

Hungary: Wage growth remains elevated

Gross and net wages rose by 13.6% YoY in September, above expectations. Labour demand is on the rise too. One could say this is business as usual nowadays in Hungary.



13.6%

Net wage growth (YoY)

Consensus (13.2%) / Previous (13.2%)

Better than expected

Average gross monthly earnings increased by 13.6% on a year-on-year in September, the same rate as net earnings. The reading caused yet another positive surprise, as the market expectation was 13.2% YoY. Wage growth has been hovering around 13% since March. Taking into consideration 2.4% YoY inflation in the first three quarters of this year, real net earnings are up by slightly more than 10.4% compared to the corresponding period of the previous year.

The main driver behind the wage growth has remained the increase in regular wages. However, in the second straight month, we see a significant jump in average premiums and one month bonuses: 40.7% YoY increase. This is due to the 162% YoY jump in bonus payments in the public

sector. This reading is so high, that it has to be related to some retrospective, non-regular wage settlements.

As regards the average wage increase in the main subsectors, we see 11.7% YoY growth in the private sector in September, lagging behind the 18.2% YoY salary increase in the public sector. The difference is due to the ongoing wage settlements in the different areas of the public sector, mainly in the public utility sector.

Regular wages in the business sector

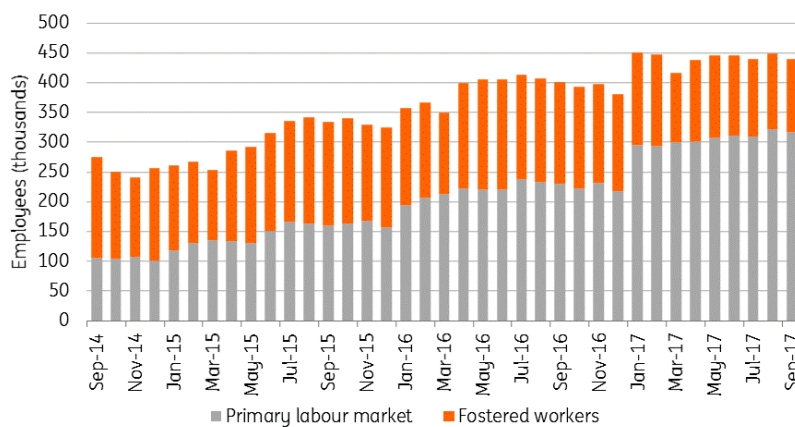
HSCO, ING



Labour demand increased further, as the number of workers in the primary labour market increased by 86.6k YoY. Meanwhile, number of fostered workers dropped by 47.4k YoY to 157k, a level not seen since 2013.

Evolution of labour demand (Jan-13=0)

HSCO, ING



Source: HCSO, ING

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