

CEE MACRO AND FI DAILY

# Working age population to shrink dramatically in CEE

On the Radar

- At 10.30 AM CET, Slovenia will publish retail sales in June.
- At 11 AM CET, Croatia will release June's industrial production data.
- Tomorrow in the morning, 2Q24 GDP estimates will be published in Hungary and Czechia.

## Population projection in CEE, baseline scenario

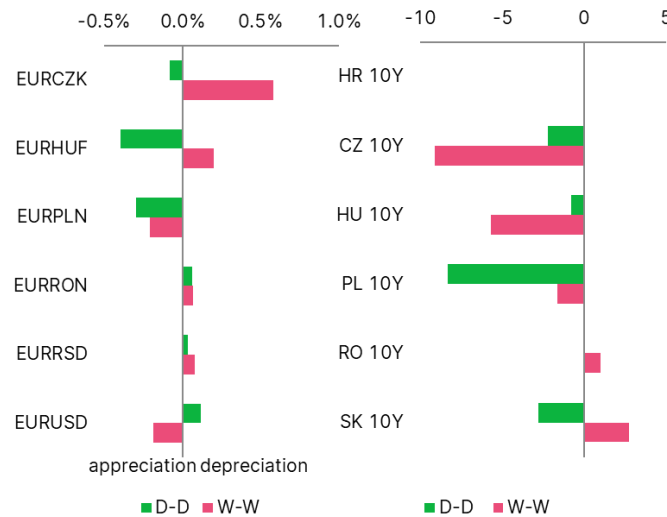


Source: Erste Group Research

## Economic developments

In our recent CEE Special Report [Can we work more for longer?](#) we discuss labor market developments and challenges. Shrinking working age population is unavoidable in the region. By 2050, there will be more than 10 million people fewer aged 15 to 64 years in CEE7 (Czechia, Croatia, Hungary, Poland, Romania, Slovakia and Slovenia), according to the baseline projection of the European Commission. That is a loss of roughly one-fifth of the current workforce or equivalent of the size of the Czech population disappearing from the labor market. Fertility rates have been declining, while life expectancy has increased in the region visibly since the transition. Such a development does not seem to outweigh the low number of births across the region, however. In the report, we look into three areas, namely mobilization of labor force, enhancing labor mobility and productivity gains to evaluate the potential of workforce increase. While there is some space to increase employment, female in particular, health of population is an obstacle for longer working life. Further, adoption of new technologies and green transition will highlight the importance of life-long learning and digital skills.

## Market performance



Source: Erste Group Research

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## Market developments

Throughout the week, the Czech koruna and Hungarian forint weakened against the euro, while the Polish zloty was relatively stable, with the EURPLN close to 4.28. This week, the Czech central bank holds a rate setting meeting, and we expect a debate between a 50-basis point cut and slowing the pace of monetary easing to a 25-basis point cut. The long end of the curve moved lower across the region throughout last week.

## Upcoming releases in CEE

Date	Time	Country	Indicator	Period	Survey	Erste Est.	Prev.
29. Jul	10:30	SI	Retail Sales (y/y)	Jun		0.0%	-1.0%
	11:00	HR	Industrial Production (y/y)	Jun		-1.5%	-3.3%
30. Jul	08:30	HU	GDP (q/q)	2Q P		0.6%	0.8%
	08:30	HU	GDP (y/y)	2Q P	2.23%	2.5%	1.1%
	09:00	CZ	GDP (q/q)	2Q A		0.4%	0.20%
	09:00	CZ	GDP (y/y)	2Q A		0.5%	0.3%
	11:00	HR	Retail Sales (y/y)	Jun		4.0%	8.4%

### FX Market

	Last	Change (%)	
		d/d	w/w
EUR/CZK	25.32	-0.1	0.6
EUR/HUF	390.73	-0.4	0.2
EUR/PLN	4.27	-0.3	-0.2
EUR/RON	4.97	0.1	0.1
EUR/RSD	116.96	0.0	0.1
EUR/USD	1.09	0.1	-0.2

### 3M Market

	Last	Change (bps)	
		d-d	w-w
CZK	4.56	0	-3
HUF	6.61	-2	-19
PLN	5.86	0	0
RON	5.80	0	-1
RSD	5.18	0	-1
EUR	3.66	-3	-4

### 10Y Yields

	Last	Change (bps)	
		d-d	w-w
CZ 10Y	3.80	-2	-9
HU 10Y	6.44	-1	-6
PL 10Y	5.54	-8	-2
RO 10Y	6.75	0	1
HR 10Y	3.32	0	0
SK 10Y	3.45	-3	3

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