

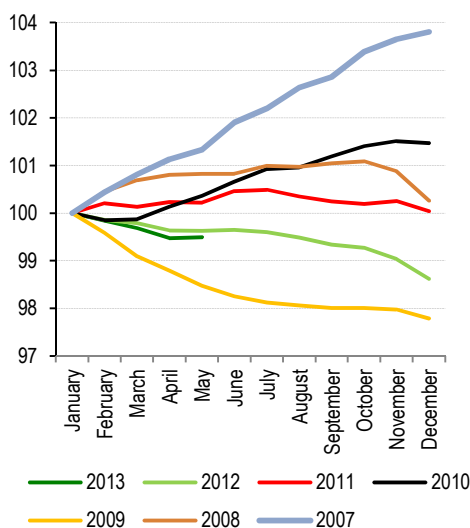
Instant comment

Labour market is still weak

17 June 2013

Employment in corporate sector in May was slightly above, while wages were slightly below expectations. Data do not change our assessment of situation in the labour market and should not be an obstacle to cut rates again in July. In line with our predictions, the figures did not affect the trade significantly.

Employment in enterprise sector (Jan=100)

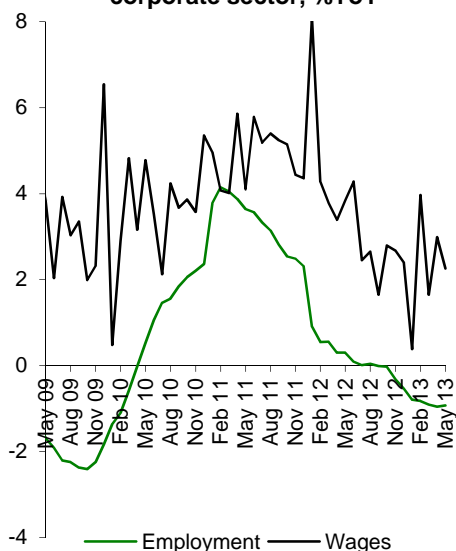


Average employment in corporate sector in May amounted to 5479k jobs and was marginally (by 1k) higher than in April. In due course, annual employment growth amounted to -0.9%YoY in May and was slightly above our expectations and median of market forecasts at -1.0%YoY. Even though in May a long-lasting tendency of declining employment was interrupted (see the margin chart), we cannot say that this was a persistent effect. This change may be due to longer winter, which caused that some seasonal jobs (e.g. in construction) appeared later than usually (in May instead of April). We still cannot say there was a marked revival of demand for labour in the Polish corporate sector.

Average wage in corporate sector increased in May by 2.3%YoY, slower than it was expected (our forecast at 2.7%, market consensus at 2.6%). Let us remind that one month earlier the data on April's wage growth surprised to the upside (showing 3.0%YoY). However, we argued then that this might have been due to the effect of higher number of working days (in some companies the wage depends on the number of working hours) and next months are likely to bring slower pace of growth – so far this is actually happening. May's data confirms that amid weak demand the enterprises do not rush to increase wages.

Total wage bill in enterprise sector increased in May by 1.3%YoY in nominal terms and by 0.8%YoY in real terms. In the following months we expect the pace of growth of households' labour income to stay at moderate level. This will constrain the pace of growth of consumption, but not that severely as at the turn of 2012 and 2013.

Employment and wages in corporate sector, %YoY



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