

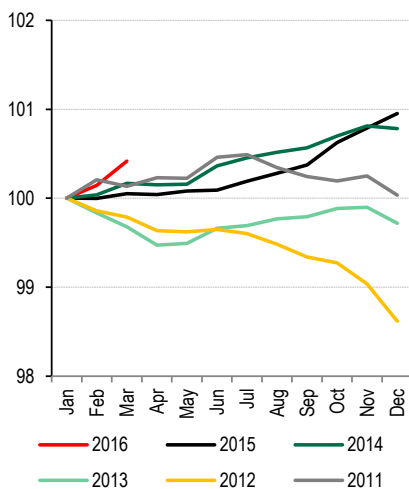
# INSTANT COMMENT

18 April 2016

## Employment above expectations

In March employment in enterprise sector increased by 2.7% y/y, more than our (2.6%) and market (2.5%) expectations, while wages grew by 3.3% y/y, roughly in line with market consensus (3.4% y/y) and below our forecast (3.7% y/y). On monthly basis number of workplaces in the corporate sector increased by as much as 15.5k and it was the best March since 2007. We think that the slowdown in wage growth compared to February (3.9% y/y), mainly stemmed from weaker working-day effect. We think that sound fundamentals of the Polish economy will continue to fuel the demand for labour although the pace of employment growth may decelerate as the stock of the qualified labour force is drying up (which should put an upside pressure on wages). This effect, however, could be partly neutralized by the more intensified immigration and we have already seen this process strengthening recently.

Employment in corporate sector  
(Jan=100)

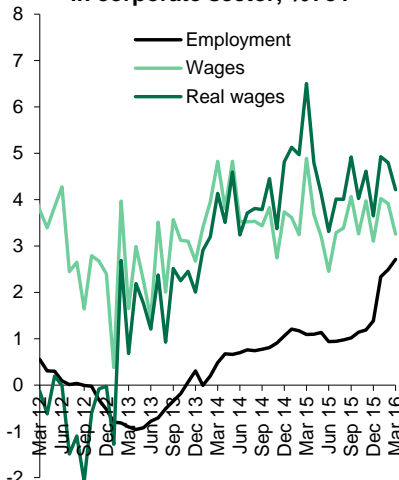


In March employment in enterprise sector increased by 2.7% y/y, more than our (2.6%) and market (2.5%) expectations. On monthly basis number of workplaces in the corporate sector increased by as much as 15.5k and it was the best March since 2007. These data show that the demand for labour remains strong, and has even strengthened in 1Q16.

Wages in enterprise sector grew by 3.3% y/y, roughly in line with market consensus (3.4% y/y) and below our forecast (3.7% y/y). We think that the slowdown in wage growth compared to February (3.9% y/y), mainly stemmed from weaker working-day effect.

Real wage bill in the corporate sector rose 7.0% y/y in March. Decent pace of growth of the households' incomes supported private consumption in 1Q16. We think that sound fundamentals of the Polish economy will continue to fuel the demand for labour although the pace of employment growth may decelerate as the stock of the qualified labour force is drying up (which should put an upside pressure on wages). This effect, however, could be partly neutralized by intensified immigration and we have already seen this process strengthening recently. We think pace of employment growth could accelerate temporarily and should ease later in the year. At the same time, pace of wage growth might rise to 4-5% y/y.

Employment and wages  
in corporate sector, %YoY



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