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Economic Comment

Consumer optimism is rising quickly

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Employment rose by 0.9% y/y in April, slightly below our and market expectations at 1.1% y/y. It was the first positive annual reading since March 2020. Wages advanced by 9.9% y/y, in line with our and market expectations. This was the highest annual growth rate since 2008. These readings were boosted by low base from April 2020. In general, Polish labour market remains robust and this will provide a solid basis for a major consumption rebound in 2H21 - so will the consumer sentiment, judging by the strong improvement in May.

Employment final up y/y, but still a disappointing print

Employment rose by 0.9% y/y in April, slightly below our and market expectations at 1.1% y/y. It was the first positive annual reading since March 2020, but note that low base effects played a major role and employment was still 1.2% lower than in April 2019. In monthly terms employment fell by 13 thousands and this weak result (typically employment is rather stable in April) was probably due to the renewed lockdown starting in March (we think that decline of employment in trade could be the main culprit). In our view May statistics are likely to show some rebound with gradual reopening of consecutive sectors.

Wages advanced by 9.9% y/y, in line with our and market expectations. This was the highest annual growth rate since 2008 and such a high reading is a result of low base from April 2020 coupled with return of wages to the pre-covid trend. We think that wage growth is likely to remain close to 10% in the months to come.

In general, Polish labour market remains robust and this will provide a solid basis for a major consumption rebound in 2H21. So will the consumer sentiment, it seems.

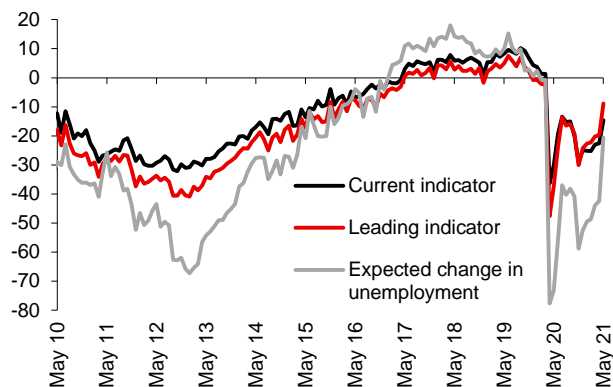
Greatly reduced covid fears among consumers

In May Polish consumers expressed a huge relief in the confidence survey: The current situation gauge jumped 8 pts to -14.6 which means it is now at a similar level that in summer 2020, when people were relaxed about the pandemic. The expectations component went up by 11 pts to -8.9 which is the highest level since March 2020, but still somewhat lower than the average of the last two pre-pandemic quarters at zero.

Several components rose to the highest levels since the start of the pandemic, including the assessment of household's financial situation prospects and economic prospects, the measure of unemployment worries. The latter recorded the largest m/m improvement ever (data collected since 2004).

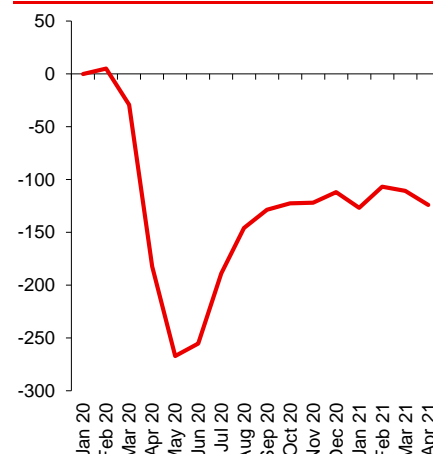
The special covid-related questions confirmed that consumers are equally relaxed now as in the period before the second wave of the pandemic (in terms of risks to own and public health, risk of losing a job/closing a business).

Consumer confidence



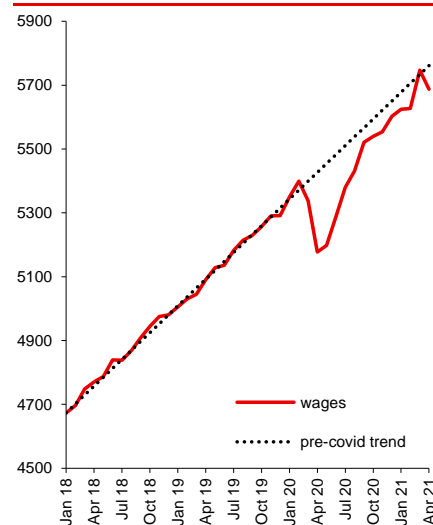
Source: GUS, Santander

Employment, difference vs January 2020, thousand jobs



Source: GUS, Santander

Nominal wages vs pre-covid trend (sa)



Source: GUS, Santander

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