

# INSTANT COMMENT

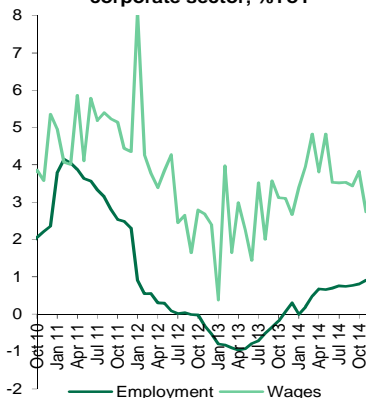
16 December 2014

## Employment grows without pressure on wages

In November employment in the corporate sector increased by 0.9% YoY, in line with our expectations, while wages grew by 2.7% YoY, well below our and market forecasts. Lower pace of wages growth might have been due to the mining sector, but this hypothesis will not be confirmed until the next week when the stat office releases detailed data on employment and wages in the corporate sector. Despite the slowdown in wages, we still perceive the situation in the labour market as positive. This should continue also in the coming months amid low price pressure. We expect the average nominal pace of wages growth to stay at 3-4% YoY and together with deflation (that we expect to stay with us at least until mid-2015) will increase the real purchase power of households. This will be the factor supporting the private consumption in the coming quarters.

Core CPI after excluding food and energy prices increased in November to 0.4% YoY from 0.2% YoY. This was slightly below our forecasts.

Employment and wages in corporate sector, %YoY



### Wages grew less, employment in line with our forecasts

In November average employment in the corporate sector increased by 0.9% YoY (0.1% MoM), in line with our estimates and slightly above the market consensus (0.8% YoY). On monthly basis, the number of workplaces increased by 24k and this was a quite good result. At the same time, average wages increased by 2.7% YoY, noticeably below our (3.5% YoY) and market expectations (3.6% YoY). Deceleration in wages growth might have been, in our view, due to the mining sector but this could be confirmed next week when detailed data on wages and employment in the corporate sector is released. Recall, that in November 2013 wages in mining and extraction sector increased by 5.4% YoY and 5.5% MoM.

After wages data we estimate that the wage bill increased by 3.7% YoY in nominal terms and 4.3% YoY in real terms. This is a significant deceleration vs. October.

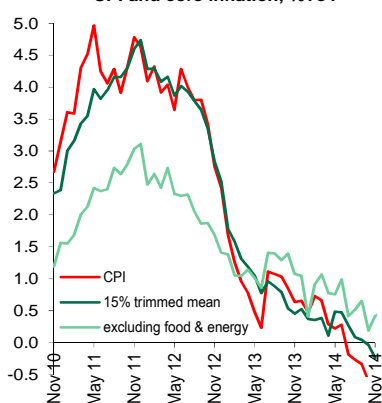
All in all, we still perceive the situation in the labour market as positive. This should continue also in the coming months amid low price pressure. We expect the average nominal pace of wages growth to stay at 3-4% YoY and together with deflation (that we expect to stay with us at least until mid-2015) will lead to an increase in real purchase power of households. This will support the private consumption in the coming quarters.

### Gradual increase in inflation net of food and energy prices

In November core inflation after excluding food and energy prices (net core CPI) increased to 0.4% YoY, up from 0.2% YoY in previous month, slightly less than we expected (0.5% YoY). Other core inflation measures have continued downward trend, in which 15% trimmed mean fell below zero first time in history.

In our opinion, core inflation after excluding food and energy prices will continue the gradual increase. However, we forecast that this measure will achieve 1.5% YoY (i.e. the lower boundary of the NBP allowed fluctuations around the inflation target) no sooner than at the end of 2015.

CPI and core inflation, %YoY



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