

## Poland: Wage growth disappoints in July

Corporate wage growth was weaker than expected in July. The National Bank of Poland's corporate survey suggests future growth will be limited, too. We expect a peak in 4Q18 at 8.5% year-on-year



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Corporate wages decelerated from 7.5% to 7.2% YoY in July, below the consensus (7.6% YoY) and close to ING's forecast (7.3% YoY). A detailed breakdown will be available next week but according to our estimates, the weaker result was caused by wage moderation in industry and services, as well as a deceleration in the trade sector.

The wage structure in recent months has been less balanced compared to 1Q. A major contribution came from the construction sector, where growth exceeded 10% YoY, with hikes from companies carrying out infrastructure projects. On the other hand, wage growth in trade, transportation and administration (where labour shortages are most evident) decelerated to or even fell below average dynamics in the enterprise sector. Finally, wages in the services sector are on a downward trajectory. In all, the underlying structure suggests that a strong acceleration is unlikely in the coming months.

Stagnating wage pressures were also confirmed by the NBP enterprise survey. The number of companies reporting wage increases has not changed in the last two quarters (after seasonal

adjustments). Taking both factors into account, we forecast that wage growth will peak in 4Q18 at 8.5% YoY.