

## Poland's high wage growth supports retail sales but households remain cautious

January retail sales turned out to be stronger than the market consensus and close to our expectations on the back of solid wage growth. Still, households remain cautious in spending decisions as retail sales growth underperformed the improvement in real disposable income. The new data supports our baseline scenario for this year

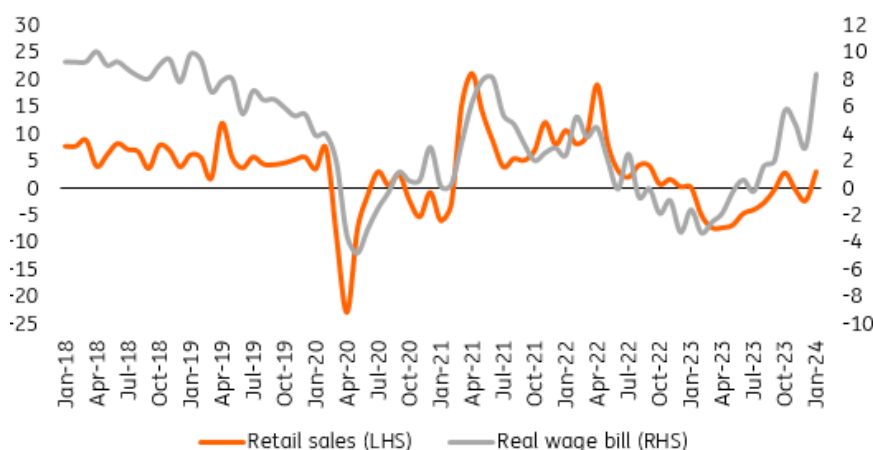


Real retail sales rose by 3.0% year-on-year in January (ING: 2.6%; consensus: 1.4%), after falling by 2.3% YoY in December 2023. The better-than-consensus (but close to our expectations) sales performance was supported by strong nominal wage growth amid falling inflation. The implied retail sales deflator eased to 1.6% YoY in January from 2.9% YoY in December, in line with the general disinflationary trend observed in Poland in early 2024. Seasonally adjusted sales grew by 0.4% month-on-month in January.

Regarding the sales structure, the largest increases in real terms were recorded in the sales of automobiles (+22.0% YoY), other sales (+18.9% YoY) and fuel (+13.1% YoY). In contrast, the deepest decline took place in textiles, clothing and footwear (-24.7% YoY), which, in our view, was due to the relatively high January 2023 reference base, weather conditions and the general tendency of households to cut unnecessary spending. There was also a deep decline in sales of furniture, consumer electronics and household appliances (-16.8% YoY). For the ninth month in a row, we saw slightly negative annual dynamics for purchases of food, beverages and tobacco (-0.6% YoY).

## Retail sales bounced back on stronger wage growth

Real retail sales and real wage bill and enterprises, %YoY



Source: GUS, ING.

Retail sales data brings some comfort after a disappointing outcome for industrial and construction production in January. However, it is worth noting that the 8.6% YoY increase in real wages in the enterprise sector was accompanied by an increase in real sales of just 3.0% YoY. This means that households remain cautious when making purchasing decisions. February's consumer confidence surveys indicate a slowdown in the improvement in sentiment and greater consumer concern about the future economic, financial and labour market situation.

Our baseline scenario for the current year assumes a continuation of the recovery in real household disposable income and a deceleration in investment growth. The January data published this week is in line with this assessment of the economic outlook. As we had expected, the increase in the minimum wage has sustained the upward pressure on average wages. This factor, combined with wage hikes in public sectors and the high indexation of social benefits, will drive household income up. Nominal disposable income growth, which we estimate to exceed 10% in 2024, in a lower inflation environment, will leave enough room for both savings to recover and consumption to grow. We therefore maintain our forecast for GDP growth in 2024 at 3.0%.

## Author

**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 <http://www.ing.com>.