

## High wage growth persists in Poland as employment subsides

Polish labour market data for November confirms both strong wage growth and employment deteriorating very slowly. Wage growth in the corporate sector should remain in double-digits in 2024. As inflation stabilises, fairly high real wage growth is set to be one of the main drivers of consumption and economic growth next year



Wage growth in November came at 11.8% year-on-year, above consensus (11.2% YoY). This result was slightly weaker than in October (12.8% YoY) due to, among other factors, the lack of significant bonus payments. Wage growth in Poland's corporate sector remains at double-digit levels and may stay there in 2024 given the country's recovery, tight labour market and high minimum wage hike. With inflation stabilising, this means fairly high real wage growth, which will be one of the main drivers of the consumption rebound and economic growth next year.

Employment in November fell 0.2% YoY (in line with consensus and our forecast), following a 0.1% YoY decline in October. This is still a small decline, as companies are "hoarding jobs" during the slowdown. Surveys generally point to stronger hiring plans next year, so parting with employees now might be unwise.

Employment has been declining slightly for several months but has remained remarkably resilient to the downturn in the Polish economy and weakening foreign demand. Manufacturing industries, particularly furniture production, have fared worse this year. Here, the main losses most likely came from the weaker economy in Germany and the deterioration in the domestic real estate market ahead of the government's support of that market. There were also sizeable losses in retail trade, likely related to weakness in private consumption during a period of high inflation. Most likely, however, we will see improvement in these areas in 2024.

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