

Double-digit wage growth makes a cameo appearance in Hungary

February's wage data revealed a significant increase in Hungary. Combined with record-low inflation, this resulted in a comeback of double-digit real wage growth. However, as inflation is set to rise, this will only be a brief cameo appearance



Hungary's wage growth numbers were a surprise

9.7%

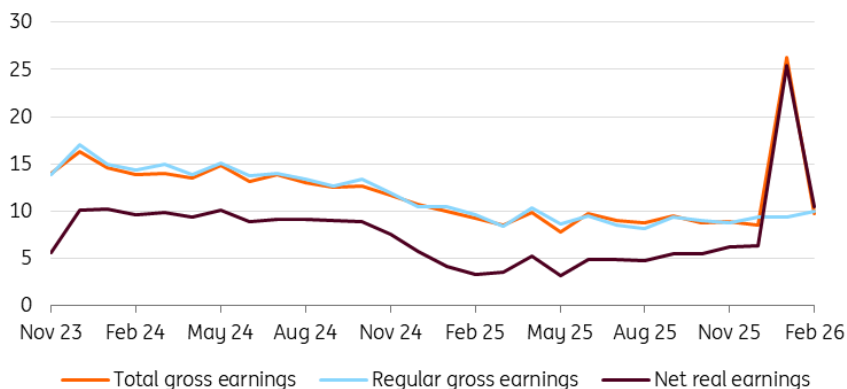
Average wage growth (Feb)

ING Forecast 8.8% / Previous 26.3%

The latest report on earnings from the Hungarian Central Statistical Office (HCSO) provides a clearer picture of this year's underlying wage trends. The January figure was significantly distorted by a one-off, six-month salary bonus ("firearms money") paid to military and law enforcement staff. Based on February's data, growth in the national average wage accelerated significantly compared to January (the adjusted figure was 8.3% in the first month). The 9.7% increase came as a positive surprise, exceeding market expectations. Net earnings grew even more, and it is

expected to remain the case throughout the year, given that family tax allowances and tax benefits for mothers have also arrived this year.

Nominal and real wage growth (% YoY)



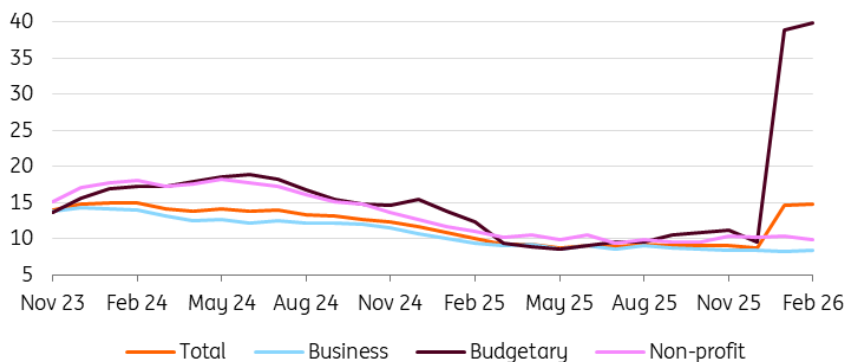
Source: HCSO, ING

Perhaps even more important than the average wage is the change in the median wage. In this case, we can report an annual increase of 11.8%, which is almost identical to the rise in the minimum wage. This indicates that that increase led to wage compression in the lower income brackets, particularly in the second and third income quintiles. Companies have been working to address this compression issue. Looking at the purchasing power of the average wage, we can see that due to extremely low inflation and accelerating wage growth, the year-on-year change in real earnings was again in the double-digit area. In February 2026, this figure was 10.5%.

Looking at underlying trends, wage growth accelerated in all major sectors. In the business sector, growth in water and waste management exceeded the average, but average wage growth in manufacturing also accelerated significantly. This may have been driven by an increase in the number of manufacturing sector employees. Presumably, new factories are recruiting at higher wages, while cheaper labour is being laid off in struggling subsectors. In other sectors, wage and labour market trends are similar to those observed in January.

Wage dynamics

3-month moving average, % YoY



Source: HCSO, ING

The 11% and 7% increases in the minimum wage and guaranteed minimum wage in January, as well as the payment of "firearms" money, will clearly have a significant impact on this year's annual wage dynamics. Wage trends continue to be significantly influenced by the fact that an increasingly large proportion of companies are maintaining a labour reserve, while demographic trends are, to put it mildly, unfavourable from a labour market perspective. This, in turn, keeps the labour market relatively tight.

The latest February data does not alter our overall outlook, so we still expect annual average wage growth of around 9–10% for 2026 as a whole. However, as inflation is set to rise due to the energy shock caused by the war in the Middle East, the double-digit real wage growth will quickly evaporate. Speaking of the war, another important question is how swiftly companies will respond to cost shocks, more persistent labour cost increases, and weaker expected economic growth. Given the significant deterioration in the outlook, it may become more difficult for companies to pass on wage costs, so we expect them to respond with more significant workforce reductions. This would pose a further negative risk to Hungary's growth prospects.

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