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# Economic Comment

## Wage growth leapt higher

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In October, Polish wage growth in the corporate sector accelerated from 6.7% y/y to 7.6% vs. market expectations of 6.7%. We expected 6.9%. This is a big positive surprise after three months of sub-consensus releases. Employment growth stayed at 3.2% y/y, in line with the consensus, while we saw it moving to 3.1%. The data confirm that the labour market remains tight and wage growth might move even higher. Real wage bill bounced back from 8.1% y/y to 9.1%.

### Wage growth leapt higher

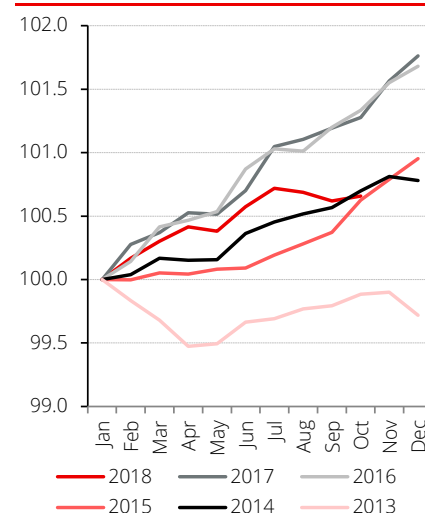
In October, Polish wage growth in the corporate sector accelerated from 6.7% y/y to 7.6% vs. market expectations of 6.7%. We expected 6.9% wage growth, and the highest individual forecast in the consensus was 7.3%. This is a big positive surprise after three months of sub-consensus releases, which might have suggested that wage pressure is already easing. In m/m terms this is the strongest rise of nominal pay in October since 2007. We remind you that a recently released broader measure of wages for 3Q covering national economy, showed further acceleration, unlike the corporate sector data for that period.

As for the employment reading, market was divided if rounding will take the figure from 3.2% y/y to 3.1% or leave it at 3.2%. The latter was the case. Still, the m/m change of employment in the corporate sector was much weaker than the readings for October in the last five years (+2.4k vs. +7.8k 5-year average).

Real wage bill, having spent two months at c8% y/y bounced back to 9.1% in October, approaching the 1H18 average of 9.4%. It could hold the pace in the remaining months of the year which should be supportive for private consumption growth.

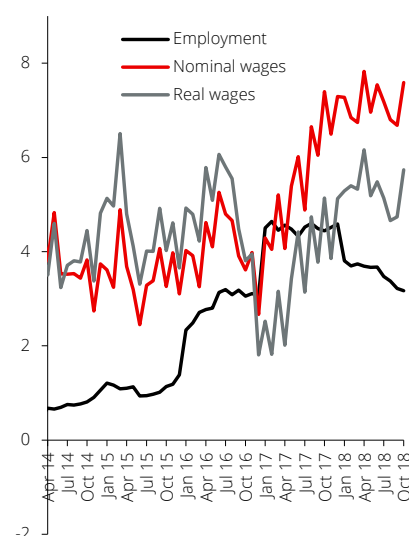
The data confirm that the labour market remains tight and there is still risk wage growth will move even higher. Possible outflow of Ukrainian workers to Germany and wage hikes in the public sector (some already approved) are two risk factors that could lead to such wage acceleration.

### Employment in the corporate sector (Jan=100)



Source: GUS, Santander Bank Polska

### Employment and wages in corporate sector, % y/y



Source: GUS, Santander Bank Polska

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