

## Poland: March wage growth disappoints

Wage growth surprised on the downside in March. We see the weak reading as an anomaly. NBP surveys indicate that businesses have solid 2Q wage hike plans.



Source: Shutterstock

Wages growth in March decelerated from 7.6% YoY to 5.7% YoY, well below the market consensus (7.1%). A detailed breakdown will be available next week. So far we can state that construction dynamics were weaker due to negative base effects and weakening sentiment. The GUS comment also highlighted weaker 1Q dynamics in the mining sector and for utilities, implying weak performance in March.

Still, such a strong surprise is rather a result of anomalies – probably related to bonus payments. The share of companies reporting wage hike plans in the NBP survey suggests dynamics should oscillate slightly below 7% YoY in coming months. Simultaneously strong employment dynamics (3% YoY in March) should also keep pressure on wages. All in all we expect a rather stable reading for the coming months, at around 6.5-7%YoY.