

Polish jobs growth stalls in July

The number of jobs in Poland's labour market has stalled due to the expiration of the job protection mechanism. Although the reading was in line with our forecast, it was worse than consensus, but nonetheless, wages continue to grow at a decent pace



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0.0%_{m/m}

Employment

enterprise sector

Lower than expected

The growth of employment in the business sector in Poland in July has abruptly stopped, after two months of very strong increases of 0.3% month-on-month. This was disappointing as the consensus expected another 0.3% m/m expansion.

Employment was 1.8% YoY, but it needs to grow by another 1.3% to recover the losses incurred during a pandemic.

The most likely reason behind the disappointing reading is the fading job protection mechanisms introduced by the financial shield 1.0 – an anti-crisis measure disbursed mostly in May-July 2020. A broad range of companies hit by lockdown received preferential loans convertible to subsidies to some extent, under the condition that they would keep the average employment unchanged for a year. Now, most of those companies are no longer subject to this condition. Although a strong pace of economic recovery favours hiring instead of dismissing employees, some sectors need to restructure anyway. For instance, companies providing real estate services are affected due to lower demand for office space.

On the bright side, the wages in the business sector grew at a decent pace of 8.7%YoY in July, in line with consensus. This was significantly less than a month ago (9.8%YoY), mainly due to statistical base effects. Interestingly, wage pressures don't seem to be intensifying, even in the face of high inflation.