

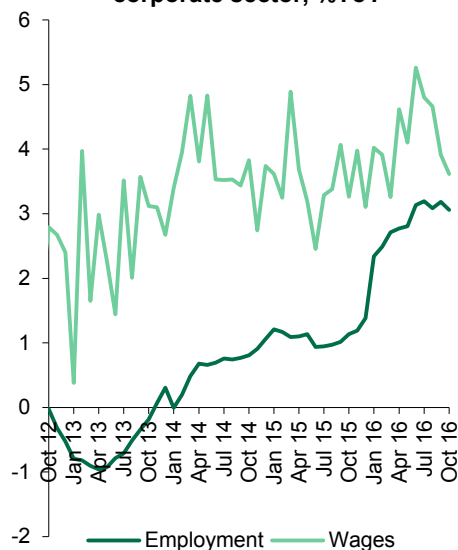
INSTANT COMMENT

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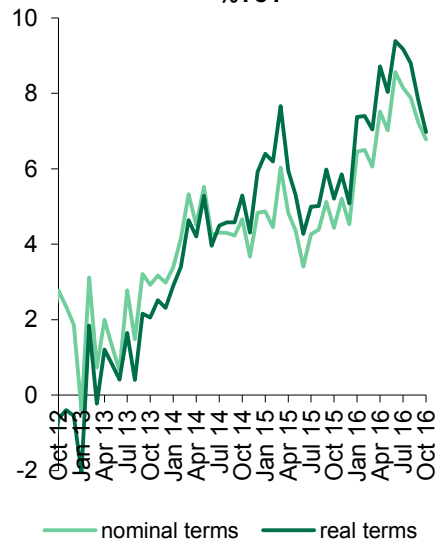
Wage growth slowing despite strong employment

Average employment growth accelerated in October to 3.1% y/y, in line with our forecast and market consensus. Meanwhile, average wage growth decelerated to 3.6% y/y, lowest pace since March, versus expected acceleration to 4.2% y/y. To some extent, the slowdown may be explained by lower number of working days in October. But in general, the situation in the labour market is quite puzzling – the number of jobs has been growing quickly, despite slowing output and investments, while wage pressure has remained very moderate, despite unemployment already at all-time lows and very common companies' complaints that it is virtually impossible to find new workers. Perhaps the pace of wage increases is still being constrained by the significant inflow workers from Ukraine. Nevertheless, we think that wage growth will finally have to accelerate due to deepening problem with shortage of available labour force (to be amplified next year by reduction of retirement age). Overall, situation in the labour market is still good, and labour income growth quite decent, although it has decelerated slightly in recent months – from 9.4% y/y in real terms in June to 7.0% y/y in October. The data are neutral from the monetary policy point of view.

Employment and wages in corporate sector, %YoY



Wage bill in corporate sector, %YoY



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