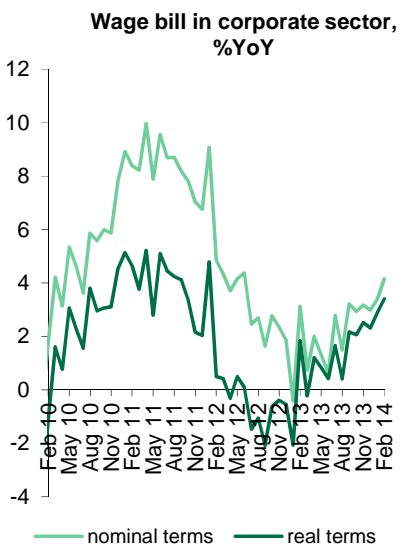
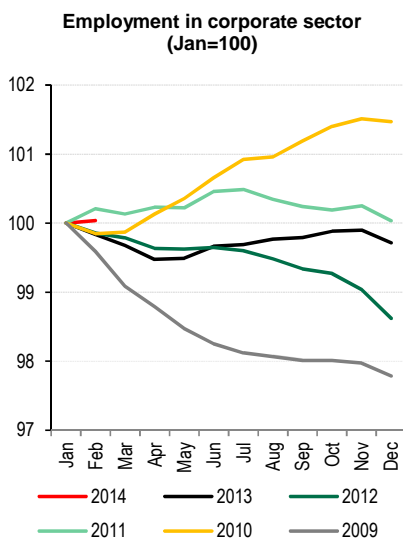


INSTANT COMMENT

18 March 2014

Labour income growth accelerating

Employment in corporate sector expanded in February by 0.2%YoY, while average wages advanced by 4.0%YoY. Employment rose by 2.1k people in monthly terms and this was the first rise of employment in February since 2011, while wage growth was the fastest for the last twelve months. We are expecting that in the upcoming months of the year both growth rates of employment and wages will accelerate, which will be underpinning disposable incomes and should be stimulating the private consumption.



Employment in corporate sector increased in February by 0.2%YoY, in line with market expectations and slightly less than we anticipated (0.3%YoY). It is worth to remind, that a month ago data on employment clearly disappointed (0.0%YoY) and we had explained this by the change of the sample of companies covered, and we had suggested that next months will show an improvement. And it indeed happened in the following month, when 2.1k of workplaces were added on monthly terms – the first increase of employment in February since 2011.

Data on wages surprised to the upside showing growth by 4.0%YoY (vs. our forecast at 3.5%YoY and market consensus at 3.3%YoY). This is the fastest pace of wage growth for twelve months. Total wage bill in corporate sector increased in February by 4.2%YoY in nominal terms and by 3.4%YoY in real terms, highest growth rates since January 2012

One should notice that all main indicators of situation in the labour market are clearly showing an improvement in this segment of economy (registered unemployment rate, LFS survey, data about employment in corporate sector). Thus, we may say with big certainty that economic recovery is effectively boosting the demand for new jobs. Accordingly, we expect that next months will bring further acceleration of growth in both employment and wages. The faster growth of households' labour income will most likely trigger faster expansion of private consumption. In the more distant perspective this will also lead to a gradual acceleration of CPI growth.

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