

## Polish labour market tightness persists as unemployment hits record low

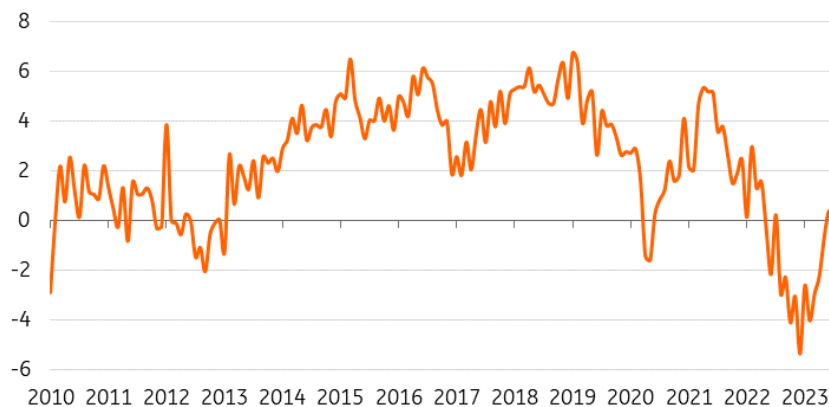
While growth for employment in enterprises ceased, the unemployment rate remains at a record low, and wages are expanding at a double-digit rate. Labour market conditions remain tight and pro-inflationary. A gradual recovery in real wages should allow for a rebound in household consumption in the fourth quarter of this year



Average wages and salaries in the corporate sector rose 11.9% year-on-year in August (ING: 11.8%), following an increase of 10.4% YoY in July. July's result was distorted by a high statistical base from last year when we saw unusually high bonus payments in mining and energy. After this subsided, wage growth returned to around 12% in August. In real terms, wages in the enterprise sector increased by 1.7% YoY. Wage growth in real terms will support a further recovery in real disposable income for households, which will translate into a rebound in consumption towards the end of 2023 or into early 2024. At the same time, sustained wage growth at double-digit levels remains a challenge in bringing inflation down to the National Bank of Poland's target.

## Real wages recover amid falling inflation

Real wage and salary in enterprise sector, % YoY

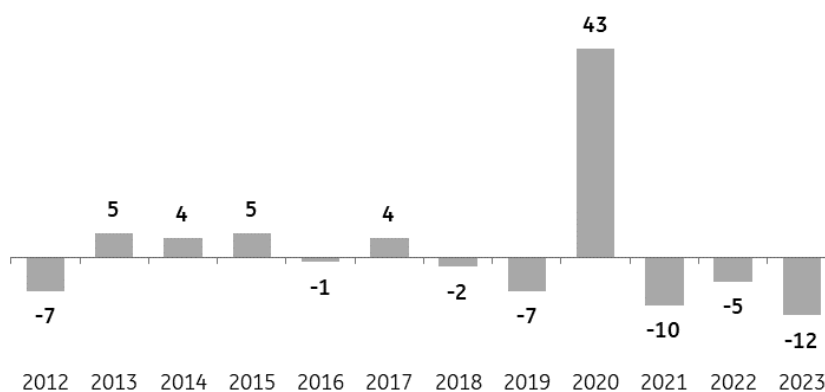


Source: GUS, ING.

Employment in enterprises was at a similar level in August versus one year ago (consensus and ING: +0.1% YoY). There are increasing signs of weakness in employment in this part of the economy – although in the face of declining GDP, the scale of deterioration is fairly mild. Compared to July, the number of job posts fell by 12,000 – a weak reading for August. Still, the labour market appears to be weathering the economic slowdown exceptionally well.

## Employment in enterprises deteriorating slightly

Monthly change in employment in enterprises in August, thous. of persons



Source: GUS.

Despite the clear economic downturn – illustrated by the drop in GDP in the first half of 2023 and three consecutive quarters of year-on-year declines in household consumption – the labour market remains tight. Employment levels remain relatively stable and wages continue growing at double-digit rates. In our assessment, this is a reflection of structural factors (limited labour supply due to unfavourable demographics) and behavioural factors in the form of 'job hoarding' as a result of difficulties with finding new employees. We currently see the labour market situation as pro-inflationary. Employment levels are relatively stable, unemployment is at a record low and wages are growing at a double-digit rate.

## Author

### Rafal Benecki

Chief Economist, Poland

[rafal.benecki@ing.pl](mailto:rafal.benecki@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>.