

21 June 2018
Snap

Hungary: Wage growth accelerates

The increase of wages accelerated in April. The labour shortage, wage settlements and the rise of minimum wages still support the dynamic wage growth

12.6%

Average Gross Wages (YoY)

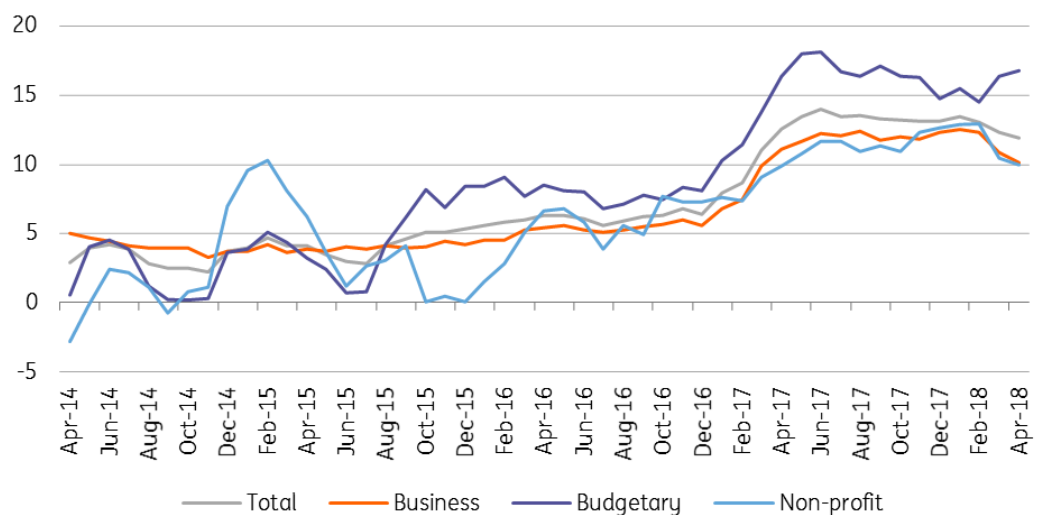
Consensus (10.5%) / Previous (11.3%)

Better than expected

Average gross and net monthly earnings increased by 12.6% YoY in April 2018, which exceeded the 10.5% YoY market expectations. After the slowdown in dynamics over the last two months, the latest figure suggests some acceleration.

In the details, wages increased by 11.1% YoY in the business sector and by 16.6% YoY in the public sector. Despite the business sector pointing to the second highest increase of premiums and bonuses (21% YoY) in the last 10 months, it could not compete with the 82% YoY growth of premiums and bonuses in the public sector. Regarding the main drivers behind the double-digit wage growth, we see no change at all, as the labour shortage, ongoing wage settlements in the public sector and rise of minimum wages still play a significant role.

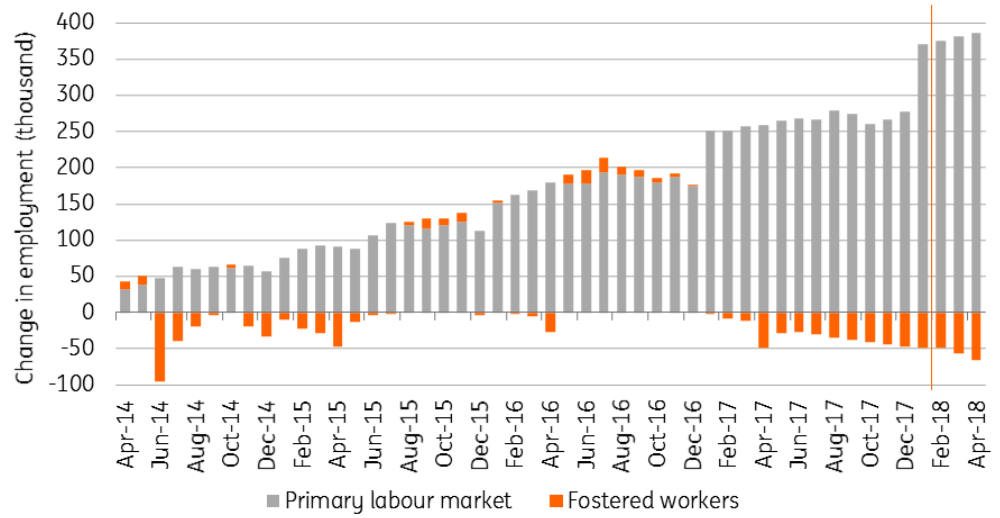
Wage growth (% YoY, 3m-mav)



Source: HCSO, ING

When it comes to labour demand, the big picture is still optimistic. The significant recruitment translated into a 127.5k YoY increase in the number of workers in the primary labour market. Meanwhile the number of fostered workers decreased by 33k YoY to 136.4k.

Evolution of labour demand (Jan-14=0)



Source: HCSO, ING

Bottom line is, the first four readings of the year are in line or even exceeded our expectations. Regarding the rest of 2018, the above-mentioned drivers could be with us in the upcoming months as well.

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