

# Instant comment

## Number of workplaces has declined faster

20 May 2013

In April the pace of growth of wages accelerated to 3%YoY (from 1.6%YoY a month earlier) while the employment contracted by 1%YoY, already 6<sup>th</sup> month in a row. Today's data do not change our general opinion on the situation on the labour market. We expect some gradual increase of wages in coming months amid further decline in employment (though at slower pace, particularly in 2H). April's data should be neutral for the MPC. Given the last data releases (GDP, CPI inflation) and recent comments of MPC members (particularly Mr Hausner) we continue to expect a NBP rate cuts by the total of 50bps until end-July. In response to today's data middle term bonds weakened, while the zloty remained resilient.

### Higher growth of wages, further contraction of employment

In April the annual pace of growth of wages accelerated to 3%YoY, down from 1.6%YoY in a previous month. On monthly terms, wages declined by 0.1%. This data surprised to the upside as our forecast was at 1.5%YoY and market consensus at 2.2%YoY. Better than expected release might come from statistical factors (higher number of working days). Detailed data will be published on Friday when the CSO releases the statistical bulletin.

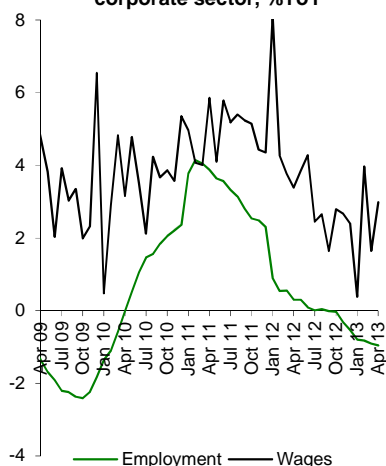
Data on employment was close to our and market expectations as it reached 5477.5k in April. Compared to March 2013, employment contracted by 0.2% while the annual change amounted to -1%YoY (our forecast and market consensus was at -0.9%YoY). Number of workplaces declined by 53k compared to April 2012 and it was already 7<sup>th</sup> month in a row of decline. It is worth to notice that in April 2012 the number of workplaces increased by 16.7kYoY.

Based on the above data, we estimate the wage bill in the enterprise sector increased in April by 2%YoY in nominal terms and by 1.2%YoY in real terms.

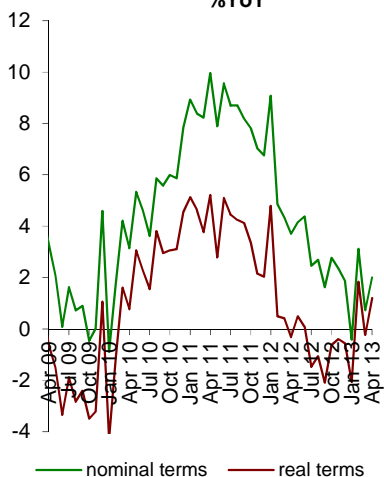
April's data from the labour market (despite higher pace of wages' growth) do not change our general assessment and fit the tendencies observed during last months. In our opinion, given the weak current economic conditions and uncertainty regarding future performance of the domestic economy, there will be only moderate wages pressure. Additionally, companies are likely to refrain from employing and this should keep the annual pace of growth of employment below zero. However, in 2H the pace of contraction shall abate.

From the point of view of the MPC today's data should be rather neutral. We sustain our scenario that NBP interest rates will be trimmed by total of 50bps until end-July.

Employment and wages in corporate sector, %YoY



Wage bill in corporate sector, %YoY



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Additional information is available on request. Please contact Bank Zachodni WBK S.A. Rates Area. Economic Analysis Department, 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

Email: ekonomia@bzwbk.pl

**Piotr Bielski** +48 22 586 8333

**Agnieszka Decewicz** +48 22 586 8341

**Marcin Luziński** +48 22 586 8362

**Marcin Sulewski** +48 22 586 8342