

## Poland: Positive surprise from the labour market

Labour market conditions remain solid, despite a slowdown in the eurozone. So far, we see no evidence of negative spillovers



Source: Shutterstock

Wage growth in the corporate sector increased in February by 0.1 percentage point to 7.6% year-on-year, above the market consensus (7.2%). The detailed structure should be published in the next week. We expect a balanced picture – growth rates in all major business groups i.e. manufacturing, trade, services and construction should oscillate around 7.2-7.9%YoY.

Looking ahead, we see a modest slowdown to approximately 7%YoY in the next two months, with contributions from the construction and services sectors expected to be lower due to the statistical base.

Still, labour market conditions remain solid. Enterprise employment was stable in February (2.9%YoY), and even the monthly increase (0.2%MoM) outperformed expectations. So far, we are not seeing any evidence of negative spillovers from the eurozone slowdown. According to the European Commission surveys, the number of businesses reporting labour shortages in Poland remains stable, while other central and eastern European economies have reported a drop in this indicator. Given tight conditions and supply side obstacles (labour shortages), we expect wages to return to around 7.6%YoY from 3Q onwards.