

## Poland: Wages rebound but employment growth slows

Wages rebounded from a weak June, which was distorted by a number of one-off factors. Wages should stabilise around 7-8% YoY but enterprise surveys and vacancies are flashing a warning sign for the coming quarters



Source: Shutterstock

Corporate wages rebounded in July from 5.3% to 7.4% year-on-year, slightly above the market consensus (7.2%). Last month's drop was related to a weak performance in the industrial sector, which likely resulted from negative calendar effects and the forced shortening of working hours due to heatwaves.

We expect wages to stabilise in the coming months in the 7-8% YoY range. We still see a positive trend in industry and services while construction should be a drag on wage growth; the biggest drops have been seen in companies involved in infrastructure projects.

At the same time, the rate of employment growth has decelerated by 0.1pp to 2.7% YoY (in line with consensus). We expect this deceleration to continue – recent labour market indicators suggest bigger drops in job vacancies and a lower number of manufacturing companies reporting

labour shortages. Up until now, Poland has been seemingly immune to the slowdown compared to its peers in central and eastern Europe, and the eurozone – but the last quarterly data clearly suggests a moderation.