

## Poland: Solid labour market supports bounce back in spending

A rebound in real wages and relatively stable employment are great starting points for a recovery in household spending. Economic growth in 2024 may reach around 3% on the back of both private and public consumption. The pro-inflationary structure of GDP may encourage the MPC to keep rates unchanged in 2024



Source: Shutterstock

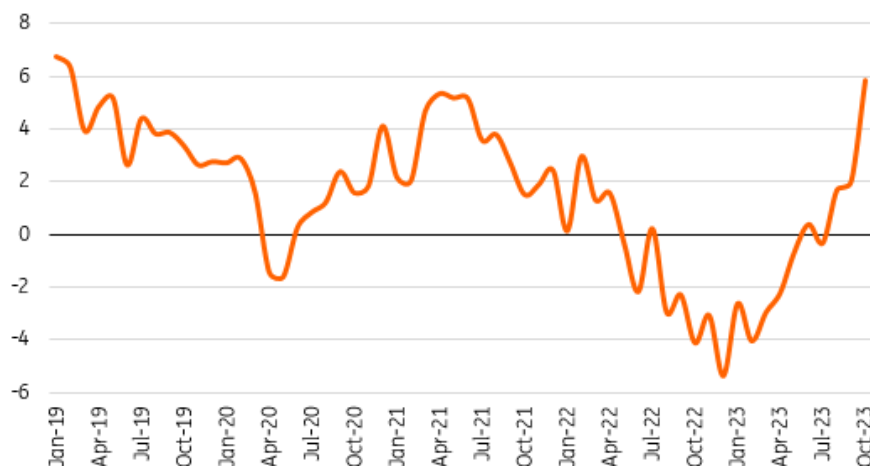
Average wages and salaries in the enterprise sector rose by 12.8% year-on-year in October (ING: 13.0%; consensus: 11.7%), following an increase of 10.3% YoY in September. Higher annual wage growth than the previous month was a consequence of a more favourable pattern of working days and bonus payments. Average paid employment was slightly lower (-0.1%) in October than in the corresponding month of 2022 (ING and consensus: 0.0% YoY). Compared to September, the number of posts was down by 2,000 and this was the third month of decline in employment levels, albeit still on a modest scale.

In real terms (after adjusting for the rise in consumer prices), average wages increased by 5.8% YoY showing the strongest increase since February 2019. Elevated wage pressure will be visible in the medium term amid an increase in the minimum wage, record-low unemployment levels and

a reviving economy. Slightly lower inflation may act to moderate wage expectations. The recovery of real disposable income with relatively stable employment provides a good springboard for a rebound in consumption, which will be the main growth engine of the Polish economy in 2024. GDP growth in 2024 could be close to 3%.

## Real wages and salaries in enterprises, %YoY

Rebound in real wages to support consumption



Source: Source: GUS, ING.

The recovery and relatively pro-inflationary structure of GDP growth in 2024, with consumer demand dominating, may be an argument for the Monetary Policy Council to keep interest rates unchanged in the coming months. Unless the National Bank of Poland's March projection signals a faster return of inflation to target, interest rates may remain at the current level (the main policy rate at 5.75%) until the end of 2024.

### 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 <http://www.ing.com>.