

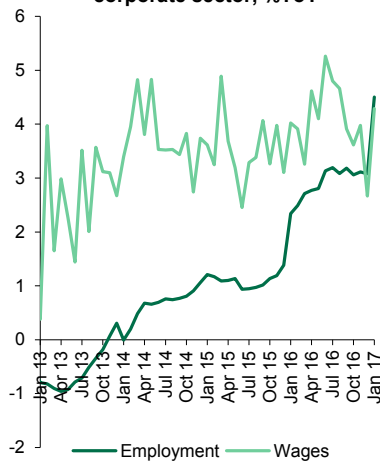
# INSTANT COMMENT

16 February 2017

## Employment growth fastest since 2008

Wages accelerated in January to 4.3% y/y, in line with expectations, while employment rose by 4.5% y/y, much stronger than our and market forecasts. The employment sharp increase was mostly caused by a larger number of entities in the survey – in January the Statistics Office is updating the pool of researched companies. This January was so different as compared with previous ones as last year's legislative changes in labor law caused that companies started to report employment, which earlier stayed outside statistics. We expect the employment growth to slow down in the months to come due to drying up supply of labour. Overall, the labor market situation remains good, which in our opinion should support private consumption growth in the coming quarters.

Employment and wages in corporate sector, %YoY



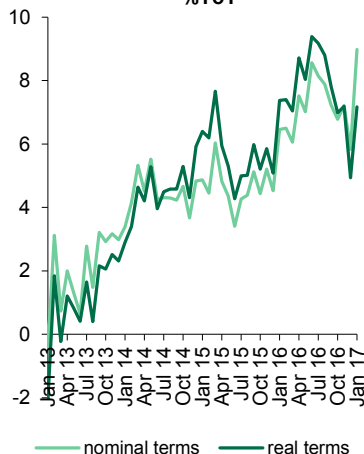
In January employment in the corporate sector rose 4.5% y/y, much more than we and the market expected (3.0% y/y and 2.8% y/y, respectively) and at the fastest pace since 2008. Such big boost is in our view the result of the revision of the companies population that the stat office conducts each year. Last year changes in law encouraged firms to change type of the job contract that resulted in a higher number of employees falling into the population examined by the stat office. We think that the next months will show a deceleration in pace of employment growth due to, among others, diminishing stock of workforce.

Wages in the corporate sector rose 4.3% y/y, in line with market consensus and below our forecast (4.9% y/y). This means that pace of wages growth returned to the trend observed in the previous months if we ignore the temporary deceleration to 2.7% y/y seen in December. We think that January's figure was below our expectations due to change in the population examined by the state office and inclusion of employees with lower wages on average. We think pace of wages growth may accelerate in the months to come.

Based on wages and employment data in enterprise sector, we estimate that wage bill increased in January by 9.0% y/y in nominal terms and by 7.1% y/y in real terms.

In general, situation on the Poland's labour market has remained favourable, which in our opinion should continue to support private consumption in upcoming quarters.

Wage bill in corporate sector, %YoY



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