

## Poland: wage growth rises amid labour shortages

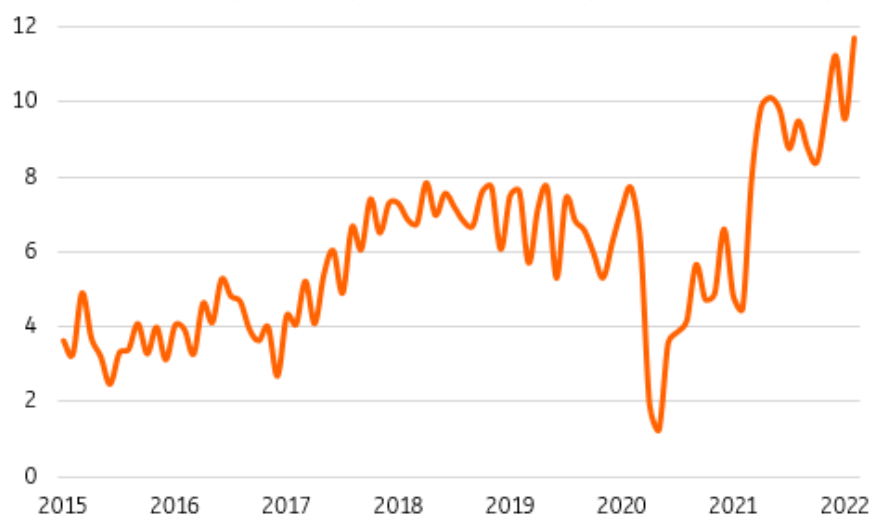
The Polish labour market remains tight with signs of elevated wage pressure. In the short term, the outflow of male Ukrainians from Poland may even intensify wage pressure in construction, transport and manufacturing. Over the medium-term, labour shortages and wage pressure in services and trade might ease somewhat



In accommodation and catering, wages jumped by 15.4% year-on-year in February

Average wages and salaries in the enterprise sector soared 11.7% year-on-year in February (ING: 10.0% year-on-year; market consensus: 9.9% year-on-year), while average employment rose by 2.2% year-on-year – in line with our forecast and market expectations. The February labour market report confirms that the Polish labour market remains tight.

## Average wages and salaries in the enterprise sector, %YoY



Wage growth has been growing at a double-digit pace in recent months. Particularly high increases have been observed in labour-intensive services, i.e sectors of the economy that suffered from containment measures during the Covid-19 pandemic. In accommodation and catering, wages jumped by 15.4% year-on-year, while in arts, entertainment and recreation they went up by 15.0% year-on-year. Rising prices of essentials (food, dwelling maintenance, petrol) should lift wage expectations further.

The number of jobs in the enterprise sector expanded by approximately 15k in February this year compared to January. It was slightly short of the February 2020 figure (20k), but clearly above the average seen in previous years (between 5-10k). Higher wage growth and the temporary decline in CPI inflation in February (due to VAT rate cuts) lifted the growth of real wages to 5.2% year-on-year in February vs. 2.4% year-on-year in January. But, the pressure on households' purchasing power should come back in the coming months due to the expected increase in inflation – CPI inflation is expected to rise to 10% or above in March.

In the short term, migration trends (male Ukrainians leaving Poland to fight in their home country) should increase wage pressure in construction, manufacturing and transport. In those sectors we do not expect wage pressure to moderate in the near term. Over the medium term, some relief may be seen in services and trade. The current wave of refugees is dominated by females, children and the elderly. Ukrainian women may boost labour supply and somewhat ease tensions and wage pressure in services, provided that Polish authorities manage to provide childcare (schools, nursery) allowing females to enter the labour market. Ukrainian women may also find employment in education, healthcare and social services as these sectors will face stronger demand from immigrants and so will need to increase the hiring of workers, especially those who speak Ukrainian and/or Russian.

## Author

### Rafal Benecki

Chief Economist, Poland

[rafal.benecki@ing.pl](mailto:rafal.benecki@ing.pl)

### Adam Antoniak

Senior Economist, Poland

[adam.antoniak@ing.pl](mailto:adam.antoniak@ing.pl)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).