

Romania: Wages rise 15.5% in March

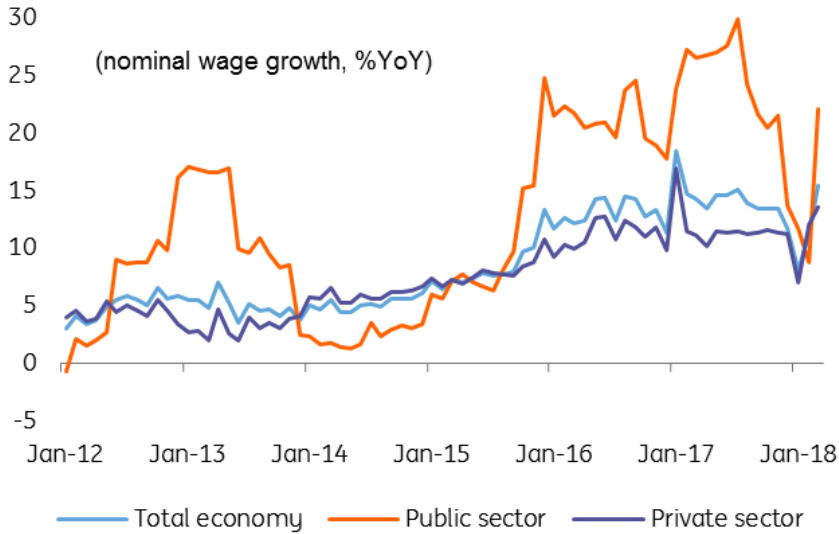
This acceleration from 11.2% in February was mainly driven by pay rises in public healthcare and education



Source: NIS, Bloomberg, ING

Wages in the public sector are up by 22.1% year-on-year driven by a 28.0% YoY rise for healthcare employees (which followed a 22.3% MoM increase), as the government aims to stop workforce migration, especially doctors. In the education sector, wages rose 19.0% YoY (up 18.4% MoM). Wages in the public administration are up by 16.9% YoY and are 54.5% above the average wage for the economy, while salaries in healthcare and education are 26.0% and 5.1% higher than the average wage, respectively.

Wage growth bounced back



Source: NIS, ING

A tight labour market, the impact of demonstrations and potential workforce migration to the public sector are adding to upward pressure on wages in the private sector, accelerating from 12.0% YoY in February to 13.6% YoY in Mar-18. Recent wage data has been pretty much in line with our forecast for a 13.1% YoY advance. Hence, we see core inflation at 3.5% by year-end.