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Hungarian wages record steady increases in real terms

In January-April 2015, wages in real terms increased by 3.9 percent year-on-year. Wage growth was mainly influenced by an agreement this year on minimum wage and guaranteed minimum wage for skilled workers, the change in the number of public work employees and the knock-on effect of the salary reform within the healthcare and welfare sectors. Wages in real terms were up by 4.8 percent between January and April this year.

Average gross monthly wage above HUF 240 000

The gross monthly wage of full-time employees within the national economy -- at enterprises with at least five employees, budgetary institutions and non-profit organizations -- averaged HUF 241 600 in the observed period.

Excluding family tax allowances, net wages within the national economy averaged HUF 158 200 and thus the 3.9 percent growth of net wages – thanks to unchanged tax rates on wages and the personal income tax rate – was on par with that of gross wages. In 2015, entitlement provisions of family tax allowances were only slightly altered; therefore it did not have a significant effect on the net wage index.

Excluding the effect of public work employee salaries, wages increased by 2.9 percent within the national economy, by 3.5 percent at enterprises, by 1.4 percent at the public sector and by 1.8 percent at non-profit organizations in the observed period.

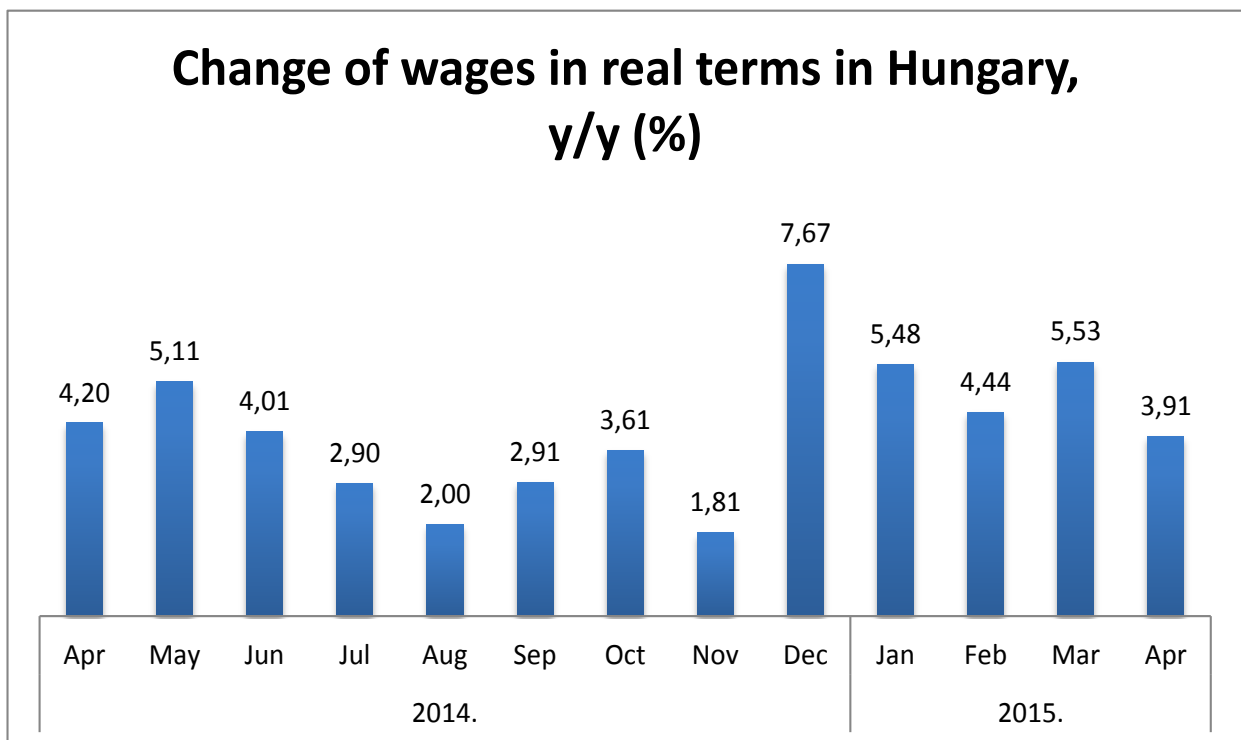
Steady wage growth in real terms

In the initial four months of the year, wages in real terms were 4.8 percent higher in Hungary. Since December 2013, wages in real terms have been up for the sixteenth consecutive month in Hungary. Along with the improvement of the situation of forex borrowers, this positive trend has been fuelling household consumption which factor is seen to be the main engine of economic growth this year. The growth of wages in real terms this year has been mainly attributable to private sector wage hikes and the favourable inflationary environment. According to data from



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January-April 2015, the volume of retail sales soared by 6.4 percent compared to the corresponding period of the previous year, and it is even higher than the 5 percent increase recorded in the year 2014. In the drafting of the 2016 Budget the Hungarian Government has factored in 2.5 percent GDP growth for ~~2015~~2016, while the International Monetary Fund and the European Commission are forecasting GDP growth of 2.7 percent and 2.8 percent, respectively, for Hungary for 2015.



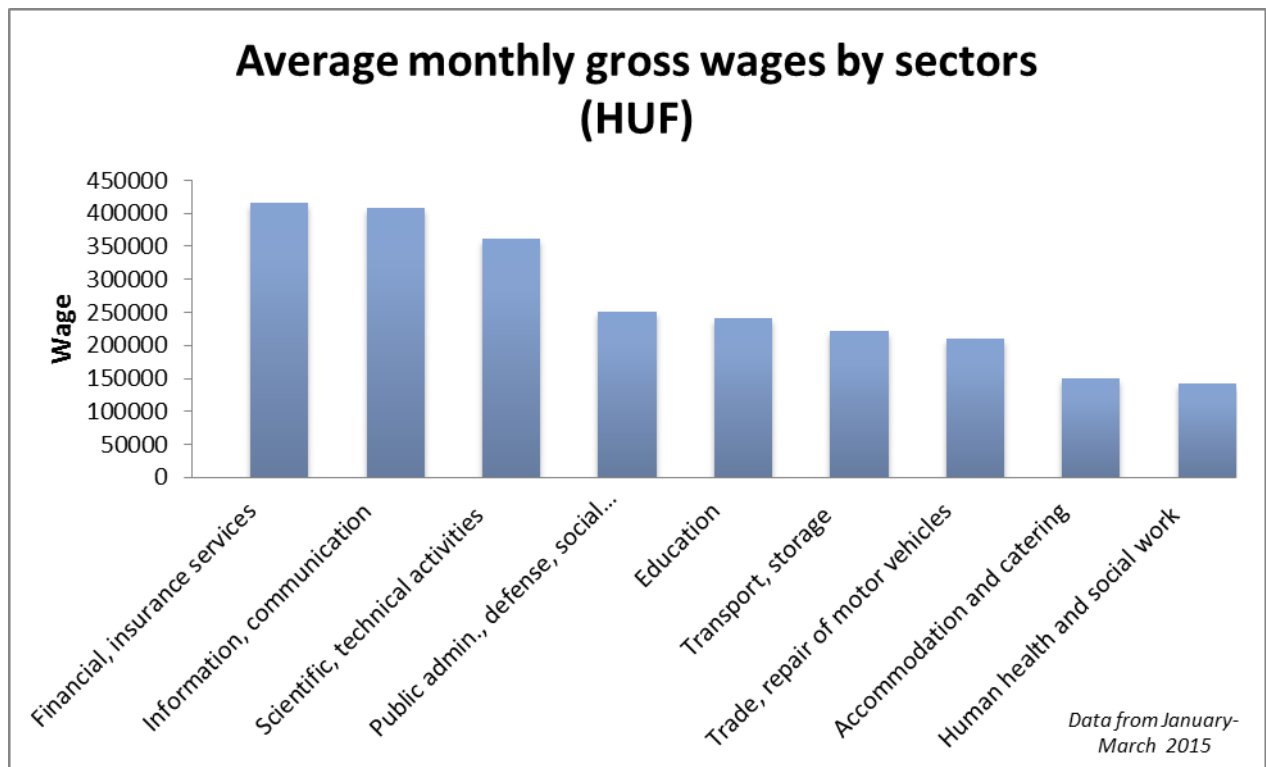
Source: (Hungarian Central Statistical Office) KSH

Wages of employees in the financial and insurance sector was the highest

In light of data from the first quarter of 2015 it can be concluded that gross wages are the highest within the financial and insurance as well as the info-communication sectors. In both sectors, average gross wages were above HUF 400 000 per month, while the gross monthly wages of employees in the education and public administration sectors averaged HUF 240-250 000.



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Source: Hungarian Central Statistical Office (KSH)