

Romania: Net wages jump in July

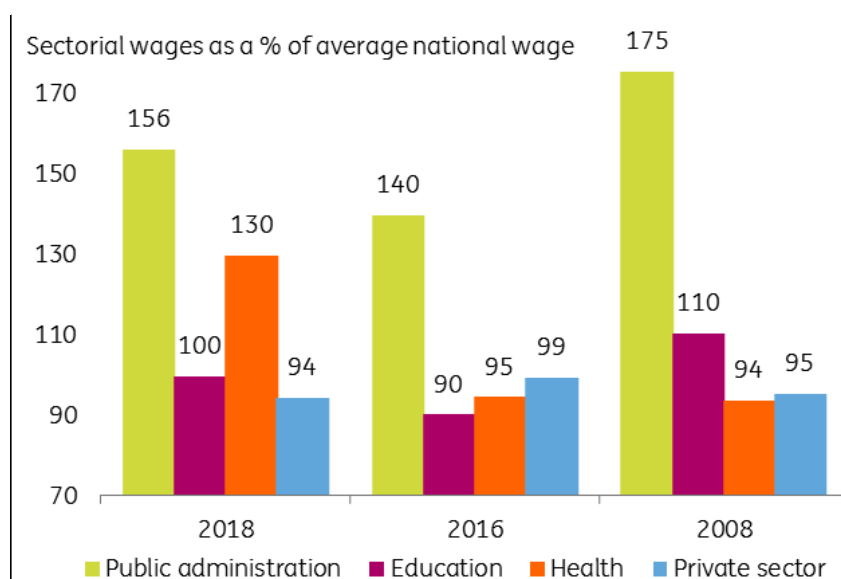
This is a slight deceleration compared with the 14.3% growth in June, but seen in conjunction with a historically low unemployment rate, this reveals a tight labour market



Source: Shutterstock

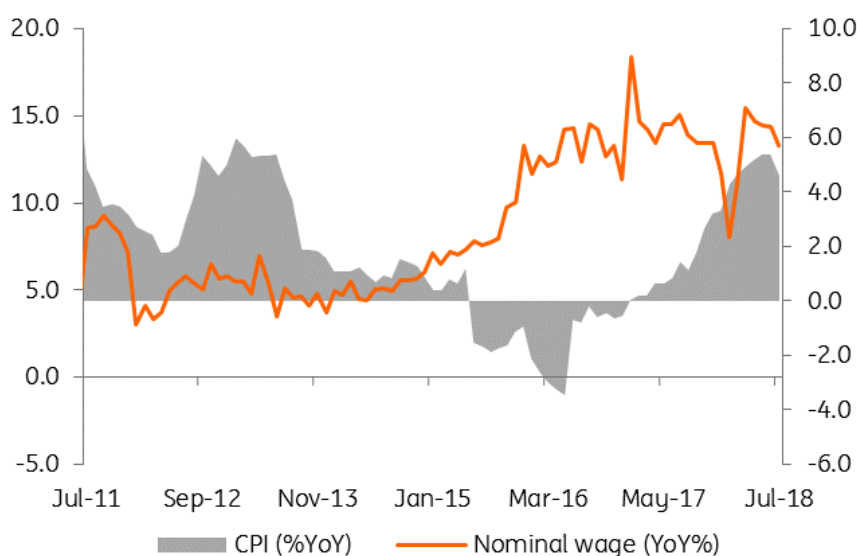
Wages in the public sector are up by 21.5% YoY driven by 19.3% YoY growth in the education sector and an even more impressive 31.1% in public healthcare. This keeps the pressure elevated on the private sector as well, which posted an 11.0% YoY increase.

Uneven developments



Source: NIS, ING

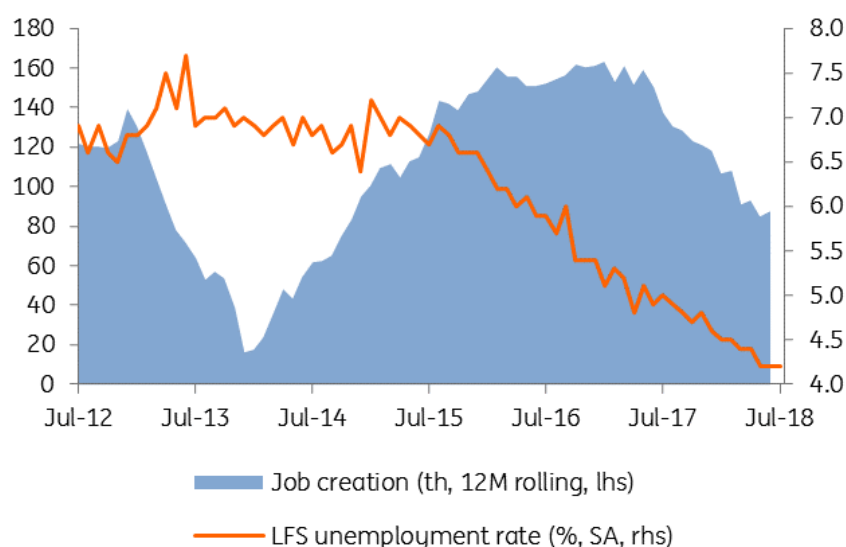
Inflation eroding some of the wage growth



Source: NIS, ING

The revised employment data released by the National Institute of Statistics has shown that the unemployment rate has reached a new historical low since the time the new data is available (1997), at 4.2% in July.

Job creation slowing down



Source: NIS, ING

With job creation slowing down and limited fiscal impulse going forward, the pace of wage rises could continue to ease a bit. Still, pressures are not likely to diminish that much due to state wage policies and it could be exacerbated by the electoral calendar.

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