

Poland: First signs of labour market deterioration

The recovery of the labour market slowed in October heralding greater deterioration in jobs and wages in the latter months of 2020. Still, the Polish labour market remains solid compared to other European countries



Source: Shutterstock

What the data says?

Poland's labor market data released today is in line with expectations.

Recovery of employment in the business sector has almost stopped, recording an increase of just 0.1% month-on-month (after 0.3 and 0.7% MoM in September and August respectively). On the other hand, wages in this sector increased by 1.6% MoM, which translates into a 4.7% increase in annual terms.

This means a slight decline in wage growth, as in September, after an unexpected increase, it amounted to 5.6%YoY. However, one of the factors supporting the increase in wages is the payment of severance packages to retiring workers who - if not for the Covid-19 pandemic - would have remained in the workforce.

4,7%YoY

As expected

Growth of average wage

In the business sector in October

What about the impact of second Covid-19 wave?

This data only slightly reflects the impact of the renewed tightening of social-distancing restrictions on economic activity in 4Q20. The restrictions did not come into force until the middle of the month and primarily affected the catering, hospitality and sports services, largely outside the enterprise sector (which includes companies employing over 9 employees). Schools and shopping centers were closed in November.

On the one hand, this will translate into new job losses in the trade sector. On the other hand, it will increase the absenteeism of employees who tend for children at home and are in quarantine. It is worth noting that only when the absence of a person exceeds two weeks in a month, then they are not treated as an employee by the Central Statistical Office.

What to expect next?

In November and December, we expect further decline in employment in the business sector (to -2.0%YoY at the end of the year) and wage dynamics (down to 3%YoY at the end of the year - due to, among others, no pay raises in mining)

Author

Karol Pogorzelski

Senior Economist, Poland

Karol.Pogorzelski@ing.pl