

## Poland: Labour market remains firm but cooling is evident

In December, average wages in the corporate sector rose by 10.3% year-on-year, and employment by 2.2% YoY, both below the consensus. While the situation in the Polish labour market remains favourable, some signs of cooling are visible



Poland's labour market remains tight

Despite the payment of annual awards and bonuses, overall wage growth came in lower than expected (12.6% YoY), which may have been partly due to the withholding of raises in anticipation of an increase in the minimum wage from the beginning of 2023 and/or an increase in sick leave due to an unusually high number of flu cases. At the same time, employment fell by 2,300 from November, which translated into a lower-than-expected annualised reading (2.2 vs 2.3% YoY).

Weaker-than-expected figures for December do not change the positive assessment of the labour market. The strength of labour demand and labour shortages is evidenced, among other things, by the rapidly growing employment of immigrants. Nearly 800,000 refugees have taken up work in Poland on the basis of simplified procedures (and are not accounted for in official stat office data), while only about 15,000 people from Ukraine are listed in the registers as unemployed. At the end of last year, the number of foreigners insured with Social Security exceeded one million people.

Demand for labour is facing constraints on the supply side, resulting in double-digit wage growth. Elevated inflation is translating into an increase in wage expectations in sectors recording favourable financial results. At the same time, as of early 2023, the minimum wage increased by 16%, which is likely to translate into an adjustment of the entire wage grid in the economy.

The economic downturn will weaken job creation, but a significant increase in the unemployment rate is not expected. For structural and demographic reasons, the Polish market is facing labour shortages. The working-age population is shrinking, and the potential for further increases in the labour force participation rate is also steadily declining. Under such circumstances, upward pressure on wages should be expected to continue, although wage growth is likely to remain slower than the rate of price growth in the first part of this year.

## Author

### Piotr Poplawski

Senior Economist, Poland

[piotr.poplawski@ing.pl](mailto:piotr.poplawski@ing.pl)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).