

## Poland: Weaker wage growth in September

Wage growth surprised on the downside in September but it should stabilise in the fourth quarter and accelerate in the first quarter of next year due to a strong hike in the minimum wage



Corporate wage growth decelerated to 6.6% YoY from 6.8%, below the market consensus of 7.1%. The surprise is likely related to the performance of the manufacturing and construction sectors, both of which are at the greatest risk of a slowdown. The National Bank of Poland's survey of corporate sentiment suggests some stabilisation in the fourth quarter. The share of companies mulling wage hikes is stable after seasonal adjustment, but the scale of such hikes is declining compared to previous quarters. In November and December, some temporary distortions may occur related to bonus payments in the mining sector.

As of 2020, the minimum wage is set to rise by 15.6%. We expect this to result in a 1.5 percentage point increase in overall corporate wage growth, pushing the year-on-year rate to 8% in 1Q20. However, the underlying trend is negative and we expect some moderation in the following quarters.

Employment growth remained stable at 2.6% YoY. However, the majority of surveys (e.g. provided by GUS and NBP) show two negative trends – the share of companies reporting vacancies and

labour shortages is gradually falling. Therefore we expect a deceleration in the coming months.