

## Poland: Solid wage growth in May while labour demand improves

In May, average wages in the enterprise sector rose by 12.2% year-on-year, up from 12.1% in April. Double-digit wage growth should continue until 2025, allowing real wages to finally grow in mid-2023, after nearly a year of declines



Construction workers in Warsaw, Poland

Wages came close to expectations (consensus: 12.6% YoY). According to the release by the Central Statistical Office of Poland, the decline in average wages in May relative to April 2023 was due to a smaller scale of additional payments. Average employment in the enterprise sector increased by 0.4% YoY in May, in line with the consensus, following an increase of 0.5% YoY in the previous month.

Despite signs of a slowdown in many areas of the economy, the condition of the labour market remains robust. On the one hand, workers' wage expectations are driven by, among other things, high minimum wage increases, inflation, and persistent labour shortages in many sectors of the economy. On the other hand, companies' willingness to raise wages can be seen in surveys, such as the one [recently conducted by the National Bank of Poland](#) (text in Polish). Together with the high minimum wage hike in 2024, this suggests that wage growth will continue at double-digit levels until 2025. From the middle of this year, with inflation slowing down, wages should rise

again in real terms, after almost a year of declines.

Labour demand, on the other hand, appears to be improving after some signs of weakness at the end of the first quarter. This is particularly evident in manufacturing, where employment fell continuously from May 2022 to March 2023. The construction sector is also doing better, which we link to the finalisation of projects financed by the "old" EU budget. In our view, the relatively low annual growth rate primarily reflects constraints of the labour supply.

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