

Hungary: Wage growth beats forecasts

Gross and net wages rose by 13% year-on-year in November. Labour shortages and wage settlements remain the main drivers



13%

Net wage growth (YoY)

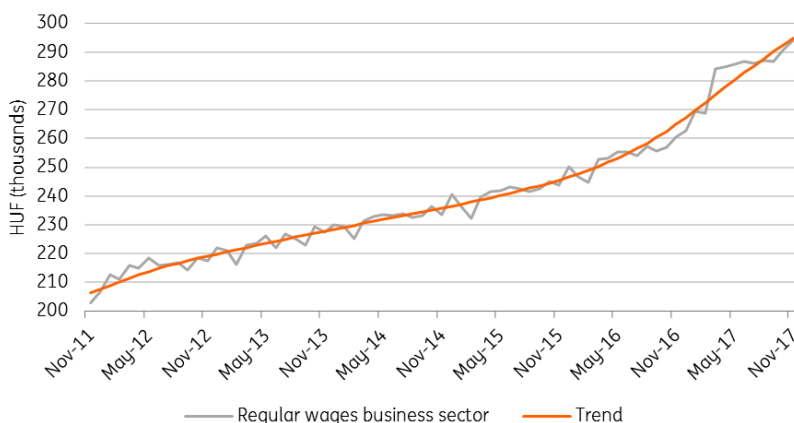
Consensus (11.9%) / Previous (12.8%)

Better than expected

In Hungary, average gross and net monthly earnings increased by 13% year-on-year in November. The reading was a slight upside surprise, with market expectations spread in a narrow range of 11.3% to 12.6%.

Wages increased by 17.5% YoY in the public sector mainly due to the 50% YoY growth of one-month bonuses. The wage increase was less robust in the private sector, rising by 11.2% YoY. Labour shortages and wage settlements are still the main factors behind the growth in wages, along with the rise in minimum wages.

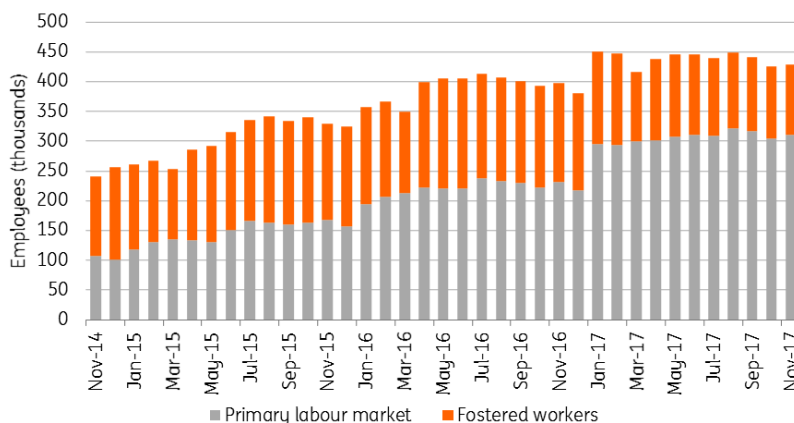
Regular wages in the business sector



Source: HCSO, ING

The number of workers in the primary labour market increased by 79k YoY while the number of fostered workers--low-paid workers in a programme set up by the government--dropped by 48k YoY to 152k.

Evolution of labour demand (Jan-13 = 0)



Source: HCSO, ING

The bottom line

In 2017 overall, we expect double-digit real wage growth due to the 13% wage increase and the 2.4% headline inflation rate.

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