

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.