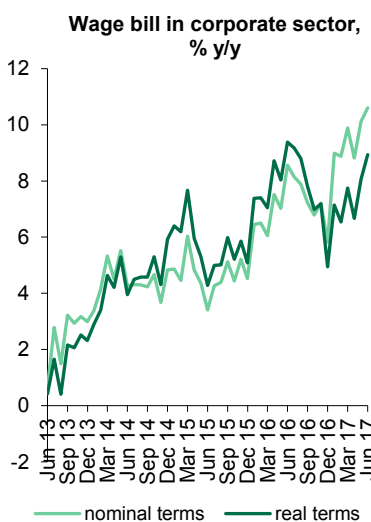
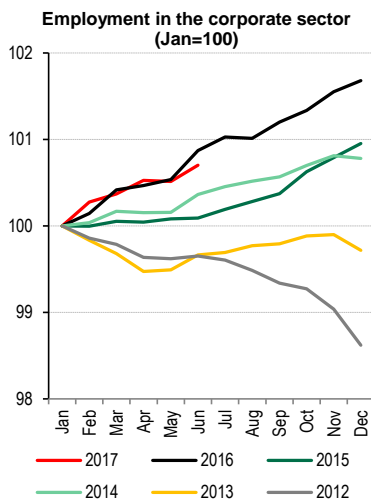


# INSTANT COMMENT

18 July 2017

## Wage growth highest in 5 years

Employment in corporate sector reached 6mn in June after an increase of 4.3% y/y (in line with consensus and versus our estimate at 4.2% y/y). On a monthly basis, employment increased by 11k, quite solidly, though less than last year (19k). Wage growth in corporate sector accelerated sharply to 6.0% y/y in June, much above our forecast (4.6% y/y) and market consensus (5.0% y/y), and was the highest since January 2012. Real wage bill in corporate sector rose 8.9% y/y in June, the fastest pace since July 2016. Solid rise in wages should have supported private consumption in 2Q and this should work later in the year. Rising wage pressure was mentioned by some of the MPC members as a factor bringing the decision to hike rates forward and we think these data will be watched closely by Polish central bankers. We expect the first hike in late 2018.



Employment in corporate sector reached 6mn in June after an increase of 4.3% y/y (in line with consensus and versus our estimate at 4.2% y/y). On a monthly basis, employment increased by 11k, quite solidly, though less than last year (19k). Demand for work remains strong, although positive trends on the labour market are slowing down due to increasing problems in finding skilled labour force. The lack of manpower is becoming an increasingly important growth barrier for the Polish economy, according to the report published today morning by the National Bank of Poland.

Wage growth in corporate sector accelerated sharply to 6.0% y/y in June, much above our forecast (4.6% y/y) and market consensus (5.0% y/y), and was the highest since January 2012. At this stage, we do not know the detailed data by sectors, so it is hard to say what was the reason of such a sharp acceleration in wage growth. However, the sudden nature of the move suggests that one-off factors were in play – for example, bonus payments in mining or mining-related branches of manufacturing. It cannot be ruled out, however, that the wage pressure has been intensifying in Poland. More details will become known after the release of the Statistical Bulletin next week. One should note, however, that according to the NBP's recent report on business conditions the wage pressure has stopped rising, mainly due to immigration from Ukraine (immigrants have lower bargaining power) and payments of 500+ subsidies, which boosted households' revenues.

Real wage bill in corporate sector rose 8.9% y/y in June, the fastest pace since July 2016. Solid rise in wages should have supported private consumption in 2Q and this should work later in the year.

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