

## Poland's labour market cools but wage pressures persist

The impact of a weaker economy on the domestic labour market has been limited so far, although March brought further signs of cooling. The decline in employment, however, is not large enough to limit the pressure for wage increases



Poland's labour market remains tight

Average employment in the corporate sector rose by 0.5% year-on-year in March (ING and consensus: 0.6%). The number of jobs (full-time equivalent) fell by 9K compared to the previous month, and it was the second consecutive month of month-on-month declines in employment. The Statoffice note indicates that this was due to layoffs and employee retirements. Average wages increased by 12.6% YoY in March (ING: 13.0%; consensus: 12.5%), following a 13.6% YoY increase in February. The lower wage growth in March than in February, in our view, is not a sign of weakening wage pressures, but a consequence of a high reference base (significant wage increases in March 2022) and the one-time wage increases (including inflation bonuses) in the mining and energy sectors in February this year. In March, companies continued to raise base salaries.

The picture emerging from the March data shows a still-tight labour market, although with signs of gradual cooling. The decline in employment, however, is not large enough to ease the pressure on

wage increases. The labour market usually reacts with a lag to changes in the economy, but in the baseline scenario, we do not expect a significant decline in employment or increase in unemployment in the current cycle. With current wage trends continuing and CPI inflation expected to fall in the coming months, we should see real wage increases in the second half of the year, which will support a gradual recovery in consumption.

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