

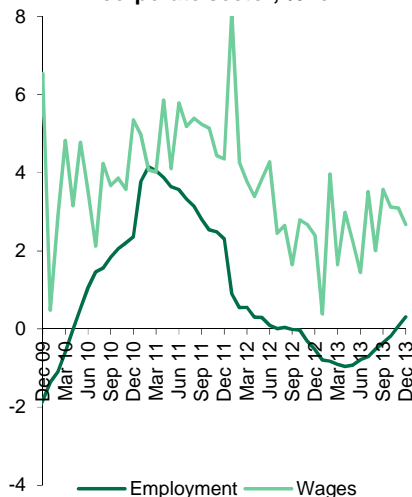
INSTANT COMMENT

20 January 2014

Moderate growth in wages and employment

Average employment in corporate sector increased by 0.3%YoY and wages by 2.7%YoY in December. This data was in line with our forecasts and showed further improvement of labour market conditions fuelled by accelerating pace of economic growth. We expect these trends to be continued in 2014 and this should support private consumption. This data does not change the outlook for the monetary policy, there was also no market reaction to the release.

Employment and wages in corporate sector, %YoY

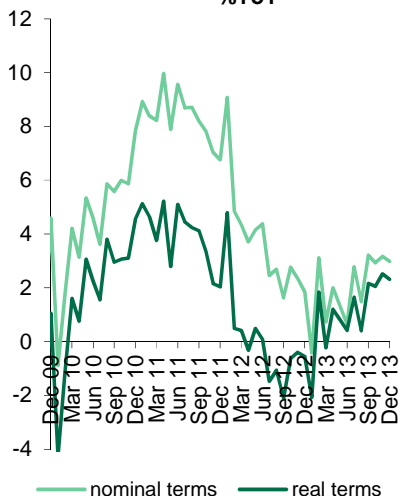


Average employment in corporate sector in December 2013 was higher than last year by 0.3% (i.e. by 17k), in line with our forecast. Although in comparison with November the number of jobs fell by 10k (reaching 5491k versus 5501k in November), but this was a typical seasonal effect, as in December the number of seasonal jobs is usually lower. Annual pace of employment growth has been improving for eight straight months, which is resulting from improving labour market situation. Better economic outlook is encouraging firms to hire more people and this trend is likely to be continued also this year.

Pace of average wage growth reached 2.7%YoY in December, which was consistent with our forecast and slightly below market consensus (3.2%YoY). Average pay growth in 2013 reached 2.6%YoY, amid average inflation at 0.9%YoY. In 2012 wages increased by 3.4%, but inflation was at 3.7%, so the real wage growth was negative. Throughout 2013 wage growth remained moderate, so it was not hampering economic recovery or employment growth. We expect that this year a rise in wages may accelerate to 5%YoY.

Wage bill increased in December by 3.0%YoY in nominal terms and by 2.3%YoY in real terms, similarly as in previous months. Increase of wage bill in real terms supports the revival of private consumption.

Wage bill in corporate sector, %YoY



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