

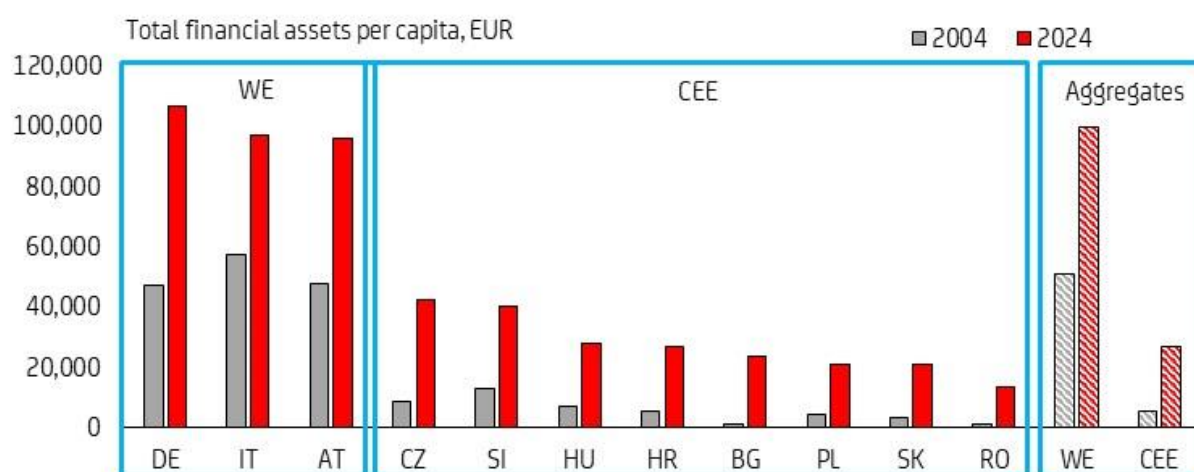
The Investment Institute by UniCredit

CEE Household Wealth: opportunity for greater differentiation and growth

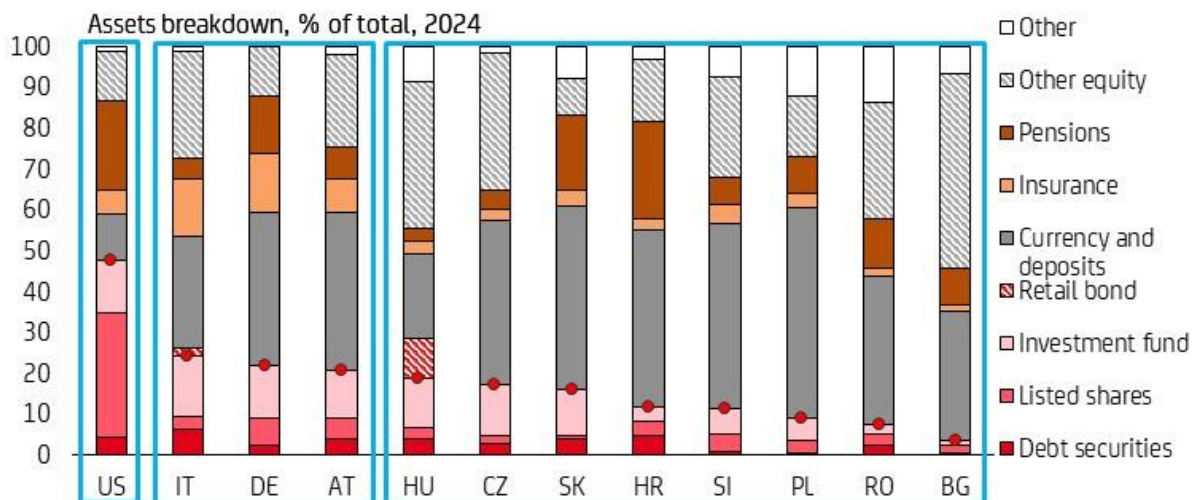
Household assets in CEE are mainly held in currency and deposits, which suggests scope for greater diversification towards financial market assets. The low share of household ownership of local government bonds and stocks leaves room for greater household allocation to these assets. These are among the findings of the newest **“CEE Household Wealth”** research note, issued by The Investment Institute by UniCredit.

“Household wealth is not just a financial indicator: it is a measure of resilience, of opportunity, and of the long-term confidence people have in their economies. What the research highlights is that in terms of household wealth CEE is region in transformation and new opportunities”, comments **Teodora Petkova**, Head of Central and Eastern Europe of UniCredit.

The research shows that household financial wealth per capita has increased almost fivefold in the past twenty years in CEE, as the region’s economies have progressively converged towards those of Western Europe. This compares to twofold increase in of Western European countries like Germany, Italy and Austria. “Nevertheless, financial wealth per capita in CEE remains around 30% of the level in Western Europe, suggesting scope for significant further convergence”, says **Mauro Giorgio Marrano**, Senior CEE Economist and one of the authors.

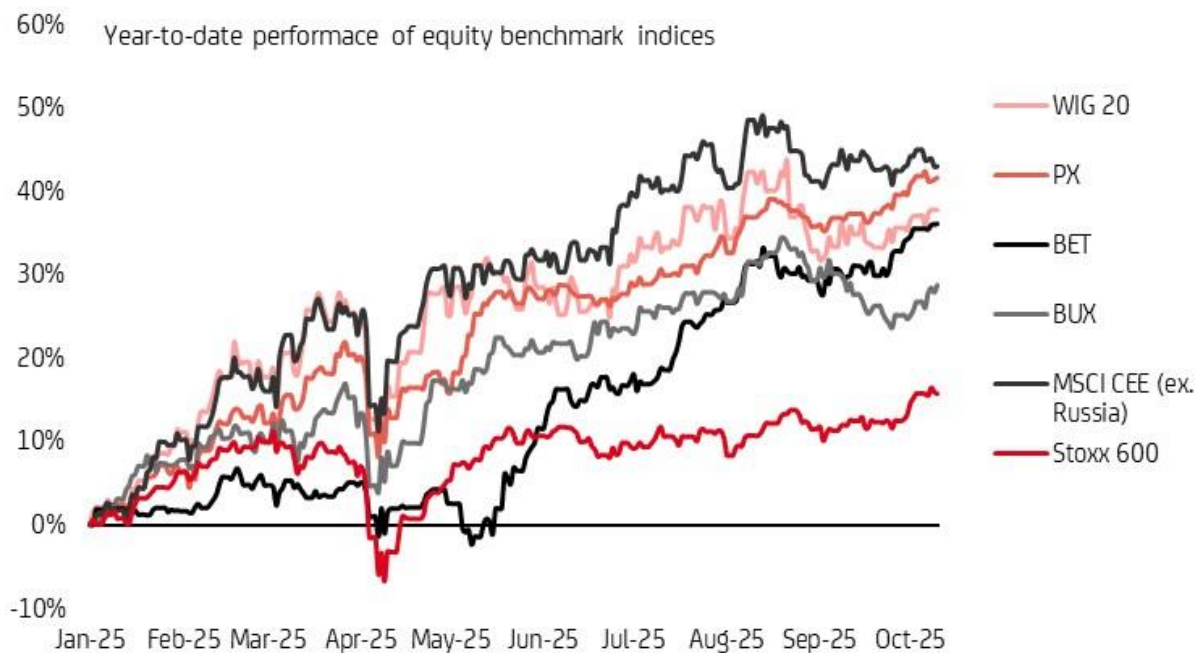


CEE households demonstrate a cautious approach to asset allocation, with currency and deposits remaining their main assets. This implies scope for greater diversification, for example, increasing their allocation to financial-market assets such as bonds, equities and funds.



The limited share of debt securities in household asset allocation suggests there is potential to increase the role that households play in government debt financing, comments **Eszter Gárgyán**, CFA, FX Strategist – CEE. In her view this could also help counter external vulnerabilities. Hungary, Poland, Croatia and Czechia have made significant progress in this respect.

Given the conservative investment strategy of CEE households, foreign investors dominate the region's stock markets. The recent outperformance of CEE equity markets may make local stock markets more attractive to domestic household investors.



“CEE Household Wealth” is one of the numerous research notes of The Investment Institute by UniCredit. The institute is designed to provide the expert analysis to navigate in these turbulent times investment and asset allocation decisions.

“We focus on the main macroeconomic, geopolitical and market stories of the day, while offering our perspective on the megatrends that reshape the global economy in the distant future, from new tech frontiers to demographic shifts and climate change”, comments **Edoardo Campanella**, Director and Chief Editor of the Investment Institute by UniCredit and editor of the CEE Household Wealth research note.

Authors

Eszter Gárgyán, CFA, FX Strategist - CEE (UniCredit, Munich), eszter.gargyan@unicredit.de

Mauro Giorgio Marrano, Senior CEE Economist (UniCredit, Vienna), mauro.giorgiomarrano@unicredit.eu

Editor

Edoardo Campanella, Director and Chief Editor of The Investment Institute (UniCredit, Milan)

edoardo.campanella@unicredit.eu

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