

## Poland: No good news from the private sector

The opening of shopping centres and some entertainment facilities in February did not improve the labour market statistics significantly. Another wave of the pandemic and increased restrictions will further postpone the prospect of a meaningful employment recovery



Shoppers at the Poznan City mall in Poland

In February, employment in the private sector decreased by -1.7% year-on-year (-2.0% YoY a month earlier). The opening of shopping malls likely contributed to the better reading – which was in line with our forecast but slightly exceeded market expectations (-1.9%YoY). Nevertheless, the outlook for the labour market in Poland remains dim. The vaccination campaign is relatively slow (though in line with the EU average) and failed to prevent a third wave of the pandemic. Sanitary restrictions have been reintroduced again. Companies are holding back recruitment as diminishing numbers of job offers show. Moreover, in January the statistical office revised down the size of the enterprise sector (unlike in previous years). This suggests trouble among SMEs. We don't expect employment to pick up again until sanitary restrictions are loosened again – this time for good.

Relatively low wage growth in the private sector (4.5% YoY in February, below expectations at 4.7% YoY) further emphasises the difficult situation in the labour market. Companies are reluctant to raise salaries given uncertain economic prospects. Wage growth should rise again in the second

quarter, even above 8% YoY, but only due to statistical base effects. Last April during the first wave of the pandemic, wages slumped to 1.9% YoY but only temporarily. Employees should not expect significant pay rises before the second half of the year, when hopefully we will start talking about the pandemic in the past tense.