – Macroeconomic Research Office
Andrzej Bratkowski, Chief Economist
Treasury Division
Marcin Bibin, Agnieszka Decewicz

UniCredit Romania – Economic Research
Rozalia Pal, Senior Economist

UniBanka – Macroeconomics & Market Analyses
Viliam Patoprsty, Chief Analyst
Lubomir Korsnak

Yapi Kredi Bankası
Cevdet Akcay, Chief Economist
Ahmet Cimenoglu, Head, Strategic Planning and Research
Suzi Apalaci, Yelda Yucel, Veyis Fertekliçil

International Moscow Bank Treasury
Alexander Morozov, General Manager
Sergei Kondrashov – Valery Inyushin – Sergei Alenkin

UniCredit Bank (Hungary)
Márta Biróné-Szegő, Chief Economist

Authors

Zarko Miljenovic (Croatia), Hans Holzhaecker (Estonia), Agnieszka Decewicz (Poland), Rozalia Pal (Romania), Patrik Rozumbersky (Slovakia), Suzi Apalaci and Yelda Yucel (Turkey)

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