

Wage growth sharply down in Poland

A big decline in wage growth in Poland has surprised many. An upcoming hike in the minimum wage, due in January, could well be affecting wage structure; changes in the labour market could also be responsible



People shopping in Katowice, Poland

Wage dynamics in Poland's corporate sector decelerated from 5.9% to 5.3%YoY, below market expectations (5.9%). These negative wage surprises are presumably down to the following:

1. The strong minimum wage hike in January 2020 (15.6%) may result in some firms freezing or postponing hikes. The rise in the minimum wage will impact not only those on such a base salary but also those with relatively low incomes as companies attempt to maintain their wage structure.
2. We see a worsening situation on the labour market altogether – companies are limiting both new job postings and their future hiring plans, according to GUS surveys. This should weaken overall wage growth in the coming months.
3. November figures are often distorted due to mining sector contributions.

We expect the January minimum wage hike to boost the overall average dynamics by 1.5pp. to approximately 7.5%YoY in 1Q. However, in the following quarters, overall dynamics should subside given the downtrend on the labour market. Also, another strong minimum wage hike, due for

2021, may again trim the willingness to hike wages next year for similar reasons.

Author

Rafal Benecki

Chief Economist, Poland

rafal.benecki@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.