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Economic Comment

Disappointing wage growth

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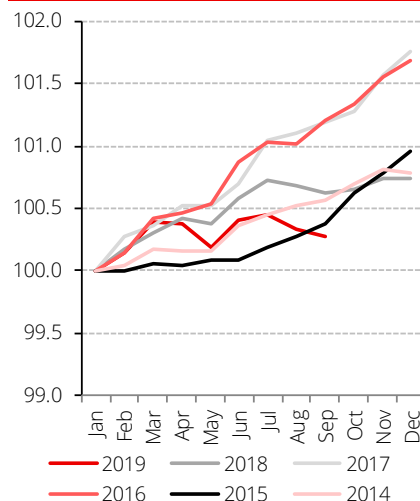
Wages in the corporate sector slowed down to 6.6% in September from 6.8% y/y in August as compared to consensus at 7.1% y/y, while employment advanced by 2.6% y/y in September, in line with expectations. Employment growth is sluggish this year, but with wage growth still decent and unemployment at record low, we expect labour market situation to be generally supportive for the private consumption, which is likely to remain main growth driver in the quarters to come.

Wages in the corporate sector slowed down to 6.6% in September from 6.8% y/y in August as compared to consensus at 7.1% y/y. An acceleration was widely expected mostly due to a more positive working-day effect. Detailed breakdown will be released on 23 October, but we assume that this slowdown was caused by a one-off, like shifts in bonus payment in mining, and the underlying wage growth remains close to 7% y/y. Still, recent NBP surveys show a declining wage pressure, so in our view acceleration of wage growth in the upcoming quarters is unlikely.

Employment in the corporate sector rose by 2.6% y/y in September, in line with expectations. In monthly terms, employment fell by 3.6k, similarly as one year ago. This year the employment growth is rather sluggish (ytd growth at 18k as compared to 38k in 2018 and 71k in 2017 in corresponding period) and companies are reporting lower demand for labour. September data confirm this trend.

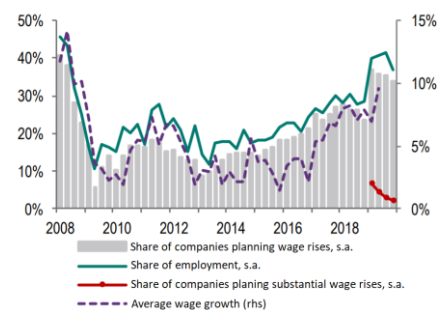
With wage growth still decent and unemployment at record low, we expect labour market situation to be generally supportive for the private consumption, which is likely to remain main growth driver in the quarters to come.

Employment in the corporate sector (Jan=100)



Source: GUS, Santander

Share of companies planning wage hikes



Source: NBP, Santander

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