

## Poland: Wage growth still stagnated

Labour market conditions remain solid but the shortage of employees fails to translate into accelerating wage growth



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In line with expectations, enterprise employment growth remains flat at 3.7% year on year in May.

Labour market conditions are solid. According to the Polish central statistical office (GUS), quarterly survey number of vacancies increased in 1Q18 by 28.3%YoY to the highest level historically. Labour shortage is felt the most in the construction sector, where the ratio of unfilled jobs to total demand exceeds 5% (well above trade and repairs at 2.2% and industry – 1.2%).

As we saw in 2007, we see the risk of rapid wage acceleration in that sector.

Still, overall corporate wage growth decelerated from 7.8%YoY to 7%YoY in line with expectations. The wage hikes in the biggest state-owned enterprises failed to translate into a more pronounced increase. Also, according to the MPC comment at the press conference, pressures for wages increase in enterprises is decelerating (citing an internal National Bank of Poland report).

### Policy implications

Today's releases should reaffirm dovish stance – MPC excluded rate hikes in 2018 and 2019

and its forward guidance so far seems very safe.