

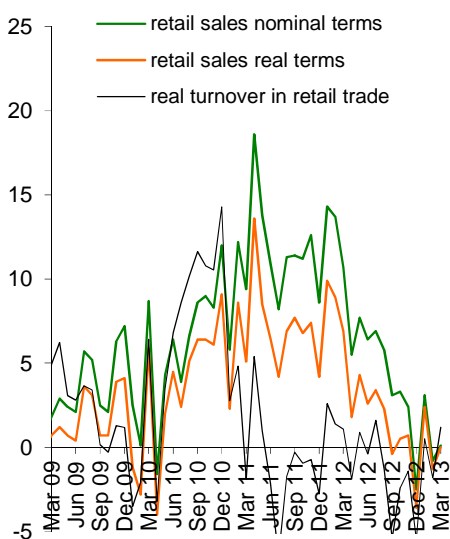
Instant comment

Data do not surprise

23 April 2013

Today's data were in line with our forecasts. In March retail sales accelerated to +0.1%YoY from -0.8%YoY in February, which however was due to pre-Easter shopping and does not herald an improvement in consumer demand. Registered unemployment rate fell in March to 14.3% from 14.4% in February, mainly due to intervention of the Labour Ministry, while demand for labour remains weak. These figures do not change our general assessment of economic situation and they are neutral from the point of view of MPC.

Retail sales, %YoY

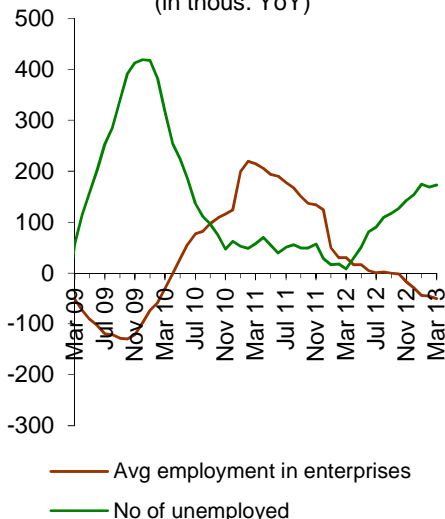


Slight acceleration of retail sales

Retail sales increased in March by 0.1%YoY vs. -0.8%YoY in February, in line with our forecast. In constant prices sales remained unchanged on an annual basis. These data should not be interpreted as a signal of improvement of consumer demand because the rebound is driven by Easter shopping carried already in late March (this year Easter was on March 31, while in 2012 on April 8). This effect is reflected in sales of food – acceleration from 1.8%YoY in February to 8.9%YoY in March. The pace of growth in remaining categories is still low, only in non-specialized stores sales increased due to low base effect. In April the overall sales will again decline below zero due to high base effect from last year (again due to Easter effect).

We expect the consumer demand to remain subdued in coming quarters. No visible improvement of situation on the labour market and uncertainty regarding situation in this area may make households more cautious in spending money.

Labour market trends
(in thous. YoY)



Labour Ministry action helps to lower registered unemployment rate

In line with our expectations, the registered unemployment rate fell in March to 14.3%, down from 14.4% in February. In general, in Q1 2013 unemployment rate reached the average level of 14.3%, being the worse Q1 since 2007.

Decline in unemployment rate in March did not come from the improvement of the labour market situation, but mainly from intervention of the Labour Ministry. In March the Ministry offered trainings for 44k persons (by 67% more than in the same period of last year) and subsidized work for 13.8k (by 40% more than in March 2012). One should notice that without these actions, the registered unemployment rate would probably be flat in comparison with the previous month. The weak situation of the labour market is confirmed by fact that the number of unemployed people increased in annual terms from 2141.9k to 2314.5k (we guess that the latter number would be higher by ca. 22k without the Labour Ministry's intervention). Seasonal factors this year did not support situation on labour market – prolonged period of winter hampered seasonal works, for example in construction.

For the upcoming months we are expecting a slightly more pronounced declines of unemployment rate, provided that situation in the euro zone improves (today's flash PMI indexes for the German and euro zone's manufacturing disappointed).

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