

## NUMBER 831, SEPTEMBER 25, 2023

### Overview of the week

- A relatively poor week regarding announcements was reduced to data about the level of average wages paid in July, employment and unemployment trends in August and construction activity in July.
- Average net wage paid in August for July was 1,141 euros, i.e., up by 13.4% than the previous year, whereas in real terms the increase was 5.7%. On average, net wage increased by 12% in nominal, i.e., by 2.3% in real terms in this year's first seven months. Simultaneously, average gross wage recorded nominal growth of 13.8%, i.e., real growth of 3.9% compared to the same period last year.
- As to the labour market, there was a slight reduction in August of the total number of employed persons by approximately 5.5 thousand, i.e., -0.3% compared to July, while compared to last year's August employment increased by 2.8% (preliminary data comparison). Simultaneously, number of registered unemployed persons in August increased by 3.5% m-o-m (third consecutive month), while on an annual level the number of unemployed persons was down by 2.7%. In line with described, registered unemployment rate mildly increased from 5.8% in July to 6.0% in August, while compared to last year's August it was reduced by 0.3 p.p.
- Per the CBS' data, volume of construction works in July increased by 1.2% m-o-m, with the activity regarding residential buildings increasing by 2.6%, while works for other constructions decreased by 2.3%. On an annual level, total index increased by 5.1%, which is the highest growth rate recorded in this year, with the activity regarding residential buildings increasing by 8.3%, while works for other constructions increased by only 0.1% - also the first positive growth rate in this year. Cumulatively, during this year's first seven months construction activity recorded an increase of 3.5% y-o-y, supported primarily by activity regarding residential buildings (+6.9%) while works for other constructions decreased by 1.9%.

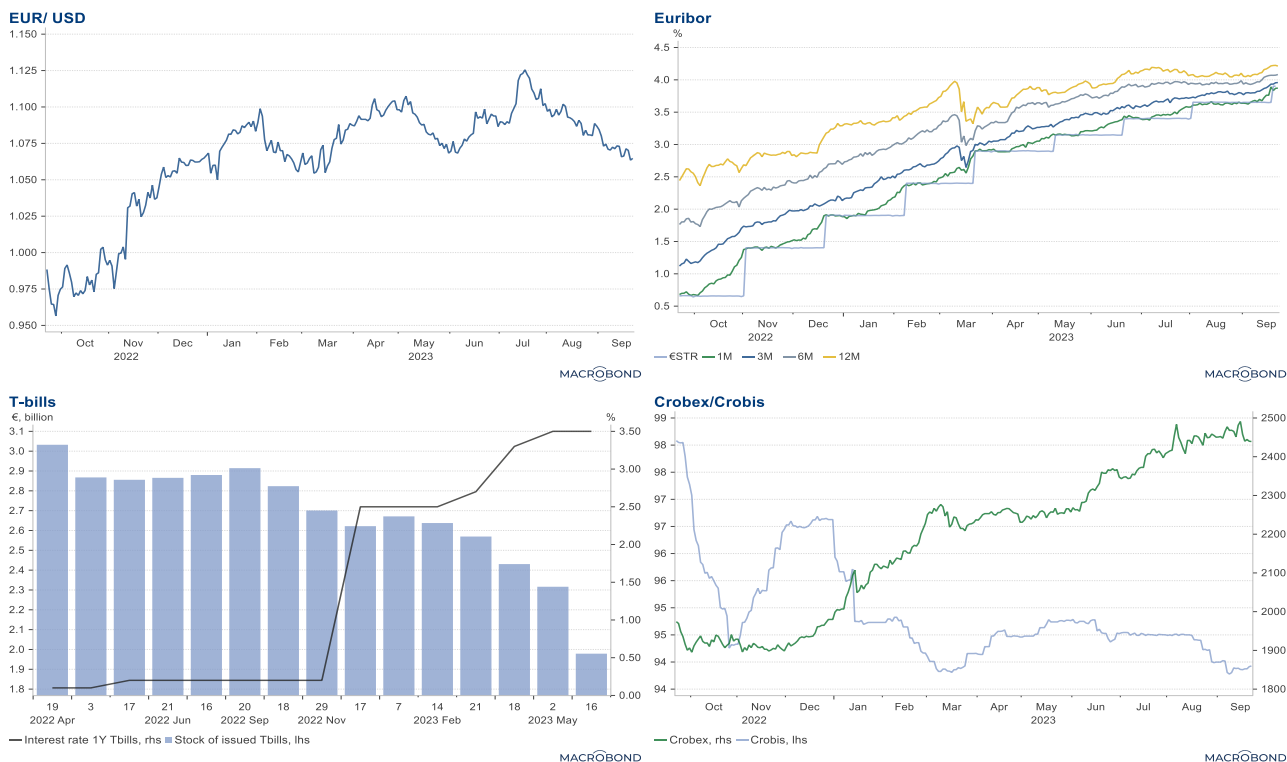
**Real growth of net wage in July accelerated to 5.7% y-o-y**

**Employment in August increased by 2.8% y-o-y**

**Y-o-Y growth of construction works in July reached this year's record**

**Fed maintained  
the target range  
for the federal  
funds rate**

- At the last week's meeting, Fed decided to maintain the target range for the federal funds rate at 5.25-5.50%, stating that inflation still remains increased in conditions of stable growth of economic activity. Per its recent projections in 2023, Fed is expecting a notable 1.1 p.p. higher growth of the US GDP (median 2.1%) than what was expected in June, with a slightly higher rate of headline (median 3.3%) but a lower rate of underlying inflation (median 3.7%). GDP growth projection for 2024 has also been improved (median 1.5%), with unchanged expectations regarding inflation rate level. Projection for adequate fed funds rate level was upheld at 5.6% (median) for this year's end but was raised by 0.5 p.p. for 2024 to 5.1%, which would indicate that the reduction will occur later during 2024 and will have a reduced volume. The chairman of Fed, Mr Powell emphasized that the central bank is still prepared for a possible additional increase of fed funds rate if necessary, and to maintain a restrictive monetary policy until the inflation decrease trend towards 2% level is stabilised.
- Dollar remained strong after the Fed meeting, due to maintaining the possibility of a further interest rate increase. Week finished at 1.0647 dollars to the euro, down by 0.1% w-o-w.
- Euribor continued its gradual increase and ended the week at a level higher by up to 10 bps compared to previous Friday. On Friday, 3M was 4.0%, and 6M was 4.1%.
- A trend reversal was noted at ZSE so Crobex finished the week down by 2.1% w-o-w (at 2,439 points) due to a decline of all most important sectoral indices (CROBEXindustry - 1.1% to 1,603, CROBEXnutris -0.8% to 879, CROBEXtourist -0.7% to 4,149). Crobis kept a positive trend (+0.1% to 93.9 points).



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