

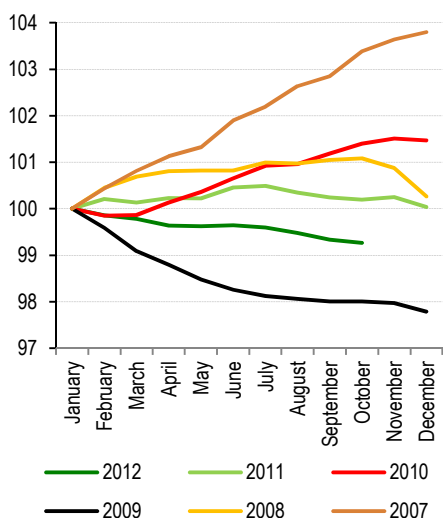
Instant comment

Labour data weak, but better than expected

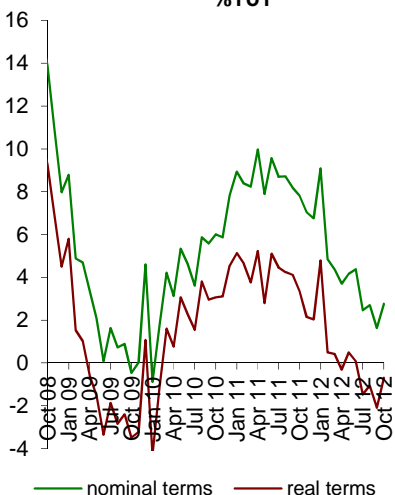
19 November 2012

October's labour market data proved to be slightly better than expected (employment unchanged on an annual basis, corporate wages grew by 2.8%YoY), but they do not herald a change of job market tendencies, visible for a couple of quarters. In our view, the situation on the Polish labour market will remain weak in the upcoming quarters, which means bleak prospects for a higher growth in private consumption and hence no demand-pressure risk for inflation. The figures did not influence the Polish market.

Employment in enterprise sector (Jan=100)



Wage bill in corporate sector, %YoY



The annual pace of growth of employment reached 0.0%, fourth month in a row and was slightly higher than expected (our forecast and market consensus pointed to -0.1%YoY). Still, it is worth to underline that in nominal terms the employment was lower than a year ago (5510k versus 5512k in October 2011). On monthly terms 4k of people lost their jobs and since the beginning of the year the figure amounts to already 41k people. These numbers clearly show that demand for labour is very weak. Detailed data released by the CSO from previous periods showed that such sectors like construction output and retail were most eagerly cutting jobs. This is a sign that domestic factors played the main role. Export oriented sectors (automobiles, furniture, electronics) so far did not reduce employment visibly. However, strong decline of output in this sectors suggest that there is a possibility for further job cutting in coming months. Consequently, it is hard to expect fast improvement of situation on the Polish labour market.

The rate of growth of wages in the corporate sector accelerated from 1.6%YoY to 2.8%YoY, slightly better than market expectations (2.5%) and our (1.7%). We believe that the higher rate of growth is mainly due to statistical effects - in October the number of working days was higher and in September lower than last year, which had a positive impact on the average salaries of employees who do piece-work. Wage growth remains moderate (in terms of real decrease), reflecting the absence of risk of second round effects.

The wage bill has increased nominally by 2.8%YoY but in real terms fell by 0.7%YoY. Decline in the real purchasing power of Polish consumers will translate into a negative private consumption in Q4 of this year.

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