

## Poland's labour market recovery continues

Polish labour market data in July beat expectations, showing recovery after the first wave of the pandemic. Employment should gradually stabilise, partially thanks to government support schemes. However, wage growth is unlikely to reach pre-crisis levels until the second half of next year



People wearing face masks in Warsaw

### Companies restore full-time jobs

Employment in the enterprise sector in July declined by 2.3% YoY, close to our forecast (-2.6%) and above the consensus (-3.0%). The improvement from June (-3.3% YoY) reflected several factors. Firstly, people started coming back from leave associated with caring. Secondly, companies began returning to regular working hours, as in many cases lockdown measures were introduced for three months (April-June); employers moving back to regular activity underlines the ongoing economic recovery. In the coming months, we expect further improvement in employment dynamics.

### Full pre-crisis wages

Wages in the enterprise sector rose by 3.8% YoY in July, slightly higher than in June (3.6%) and

substantially beating the consensus (2.9%). According to the statistical office's comments, some companies started paying out bonuses again. Also, as of July, many agreements on reducing wages lapsed (again introduced during the peak of the first pandemic wave, often for three months).

Recent data (unemployment stabilising, rising number of working foreigners) confirms that the Polish labour market is transitioning from a crisis state to one that's functioning normally. However, wage growth is unlikely to reach pre-crisis levels until 2H21. Employment should be stabilised by government schemes, requiring companies to retain employment for 3-12 months to access relief funds, but firms are unlikely to return to new hiring for a long time.