

| Instant Reaction |

EcoAlert

The share of unemployed surprised with a stronger decline



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Share of unemployed – February 2018

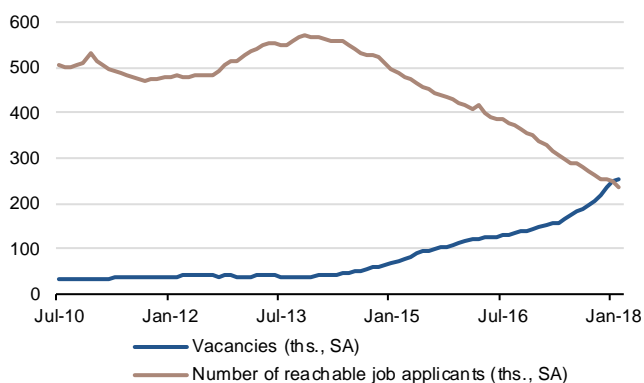
	Actual	KB forecast	Consensus (Bloomberg)
Share of unemployed (%)	3.7	3.8	3.8

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

The share of unemployed has turned south again after taking a two-month break. In February, it cut two ticks. The number of vacancies keeps growing and is approaching the number of reachable unemployed. That corroborates the view that the situation on the labour market is extremely tight, which should be visible in the wage statistics for 4Q17 released tomorrow. We expect an increase on the back of a surge of salaries in the public sector.

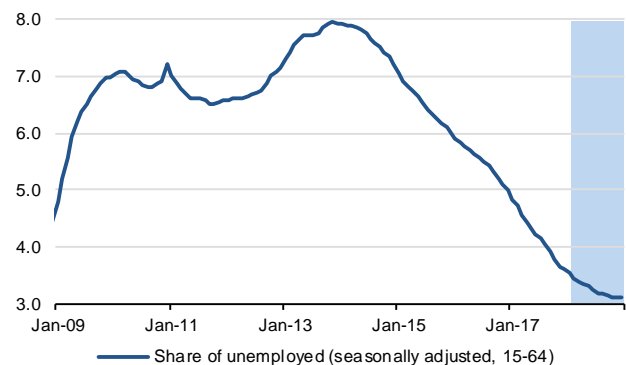
Despite unfavourable seasonal effects, the share of unemployed cut two ticks in February after taking a two-month break. It reached 3.7% and surpassed the market's expectations. After seasonal adjustment, the share of unemployed dropped to 3.4%. We also see another increase in the number of vacancies, which reached almost 240,000. That figure is already very close to the number of reachable applicants (258,000), thus showing that the situation on the labour market remains very tight. **There is a lack of both skilled and unskilled workers. We see a shortage of an available labour force in industry and especially in the construction sector.** We fear that the lack of available workers might curb the potential recovery of the construction sector. The labour offices recorded a decline of unemployment in 75 districts while an increase was recorded in only two.

The number of vacancies grows and is already higher than the number of reachable job applicants after calendar adjustment



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

After a short break, the share of unemployed aims south again (%)



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

The stretched situation on the labour market has passed through to wage growth. According to our estimate, wages increased 7.8% yoy in 4Q17. The surge in public sector salaries played

a role to a gross extent. Together with record low unemployment, the increase in public salaries will propel wage pressures in the private sector, as well.

As of March, seasonal factors will push the share of unemployed downward. It should hit its bottom in October, when it will approach 3%, in our view. The average in 2018 should record 3.3% after last year's 4.1%.

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