

INSTANT COMMENT

16 June 2016

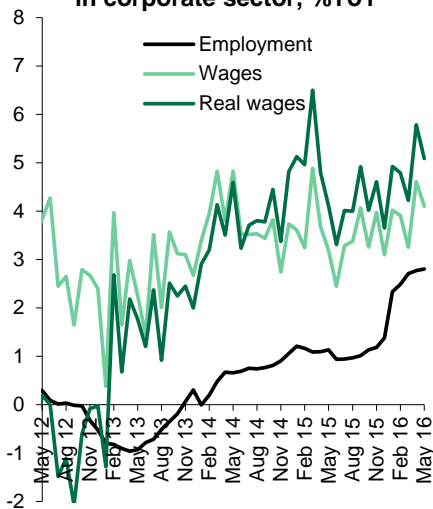
Labour market in shape but wages dissatisfied

In May employment in the corporate sector reached 5734k (+2.8% y/y, in line with expectations). On monthly basis employment rose 3.9k and this was the best result in May since 2010. Data confirmed that demand for labour remains strong.

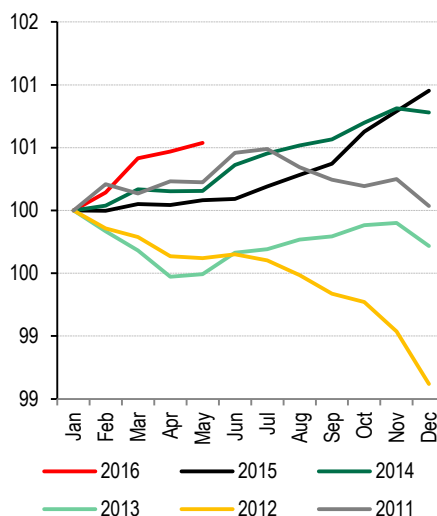
At the same time, data on wages disappointed – salaries rose 4.1% y/y, below expectations (we expected 4.8% y/y, consensus was at 4.6% y/y). As we know no detailed breakdown of growth within sectors yet, we cannot say which one is to blame. However, we were expecting an acceleration of wages due to increases in big trade chains. We cannot rule out that we were too optimistic as regards scale of wage raises or that the corporate sector's results was dragged down by another branch – e.g. mining (annual growth rate of wages in that sector is the most volatile). In general, wage growth in May was above average growth in 2015 (3.5% y/y) and in 1Q2016 (3.7% y/y) and we expect that it will be accelerating in the following months given the fact that Polish economy is approaching a state of full-employment.

Wage bill in the corporate sector increased in May by 7.0% y/y in nominal terms and by 8.0% y/y in real terms. High growth of incomes will be supportive for private consumption throughout 2016.

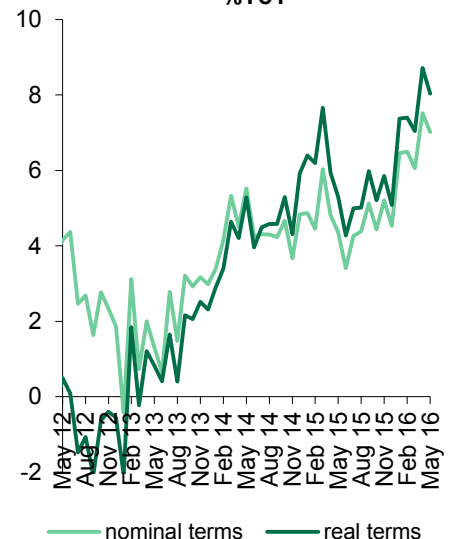
Employment and wages in corporate sector, %YoY



Employment in corporate sector (Jan=100)



Wage bill in corporate sector, %YoY



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