

Snap | 17 October 2025

HUNGARY

# Hungarian wage growth shines bright but still can't heat the economy

Wage growth came in slightly lower than expected in August – stabilising at a high level, but not high enough to encourage earners to spend even more. A lack of confidence remains an issue for the Hungarian economy



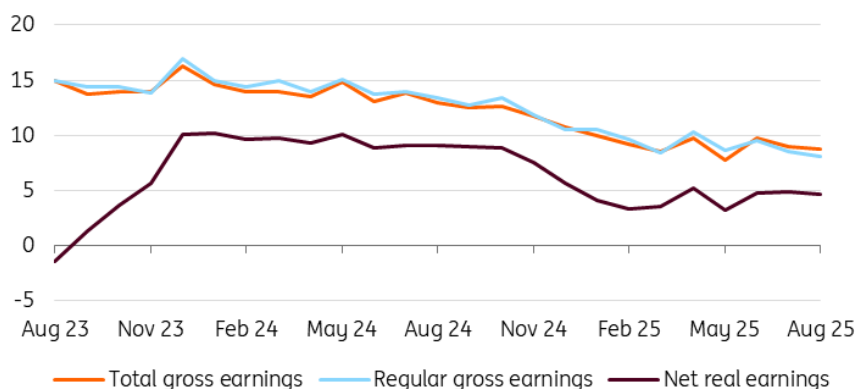
Workers on an assembly line at an Audi factory in Hungary

## 8.7% Average wage growth (Aug)

ING Forecast 9.2% / Previous 9.0%

According to the latest report by the Hungarian Central Statistical Office (HCSO), the growth rate of gross average earnings in Hungary slowed compared to the previous month, though it remained strong. In August 2025, average wages increased by 8.7% year-on-year, slightly below the consensus. The data indicates two things. Firstly, a gradual decline in the growth rate of earnings has been evident since late 2023. Secondly, taking inflation into account, the growth rate of real wages has stabilised at just under 5% over the past three months. In other words, real purchasing power has continued to increase, so the weakness of the Hungarian economy is not due to earnings.

## Nominal and real wage growth (% YoY)

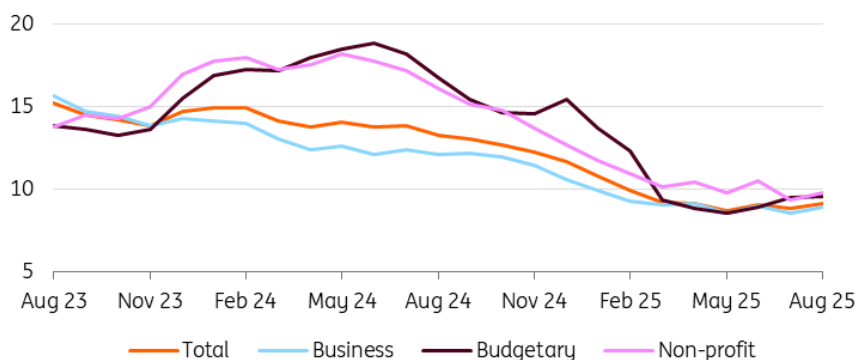


Source: HCSO, ING

In our view, the problem lies in consumer confidence, which remains weak but is perhaps improving, and in how households perceive the fact that both the nominal and real wage growth rates have halved from 20% and 10%, respectively, compared to the not-too-distant past. Meanwhile, the population not only perceives wage growth to be low, but also considers inflation to be excessively high. Therefore, even though the purchasing power of earnings (real wages) grew by 4.7% year-on-year in August – higher than the historical average – households feel that their financial situation is deteriorating or at least not improving. Thus, somewhat contrary to economic logic, households are saving a larger portion of their disposable income than usual in a high inflation environment. Consequently, while rapid wage growth is actually improving their financial situation, it is not contributing to real economic growth to the extent that these figures alone would suggest.

Examining individual sectors reveals that wage dynamics are broadly similar across all major areas. Average wage growth in the corporate sector slowed to 8.5%. Meanwhile, earnings in agriculture continue to rise at a low double-digit rate due to strong labour demand caused by seasonal work. Wage growth slowed in industry, while it accelerated in construction. However, as there was no increase in headcount in the latter sector, it cannot be attributed to companies trying to increase their workforce with sudden higher wages due to improving market prospects. In most service subsectors, the rate of wage growth was around 9%. In the public sector, wage growth slowed to 9.3%. In conclusion, similar processes are taking place across the economy.

## Wage dynamics (3-month moving average, % YoY)



Source: HCSO, ING

For 2025, we forecast average annual wage growth of around 8.5–9.0% across the national economy. One potential downside to our forecast is that business confidence indices remain weak, which could soon lead to labour cost rationalisation. Conversely, some sectors are still experiencing labour shortages, primarily due to a shrinking labour pool, which is putting upward pressure on wages.

The most important issue for next year will be the possible revision of the minimum wage agreement. This is a three-year agreement made at the end of 2024, pencilling in a 13% and 14% minimum wage increase for 2026 and 2027, respectively. As usual, the vast majority of companies are likely to align their wage decisions with this, which could exacerbate the current tensions in the labour market. In our current forecast, we expect average wage growth of just over 10% next year.

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