

## Wage pressure remains strong in Poland

In January, wages in the corporate sector rose 12.8% year-on-year (ING 11.7% YoY, consensus 10.9% YoY), following a 9.6% increase in December. In the coming months, we expect wages to remain at double-digit levels, resulting in a rebound in consumer spending, which is likely to be the leading driver of GDP growth this year



The single-digit increase in wages last December was due, among other things, to the acceleration of the payment of some bonuses in the mining industry from December to October.

There are a couple of factors behind the return of double-digit wage growth in December. This year's (election) increase in the minimum wage was higher than at the beginning of 2023, i.e. by almost 18% (to PLN4242 from PLN3600), while a year ago the increase was 16%. In addition, the National Bank of Poland's survey shows that the willingness of companies, especially large ones, to raise wages was close to a record high. Unlike smaller ones, they were able to pass rising costs onto consumers.

In the coming months, we expect wages to remain at double-digit levels. This will also be helped by increases in the public sector. Even with inflation expected to rebound in the second half of this year, this will mean high wage growth in real terms this year. Combined with the high indexation of social benefits, this will likely result in a recovery in consumer spending, in our view the main

source of GDP growth this year.

Employment in the corporate sector fell 0.2% YoY in January (in line with consensus), following a 0.1% YoY decline in December. The situation in furniture and wood products manufacturing is the worst it's been for months. Although the domestic real estate market has improved, this has probably not yet translated into increased demand for furniture. Adding to the problem is the continued weakness in Germany, which is a key export market for those industries. The fortunes of the apparel industry are also worsening, most likely due to competition from Asia. Significant job cuts could occur there soon. The production of other transportation equipment, where large rail orders from home and abroad are being fulfilled, looks better.

## Author

### Piotr Poplawski

Senior Economist, Poland

[piotr.poplawski@ing.pl](mailto:piotr.poplawski@ing.pl)

### Rafal Benecki

Chief Economist, Poland

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