

Instant comment

Consumers getting more optimistic

26 August 2013

Retail sales growth accelerated in July to 4.3%YoY, beating expectations, while unemployment rate declined to 13.1%, as expected. The data show that consumers were more eager to spend at the outset of Q3 after a prolonged period of reining in consumption. The CSO survey shows that consumer confidence is growing, reaching highest levels since 2011. It is possible that these events may be due to the beginning improvement on the labour market. If these trends persist, then domestic demand may join the net exports as a driver of economic growth. Interest rate market did not react strongly to these numbers.

Retail sales clearly above forecasts

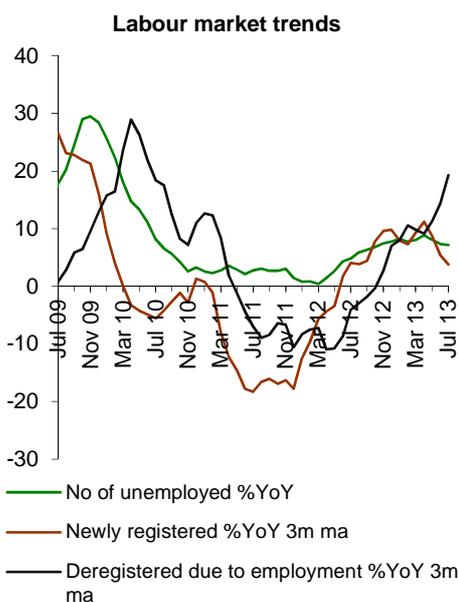
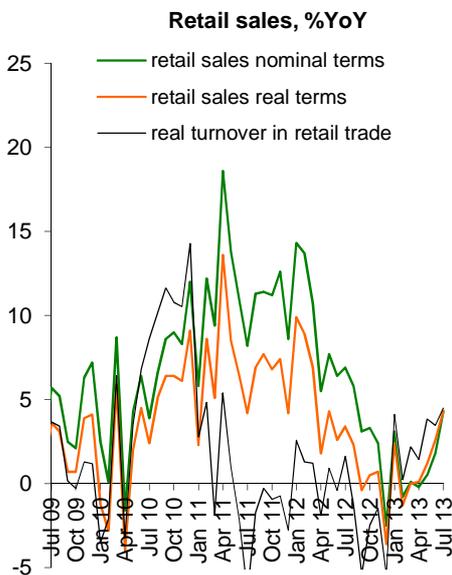
Pace of growth of the retail sales accelerated in July to 4.3%YoY from 1.8%YoY in June, fastest increase since August 2012. The release was clearly above expectations (our forecast at 1.6%YoY, market consensus at 2.8%YoY). In real terms sales increased also by 4.3%YoY, which means prices in retail trade did not change on annual basis. Visible improvement of retail sales was, among others, driven by acceleration on automobiles market (sales of autos increased by 14.4%YoY, fastest increase since February 2012). However, this was not the only engine of a rebound – our estimate of sales excluding autos and fuels showed an increase by 3.9%YoY, nearly twice the pace recorded in previous month and highest since June 2012. Visible improvement was recorded also in case of sales of food, pharmaceuticals, cosmetics and others. Sales of furniture and radio, TV and household appliances maintained decent pace of an increase (5.7%YoY).

Signals of rebound in private consumption are confirmed by data about retail trade turnover (which include also small shops, in contrast with retail sales) – annual growth of this index accelerated in July to 4.5%YoY, the highest level since April 2011.

Unemployment goes down in line with expectations

In July the registered unemployment rate declined to 13.1%, in line with our and market expectations. Number of jobseekers fell to 2.093m and was by 7.2%YoY higher than one year ago and this was the slowest annual pace of growth this year. 111.8k people were removed from unemployment rolls after taking up a job and this number was by 22.3% higher than on year ago. July saw a rather stronger inflow of newly unemployed than in last two months, but still, average for the last period is improving.

We guess that the labour market situation will not be improving as quickly as production in industry, but these data can be viewed as moderately optimistic, as they show signals of reviving demand for labour. In the upcoming months the unemployment rate will probably not fall (or will fall slightly) and after a few months of stabilization will rise, in line with seasonal pattern.



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