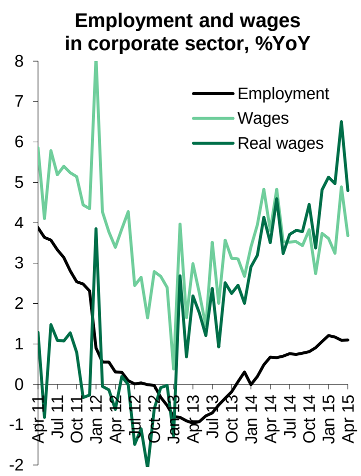
Bank Zachodni WBK
Grupa Santander

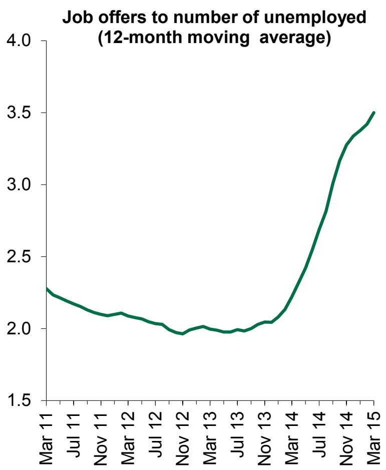
# INSTANT COMMENT

19 May 2015

## Labour market data following the trend

**In April employment in the corporate sector rose in line with expectations by 1.1% YoY while wages rose 3.7% YoY, roughly in line with market consensus and well below our forecasts (5.0% YoY). Our high forecast for wages was justified by situation in mining where one company paid bonuses earlier than usually while the other was working overtime to make up for suffered due to strikes at the beginning of the year. It could have been the case, that part of companies decided to pay bonuses before Easter (that is in March) and this has neutralized the effect of higher wages in mining. Overall, the April's pace of growth is in line with the earlier releases and is not a big disappointment and suggests the trend continues. The pace of employment growth is not accelerating, and in monthly terms the number of workers decreased. Since the beginning of the year, employment in the enterprise sector increased by 2.4k people, while in the same period of 2014 it was 8.4k. It suggests that trend in employment is weakening and that we may be facing a shortage of workers. We assume positive trends to continue later in the year – employment growing c1% YoY and wages 3-4% YoY which should support private consumption. Today's release did not influence the market.**

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Our high forecast for wages was justified by situation in mining where one company paid bonuses earlier than usually (KGHM) while the other (JSW) was working overtime to make up for losses suffered due to strikes at the beginning of the year. We do not know yet what has happened in the other mining companies nor details concerning other segments of the economy. Thus, it is hard to say whether today's number was below our forecast due to mining or other sectors. It could have been the case, that part of companies decided to pay bonuses before Easter (that is in March) and this has neutralized the effect of higher wages in mining and inflated wages growth in the corporate sector in March (when wages grew 4.9% YoY). Overall, the April's pace of growth is in line with the earlier releases and is not a big disappointment, suggesting a continuation of positive trend.

Meanwhile, the pace of employment growth is not accelerating, and in monthly terms the number of workers decreased. Since the beginning of the year, employment in the enterprise sector increased by 2.4k people, while in the same period of 2014 it was 8.4k. It suggests that trend in employment is weakening. However, this does not necessarily imply a weaker condition of corporate sector and the decline in demand for labour - fast drop in the registered unemployment rate and an increase in unfilled jobs compared to the number of unemployed show rather that we may already be facing a shortage of workers, which in the medium term could translate into an increase in wage pressure.

The growth rate of real wage bill in the enterprise sector decreased in April to 6.0%YoY, the lowest since December 2014. However, it still remains at a high level, favourable for the private consumption growth.



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