

ECONOMIC COMMENT

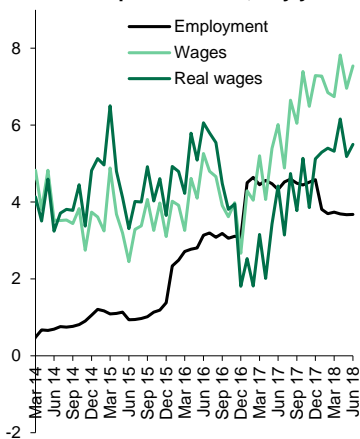
17 July 2018

Employment growth holds, wage growth accelerates

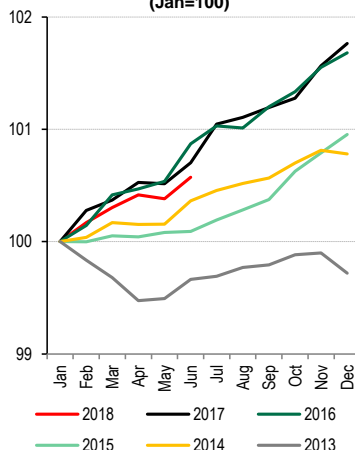
In June, wages in the corporate sector accelerated to 7.5% y/y from 7.0% y/y. It was a slightly slower pace of growth than we estimated (7.7% y/y), but much higher than the market consensus of 7.0% y/y. In our view, wage pressure is still present in the economy and we might soon see wage growth breaching 8% y/y. Employment still rose 3.7% y/y, but we expect a deceleration in 2H18. With real wage bill rising 9.4% y/y in June we still can count on increases in private consumption of c5% y/y in 2Q and the following quarters.

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Employment and wages
in corporate sector, % y/y



Employment in the corporate sector
(Jan=100)



In June, wages in the corporate sector accelerated to 7.5% y/y from 7.0% y/y. It was a slightly slower pace of growth than we estimated (7.7% y/y), but much above the market consensus of 7.0% y/y. In our opinion, the June reading shows the continuation of acceleration of wages, after a few months when disturbances from calendar effects were making it difficult to observe the trend. We believe that the next reading could break above 8% y/y and by the end of the year, wage growth could reach c9-10% y/y.

In June, employment maintained its 3.7% y/y pace of growth observed since February. The m/m growth at 0.2% (or 12k) was the same as in June last year after the previous release showed the lowest employment increase for May in nine years. The June figure alone does not seem to show that the record low unemployment rate is curbing employment growth, but we expect the deceleration to come in 2H18.

Rise in real wage bill by 9.4% y/y in June (up from 9% in May) presents continued comfortable income situation of households and suggests that we still can count on increases in private consumption of c5% y/y in 2Q and the following quarters.

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