

| Instant Reaction |

EcoAlert

Unemployment breaks yet another record



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Share of unemployed – November 2017

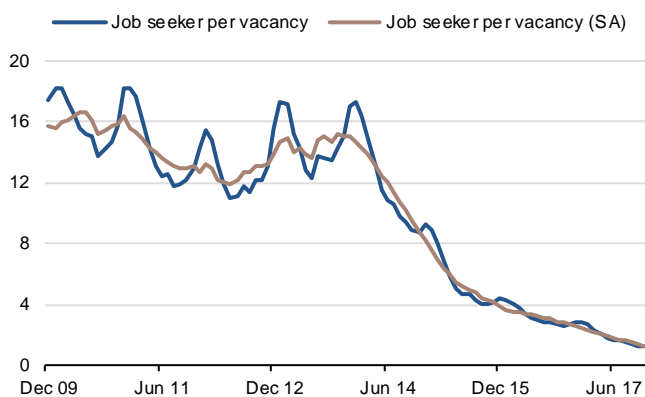
	Actual	KB forecast	Consensus (Bloomberg)
Share of unemployed (%)	3.5	3.5	3.5

Source: Bloomberg, MLSA, Economic & Strategy Research, Komerční banka

The share of unemployed broke another record in November, when it dropped to its lowest level at 3.5%. The number of vacancies did not lag behind, surpassing October's maximum. Therefore, finding a suitable work force is increasingly difficult for companies. However, given the negative seasonal factors, we expect the share of the unemployed will rise again from December.

The share of the unemployed fell again in November despite unfavourable seasonality. The indicator declined by another tenth to its historically lowest level of 3.5%. The number of vacancies has developed favourable, as well, surpassing its October record and rising by almost another 4,000 (to 213,790). The number of jobseekers per vacancy declined to 1.1 in November. The situation on the Czech labour market has therefore never been better. However, this complicates the life of companies, which are finding it increasingly difficult to source a suitable work force. If they want to meet rising demand, they will have to replace the labour force with capital.

Finding a job is the easiest it's been in Czech history



Source: MLSA, Macrobond, Economic & Strategy Research, Komerční banka

The share of unemployed broke another record










Source: MLSA, Macrobond, Economic & Strategy Research, Komerční banka

However, we expect seasonal factors to play a negative role as of December, so the number of unemployed on the labour market will increase again. These negative seasonal effects will start to fade in the spring, when seasonal works begin. The unemployment rate is set to fall even below 3.5% next autumn. Declining unemployment will continue to exert pressure on wage growth and increase the appetite of households to spend. Real wages will, therefore, increase 4.2% this year and next year, in our view.




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









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