

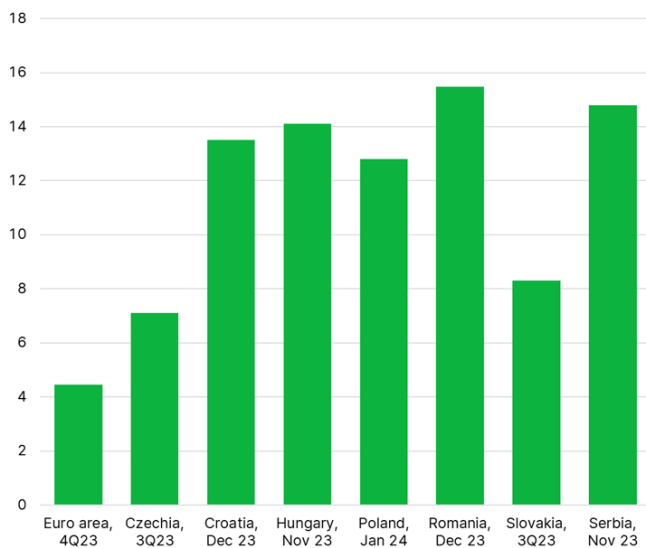
CEE MACRO AND FI DAILY

# Wage pressures in CEE significantly above Eurozone

## On the Radar

- Industrial output growth in Poland went up by 1.6% y/y in January, while producer prices declined by -9% y/y.
- In Slovakia unemployment rate was at 5.2% in January.
- In Croatia, unemployment rate went up to 6.8% while real wage growth arrived at 8.6% y/y in December.
- In Poland, employment contracted by -0.2% y/y, while wage growth accelerated to 12.8% y/y in January.
- Today, Polish retail sales growth will be published for January.

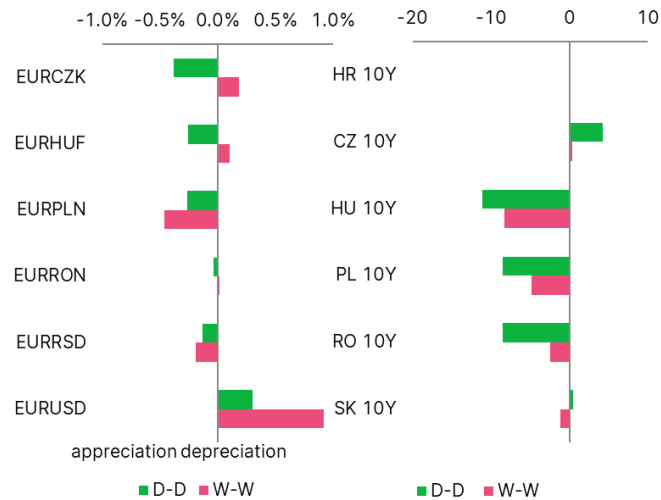
## Latest nominal wage growth, y/y percent Economic developments



Source: Erste Group Research

On Tuesday, the ECB published data on negotiated pay in the Eurozone that rose 4.5% at the end of 2023. The growth dynamics eased from 4.7% in the previous quarter moving away fears of increasing wage pressure. In the meantime, gross nominal wage growth in the CEE region has sustained double-digit growth dynamics at the end of 2023. In Poland, data for January was published and the wage growth accelerated to 12.8% y/y (compared to 9.6% y/y in December). Additionally, according to the National Bank of Poland survey, firms are ready to increase wages further. Only in Czechia and Slovakia, nominal wage growth is single digit but still almost twice as high as growth of negotiated pay in the Eurozone. Finally, generous increases of the minimum wage in combination with tight labor market conditions are also likely to keep the wage pressure elevated.

## Market performance



Source: Erste Group Research

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## Market developments

The CEE currencies have strengthened against the euro since the beginning of the week. The bond market showed mixed performance so far, although the long-term yields moved slightly down on the major market this week. Minister Finance in Romania said that reducing the budget deficit by 0.5% of GDP that is required by the EU is a very hard challenge. He doubted such consolidation is possible given the election schedule. Polish Finance Minister Domanski expresses his hope for a change regarding functioning of the Warsaw Stock Exchange as he would welcome its revival.

## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
21. Feb	10:00	PL	Retail Sales (y/y)	Jan	2.80%		0.50%
22. Feb	11:00	HR	CPI (y/y)	Jan F		4.10%	4.10%
	11:00	HR	CPI (m/m)	Jan F			-0.40%

## FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.37	-0.4	0.2
EUR/HUF	387.35	-0.3	0.1
EUR/PLN	4.31	-0.3	-0.5
EUR/RON	4.97	0.0	0.0
EUR/RSD	116.88	-0.1	-0.2
EUR/USD	1.08	0.3	0.9

## 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	6.09	0	-6
HUF	8.87	-3	-14
PLN	5.86	-2	-1
RON	6.08	-1	-1
RSD	5.70	0	0
EUR	3.94	1	4

## 10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.68	4	0
HU 10Y	6.14	-11	-8
PL 10Y	5.42	-9	-5
RO 10Y	6.45	-9	-2
HR 10Y	3.24	0	0
SK 10Y	3.53	0	-1

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### Published by:

**Erste Group Bank AG**  
**Group Research**  
**1100 Vienna, Austria, Am Belvedere 1**  
**Head Office: Wien**  
**Commercial Register No: FN 33209m**  
**Commercial Court of Vienna**

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