

20 February 2018  
Snap

## Hungary: Wage growth finishes strong

Gross and net wages rose by 13.5% year-on-year in December 2017. Considering inflation, real wages increased by double-digits in 2017 as a whole

# 13.5%

Net wage growth (YoY)

Consensus (14.2%) / Previous (13%)

Worse than expected

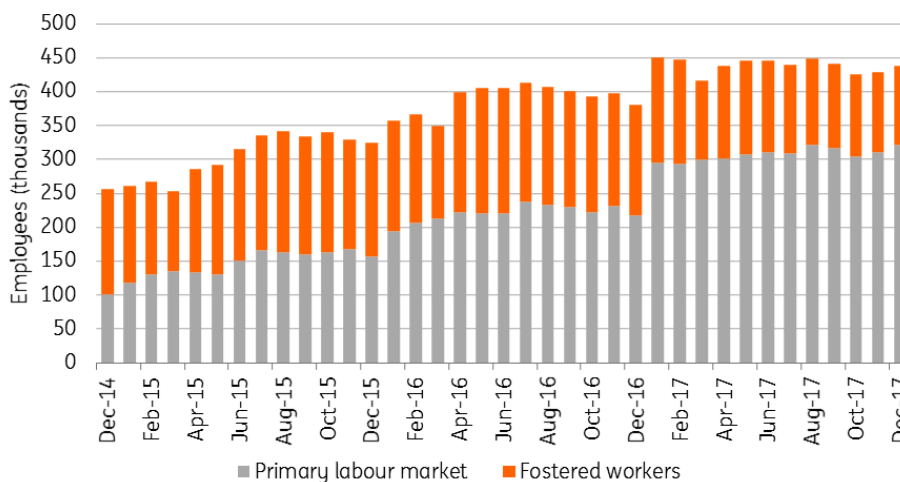
Average gross and net monthly earnings increased by 13.5% YoY in December, exceeding the 12.9% YoY average reading in 2017. Compared to market expectations, which were hoping for 14.2% YoY, the December data has caused a slight downside surprise.

Wages increased by 13.6% YoY in the public sector, but they were slightly less dynamic in the private sector, rising by 13.1% YoY. There is no change in the big picture, but the main drivers behind the double-digit growth have remained the settlements in the public sector, the rise of minimum wages (both for skilled and unskilled labour) along with the labour shortage in the business sector.

Given the labour demand, the positive trajectory has continued.

As recruitment in the primary labour market is still robust, the number of workers in the primary labour market increased by 103.5k YoY. On the other hand, the number of fostered workers decreased by 47k YoY to 150k. In 2017, as a whole, labour demand in the primary labour market increased by 3.1% YoY.

### Evolution of labour demand (Jan-13 = 0)



Source: HCSO, ING

When it comes to 2018, we expect continuous wage growth as minimum wages continue to rise (8% for the unskilled and 12% for the skilled) and the constantly challenging labour shortage.

On a yearly average, considering the slight increase in CPI (2.6% YoY) and the expected 8% YoY net wage growth, Hungary won't be touching the double-digit real net wage growth territory in 2018.

**Peter Virovacz**

Senior Economist, Hungary

+36 1 235 8757

[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 NV 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. The producing legal entity 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 subject to limited regulation by the Financial Conduct Authority (FCA). 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.