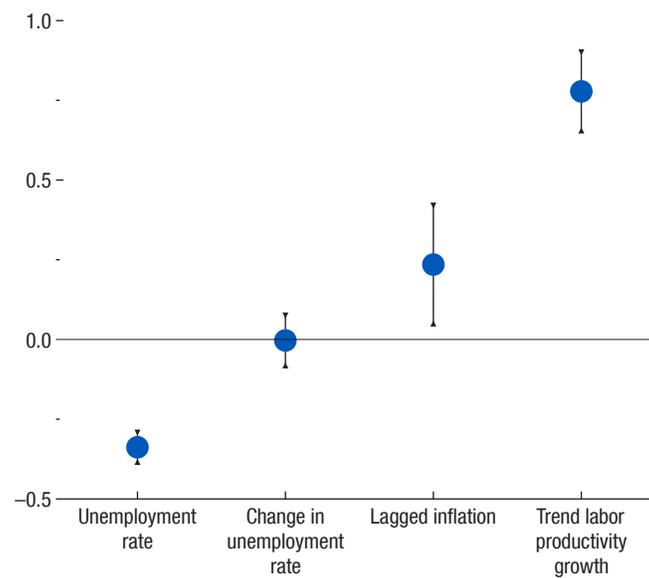


**Figure 2.9. Effects on Growth of Compensation per Hour:
Panel Estimation**
(Percentage points)

Slack, past inflation, and trend labor productivity growth are statistically significantly associated with nominal wage growth, with expected signs.



Source: IMF staff calculations.

Note: The wage variable used is compensation per hour of workers excluding the self-employed. Markers show estimated coefficients, and lines display 90 percent confidence intervals. Sample excludes Baltic countries. Oil price is used as an instrument for lagged inflation. Figure is based on column (7) of Annex Table 2.3.1.