

18 September 2018

Economic Comment

The lowest wage bill growth in a year

Corporate sector employment rose 3.4% y/y in August as we expected, (consensus saw 3.5%). Wages were growing slower than in July, 6.8% y/y vs 7.2% previously, partly due to trading day differences. We thought the slowdown would reach 6.9%, consensus pointed at 7%. We could see an acceleration to close to 9% by year-end. Wage bill in the corporate sector corrected for inflation rose 8.2% y/y in August, the slowest pace since July 2017. However, we expect the wage bill growth to pick up in the months to come to above 10% y/y still in 2018. These are not readings that could affect the MPC or make us change our view on labour market outlook.

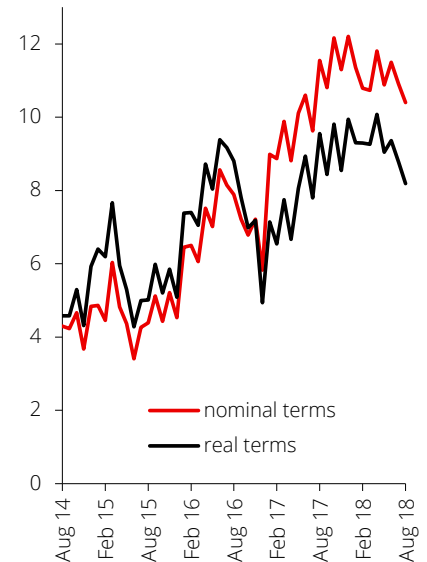
Corporate sector employment rose 3.4% y/y in August as we expected, consensus saw 3.5% - the same pace as in July. Wages were growing slower than in July, 6.8% y/y vs 7.2% previously. The slowdown came partly from trading day differences. We thought wages would decelerate to 6.9%, consensus pointed at 7%.

Underlying labour market tightness keeps wages at c7% and by the end of the year we could see an acceleration to close to 9%. Next readings of wage growth should again be above 7% y/y. M/m employment change in August was small compared to the same month of the previous years, -2k vs. +3k on average in years 2013-2017. Bear in mind corporate employment data include immigrants, without them we could see a larger slowdown already, from 3.7% y/y observed in the whole 1H18.

Wage bill in the corporate sector corrected for inflation rose 8.2% y/y in August, the slowest pace since July 2017. However, we expect the wage bill growth to pick up in the months to come to above 10% y/y at the year-end. We have already seen double-digit growth in April 2018 and earlier in 2008.

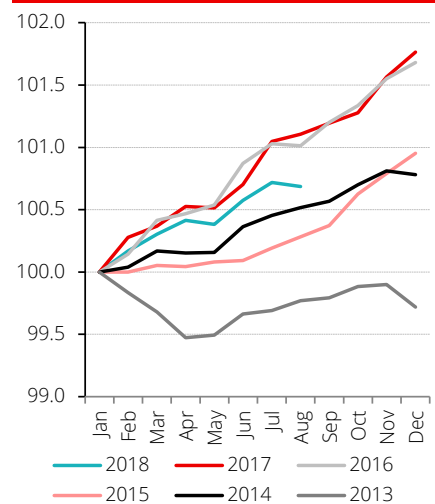
Overall, August wages and employment should not influence the MPC bias and do not change our view for the Polish labour market.

Wage bill in corporate sector, % y/y



Source: Stats Office, Santander Bank Polska

Employment in the corporate sector, Jan=100



Source: Stats Office, Santander Bank Polska

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