

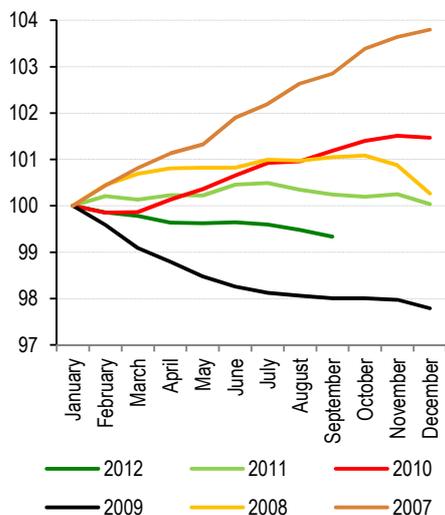
# Instant comment

## Weak labour market data

16 October 2012

The pace of average wage growth in corporate sector decelerated sharply in September to 1.6%YoY and the number of employed declined, for the first time in 2.5 years being lower than one year before. These data support expectations for rate cuts and tomorrow's data on production shall provide even more arguments for easing of monetary policy. The MPC is very likely to cut rates by 25bps in November and by total of 75bps until the end of 1Q 2013.

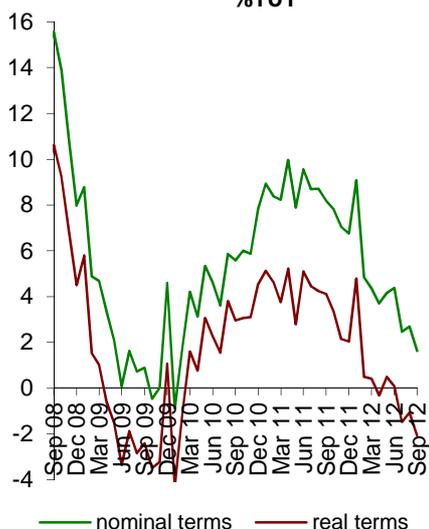
**Employment in enterprise sector (Jan=100)**



The average number of employed in manufacturing sector reached 5.514m in September, that is 8k less than in August. Since the beginning of the year the number of employed declined by 37k versus an increase by 14k recorded in the same period in 2011. The annual pace of growth of employment remained at zero level for the third month in a row. Still, this is just the effect of rounding as in fact the number of employed is below number recorded one year earlier (for the first time in 2.5 years). Data confirmed that so far there are hardly any signs of revival of demand for employees in Polish companies.

Average wage growth decelerated markedly, to 1.6%YoY from 2.7%YoY in August. This result is well below expectations – market consensus and our forecasts indicated a growth of 2.7%YoY. This deceleration may be partly due to the fact that number of working days in September 2012 was by two lower than in September 2011 (wages in some companies depend on number of worked hours). Still, even taking this fact into consideration, the current domestic labour market situation is surely showing no risk that elevated CPI growth may translate into strong wage pressure.

**Wage bill in corporate sector, %YoY**



The wage bill in manufacturing sector increased by 1.6%YoY in nominal terms (weakest growth since January 2010) and declined by 2.1%YoY in real terms. Falling real income of households will continue to have negative impact on individual consumption in the following quarters.

This publication has been prepared by Bank Zachodni WBK S.A. for information purposes only. It is not an offer or solicitation for the purchase or sale of any financial instrument. All reasonable care has been taken to ensure that the information contained herein is not untrue or misleading. But no representation is made as to its accuracy or completeness. No reliance should be placed on it and no liability is accepted for any loss arising from reliance on it. Bank Zachodni WBK S.A., its affiliates and any of its or their officers may be interested in any transactions, securities or commodities referred to herein. Bank Zachodni WBK S.A. or its affiliates may perform services for or solicit business from any company referred to herein. This publication is not intended for the use of private investors. Clients should contact analysts at and execute transactions through a Bank Zachodni WBK S.A. entity in their home jurisdiction unless governing law permits otherwise. Copyright and database rights protection exists in this publication.

Additional information is available on request. Please contact Bank Zachodni WBK S.A. Treasury Division. Economic Analysis Unit. ul. Marszałkowska 142. 00-061 Warsaw. Poland. phone +48 22 586 83 63. email ekonomia@bzwbk.pl. <http://www.bzwbk.pl>

**Maciej Reluga Chief Economist** +48 22 586 8363

**Piotr Bielski** +48 22 586 8333

**Marcin Luziński** +48 22 586 8362

Email: ekonomia@bzwbk.pl

**Agnieszka Decewicz** +48 22 586 8341

**Marcin Sulewski** +48 22 586 8342