

# Press Release

**ZEW**

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

## **Economic Expectations Continue to Improve**

Economic expectations for Central and Eastern Europe including Turkey (CEE region) have improved in June 2016 for the second consecutive time. In the current survey, the ZEW-Erste Group Bank Economic Sentiment Indicator for the CEE region has climbed by 11.2 points to a level of 15.8 points. The ZEW-Erste Group Bank Economic Sentiment Indicator for Central and Eastern Europe reflects 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 Mannheim Centre for European Economic Research (ZEW) with the support of Erste Group Bank, Vienna, since 2007.

Information concerning further indicators for the CEE region, the Eurozone, the individual CEE countries covered by the analysis, and Austria can be found in the table at the bottom 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 incorporated into the calculation of the indicators for individual CEE countries and Austria, because their high participation share in the survey would cause significant biases in the survey results.

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**Survey Procedure and Methodology**

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

Financial experts are surveyed about their assessment 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 Centre for European Economic Research (ZEW)**

ZEW is one of Germany's leading economic research institutes and enjoys a strong reputation throughout Europe. The institute works in the field of frontier empirical research in economics and maintains important scientific data bases, e.g. the Mannheim Innovation Panel (MIP) and the ZEW Start-up Panel. ZEW is integrated into an extensive international network of universities and research institutions. ZEW's key objectives are to conduct excellent economic research, provide science-based economic policy advice and transfer knowledge. ZEW was founded in 1991 and employs a staff of approximately 190, two thirds of whom are researchers.

#### **Research at ZEW:**

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

**[www.zew.de](http://www.zew.de) / [www.zew.eu](http://www.zew.eu)**

**ZEW / Erste Group Bank - Financial Market Survey CEE: June 2016**

<b>Current economic situation</b>																
	good		acceptable (normal)		bad		balance									
Austria	21.4	(- 0.8)	78.6	(+ 0.8)	0.0	(± 0.0)	21.4	(- 0.8)								
Croatia	13.7	(+ 5.3)	72.7	(-10.6)	13.6	(+ 5.3)	0.1	(± 0.0)								
Czech Republic	55.0	(+ 2.8)	45.0	(- 2.8)	0.0	(± 0.0)	55.0	(+ 2.8)								
Hungary	50.0	(+21.4)	37.5	(-19.6)	12.5	(- 1.8)	37.5	(+23.2)								
Poland	36.8	(+ 2.0)	57.9	(+ 5.7)	5.3	(- 7.7)	31.5	(+ 9.7)								
Romania	50.0	(+ 5.0)	50.0	(- 5.0)	0.0	(± 0.0)	50.0	(+ 5.0)								
Slovakia	66.7	(+12.2)	33.3	(-12.2)	0.0	(± 0.0)	66.7	(+12.2)								
Turkey	0.0	(-11.6)	80.0	(+10.8)	20.0	(+ 0.8)	-20.0	(-12.4)								
CEE (incl. Turkey)	21.0	(- 1.7)	63.2	(- 5.0)	15.8	(+ 6.7)	5.2	(- 8.4)								
Eurozone	9.1	(+ 1.7)	86.4	(+ 4.9)	4.5	(- 6.6)	4.6	(+ 8.3)								
<b>Economic expectations</b>																
	improve		no change		worsen		balance									
Austria	14.3	(-13.4)	85.7	(+19.0)	0.0	(- 5.6)	14.3	(- 7.8)								
Croatia	27.3	(- 6.0)	72.7	(+ 6.0)	0.0	(± 0.0)	27.3	(- 6.0)								
Czech Republic	30.0	(+ 3.9)	70.0	(+ 0.4)	0.0	(- 4.3)	30.0	(+ 8.2)								
Hungary	24.9	(- 3.7)	68.8	(+16.4)	6.3	(-12.7)	18.6	(+ 9.0)								
Poland	26.3	(+ 4.5)	68.4	(+11.9)	5.3	(-16.4)	21.0	(+20.9)								
Romania	26.7	(- 3.3)	73.3	(+ 3.3)	0.0	(± 0.0)	26.7	(- 3.3)								
Slovakia	18.7	(- 8.6)	81.3	(+ 8.6)	0.0	(± 0.0)	18.7	(- 8.6)								
Turkey	16.7	(+ 8.7)	50.0	(+ 6.0)	33.3	(-14.7)	-16.6	(+23.4)								
CEE (incl. Turkey)	26.3	(+ 8.1)	63.2	(- 5.0)	10.5	(- 3.1)	15.8	(+11.2)								
Eurozone	21.7	(-10.5)	69.6	(+12.5)	8.7	(- 2.0)	13.0	(- 8.5)								
<b>Inflation rate</b>																
	increase		no change		decrease		balance									
Austria	42.9	(+ 4.0)	57.1	(- 4.0)	0.0	(± 0.0)	42.9	(+ 4.0)								
Croatia	50.0	(+ 4.1)	50.0	(+ 4.2)	0.0	(- 8.3)	50.0	(+12.4)								
Czech Republic	55.0	(- 5.9)	45.0	(+ 5.9)	0.0	(± 0.0)	55.0	(- 5.9)								
Hungary	46.7	(- 5.6)	53.3	(+10.4)	0.0	(- 4.8)	46.7	(- 0.8)								
Poland	55.6	(+ 7.7)	44.4	(- 3.4)	0.0	(- 4.3)	55.6	(+12.0)								
Romania	62.5	(+ 9.9)	37.5	(- 4.6)	0.0	(- 5.3)	62.5	(+15.2)								
Slovakia	47.4	(- 9.1)	52.6	(+ 9.1)	0.0	(± 0.0)	47.4	(- 9.1)								
Turkey	72.0	(+24.0)	28.0	(-12.0)	0.0	(-12.0)	72.0	(+36.0)								
CEE (incl. Turkey)	57.9	(+17.0)	42.1	(-17.0)	0.0	(± 0.0)	57.9	(+17.0)								
Eurozone	47.8	(+ 4.9)	52.2	(- 4.9)	0.0	(± 0.0)	47.8	(+ 4.9)								
<b>Short-term interest rates</b>																
	increase		no change		decrease		balance									
	[abs.]	[rel.]	[abs.]	[rel.]	[abs.]	[rel.]	[abs.]	[rel.]								
Croatia	0.0	(± 0.0)	0.0	(± 0.0)	85.0	(+ 3.2)	85.0	(+ 5.0)	15.0	(- 3.2)	15.0	(- 5.0)	-15.0	(+ 3.2)	-15.0	(+ 5.0)
Czech Republic	5.5	(- 3.2)	0.0	(- 4.8)	88.9	(+15.0)	100.0	(+ 4.8)	5.6	(-11.8)	0.0	(± 0.0)	-0.1	(+ 8.6)	0.0	(- 4.8)
Hungary	0.0	(- 9.1)	0.0	(-10.0)	92.3	(+51.4)	84.6	(+39.6)	7.7	(-42.3)	15.4	(-29.6)	-7.7	(+33.2)	-15.4	(+19.6)
Poland	5.9	(-12.3)	6.2	(- 9.6)	94.1	(+25.9)	87.5	(+13.8)	0.0	(-13.6)	6.3	(- 4.2)	5.9	(+ 1.3)	-0.1	(- 5.4)
Romania	6.6	(-19.7)	6.7	(-16.8)	86.7	(+28.8)	80.0	(+15.3)	6.7	(- 9.1)	13.3	(+ 1.5)	-0.1	(-10.6)	-6.6	(-18.3)
Turkey	27.2	(+ 5.5)	25.0	(- 1.4)	36.4	(+ 1.6)	30.0	(- 6.8)	36.4	(- 7.1)	45.0	(+ 8.2)	-9.2	(+12.6)	-20.0	(- 9.6)
Eurozone	14.3	(+ 6.9)			85.7	(+ 0.5)			0.0	(- 7.4)			14.3	(+14.3)		
<b>Long-term interest rates</b>																
	increase		no change		decrease		balance									
	[abs.]	[rel.]	[abs.]	[rel.]	[abs.]	[rel.]	[abs.]	[rel.]								
Croatia	23.9	(+ 1.2)	20.0	(+20.0)	57.1	(+11.6)	60.0	(+15.0)	19.0	(-12.8)	20.0	(-35.0)	4.9	(+14.0)	0.0	(+55.0)
Czech Republic	47.3	(- 0.6)	10.5	(+ 1.0)	47.4	(+ 8.3)	68.4	(- 7.8)	5.3	(- 7.7)	21.1	(+ 6.8)	42.0	(+ 7.1)	-10.6	(- 5.8)
Hungary	28.6	(+ 5.9)	15.4	(+10.4)	64.3	(+18.8)	69.2	(+14.2)	7.1	(-24.7)	15.4	(-24.6)	21.5	(+30.6)	0.0	(+35.0)
Poland	33.3	(- 5.9)	18.7	(+ 3.7)	55.6	(+ 7.8)	56.3	(- 3.7)	11.1	(- 1.9)	25.0	(± 0.0)	22.2	(- 4.0)	-6.3	(+ 3.7)
Slovakia	35.3	(-17.0)	17.6	(+ 7.6)	58.8	(+15.9)	76.5	(- 3.5)	5.9	(+ 1.1)	5.9	(- 4.1)	29.4	(-18.1)	11.7	(+11.7)
Turkey	52.2	(- 2.0)	57.9	(+12.9)	30.4	(- 2.9)	26.3	(- 8.7)	17.4	(+ 4.9)	15.8	(- 4.2)	34.8	(- 6.9)	42.1	(+17.1)
Germany	40.0	(-12.0)			55.0	(+15.0)			5.0	(- 3.0)			35.0	(- 9.0)		
<b>Stock market indices</b>																
	increase		no change		decrease		balance									
EURO STOXX 50	45.0	(+ 5.9)	40.0	(+ 5.2)	15.0	(-11.1)	30.0	(+17.0)								
ATX (Austria)	60.0	(+12.7)	33.3	(+ 1.7)	6.7	(-14.4)	53.3	(+27.1)								
NTX (CEE)	64.3	(+34.9)	28.6	(-12.6)	7.1	(-22.3)	57.2	(+57.2)								
CROBEX (Croatia)	54.6	(+11.1)	40.9	(- 2.6)	4.5	(- 8.5)	50.1	(+19.6)								
PX 50 (Czech Rep.)	66.6	(+19.3)	27.8	(- 3.8)	5.6	(-15.5)	61.0	(+34.8)								
BUX (Hungary)	53.3	(+18.0)	26.7	(- 8.6)	20.0	(- 9.4)	33.3	(+27.4)								
WIG (Poland)	58.9	(+20.0)	23.5	(+ 1.3)	17.6	(-21.3)	41.3	(+41.3)								
BET (Romania)	64.3	(+11.0)	28.6	(+ 1.9)	7.1	(-12.9)	57.2	(+23.9)								
SAX (Slovakia)	40.0	(+16.4)	53.3	(+ 0.4)	6.7	(-16.8)	33.3	(+33.2)								
ISE-100 (Turkey)	34.8	(+ 8.7)	21.7	(- 8.7)	43.5	(± 0.0)	-8.7	(+ 8.7)								
<b>Exchange rates (vs. Euro)</b>																
	appreciate		no change		depreciate		balance									
Kuna (Croatia)	0.0	(-19.3)	63.6	(+ 9.8)	36.4	(+ 9.5)	-36.4	(-28.8)								
Koruna (Czech Rep.)	0.0	(- 9.1)	95.0	(+ 4.1)	5.0	(+ 5.0)	-5.0	(-14.1)								
Forint (Hungary)	25.0	(+ 1.2)	37.5	(-10.1)	37.5	(+ 8.9)	-12.5	(- 7.7)								
Zloty (Poland)	38.9	(+ 2.5)	38.9	(+ 7.1)	22.2	(- 9.6)	16.7	(+12.1)								
Lei (Romania)	6.2	(-13.8)	81.3	(+16.3)	12.5	(- 2.5)	-6.3	(-11.3)								
Lira (Turkey)	9.1	(- 2.9)	22.7	(- 5.3)	68.2	(+ 8.2)	-59.1	(-11.1)								
US-Dollar	50.0	(+ 1.8)	33.3	(+11.1)	16.7	(-12.9)	33.3	(+14.7)								

Note: 48 Financial market experts, 9 from which from Turkey, participated in the June survey which was conducted during the period of 6/6-6/21/2016. 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 May 2016 in parentheses). Balances refer to the differences between positive and negative assessments.