

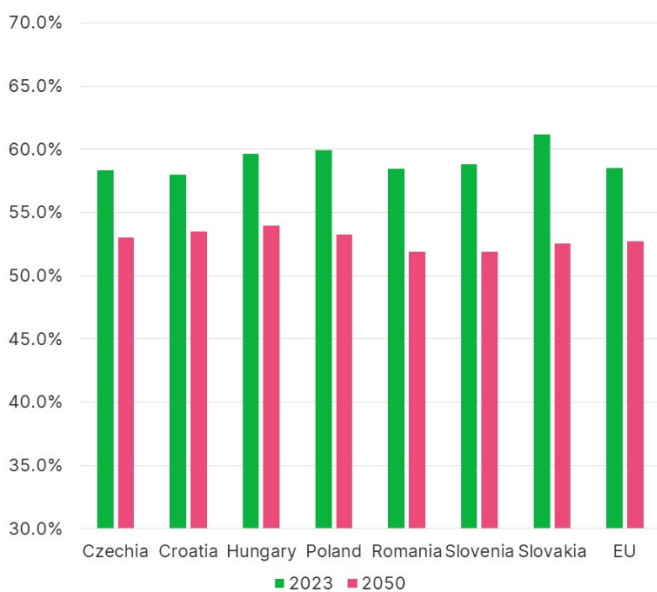
CEE MACRO AND FI DAILY

# Working age population to shrink across CEE

## On the Radar

- Industrial production increased by 12.2% y/y in January in Slovenia
- In Croatia, PPI index declined by -1.7% y/y in February.
- In Czechia, retail sales increased in real terms by 2.4% y/y in January.
- Today at noon CET, Serbia will publish inflation rate in February as well as trade balance.
- Tomorrow in the morning, Romania will release inflation rate in February and industrial output growth in January.

## Share of working population, baseline scenario

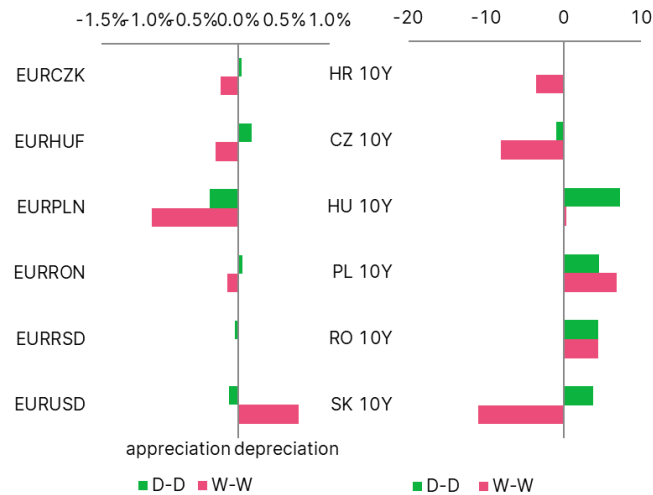


Source: Erste Group Research

## Economic developments

Today, we continue with statistics on demographic development. By 2050, in the baseline scenario (as defined by Eurostat), the share of the working age population is going to drop across the region. The most significant change is expected in Slovakia, where share of working age population is going to shrink by 8.6 percentage points over next 30 years. In other countries the decline will range from 4.5 percentage points in Croatia to as much as around 6.5 percentage points in Poland, Romania and Slovenia. When we look at absolute numbers, the decline is even more striking. In Croatia, Poland, Romania and Slovakia the working age population will shrink by roughly 20% in next three decades. In other countries the decline is expected to be milder: "only" 10%. The CEE region already faces very tight labor market conditions and projections of shrinking working age population are likely to deepen the problem with shortage of labor force. Further, aging population can place increased pressure on social programs' financing, such as pensions and health care.

## Market performance



Source: Erste Group Research

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## Market developments

Inflation rate in Czechia hit the central bank's target of 2% in February for the first time in over five years. Such a development supports further monetary easing and makes the case for larger interest rate cuts. The Czech National Bank holds a rate setting meeting next week on March 20. Forward rate agreements moved down in Czechia yesterday. While the Czech koruna and Hungarian forint weakened marginally against the euro on Monday, the EURPLN moved down to 4.28. Long-term yields went slightly up across the region.

## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
12. Mar	09:00	CZ	Retail	Jan			1.60%
	12:00	RS	CPI (y/y)	Feb	5.70%		0.06
	12:00	RS	CPI (m/m)	Feb			0.30%
	12:00	RS	Trade Balance	Jan			-107290.00%
13. Mar	08:00	RO	Industrial Production (y/y)	Jan		-4.60%	-2.30%
	08:00	RO	CPI (y/y)	Feb	6.99%	7.08%	7.41%
	08:00	RO	CPI (m/m)	Feb		0.68%	1.10%

## FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.30	0.0	-0.2
EUR/HUF	394.45	0.1	-0.3
EUR/PLN	4.28	-0.3	-0.9
EUR/RON	4.96	0.0	-0.1
EUR/RSD	117.03	0.0	0.0
EUR/USD	1.09	-0.1	0.7

## 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	5.92	-2	-6
HUF	8.10	-2	-11
PLN	5.86	1	1
RON	6.08	0	0
RSD	5.69	0	-1
EUR	3.93	-1	0

## 10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.64	-1	-8
HU 10Y	6.16	7	0
PL 10Y	5.31	5	7
RO 10Y	6.52	4	4
HR 10Y	3.24	0	-4
SK 10Y	3.48	4	-11

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