



MINISTRY
FOR NATIONAL ECONOMY

Purchasing power of wages increasing unabated

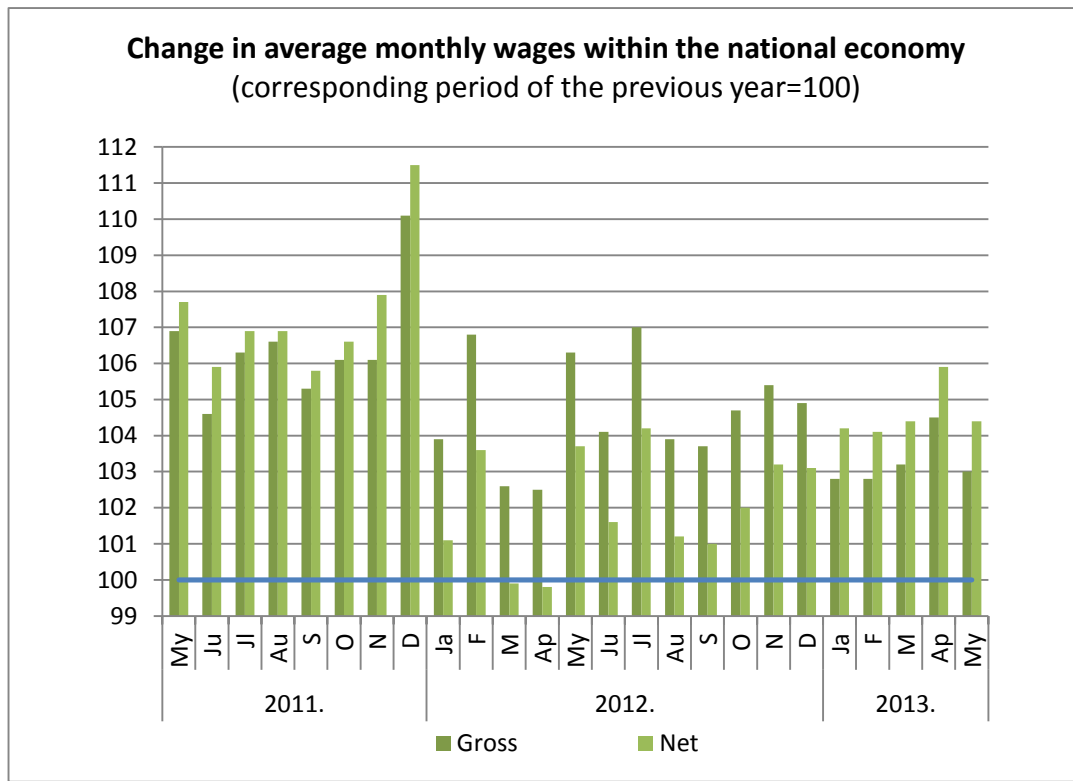
According to the latest statistics of the Hungarian Central Statistical Office (KSH), the positive trend of improving real wages – in place since the beginning of the year – is continuing. Gross and net average wages within the national economy were 3.3 percent and 4.6 percent higher in January-May 2013, respectively, compared to the level of one year ago. Positive retail sales data are also signalling that real wage increases have been spurring household consumption and this process has been a highly favourable one from the aspect of economic growth.

In the initial five months of the year, the gross average wage for full-time employees was HUF 227 834 within the national economy. In the private sector, employees earned on average HUF 239 455 and in the public sector – excluding public work employees – the respective figure was HUF 215 956. The average wage of a public work employee was HUF 78 100.

The net wage without family tax allowances was HUF 149 232 within the national economy. Average net wages in the private sector increased by 4.8 percent, while in the public sector – excluding public work employees -- net wages were 4.6 percent higher in comparison to the corresponding period of 2012.



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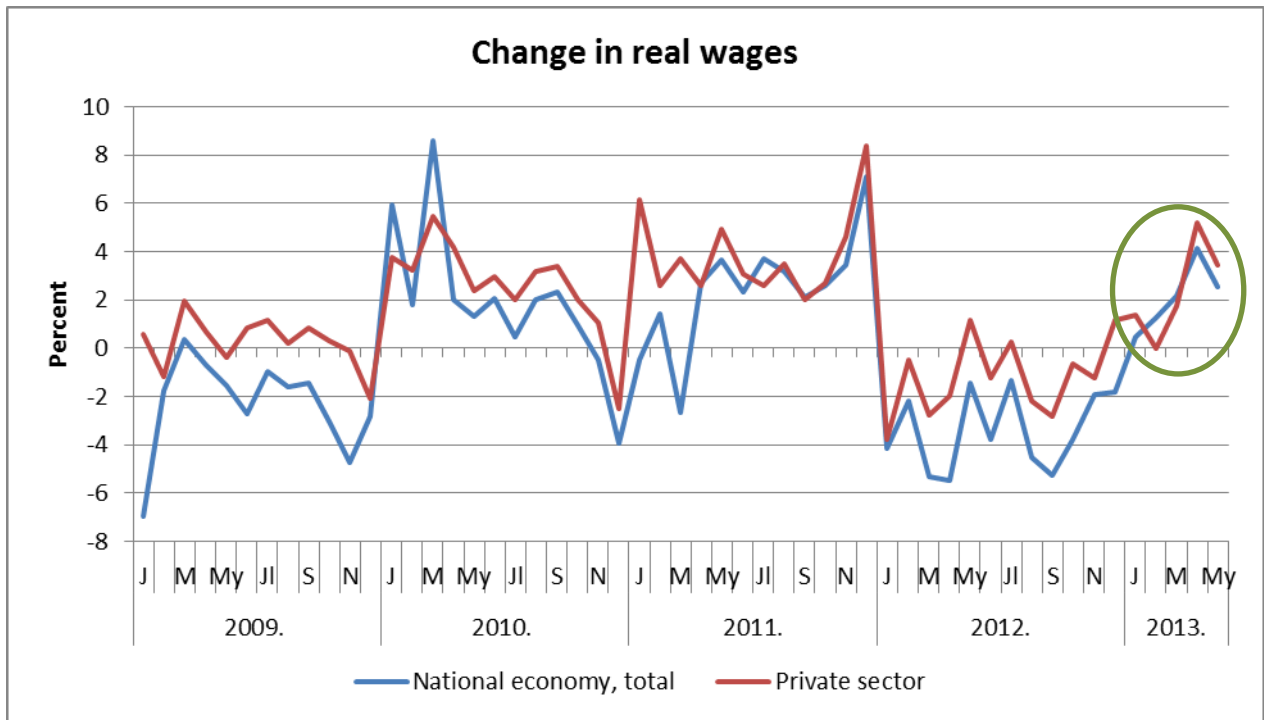
Source: Hungarian Central Statistical Office (KSH)

According to KSH data, in May 2013 the monthly gross average wage of full-time employees was HUF 232 084 within the national economy, which corresponds to an increase of 3 percent compared to the figure registered last year. **Net wage – at HUF 152 015 – was up by 4.4 percent in comparison to May 2012, but this figure does not take into account the family tax allowance for children.**

In the fifth month of the year, the monthly gross and net average wage of private sector employees increased by 3.8 percent and 5.3 percent, respectively, compared to the same period of the previous year. The gross average wage of full-time employees of budgetary institutions – excluding public work employees – was 3.7 percent higher compared to May 2012, while the net wage increased by 5 percent. **Calculating with an annual inflation rate of 1.8 percent in May, wages are up by 2.6 percent in real terms. Since the beginning of the year, real wages increased each month both within the national economy and the private sector (except for staying flat in February), in comparison to the corresponding month of the previous year.**



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Source: Hungarian Central Statistical Office (KSH), Ministry for National Economy (NGM)

Analysing annual data it can be observed that after the steep fall in 2007, real wages increased moderately in 2008 and after that they decreased by 2.3 percent in 2009. **2010-2011 were again the years of growth, the purchasing power of wages declined by 3.5 percent in 2012 but it resumed growth in 2013.** In the initial five months of 2013, real wages increased by 2.2 percent within the national economy, while an inflation rate of 2.4 percent was recorded for the period January-May.



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Source: KSH, NGM

Real wage growth is seen as one of the reasons for the higher retail sales turnover of the past months. In light of KSH data, retail sales turnover has been rising for two months: after it increased by 3.1 percent in April, the volume of retail sales was up by 2.2 percent in May compared to the same period of the previous year. **Favourable retail sales statistics are indicating that consumer demand is stabilizing:** the June inflation report of the National Bank of Hungary expects household consumption spending to increase by 0.1 percent in 2013 (the March report still predicted a decrease of 0.4 percent). Higher real incomes, therefore, are translating into consumption growth which is an auspicious trend from the aspect of economic expansion.