UniCredit Bank

Weekly

N . o . t . e . s

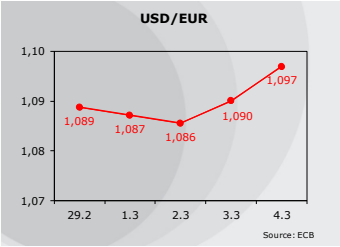
English translation by an external party

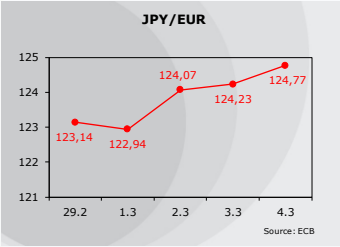
HIGHLIGHTS OF THE WEEK 09/2016

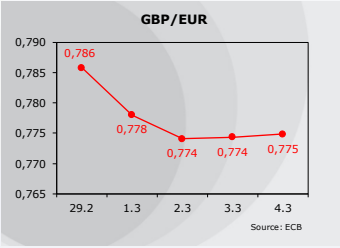
> Chart of the Week: Women earn less than men, on average by about 20% in Slovakia

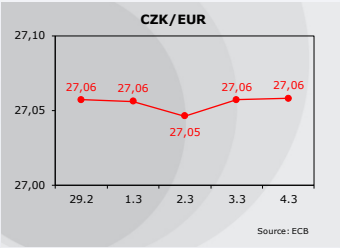
> Post-Christmas sales were disappointing, with sales of retailers dropping in January

WEEK ON THE MARKETS









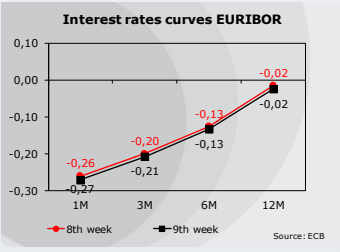
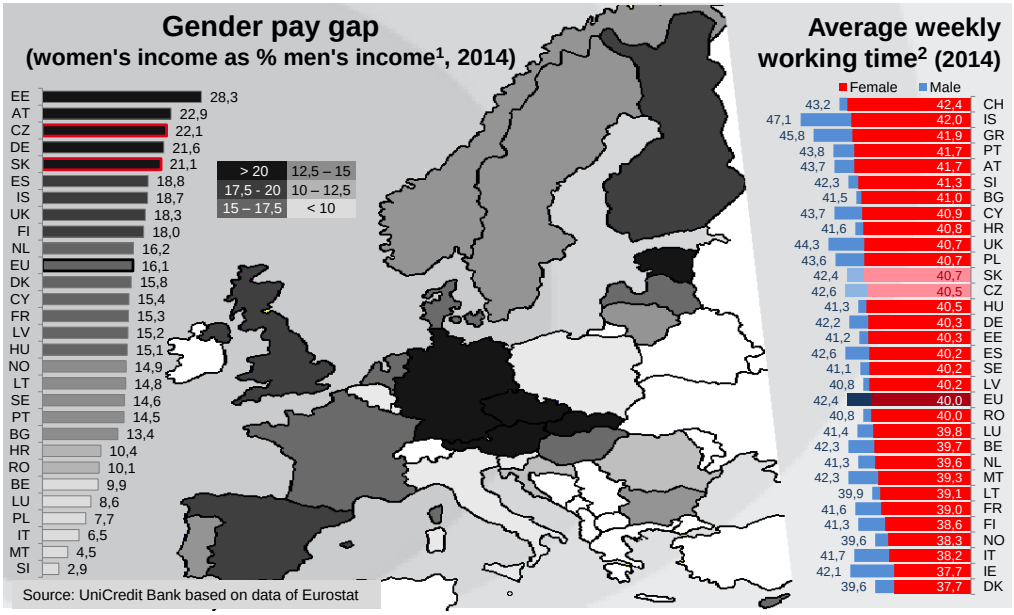


CHART OF THE WEEK



Note: 1. not adjusted, which means not showing the difference in remuneration between women and men in the same job but comparing the average earnings of men and women irrespective of the job and working time
2. the average working week of full-time employees

International Women's Day takes place this Tuesday. Therefore, the current *Chart of the Week* brings an insight into the position of women in the economy from the point of view of their income. According to unadjusted Eurostat data, wages of women in EU countries are 16 per cent lower on average than the ones of men. At the same time, men earn more on average than women in all EU countries; the smallest difference in income can be seen in Slovenia, Malta, Italy, or Poland, our neighbour in the north. On the contrary, the biggest difference in wages of women and men can be seen in Estonia, as well as in some countries of Central Europe – Austria, Czech Republic, Germany, or Slovakia. The difference is only partially due to different professions of women. Women and men often work in different jobs in various sectors, which leads to a standard deviation in wages of men and women. Women work more often in sectors and jobs with lower average wages - for example, in the sector of healthcare and social services, education, or accommodation and catering services. Although the EU legislation prohibits discrimination on the grounds of sex, the unequal assessment of men and women in their remuneration has not been fully eradicated in Europe. According to several studies, women earn less than men for doing the same job (for example, the platy.sk portal estimates this difference at 8% in Slovakia).

However, besides different professions, there are also other partially objective factors leading to lower average wages of women than men – for instance, the share of part-

time jobs of women in the EU is 4.5-times higher on average than in the case of men. Most women working part time is in the Netherlands, Switzerland, Germany, or Austria. Care for another family member is the reason why women seek part-time jobs in all of these countries. So far, the number of part-time jobs have been high neither in the case of men nor in the case of women in Slovakia and the Czech Republic. Moreover, as much as one third of Slovak women and one fourth of Czech women working part time is forced to do so as they are unable to find a full-time job.

The difference in the pay of women and men may be partially also due to working time. When comparing full-time employees, the number of hours worked by women in one week is lower than the one of men in all the EU countries, by almost 2.5 hours a week on average (by 1.7 in Slovakia and by 2.1 in the Czech Republic). The shorter working time of women is often due to taking care of family; the traditional stereotype of sharing household responsibilities, where women are primarily in charge of household and men in charge of family finances, still often prevails in many European families.

Due to various factors (maternity leave, lower ambitions of a part of women, etc.), promotion often concerns men than women. So, better-paying management jobs are still more often occupied by men than women. According to a study of the European Committee, the representation of women on the boards of the largest companies in the EU was lower than 5% in 2013, and lower than 3% in the case of CEO positions.

The difference in pay of women and men persists in the long run, being quite stable in the recent years (with relevant statistics available). A part of the difference in wages may be explained by relatively objective factors, such as different professions of men and women, different working time, and so on. However, general policies should aim mainly at attempting to eliminate any discrimination on the grounds of sex so that remuneration of women and men doing the same job is in principle identical (reflecting only the objective differences in working performance irrespective of sex) or to create equal conditions for promotion irrespective of sex. (lk)

ECONOMIC CALENDAR

Week	Indicator	Period	Market Consensus	UniCredit Bank Estimate	Reality
9.	State budget (March 1)	January	-	-750 mil. EUR	-834 mil. EUR
	Retail sales (March 3)	January	-	3.1% yoy	0.5% yoy
10.	GDP and its structure (March 8)	4Q 15	4.2% yoy	4.2% yoy	-
	Unemployment by LFS (March 8)	4Q 15	-	10.8%	-
	Employment by LFS (March 8)	4Q 15	-	2.2% yoy	-
	Real wages (March 8)	4Q 15	-	3.7% yoy	-
	Foreign trade (March 8)	January	291 mil. EUR	373 mil. EUR	-
	Industrial production (March 8)	January	-	6.1% yoy	-
	Construction production (March 8)	January	-	9.9% yoy	-

Source: Bloomberg, Reuters, NBS, SOSR, UPSVaR, MinFin SR, UniCredit Bank Slovakia

ECONOMY

RETAIL SALES

Post-Christmas sales were disappointing, with a slump in retail sales (without sales of cars) by as much as -1.4% (seasonally adjusted) in January compared to late 2015 according to the data of the Statistical Office, with the dynamics of their yoy growth decelerating from 2.7% in December to only 0.5%. So, the sales in January were an unpleasant surprise, when the all-time high consumer confidence did not translate also into the acceleration of growth of retail sales. On the other hand, the growing consumer confidence of Slovak households is still positively reflected in larger longer-term investments, such as purchase of a new car.

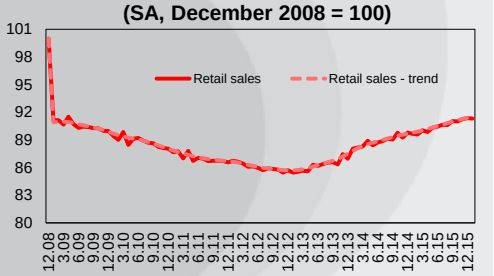
Post-Christmas sales were disappointing, with retail sales falling early this year

In January, mainly the sales of retailers in the non-food segment were falling. Only ICT sellers could be more or less satisfied with the post-Christmas sales; their seasonally adjusted sales were rising mom, with the dynamics of their yoy growth accelerating to as much as 14.0% owing to the low base effect. Sales of retailers in other non-food segments were falling in January, with the strongest decline being reported by sellers of household goods (textile, carpets, furniture, electric home appliances, etc.) - by as much as -5.4% yoy.

On the other hand, sales in the food segment were slightly growing also in January. Relatively stable sales are reported by shops with predominance of food (mainly chain stores and large supermarkets), with a yoy increase in sales at 0.9%. A longer-term trend of growing interest of consumers in small specialised food shops, reporting as much as 20% yoy increase in sales, could be observed in January. However, an overwhelming majority of sales in the food segment still comes from large-scale shops in stores, while the share of small specialised shops is still only at around 5 to 6%.

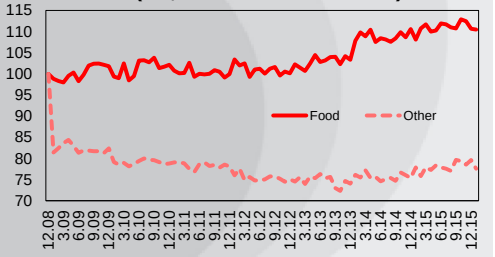
In recent months, sales of fuel have been growing quite dynamically. Lower prices of oil on global markets made also the Slovaks "driving" again, with sales at petrol stations reporting again a double-digit dynamics of yoy growth (by 10.0% at constant prices) in January, after adjustment for price effects. The increase in the volume of sales of fuel will positively affect also the state budget through higher levying of excise duty.

Chart 1: Retail sales (SA, December 2008 = 100)



Source: UniCredit Bank based on data of SO SR

Chart 2: Retail sales (SA, December 2008 = 100)



Source: UniCredit Bank based on data of SO SR

The recent improved situation of Slovak households and the courage to make larger investments are still confirmed by the sales from sale and maintenance of cars – the dynamics of their yoy growth remained close to the record levels also early this year, accelerating to 22.4% in January (sales of cars were higher by as much as nearly one third). With the start of the winter tourist season, the growth of sales of domestic hoteliers accelerated again at the turn of the years – the yoy growth of their sales accelerated from 6.6% to as much as 8.5% in January.

OUTLOOK

The positive development on the labour market and increasing disposable income of households, low interest rates and absent inflation should be beneficial to the growth of household consumption early this year. We expect that the poorer January figures of retail sales could represent only a short-term deviation and the dynamics of the yoy growth of sales could begin to accelerate again somewhere around 3% in the following months. (lk)

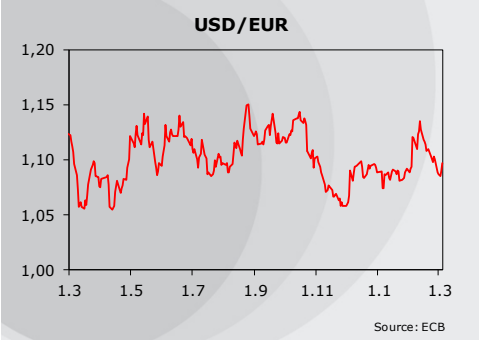
ECONOMIC OUTLOOK

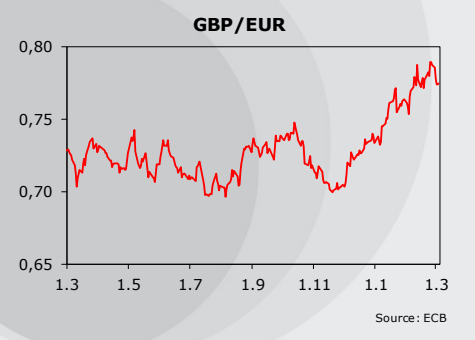
Slovakia	2011	2012	2013	2014	2015E	2016F	2017F
Real GDP growth	**2,8**	**1,5**	**1,4**	**2,5**	**3,6**	**3,0**	**3,0**
GDP per capita	13 052	13 398	13 643	13 947	14 287	14 788	15 291
Household consumption	**-0,6**	**-0,4**	**-0,8**	**2,4**	**2,5**	**2,9**	**2,6**
Government consumption	-1,7	-2,6	2,2	5,9	3,8	1,7	0,5
Gross investments	7,6	-14,0	1,5	2,6	11,4	-2,5	6,8
Exports	12,0	9,3	6,2	3,6	6,4	5,6	4,1
Imports	9,6	2,5	5,1	4,3	8,1	4,1	4,5
Industrial Production	**6,9**	**13,4**	**5,3**	**3,7**	**5,9**	**5,5**	**6,5**
Construction	-1,7	-12,5	-5,3	-4,2	16,3	2,7	6,5
Retail Sales	-2,8	-1,0	0,1	3,6	1,7	2,3	2,5
CPI (average)	**3,9**	**3,6**	**1,4**	**-0,1**	**-0,3**	**0,3**	**1,5**
CPI (Dec.)	4,4	3,2	0,4	-0,1	-0,2	0,9	1,6
Real Estate inflation	-3,0	-1,1	-0,9	-0,8	0,3	2,3	2,4
Average Wage level	786	805	824	858	880	904	930
Nominal Wage growth	**2,2**	**2,4**	**2,4**	**4,1**	**2,5**	**2,8**	**2,9**
Real Wage growth	-1,6	-1,2	1,0	4,2	2,8	2,5	1,4
Employment growth (LFS)	1,5	-1,0	0,0	1,5	2,2	1,0	1,0
Unemployment (average, LFS)	**13,5**	**14,0**	**14,2**	**13,2**	**11,6**	**10,8**	**9,9**
Fiscal deficit (% of GDP)	-4,1	-4,2	-2,7	-2,8	-2,7	-2,0	-1,0
Public Debt (% of GDP)	43,3	51,9	54,6	53,5	53,0	52,9	51,7
Foreign Direct investment (EURbn)	2,8	3,2	-0,3	0,2	2,0	2,5	3,3
ECB Refi rate (%, Dec.)	**1,00**	**0,75**	**0,25**	**0,05**	**0,05**	**0,05**	**0,50**
3M EURIBOR (%, Dec.)	1,2	0,2	0,3	0,1	-0,2	-0,2	0,5
3Y SK gov't bonds(%,Dec.)	2,7	0,3	0,7	-0,1	-0,6	0,0	1,5
10Y SK gov't bonds(%,Dec.)	5,2	3,9	2,7	1,2	0,7	1,0	2,0

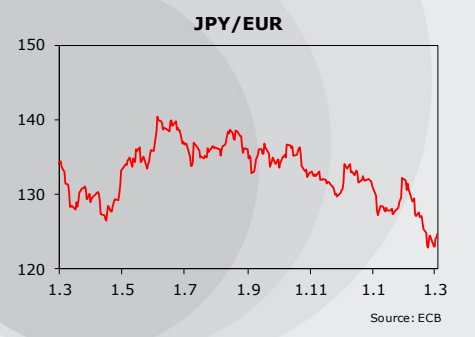
Abroad	2011	2012	2013	2014	2015E	2016F	2017F
Eurozone GDP	**1,5**	**-0,6**	**-0,4**	**0,9**	**1,5**	**1,9**	**1,6**
German GDP	**3,1**	**0,9**	**0,5**	**1,6**	**1,5**	**2,1**	**1,4**
Czech R GDP	1,7	-1,0	-0,9	2,0	4,3	2,3	3,0
USA GDP	1,7	2,8	1,9	2,4	2,5	2,6	2,4
Eurozone Inflation	2,7	2,5	1,3	0,4	0	0,9	1,4
EUR/USD (average)	**1,39**	**1,28**	**1,33**	**1,33**	**1,11**	**1,08**	**1,16**
EUR/USD (Dec)	1,32	1,31	1,37	1,21	1,09	1,12	1,18
EUR/CZK (Dec)	25,8	25,1	27,5	27,7	27,0	27,0	26,5
EUR/HUF (Dec)	304,2	285,8	300,2	315,5	314,0	320,0	325,0
EUR/PLN (Dec)	4,5	4,1	4,2	4,3	4,3	4,2	4,2

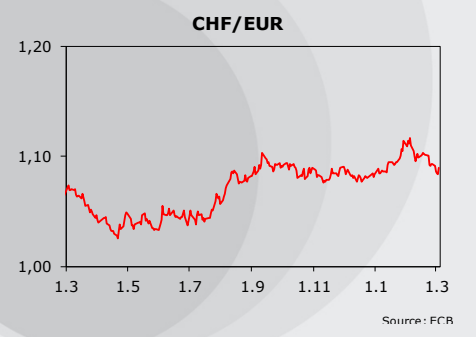
Source: NBS. SOSR. ÚPSVaR. MinFin SR. Eurostat. ECB
Forecasts: UniCredit Bank Slovakia – Slovakia. Eurozone. USA (EURIBOR. USDLIBOR. Brent. USD/EUR); UniCredit Group (CEE Economic Research. CIB) – Eurozone. USA

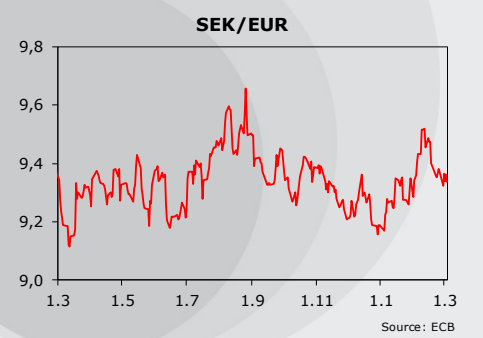
FOREIGN EXCHANGE

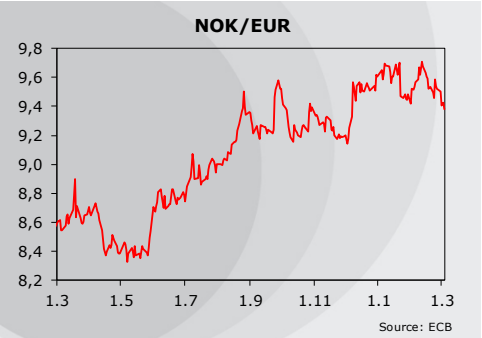


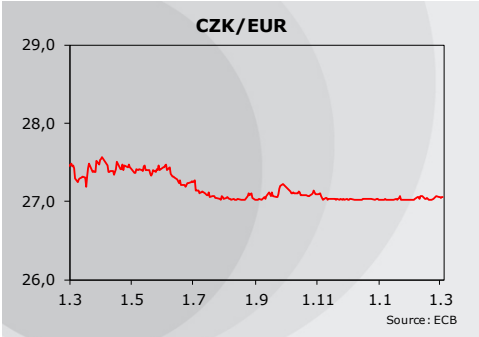


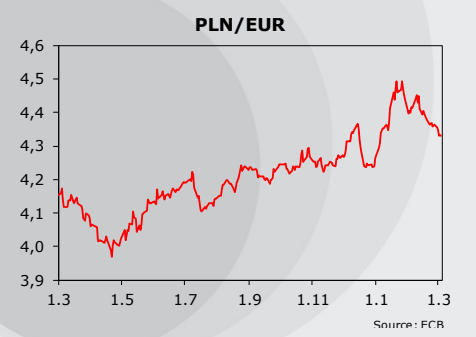


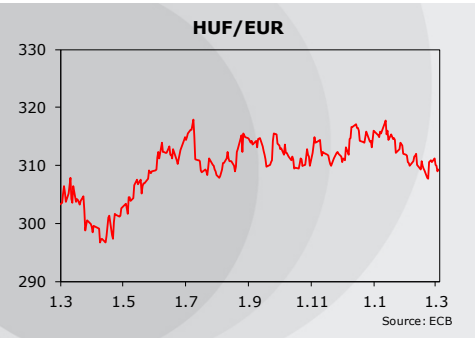


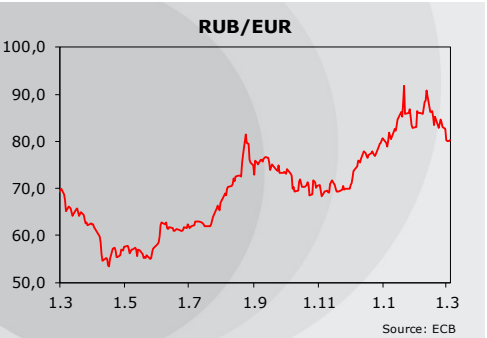












MONEY MARKET

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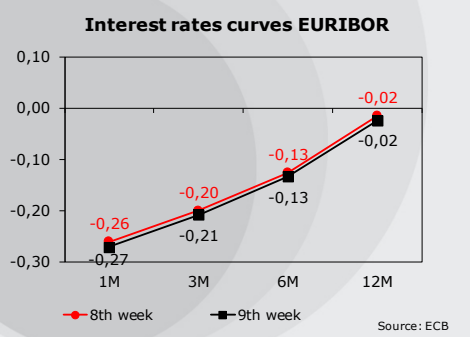
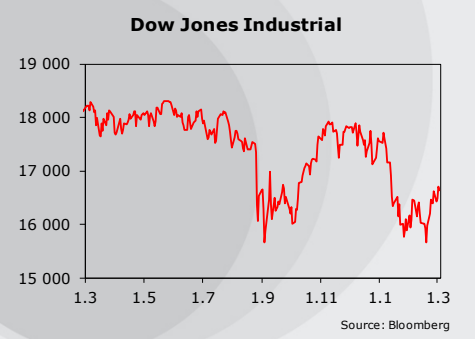
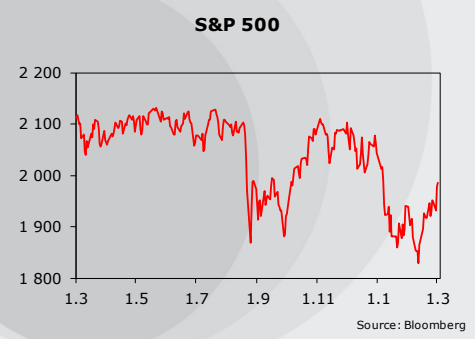
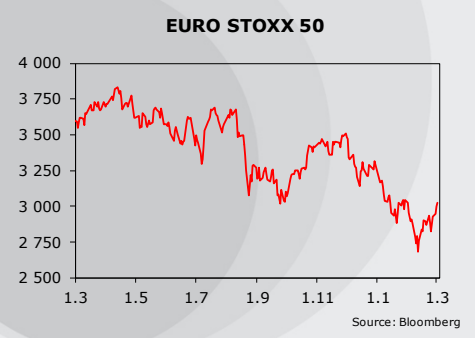
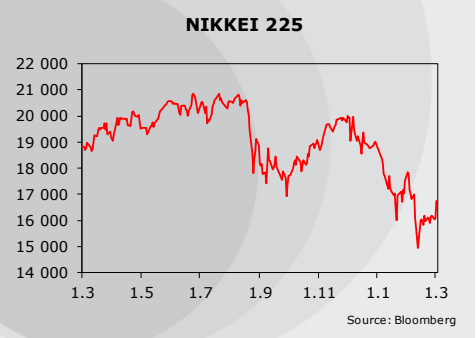


EQUITY









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