

November Data Say Recovery on Track

By [The Moscow Times](#)

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The government released stronger than expected unemployment and wage statistics Friday, showing the economy on track and adding to the case for a rise in interest rates early next year.

The November jobless rate fell to 6.7 percent, the State Statistics Service said, well below a Reuters poll forecast of 7 percent. Real wages rose 3.2 percent year on year in November, more than double analysts' expectations.

A capital investment rise of 8.4 percent year on year was slightly short of analysts' expectations, while growth in retail sales was broadly in line with forecasts at 4.6 percent.

"The data show the fourth quarter will be better than the third quarter, but they are in line with 2010 forecasts," said Ivan Tchakarov, chief Russia economist at Bank of America Merrill Lynch.

A mix of high Russian inflation and strong industrial output data earlier in the week boosted

expectations of a Central Bank move, with some analysts predicting the regulator would start by increasing its overnight deposit rate as soon as next week.

But analysts said the data were unlikely to prompt the bank to bring forward a rise in the benchmark refinancing rate, which is widely expected early in the first quarter of 2011. Rates are now at a record low of 7.75 percent.

“There is a positive trend to the data, but there is no overwhelming argument for an immediate rate increase,” said Yulia Tseplyayeva, chief economist for Russia and CIS at BNP Paribas, who predicted a hike in the refinancing rate in March.

The number of people unemployed in Russia was 5 million at the end of November, down from 5.1 million in October, the jobless rate falling to 6.7 percent from 6.8 percent over the month.

Unemployment has fallen from its post-crisis peak of 7.1 million in February 2009, when 9.4 percent were unemployed, but has yet to match its 2008 low of 4.1 million, or 5.4 percent.

Prime Minister Vladimir Putin on Thursday said Russia’s recovery was on track and that economic output was set to regain pre-crisis levels in the first half of 2012. GDP will grow by up to 4 percent this year after a contraction of 7.9 percent in 2009, he said.

Average wages earned by Russians rose 11.5 percent in nominal terms year on year in November to 21,599 rubles (\$700) per month, figures that are likely to increase concern about inflation, which officials expect at around 8.5 percent for 2010.

Real wages adjusted for inflation, rose 3.2 percent on the year, compared with analysts’ expectations for a 1.5 percent increase.

Completions of housing units, which typically peak toward the end of the year, were up 27.6 percent in November versus the previous month and 3 percent higher year on year.

Capital investment rose by 8.4 percent year on year in November to 957.7 billion rubles (\$31.2 billion), short of a poll forecast of 9.7 percent rise, the figures showed.

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