

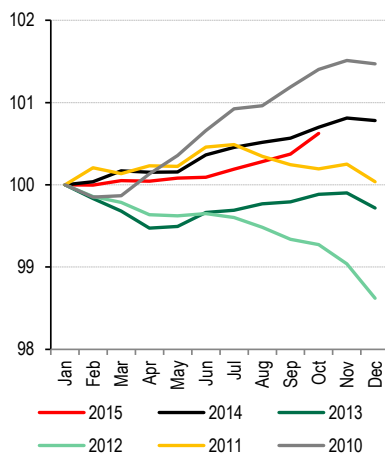
INSTANT COMMENT

18 November 2015

Employment surprised to the upside

The pace of employment growth in the enterprise sector accelerated in October to 1.1% YoY from 1.0% YoY (consensus at 1.0% YoY) while wage growth decelerated to 3.3% YoY from 4.1% YoY (vs. expectations at 3.6%). On monthly basis the number of workplaces increased by 14k and it was the best result in October since 2007. The data confirm that demand for labour by companies remains strong and trends in job creation strengthened over the last few months. In our opinion, this trend could, however, lose momentum – entrepreneurs are already facing problems with finding employees, which indicate a demand-supply mismatch, a growing labour market squeeze and higher wage pressures. Decent pace of growth of disposable incomes – together with positive consumer confidence – supports our forecasts for sound private consumption in the remainder of 2015 and in 2016.

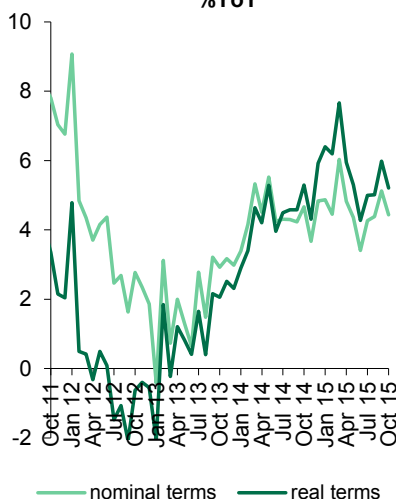
Employment in corporate sector
(Jan=100)



The pace of employment growth in the enterprise sector accelerated in October to 1.1% YoY from 1.0% YoY in previous month, while the market expected it to stabilize. On monthly basis the number of workplaces increased by 14k and it was the best result in October since 2007. The data confirm that demand for labour by companies remains strong and trends in job creation strengthened over the last few months. In our opinion, this trend could, however, lose momentum – entrepreneurs are already facing problems with finding employees, which indicate a demand-supply mismatch and a growing labour market squeeze. As a consequence, in our view, the pace of employment growth could slow in the next few quarters.

Wage growth decelerated to 3.3% YoY in October from 4.1% YoY vs. market consensus at 3.6% YoY. In our view, this was mainly due to shift in bonus payments in mining (some mining companies paid part of extra salary in September) and negative working days effect that influenced those who are on the piecework. Overall, wages continue to grow at the moderate pace 3.5% YoY on average and we expect this to be sustained in the months to come or even accelerate as the number of people willing to work diminishes.

Wage bill in corporate sector,
%YoY



The wage bill rose 5.2% YoY in real terms. Decent pace of growth of disposable incomes – together with positive consumer confidence – supports our forecasts for sound private consumption in the remainder of 2015 and in 2016.

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