

## Hungary: Double-digit wage growth, again

Both gross and net wages increased further in May, encouraging people to spend more. Demand for labour is still on the rise, especially in the construction sector



Source: Shutterstock

# 10.9%

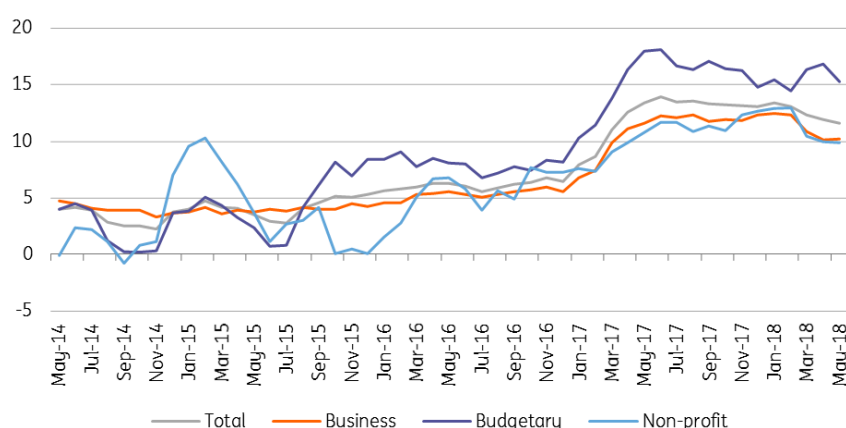
Lower than expected

### Average gross wages (YoY)

Consensus (11.2%) / Previous (12.6%)

Average gross and net monthly earnings rose by 10.9% YoY in May 2018, somewhat below the market expectations but solid enough to make the average worker happy. The happiest workers have been in the agriculture, construction, logistics and accommodation and food service sectors, besides of course the wage settlement affected public sectors.

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

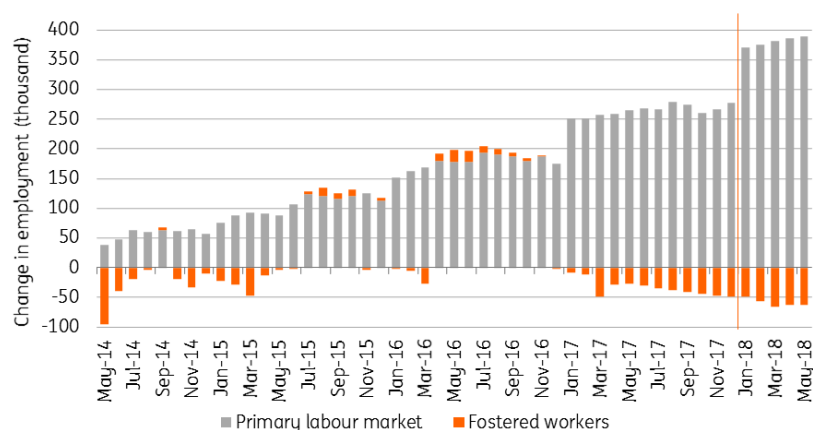


Source: HCSO, ING

Wages increased more in the business sector than in the public sector (11% vs 9.9% YoY, respectively), a mild surprise. However, if we take a look at premiums and bonuses, we find the reason; in the public sector, they dropped by more than 40% YoY. The public sector is still ahead of businesses, however, when it comes to regular wages.

Labour demand is still rising, by 1.4% YoY at the national level, but the industry most in need of workers has remained the construction sector. The number of fostered workers decreased by 35.3k YoY, while the number of workers in the primary labour market was up by 124.4k YoY in May.

## Evolution of labour demand (Jan-14=0)



Source: HCSO, ING

Overall, the labour market still looks good with strong wage growth and gradually increasing employment. In our view, this trend can continue in 2H18. But with the accelerating inflation, we might not see another year of double-digit *real* wage growth, as this stood at 9.7% YoY in the first five months of 2018.

## Author

**Peter Virovacz**

Senior Economist, Hungary

[peter.virovacz@ing.com](mailto:peter.virovacz@ing.com)

## 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 [www.ing.com](http://www.ing.com).