

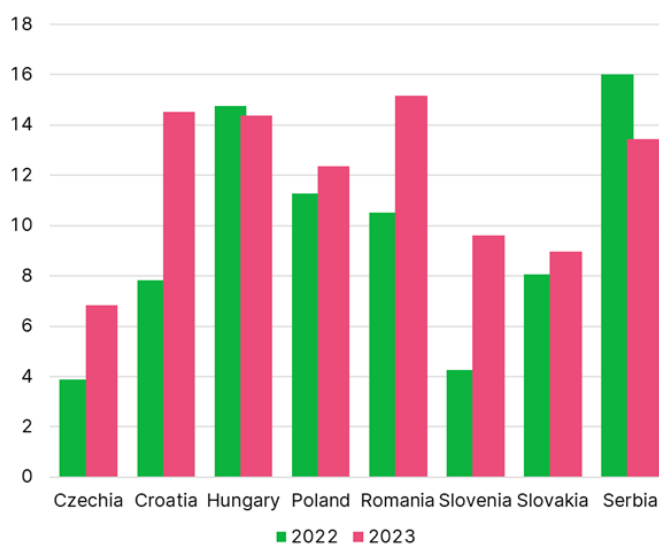
CEE MACRO AND FI DAILY

Nominal labor costs grew dynamically in 2023

On the Radar

- Today, Czech central bank holds a rate setting meeting and further monetary easing is expected.
- In Poland, at 10 AM CET, industrial output growth in February will be published as well as producer prices, employment and nominal wage growth.
- At 11 AM CET, Croatia will release unemployment rate in February and real wage growth in January.
- Serbia is scheduled to publish current account data.
- In the evening hours (CET) FOMC will announce the interest rate decision.

Growth of nominal hourly labor costs, percent

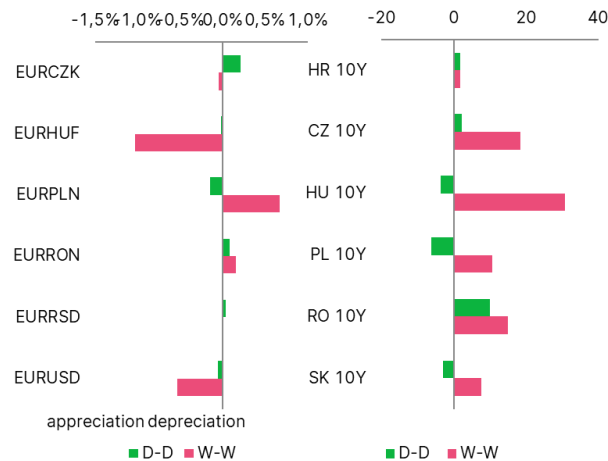


Economic developments

In 2023, the growth of nominal hourly labor costs was higher in all CEE countries except Hungary and Serbia. Croatia, Hungary, Poland, Romania, and Serbia saw double-digit growth in hourly labor costs, reaching between 12% and 15% in each country. The lowest growth was observed in Czechia (6.85% in 2023), still twice as high as in 2022. Labor cost growth accelerated substantially in Croatia, Slovenia, and Romania. The increase in labor costs reflects the inflation development with a delay. Given the latest fall in headline inflation, we expect the growth dynamics of labor costs to slow down throughout 2024.

Source: Erste Group Research

Market performance



Source: Erste Group Research

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Market developments

Today Czech central bank holds a rate setting meeting and we expect to see further monetary easing. Speeding up (i.e. higher interest rate cut than 50 basis points) seems not to be an option, however, as the currency development is considered a pro-inflationary factor and many central bankers spoke with cautiousness about the next steps despite February's inflation hitting the central bank's target. In Poland, Prime Minister Tusk said that ruling party will submit a motion in parliament within days to start a probe of central bank Governor Adam Glapinski. The CEE currencies have been weakening against the euro since the beginning of the week ahead of the FOMC meeting, while the long-term yields keep moving north. In Hungary, government is revising the budget deficit for this year according to the Finance Ministry statement.

Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
20. Mar		RS	Current Account Balance (monthly)	Jan			-69540,00%
	10:00	PL	Industrial Production (y/y)	Feb	2,38%	0,00%	1,60%
	10:00	PL	PPI (y/y)	Feb	-8,69%		-9,00%
	10:00	PL	Wages (y/y)	Feb	11,38%		12,80%
	11:00	HR	Unemployment Rate	Feb		6,70%	0,07
	11:00	HR	Wages (y/y)	Jan			8,60%
	14:30	CZ	Central Bank Rate	Mär.24	5,75%	5,75%	6,25%
21. Mar	10:00	PL	Retail Sales (y/y)	Feb	6,78%		4,60%
	10:30	SK	Current Account Balance (monthly)	Jan			-79050,00%
	10:30	SI	PPI (y/y)	Feb			-1,00%

FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25,26	0,2	0,0
EUR/HUF	394,50	0,0	-1,0
EUR/PLN	4,31	-0,2	0,7
EUR/RON	4,97	0,1	0,2
EUR/RSD	117,09	0,0	0,0
EUR/USD	1,09	-0,1	-0,5

3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	5,87	-1	-4
HUF	8,04	-1	-4
PLN	5,86	1	0
RON	6,07	-1	-1
RSD	5,71	2	2
EUR	3,94	1	1

10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3,85	2	18
HU 10Y	6,53	-4	31
PL 10Y	5,48	-6	11
RO 10Y	6,70	10	15
HR 10Y	3,25	2	2
SK 10Y	3,57	-3	8

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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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