

17 September 2020

Economic Comment

Back to full-time work

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In August Polish corporate sector employment growth improved to -1.5% y/y from -2.3%. The improvement may come mostly from restoration of full-time employment where working time had been shortened after the outbreak of the pandemic – this would limit room for further recovery. Wage growth did not surprise, rising to 4.1% y/y from 3.8%.

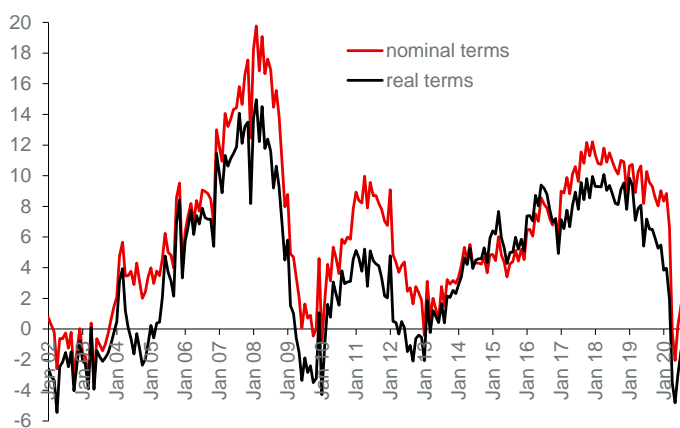
In August Polish corporate sector employment growth improved to -1.5% y/y from -2.3%, coming slightly below market expectations (-1.4%) and above our forecast (-1.6%). Wage growth did not surprise, rising to 4.1% y/y from 3.8%.

The GUS report mentions the continuation of returns from sick leaves, family care, unpaid leaves and the process of restoring full-time employment where working time had been shortened after the outbreak of the pandemic. Some businesses are also opening up for new employees. As a result the m/m change of employment, +43k or 0.7%, was the strongest for August since at least the 90s (such record m/m rise was also seen in July, with employment up by 66k, 1.1%).

If most of the rebound of average employment comes from a switch back to full-time work then the recovery has limited space left. Alternative data on the number of the employed (irrespective of their worktime) was still showing m/m declines in July (August print is due on 23 September), expressing limited labour demand. The expiration of some state support aimed at job protection in the coming months may also weigh on employment statistics.

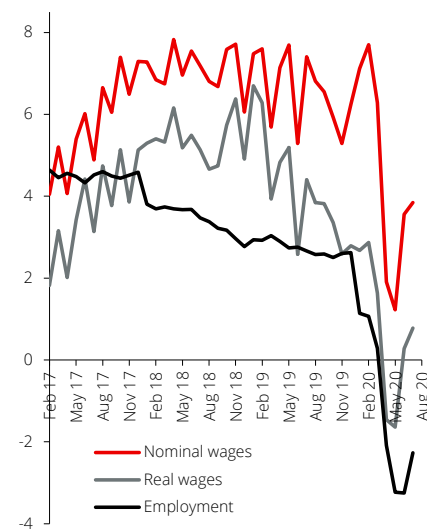
The corporate sector wage bill has already almost stopped falling in real terms, at -0.3% y/y, after a collapse in March and the low of -4.8% y/y registered in May. From an earlier publication we also know that in August consumer confidence corrected lower on returning health, unemployment and economic outlook worries, which may soften the rebound of private consumption in 3Q after a 10.9% y/y drop in 2Q.

Corporate sector wage bill, %y/y



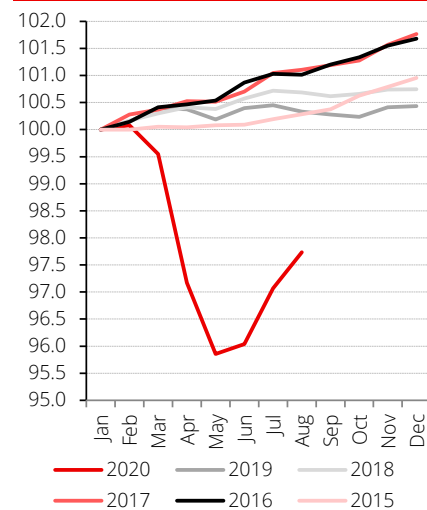
Source: GUS, Santander

Corporate sector data, %y/y



Source: GUS, Santander

Employment in the corporate sector, Jan=100



Source: GUS, Santander

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