

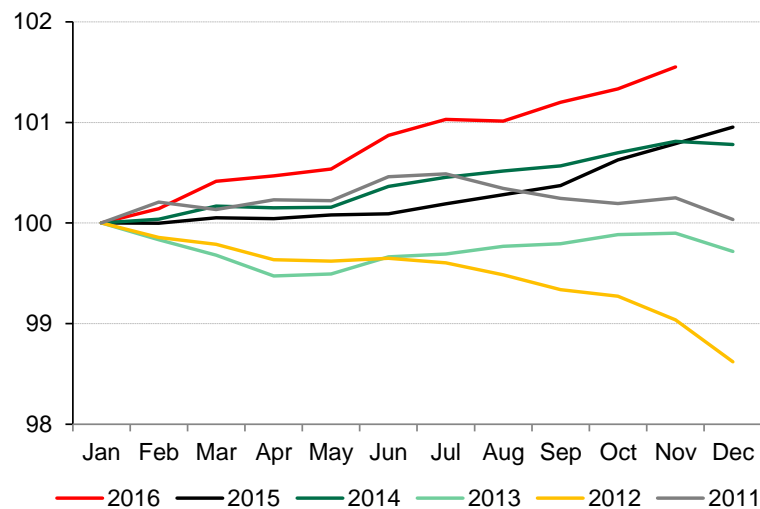
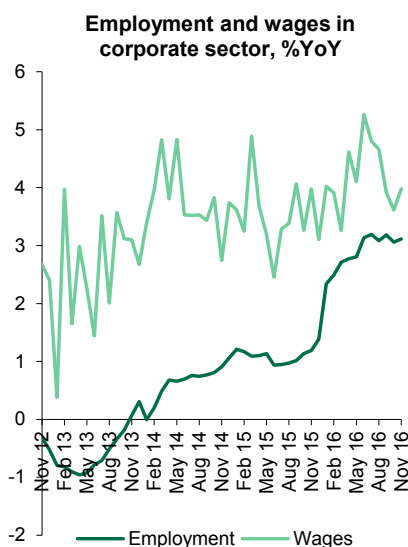
INSTANT COMMENT

16 December 2016

Solid employment and wages

Average employment growth in the corporate sector stabilized in November at 3.1% y/y (market consensus 3.0%), while average wage growth accelerated to 4.0% y/y (consensus 3.9%) from 3.6% in October. The latter was to some extent affected by the calendar effect (number of working days was lower y/y in October) and wage hikes in retail trade. With the unemployment rate already at record low level (5.7% according to LFS data) and deepening shortage of available workforce, we expect to see growing wage pressure in the coming months. However, inflation will pick up as well (CPI above 1% y/y already in January), so the real purchasing power of households will not accelerate significantly next year, we think. Still, the private consumption will remain the main driver of economic growth in the nearest quarters, and it may weaken in 2H17 after the positive effect of 500+ programme wanes. As regards employment growth, it looks really impressive again, however we think that data from the corporate sector may be a bit misleading due to the fact that some companies offered their employees to change the type of labour contracts after recent law changes (from civil law contracts to regular employment). Meanwhile, the Labour Force Survey (which should be immune to such effect, as it counts all employed regardless of contract type) suggests that the number of employed stalled in 3Q16.

Employment in the corporate sector (Jan=100)



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