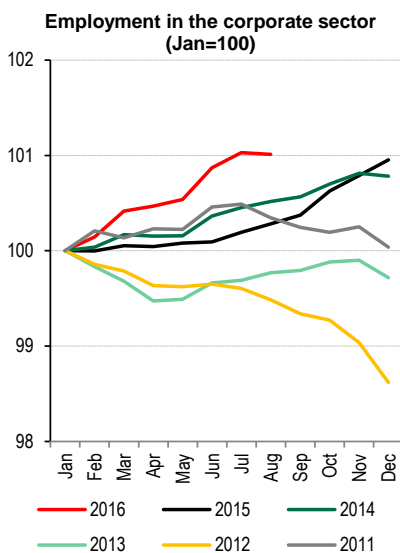


INSTANT COMMENT

16 September 2016

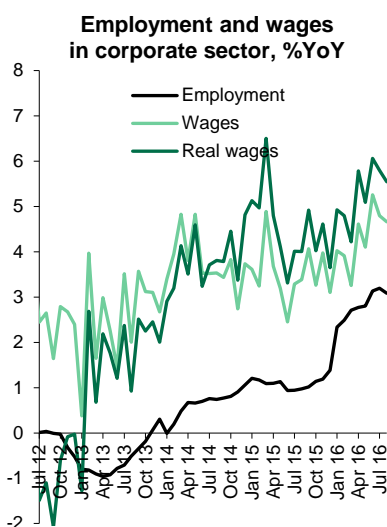
Employment growth considerably below forecasts

Employment in corporate sector rose in August by 3.1% y/y versus expectations at 3.2% y/y. Wages in corporate sector rose 4.7% y/y in August, below market consensus (5.0% y/y) but better than we expected (4.4% y/y). In monthly terms employment fell by 1 thousand, which was a big disappointment to us. We have been warning about possible deceleration of job creation for quite some time, pointing to depleting reservoirs of available workforce. It is still too early to say for sure whether our warnings materialize or it's just a temporary issue. For interpretation of this data the breakdown by sectors will be crucial, which will be published in the monthly Statistical Bulletin. As regards wages, the annual growth decelerated despite the positive effect of the number of working days (that was negative in July) supporting our call that wages growth in June-July were distorted by the bonus payments in some sectors. We expect the wages to continue growing faster than 4% y/y in the months to come.



Employment in corporate sector rose in August by 3.1% y/y versus 3.2% y/y in July. In monthly terms employment fell by 1 thousand, which was a big disappointment to us. First of all, employment fell for the first time since April 2015, and in August for the first time since 2012, secondly none of the market forecasts pointed to such a scenario. We have been warning about possible deceleration of job creation for quite some time, pointing to depleting reservoirs of available workforce. Another factor suggesting slowdown in employment growth was a slump in investments since the start of the year. It is still too early to say for sure whether our warnings materialize or it's just a temporary issue. One cannot rule out that this year a recruitment for seasonal jobs started earlier than usually, which boosted employment in June and July (rise by 19k and 9k, correspondingly). For interpretation of this data the breakdown by sectors will be crucial, which will be published in the monthly Statistical Bulletin.

Wages in corporate sector rose 4.7% y/y in August, below market consensus (5.0% y/y) but better than we expected (4.4% y/y). It is worth to notice that the annual growth decelerated despite the positive effect of the number of working days (that was negative in July) supporting our thesis that wages growth in June-July was distorted by the bonus payments in some sectors. We expect the wages to continue growing faster than 4% y/y in the months to come. Real wage bill rose 8.8% y/y.



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ECONOMIC ANALYSIS DEPARTMENT:

al. Jana Pawła II 17, 00-854, Warszawa fax +48 22 586 83 40

email: ekonomia@bzwbk.pl Web site: <http://www.bzwbk.pl>

Maciej Reluga (Chief Economist) +48 22 534 18 88

Piotr Bielski +48 22 534 18 87

Agnieszka Decewicz +48 22 534 18 86

Marcin Luziński +48 22 534 18 85

Marcin Sulewski +48 22 534 18 84

TREASURY SERVICES:

Poznań +48 61 856 5814/30

Warszawa +48 22 586 8320/38

Wrocław +48 71 369 9400