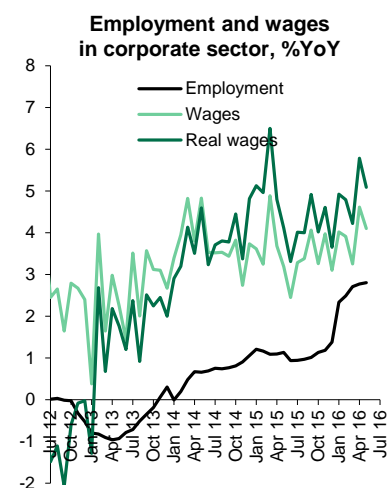
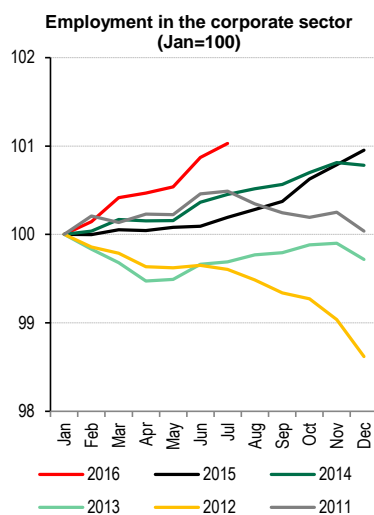


INSTANT COMMENT

17 August 2016

Wages surprised, employment in line with expectations

Wages in the corporate sector grew in July by 4.8% y/y, less than in June (5.3% y/y), but above our forecast (4.1% y/y) and the market consensus (4.5% y/y). On the other hand, Employment in the corporate sector rose 3.2% y/y in July, in line with our forecast and market consensus. In monthly terms employment rose by 9k, the strongest rise since 2010. Data on employment show a constant strengthening of labour demand. Without the detailed structure of wage growth, it is difficult to judge whether July's surprise once again resulted from one-off effect (e.g. shifted payments of bonuses) or in general increase in wages. We will say more on this topic after the Statistical Bulletin release later this month. The favourable situation of the labour market will be positive for the private consumption and GDP growth in Q2 and Q3.



Employment in the corporate sector rose 3.2% y/y in July, in line with our forecast and market consensus. In monthly terms employment rose by 9k, the strongest rise since 2010. Since January employment increased by 59k, the best result since 2007. Data on employment show a constant strengthening of labour demand although one should remember that this trend may be to some extent distorted by the change in the forms of employment. LFS data show that employment is growing c1% y/y and this is a good result as well.

Wages in the corporate sector grew in July by 4.8% y/y, less than in June (5.3% y/y), but above our forecast (4.1% y/y) and the market consensus (4.5% y/y). We expected a significant slowdown in wages growth due to two factors: (1) the negative effect of working days, which had a negative impact on salary of piece workers; (2) the June's result was underpinned by delayed payments of bonuses in manufacturing of coke and refined petroleum products. Without the detailed structure of wage growth, it is difficult to judge whether July's surprise once again resulted from one-off effect (e.g. shifted payments of bonuses) or in general increase in wages. We will be able to say more on this topic after the Statistical Bulletin release later this month.

The real wage bill in the enterprise sector rose by 9.1% y/y in July, which was the second-best reading since 2008. The favourable situation of the labour market will be positive for the private consumption and GDP growth in Q2 and Q3.

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