

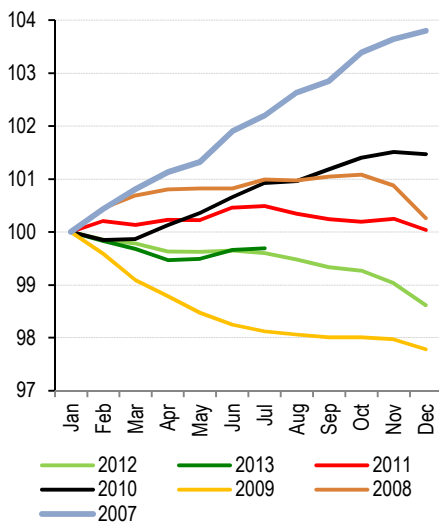
Instant comment

Gradual improvement on the labour market

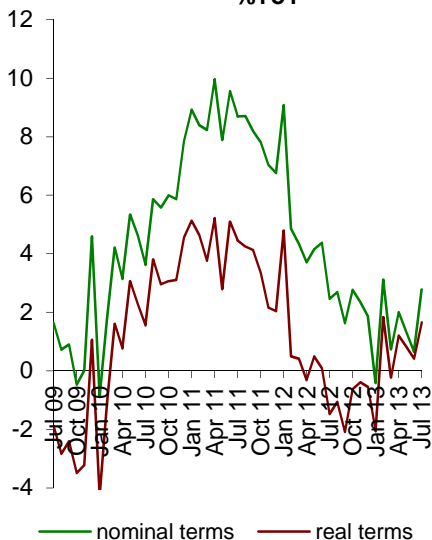
19 August 2013

Average employment in corporate sector was by 0.7% lower than one year ago, in line with market forecasts. Wage growth accelerated to 3.5%YoY, considerably beating the consensus. Data on wages may be distorted by bonus payments in some companies, but still, labour market data fit into the series of figures confirming the gradual rebound in Polish economy. Interest rate market did not respond to today's data; tomorrow's numbers on industrial and construction output will probably be more important for investors.

Employment in enterprise sector (Jan=100)



Wage bill in corporate sector, %YoY



Average employment in corporate sector in July was higher by 2k in comparison with the previous month, which translated into slight improvement of annual growth rate to -0.7%YoY. Despite this was slightly below our forecast at -0.6%YoY, released figure was in line with market consensus forecast, confirming trend of gradual increase in employment in corporate sector observed since May. It suggests that the worst in domestic labour market is behind us. Still, the scope of improvement on the labour market is subdued and we expect the situation will not change dramatically till year-end.

Data about average wage in July proved to be a surprise, rising 0.6%MoM and 3.5%YoY and markedly beating expectations (market consensus and our forecast at 2.9%YoY). Please recall that in the previous month wage growth decelerated significantly (to 1.4%YoY). Average wage growth for June-July period reached 2.5%YoY and was not much above the average for January-May period (2.2%YoY). We suspect that the fluctuations in wage growth in the last two months were largely connected with different timing of bonus payments in mining companies than last year. However, it will be possible to validate this view only next week, after the release of more detailed labour market data in the monthly *Statistical Bulletin*.

Nominal wage bill in corporate sector expanded in July by 2.8%YoY (and by 1.6%YoY in real terms), which is the strongest gain since February. Gradual acceleration of households' incomes will be supportive for higher growth rate of private consumption in the following quarters of the year. Yet, consumer demand will not be the key driver of economic growth.

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. Information presented in the publication is not an investment advice. 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. Forecasts or data related to the past do not guarantee future prices of financial instruments or financial results. 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. 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

Piotr Bielski +48 22 586 8333

Marcin Luźniński +48 22 586 8362

Email: ekonomia@bzwbk.pl

Agnieszka Decewicz +48 22 586 8341

Marcin Sulewski +48 22 586 8342