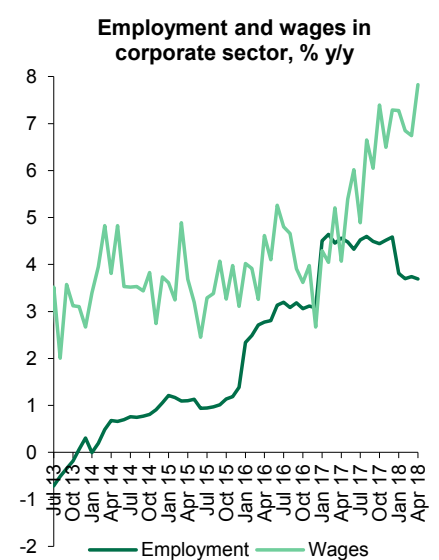
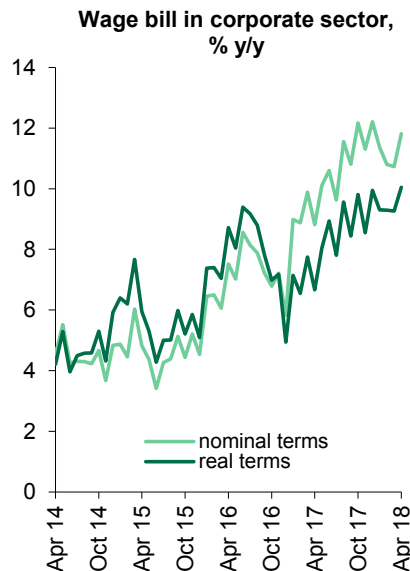
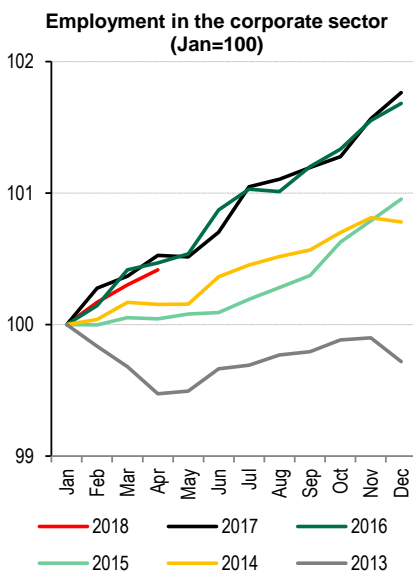


ECONOMIC COMMENT

18 May 2018

Wage growth surprised to the upside

Wage growth surprised to the upside in April, rising by 7.8% y/y versus our expectations at 7.4% y/y and market consensus at 7.2% y/y. In our view, wage growth was underpinned by positive working day effect and pay rises in mining. We gather that a further acceleration of wages is possible in the months to come and this may come as a surprise for NBP president Adam Glapinski, who has recently stressed that wage growth surprised to the downside in March and there is no wage pressure in the economy. Note that the NBP projection assumes wage growth to anchor at 7% y/y this year. Employment growth was flat at 3.7% y/y, in line with expectations. We are expecting employment growth to be slowing down towards 3.0% y/y in the months to come. Wage bill rose by 10.0% y/y in real terms, at the fastest pace since 2008. Strong growth of disposable income will warrant strong growth of private consumption (near 5% y/y).



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