

## Poland: Weaker wage growth in August

The Polish labour market shows signs of moderation. But a potential slowdown should have a benign effect on employment



Shoppers at the Poznan City mall in Poland

### Wages

Wages in the enterprise sector decelerated in August from 7.4% to 6.8% year-on-year, in line with market expectations. The full structure will be available next week but we expect a significantly lower contribution from the construction sector and a modest deceleration in other segments.

In the coming month, we expect wages to stabilise at a rate of close to 7% YoY. Another significant impulse should come in January 2020 with a strong increase in the minimum wage (15.6% in 2020). We expect this to result in a 1.2 to 1.5 percentage point increase overall. However, given the potential slowdown ahead, we expect a moderation through 2020 to approximately 7% in 4Q.

### Employment

Employment growth decelerated from 2.8% to 2.6% YoY, slightly below expectations (2.7%). Recent official GUS surveys highlight reduced demand for workers – the number of vacancies reported by firms in 2Q was 7.8% lower compared to the previous year. This trend is likely to continue in the coming months. Still, we do not expect the current slowdown to result in layoffs. Instead, we are likely to see a lower number of economic migrants. We do not expect significant unemployment rate shifts even in an adverse scenario.

