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HUNGARY

Hungarian wage growth shifts back into higher gear

Hungarian wage growth surprised to the upside in August, marking a second consecutive month of acceleration. One-off effects may have played a role. Despite the still-tight labour market, we expect wage growth to slow, especially as next year's minimum wage increase is likely to be more restrained



Hungarian wage growth accelerated for a second consecutive month in August, beating expectations

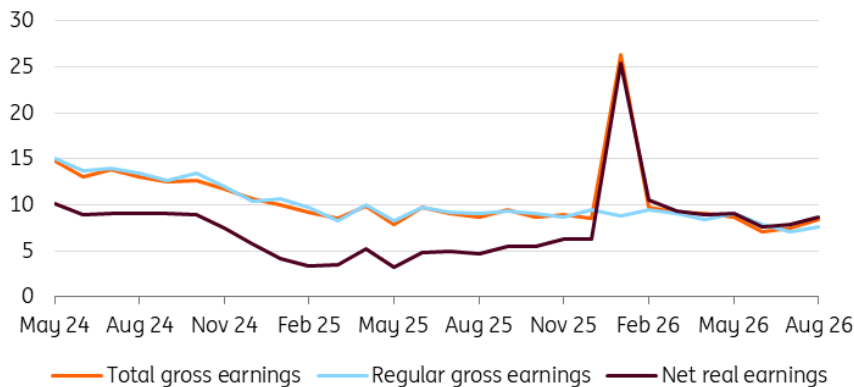
8.4% **Average wage growth (Aug)**

ING Forecast 7.2% / Previous 7.5%

The latest wage statistics from the Hungarian Central Statistical Office (HCSO) delivered a significant positive surprise. Average gross wages rose by 8.4% year-on-year in August 2026, marking a renewed acceleration compared with the previous month. This was the second consecutive month in which wage growth picked up. Net earnings continued to rise at an even faster pace, returning to double-digit growth in August. This was primarily attributable to this year's changes in the family tax allowance and tax benefits available to mothers.

Median earnings increased at a pace close to, but slightly above, the minimum wage increase. This may indicate that wage compression persists, particularly in the bottom three income quintiles, which companies have been trying to address.

Nominal and real wage growth (% YoY)

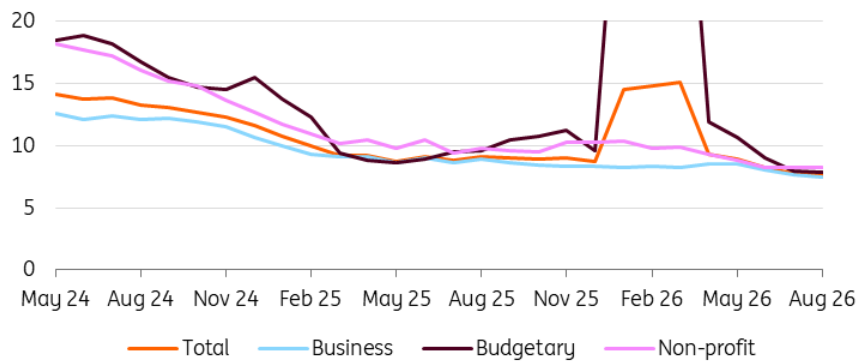


Source: HCSO, ING

Purchasing power continues to expand dynamically. Against the backdrop of low inflation and still-robust wage growth, net real earnings increased by 8.6% YoY in August. In light of this, weak retail sales in [August](#) are even more surprising. The latest wage data reinforce the view that retail activity may have been held back partly by one-off factors, such as the heatwave and rising fuel prices. At the same time, households are likely to be shifting their spending towards services or upscaling the quality of purchased goods. Against this backdrop, we expect consumption growth to remain dynamic in the third quarter.

Looking at the major sectors, broadly similar trends can be observed. Wage growth ranged between 8.1% and 9.2% in the business, budgetary and non-profit sectors, representing an acceleration compared with previous months in each case. Wages increased at the fastest pace in the public sector in August, which also recorded the most pronounced acceleration from the previous month. Within the sector, wage adjustments in education and public administration played the most important role. In the private sector, above-average wage growth was recorded in the relatively small mining and energy sectors, as well as in logistics. By contrast, agriculture and the financial sector lagged the average more noticeably.

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 have clearly been key drivers of annual wage dynamics in 2026. The Hungarian labour market also remains tight despite the slight increase in the unemployment rate. Some companies are still hoarding labour, a strategy that may increasingly pay off as the economic outlook improves. Meanwhile, demographic trends are already putting structural pressure on labour supply, pushing wages higher even in the short term.

One possible explanation for the renewed acceleration in wage growth is improving business confidence and expectations of an economic recovery. However, the sectoral breakdown also suggests that one-off factors may have contributed to the stronger August figure. Extra overtime related to the workload caused by the summer heatwaves and the situation at the Paks nuclear power plant could have boosted some wage payments. This interpretation may also be supported by the fact that growth in regular earnings fell well short of overall average wage growth, which also includes one-off payments.

The latest August data did not alter our overall outlook. We therefore continue to expect annual average wage growth of around 9-10% in 2026, with the outcome likely to be closer to the upper end of this range. It is probably only a matter of weeks, or even days, before meaningful information emerges about next year's minimum wage increase. The three-year wage agreement currently in force clearly requires revision. In light of the planned changes to personal income taxation next year, we would not be surprised if the gross minimum wage increased at a much more moderate, low-single-digit pace than in recent years.

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