

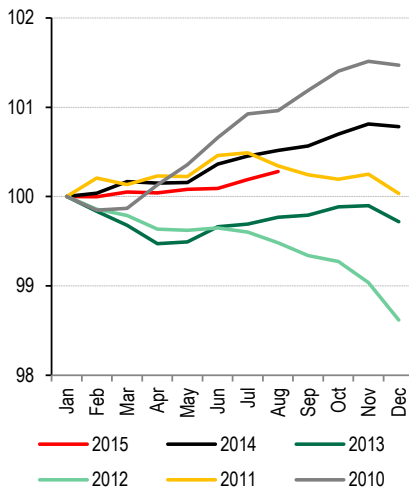
INSTANT COMMENT

16 September 2015

Employment surprised to the upside

Average employment in the corporate sector rose 1.0%YoY in August (vs. 0.9% in July and market expecting keeping that pace unchanged) while wages rose 3.4%YoY, slightly faster than 3.3% in July. In monthly basis employment in the corporate sector rose by 5k and this was the best result since 2007. Today's data confirmed that the labour market is still in a good shape, which is positive for the private consumption in Q3. Core inflation excluding food and energy prices reached 0.4%YoY, flat versus July and in line with expectations.

Employment in corporate sector
(Jan=100)



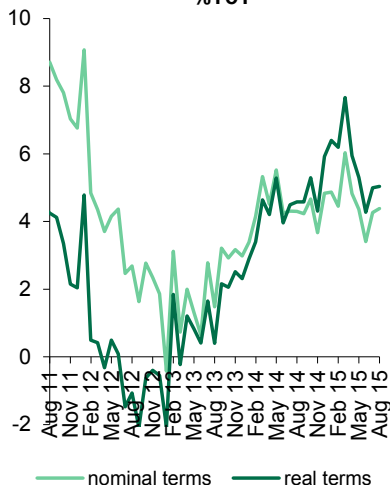
Employment above forecasts

Average employment in the corporate sector rose 1.0%YoY in August (vs. 0.9% in July and market expecting keeping that pace unchanged) while wages rose 3.4%YoY, slightly faster than 3.3% in July and roughly in line with expectations (3.6% expected by us and 3.5% by the market).

On monthly basis employment in the corporate sector rose by 5k and this was the best result since 2007. So far we were rather skeptical as regards the room for more substantial rise in employment and expected a slower pace of growth due to contracting pool of available workers. Weak employment growth seen in 1H15 was in line with our call. Meanwhile, employment is accelerating since July (that was also the best month for a couple of years). Note, however, that the improvement is being recorded basically in only one category – administrative and support service activities. Should the detailed August data (due later in the month) confirm that this is the only area with a sharp rise, then one could not call a trend reversal for the whole sector.

Data on wages did not bring much to the macroeconomic picture and they only confirmed the positive tendencies drawn in earlier months – wage growth is moderate, supporting rise of households' purchasing power. Wage bill in the corporate sector rose by 4.4%YoY in nominal terms and by 5.2%YoY in real terms in August. Today's data confirmed that the labour market is still in a good shape, which is positive for the private consumption in Q3.

Wage bill in corporate sector,
%YoY



Core inflation in line with expectations

Core inflation excluding food and energy prices reached 0.4%YoY (unchanged compared to July), after decline in prices by 0.1%MoM. The outcome was in line with our and market expectations. Other core measures, i.e. inflation after excluding administrative prices and inflation excluding the most volatile prices showed gradual increase in annual terms to -0.9% (from -1.0% in July) and -0.1% (from -0.2%), respectively.

In our view, core inflation after excluding food and energy prices will continue muted upward move towards c1%YoY in December 2015 and further to c1.3%YoY at the end of 2016.

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