PRESS RELEASE

UniCredit forecasts stable growth in Central and Eastern Europe

UniCredit foresees the EU-CEE[1] economies to grow by around **2.6% in 2024 and 3.0% 2025**, with the Western Balkans growing marginally faster. Private consumption is likely to lead the growth rebound, helped by faster real wage growth, rising borrowing and government transfers, comments **Dan** Bucsa**, UniCredit's Chief CEE Economist**, in the latest **CEE Quarterly „Adjustment postponed in auspicious environment**", published today. Public investment will be the second-largest growth driver, while net exports will drag on GDP dynamics this year, he adds.

CEE is an area of growth for UniCredit, where the group is an undisputable leader in terms of geographical reach in 11 countries, ranking number 1 in assets in Eastern Europe and number 2 in Central Europe as of end 2023.

As stated in the Report, Serbia will likely be an outperformer in terms of fiscal performance in the region. The fiscal deficit for 2024 is targeted at 2.2% of GDP after a similar level for 2023. This appears achievable when considering reduced support for energy companies and the absence of the one-off payments seen in 2023. In 2025, the government deficit is planned to reach 1.5% of GDP, in line with the new fiscal rule. Public debt is likely to decline from 52.3% of GDP in 2023 to 51.8% of GDP in 2024 and further to 51.0% in 2025.

The economists expect budget deficits of less than 3% of GDP in 2024-25 in Bosnia-Herzegovina, Bulgaria, Croatia, Czechia and Serbia, with deficits of more than 5% in Hungary, Slovakia, Poland and Romania (all at risk of excessive deficit procedures), as well as Turkey.

Nikola Vuletić, **President of the Management Board of UniCredit Bank commenting on the Report**, pointed out: "*When we talk about Serbia, a positive investment cycle is ahead of us (EXPO, infrastructure projects, as well as financing projects from EU funds), which will consequently affect a slightly higher demand for loans by the economy. Predictions are that credit activity, as well as private consumption in Serbia, will be slightly higher compared to last year*".

According to the publication, pro-EU parties will win more than two thirds of EU-CEE seats in the European Parliament, thereafter, claiming more important positions in the European institutions and NATO.

Enlargement momentum for EU is accelerating, with the Western Balkans likely to benefit if reforms are implemented. The accession process could also bode well for rating upgrades.

Stable capital flows will cover C/A deficits in all CEE countries except Bosnia-Herzegovina, Romania and Turkey, where additional funding will come from international financial institutions, sovereign external borrowing and private borrowing from abroad, respectively.

---

[1]EU-CEE refers to CEE countries that are members of the EU: Bulgaria, Croatia, Czechia, Hungary, Poland, Romania, Slovakia and Slovenia.