

MONTHLY BULLETIN OF ECONOMIC TRENDS

2026

NOVEMBER–DECEMBER

ON THE LATEST ANALYSIS FROM THE INSTITUTE OF ECONOMIC AND ENTERPRISE RESEARCH

- Turnover, employment and investment
- Business constraints and scope for wage increases
- Business adjustment



Prepared by:

Molnár Endre Mihály,
research director

15 November 2026.

CONTENTS

03 DECLINING TURNOVER AND SUBDUED PRICE INCREASE PLANS

54% of businesses reported falling turnover, whilst the short-term outlook was more favourable.

05 STABLE HEADCOUNTS AND SUBDUED INVESTMENT

77% of firms expected unchanged headcounts, whilst large companies were much more likely to plan investment.

07 WEAK DEMAND AND COST PRESSURES

A lack of customers hampered operations at 52% of businesses, whilst rising labour costs affected 47%.

09 WAGE INCREASE PLANS AND FINANCIAL HEADROOM

41% of businesses could not fund wage increases without reducing their profitability.

11 HOW BUSINESSES FUND WAGE INCREASES

Among firms raising wages, 48% would cover the cost through higher prices and 46% through lower profitability.

13 INTERNATIONAL TRENDS



01

DECLINING TURNOVER AND SUBDUED PRICE INCREASE PLANS



NOVEMBER–DECEMBER 2026

54% of businesses reported falling turnover, whilst the short-term outlook was more favourable.

In the survey for the second quarter of 2026, falling turnover particularly affected micro-enterprises and construction firms. A satisfactory assessment of profitability was the most common, whilst just over a quarter of businesses expected to raise prices.

FALLING TURNOVER AFFECTED A WIDE RANGE OF BUSINESSES

Turnover at 54% of businesses was below its level in the same month of the previous year. Of all respondents, 43% reported a decline of at least 10%. Growth was reported by 25%, whilst 14% reported unchanged turnover. These figures describe changes in revenue; they do not, on their own, distinguish the effects of changes in sales volumes from those of changes in prices.

47% of micro-enterprises experienced a significant fall in turnover. By contrast, 53% of firms employing at least 250 people reported growth. Conditions were particularly unfavourable in construction, where 59% reported a significant decline. The overall picture therefore concealed sharply differing business performance.

TURNOVER EXPECTATIONS ALSO REFLECT PAST PERFORMANCE

42% of businesses whose turnover had previously risen significantly expected further growth, whilst only 15% anticipated a decline. Among firms reporting a significant fall, by contrast, 31% expected a further decline and 27% anticipated growth. The two groups thus differed not only in recent performance: stronger results were accompanied by a more favourable outlook. Nevertheless, more than a quarter of those that had experienced a decline already expected a turnaround.

Among businesses whose turnover was stable or had changed only moderately compared with the previous year, 49–53% also expected unchanged revenue over the next three months. Continuation of the existing situation was the most common scenario in this group. Differences in turnover trends thus persisted in expectations: the survey indicated differing patterns of adjustment depending on firms' circumstances, rather than a uniform recovery.

The proportion of businesses expecting growth varied relatively little from the average across company size groups, although 27% of medium-sized firms anticipated a decline. This qualifies the picture suggested by past turnover alone. Larger company size was not always associated with a more favourable short-term outlook; performance relative to the previous year and the outlook reported in April represent two distinct perspectives.

EXPECTATIONS WERE MORE FAVOURABLE THAN RECENT EXPERIENCE

Over the next three months, 29% expected turnover to rise, 38% expected no change and 20% anticipated a decline. In both the Southern Great Plain and Western Transdanubia, 36% expected growth; Northern Hungary stood out for the 24% anticipating a decline. These plans, reported in April, indicated expectations of

moderate improvement, but the survey provides no information on whether they were realised.

SATISFACTORY PROFITABILITY RATINGS WERE MOST COMMON

Half of businesses rated their profitability as satisfactory, 31% as poor and 16% as good. Among large companies, 32% rated it as good and 16% as poor, whilst 34% of micro-enterprises viewed their position unfavourably. By sector, poor profitability was most common in agriculture and construction, at 43% and 39%, respectively.

Stability dominated short-term expectations: 56% anticipated no change, 17% expected improvement and 16% deterioration. Among firms currently reporting poor profitability, 26% expected further deterioration, compared with 7% of those in a good position. This difference suggests that many respondents regarded a rapid recovery from unfavourable conditions as uncertain.

STABILITY HAS DIFFERENT IMPLICATIONS ACROSS SECTORS

In manufacturing, 19% of businesses expected profitability to improve, the highest share among the sectors surveyed. In agriculture, however, 26% anticipated deterioration and only 11% improvement. In the latter group, the share expecting deterioration was thus more than twice that expecting improvement. The broadly balanced expectations in the full sample therefore conceal substantial sectoral differences.

63% of firms currently reporting satisfactory profitability expected no change over the next three months. Among those in a good position, 20% expected further improvement, compared with 17% of those in a poor position. The largest difference therefore concerned the perceived risk of further deterioration, rather than hopes of improvement. For firms with poor profitability, continued stability would not in itself imply favourable business conditions.

PRICE INCREASE PLANS WERE MOST WIDESPREAD IN TRADE

59% of firms expected unchanged prices over the next three months, 27% anticipated increases and 5% decreases. The proportion expecting price increases was 31% among both small and medium-sized enterprises. Among large companies, however, 72% expected prices to remain unchanged.

In trade, 46% of respondents planned to raise prices, whilst in business services unchanged prices predominated, at 68%. Agriculture presented a different picture: 26% expected prices to fall. The results show substantial sectoral differences in firms' pricing intentions; they cannot be used directly to infer the expected rate of consumer price inflation.

PRICING ALSO REVEALS DIFFERENT PATTERNS OF ADJUSTMENT

28% of manufacturing firms and 29% of construction firms expected to raise prices, compared with 19% in business services. In agriculture, only 13% expected higher prices, whilst twice as many anticipated price declines. Weak profitability prospects and downward price expectations were both present in this sector. However, the group-level results do not establish whether both conditions affected the same businesses.

Across regions, the proportion expecting unchanged prices ranged from 50% to 64%. In the Southern Great Plain, 33% planned price increases, compared with 34% in Western Transdanubia; both regions also had a high share of firms expecting turnover growth. This survey question does not measure the size of planned price increases, so their frequency cannot be used to calculate expected changes in revenue. Taken together, turnover, profitability and pricing results point to cautious business adjustment that varies by sector.

Source: MNB–MKIK business survey, April 2026; IEER study, pp. 20–23.

02

STABLE HEADCOUNTS AND SUBDUED INVESTMENT



NOVEMBER–DECEMBER 2026

77% of firms expected unchanged headcounts, whilst large companies were much more likely to plan investment.

Maintaining headcounts dominated firms' employment plans. Investment intentions showed more marked differences by company size: most micro-enterprises had no investment planned at all for the next three months.

BALANCED PLANS FOR HEADCOUNT INCREASES AND REDUCTIONS

77% of businesses expected unchanged employee numbers over the next three months. Headcount increases and reductions were each anticipated by 9%. This is a balanced picture in terms of the number of firms, but does not necessarily imply unchanged total employment: these proportions provide no information on the size of planned headcount changes.

80% of micro-enterprises expected unchanged headcounts. Among firms with 50–249 employees, the figure was only 58%, whilst 18% planned increases and 19% reductions. Among businesses employing at least 250 people, 12% expected increases and 19% reductions. Larger firms were therefore more likely to report planned headcount changes, and expectations of workforce reductions were also more prominent in this group.

DIFFERENT MOVEMENTS UNDERLIE STABLE HEADCOUNTS

The combined share expecting headcount increases or reductions was 37% among medium-sized firms and 31% among large companies. In both groups, therefore, far more firms were preparing for some change in staffing than the full sample's 77% share expecting stability would suggest on its own. Among medium-sized firms, the two directions were almost balanced, whereas among large companies the share expecting reductions exceeded that anticipating increases by 7 percentage points.

The national figures of 9% for both increases and reductions thus conceal differing business circumstances. Smaller firms were more focused on maintaining their existing workforce, whilst larger companies were more likely to plan changes in employment. The responses are based on numbers of firms: a planned headcount change at a larger company may affect more employees, but this survey indicator does not establish how many.

REGIONAL AND SECTORAL DIFFERENCES

14% of businesses in Southern Transdanubia and 13% in the Southern Great Plain expected to increase headcounts. In Central Transdanubia and Northern Hungary, by contrast, the proportion planning reductions was relatively high, at 14% in each region. No change remained the most common response in every region.

By sector, maintaining headcounts was most widespread in agriculture, at 83%. In construction, 68% expected no change, whilst increases and reductions were each anticipated by 12%. In manufacturing, 13% expected reductions and 11% increases.

INVESTMENT PLANS VARIED STRONGLY BY COMPANY SIZE

70% of businesses employing at least 250 people planned investment in the three months

following the survey. The proportion was 45% among firms with 50–249 employees, 40% among those with 10–49 employees and only 22% among micro-enterprises. Of the smallest firms, 56% had no investment planned at all, whilst a further 17% had postponed an earlier plan.

Among large companies, only 18% reported having no investment planned, whilst 9% reported postponements. These differences by size suggest that investment activity was much more widespread among larger firms. The figures measure the proportion of businesses planning investment, not its total value.

NO INVESTMENT PLANS AND POSTPONEMENT ARE DIFFERENT SITUATIONS

When examining investment plans, it is useful to distinguish firms that had not intended to invest in the first place from those that postponed an earlier plan. Among micro-enterprises, the former group was more than three times as large as the latter. This indicates that subdued activity did not stem solely from delays to projects already prepared: for many of the smallest firms, investment was absent from short-term plans from the outset.

The gap between the 70% investment propensity of large companies and the 22% recorded for micro-enterprises was 48 percentage points. Small and medium-sized firms, at 40% and 45%, respectively, fell between these two groups. Differences by size were thus evident across the full range of businesses. Nevertheless, some large companies also had no investment planned or had postponed it, so the more favourable overall picture did not imply a universal expansion in investment.

Comparing employment and investment plans is particularly instructive for large companies. Although this group had the highest share planning investment, more firms expected to cut headcounts than to increase them. At group level, investment intentions were therefore not accompanied by an unambiguously positive employment outlook. Without linking individual responses, this does not imply that investment would replace jobs or that the same firms made both decisions.

MANUFACTURING STOOD OUT FOR ITS INVESTMENT INTENTIONS

43% of manufacturing businesses planned investment. The proportion was 28% in business services, 25% in construction, 24% in agriculture and 23% in trade. In every sector, firms with no investment planned at all accounted for at least 40%.

Investment intentions were strongest in Southern Transdanubia, where 35% of firms planned investment, followed by the Southern Great Plain at 32%. The corresponding figures were 24% in the Northern Great Plain and 25% in Northern Hungary. Investment already undertaken also indicated subdued activity: across regions, 46–58% of firms had made no investment during the period of the year covered by the survey.

Stable headcounts combined with moderate investment intentions suggest cautious business behaviour. Most firms were not preparing for rapid changes in employment, whilst investment was concentrated in only part of the business sector.

COMPANY SIZE MATTERED MORE THAN REGIONAL DIFFERENCES

The share planning investment ranged from 24% to 35% across regions, a gap of 11 percentage points. This was far smaller than the 48-percentage-point difference by company size. In every region, the largest group consisted of firms with no investment planned at all, accounting for 42–53%. Regional results therefore indicated different degrees of subdued activity rather than sharply contrasting growth paths.

Manufacturing's 43% investment propensity exceeded that of trade by 20 percentage points. This difference concerns the proportion of firms planning investment; it does not imply an equivalent difference in the value of planned investment. Nor does the survey establish whether projects involve capacity expansion, modernisation or replacement of worn-out assets. Investment intentions are therefore an important signal of business activity, but are not in themselves equivalent to future output growth.

Source: MNB–MKIK business survey, April 2026; IEER study, pp. 24–29.

03

WEAK DEMAND AND COST PRESSURES



NOVEMBER–DECEMBER 2026

A lack of customers hampered operations at 52% of businesses, whilst rising labour costs affected 47%.

The business environment was weighed down by both weak demand and rising costs. Many firms faced several obstacles simultaneously; only 5% reported no constraints on their operations.

DEMAND AND COSTS WERE THE MAIN CONSTRAINTS

52% of respondents cited a lack of customers as an operational constraint. Rising labour costs were a problem for 47%, whilst supplier price increases and high energy prices each affected 43%. These proportions show that both weak demand and cost pressures affected a broad range of businesses.

Labour shortages were cited by 22% and financing problems by 20%. Administrative obstacles affected 15% of firms, whilst supplier delays and product shortages affected 12%. Other difficulties were reported by 10%. Respondents could select more than one obstacle, so the proportions do not add up to 100%.

DIFFERING BUSINESS CIRCUMSTANCES

For smaller businesses, the main difficulty was a lack of customers. Among large companies, supplier price increases and high energy prices were more prominent. Rising costs therefore did not affect all firms in the same way: exposure differed according to their size and activities.

Weak demand was a particularly important constraint in trade and construction. In agriculture and manufacturing, energy and supplier costs imposed a substantial burden. Because obstacles varied by sector, the national ranking alone does not describe the circumstances of every group of businesses.

WEAK DEMAND AND PROCUREMENT PRESSURES VARY BY SECTOR

63% of businesses in trade and 60% in construction reported a lack of customers, compared with 30% in agriculture. In the latter sector, however, high energy prices were a particularly prominent obstacle, cited by 67% of firms. Demand growth alone would therefore not resolve the most commonly reported constraint in every sector, as the mix of problems differed substantially.

Supplier price increases caused difficulties for 56% of businesses in trade and 53% of manufacturers. In business services, by contrast, 32% were affected. In trade, therefore, procurement pressures affected many firms alongside a lack of customers, and a quarter cited supplier delays or product shortages. These obstacles could be selected separately, so the groups affected by individual problems may overlap.

Labour shortages affected almost one in three businesses in construction and agriculture, and were also cited by 29% of manufacturers. Financing difficulties likewise affected almost a third of construction and agricultural firms. Obstacles ranked lower nationally were thus particularly common in certain sectors. In services and agriculture, administrative burdens were also reported by around a fifth of businesses.

FEW EXPECTED A RAPID TURNAROUND FROM UNFAVOURABLE CONDITIONS

Assessments of recent changes in the business environment were associated with expectations for the next three months. Among firms that had experienced an improvement, 87% expected conditions to remain similar or improve further. Among those reporting no significant change, 62% expected continued stability and 20% improvement.

By contrast, only 13% of businesses reporting a weaker business environment expected improvement. Almost half, 49%, anticipated further deterioration, whilst 27% expected unchanged conditions. At the time of the April survey, therefore, many firms facing difficulties did not foresee an imminent turnaround.

THE MAIN CONSTRAINTS ALSO DIFFERED BY REGION

Central Transdanubia had the highest share reporting a lack of customers, at 56%. Rising labour costs were a particular obstacle in the Northern and Southern Great Plain, cited by 54% and 53% of firms, respectively. Responses on high energy prices showed wider regional variation: 37% reported this problem in Central Hungary, compared with 53% in Western Transdanubia. These differences add detail to the regional mix of operational constraints.

In the Southern Great Plain, 36% of businesses experienced labour shortages, compared with 22% nationally. In Southern Transdanubia, the 26% citing administrative obstacles stood out, whilst in Northern Hungary the share reporting financing difficulties reached 26%. These differences suggest that the conditions required for a more favourable business environment also vary across regions. The data do not separate the effects of location from those of the local composition of businesses.

INTERPRETING OPERATIONAL CONSTRAINTS TOGETHER

The coexistence of weak demand and cost pressures may limit firms' scope to adjust. A company receiving few orders may find it harder to pass rising costs on through its prices. However, the survey does not establish causal links between individual obstacles, pricing and investment decisions; the responses describe constraints perceived by businesses.

The lower frequency of financing difficulties and labour shortages does not mean that these are less serious problems for the firms affected. Frequency and the scale of economic impact are different considerations. The main message is that operational difficulties are widespread, but their composition varies across groups of businesses.

LARGER FIRMS ALSO FACED OPERATIONAL CONSTRAINTS

56% of micro-enterprises cited a lack of customers, compared with only 30% of large companies. Supplier price increases showed the opposite pattern, affecting 38% and 58%, respectively. Labour shortages were reported by 20% of the smallest firms and 39% of the largest. As company size increased, some obstacles became less common and others more prevalent; larger size did not provide general protection against operational difficulties.

Financing problems affected 21% of micro-enterprises, compared with 9–20% in the size groups above 10 employees. Demand and financing were more prominent among smaller firms, whilst supplier costs and labour availability were more important among larger companies. The overall picture therefore calls for examining both the national ranking of obstacles and individual groups of businesses: the same economic environment may impose different constraints on different firms.

Source: MNB–MKIK business survey, April 2026; IEER study, pp. 30–33.

04

WAGE INCREASE PLANS AND FINANCIAL HEADROOM



NOVEMBER–DECEMBER 2026

41% of businesses could not fund wage increases without reducing their profitability.

In the April 2026 survey, many firms had limited scope to raise wages. Affordable increases and those actually planned were covered by separate questions: the two sets of results present a similar overall picture but reflect different decision-making considerations.

MICRO-ENTERPRISES HAD THE LEAST FINANCIAL HEADROOM

41% of businesses saw no scope to raise wages relative to the previous year without affecting their existing profitability. An increase of 5–7% was considered affordable by 20%. The figures suggest that, at many firms, wage increases could be achieved only at the expense of existing profits or through other adjustments.

48% of micro-enterprises reported a lack of financial headroom. The figure was 27% among firms with 10–49 employees, 28% among those with 50–249 employees and 14% among those employing at least 250 people. Larger firms were therefore less likely to rule out any wage increase compatible with maintaining profitability.

LARGER SIZE WAS NOT AN ADVANTAGE IN EVERY INCREASE BAND

Although the proportion able to fund any wage increase rose with company size, the scope for an increase of at least 10% showed a different pattern. 10% of micro-enterprises and 11% of small firms considered such an increase feasible without reducing profitability. The corresponding figures were 8% for medium-sized firms and 7% for large companies. The ability to fund larger increases was therefore not simply concentrated among larger firms.

Together, these results indicate marked differences within the group of smallest businesses. Almost half saw no financial scope to raise wages, whilst a smaller share considered even substantial increases affordable. Among large companies, a complete lack of headroom was less common, but fewer selected the high increase band. No single level of affordable wage growth therefore applies to all firms within a size group.

SECTORAL AND REGIONAL DIFFERENCES

49% of construction firms and 48% of businesses in trade could not have funded wage increases without reducing profitability. In other sectors, the proportion ranged from 33% to 39%. Regional differences were also substantial: 49% reported this in Northern Hungary, compared with 31% in Southern Transdanubia.

Affordability reflects firms' own assessments, rather than capacity calculated from financial statements. The responses therefore show how businesses viewed their scope to increase wage costs at the time of the survey.

FINANCIAL HEADROOM ALSO VARIED SUBSTANTIALLY BY REGION

In Central Transdanubia, 36% of firms saw no scope to raise wages while preserving profitability, compared with 31% in Southern Transdanubia and 49% in Northern Hungary. In other regions, the figure ranged from 40% to 43%. The gap between Northern Hungary and Southern Transdanubia was thus 18 percentage points. A lack of financial headroom for wage

increases affected many businesses in every region, but its prevalence varied considerably.

The share considering an increase of at least 10% affordable was 6% in Northern Hungary and 9% in Western Transdanubia, compared with 10–13% elsewhere. The highest figure was recorded in Southern Transdanubia. Regional differences therefore appeared both in the complete absence of headroom and in the scope for substantial increases. Regions may differ in their sectoral and company-size composition, so these proportions should not be interpreted as an independent effect of location.

39 PER CENT OF FIRMS PLANNED NO WAGE INCREASE

Asked about 2026 as a whole, 39% of businesses said they would not raise wages, 53% expected some increase and 8% did not know or declined to answer. The most commonly selected positive increase band was 5–7%, chosen by 23% of the full sample. This was the largest group among firms raising wages, but not a majority.

48% of micro-enterprises planned no increase, compared with 20% of small firms, 21% of medium-sized firms and 7% of large companies. Among firms employing at least 250 people, 56% selected the 5–7% band, compared with 16% of micro-enterprises.

INCREASES OF FIVE TO SEVEN PER CENT WERE MORE COMMON AT LARGER FIRMS

The 5–7% wage increase band was selected by 16% of micro-enterprises, 37% of small firms, 40% of medium-sized firms and 56% of large companies. This band was much more prominent among larger firms than among the smallest businesses. A majority of large companies therefore fell into this single category, whereas in the full sample firms planning increases of 5–7% accounted for only just over a fifth of businesses.

By sector, 36% of manufacturers selected a 5–7% increase, compared with 23% in trade, 21% in business services, 19% in construction and 17% in agriculture. Manufacturing thus combined a relatively low share planning no wage increase with a high share opting for a moderate increase. Both the prevalence of wage increases and their planned size therefore differed across sectors.

PLANS DIFFERED ACCORDING TO THE BUSINESS ENVIRONMENT

In both construction and trade, 44% reported that they planned no wage increase, compared with only 25% in manufacturing. In Northern Hungary, 48% of respondents were not preparing to raise wages, compared with 41% in Central Hungary. The share was much lower in the Southern Great Plain, at 29%.

Comparing affordable and planned increases indicates that wage decisions may involve considerations beyond maintaining profitability. However, the difference between the full-sample figures of 41% and 39% does not establish exactly how many firms undertook increases beyond their financial headroom; this would require linking individual responses.

The survey examined annual plans and wage increases implemented during the year. The proportions reported here do not measure intentions to raise wages in November or actual earnings growth over the full year.

PLANNED INCREASES ARE NOT THE SAME AS AVERAGE WAGE GROWTH

The wage increase bands show the distribution of businesses, so they cannot be used directly to calculate average earnings growth among employees. A firm employing only a few people and a large employer each count as one respondent in these proportions. Banded responses also do not specify the exact size of an increase. The results primarily describe how widespread intentions to adjust wages are and which groups of businesses are more likely to forgo increases.

Source: MNB–MKIK business survey, April 2026; IEER study, pp. 34–38.

05

HOW BUSINESSES FUND WAGE INCREASES



NOVEMBER–DECEMBER 2026

Among firms raising wages, 48% would cover the cost through higher prices and 46% through lower profitability.

The most common reasons for wage increases were inflation, higher statutory wage minima and competition for labour. Firms could select several funding options. Nevertheless, meeting employees' expectations remained difficult for many businesses even when they raised wages.

THE FOLLOWING RESULTS REFER TO FIRMS RAISING WAGES

In 53% of the full sample of 1,280 businesses, wages had risen or were expected to rise in 2026. The study examined the reasons for wage increases, how firms funded or planned to fund them and how the increases compared with expectations within this subsample of 679 firms. The percentages below refer to this group.

INFLATION WAS THE MOST COMMON REASON

64% of respondents raising wages cited inflation. Increases in the minimum wage and the guaranteed wage minimum were cited by 48%, and competition from other market participants by 39%. Wage increases spreading within the firm as a result of new recruits' expectations were reported by 13%, whilst 6% cited expansion of business activity.

The responses suggest that wage increases often served to adjust to external conditions. The reasons were not mutually exclusive: the same firm could be responding to inflation, mandatory wage increases and the need to retain employees.

THE IMPORTANCE OF REASONS VARIED ACROSS BUSINESS GROUPS

Inflation was cited by 78% of large companies and 71% of medium-sized firms, compared with 62% of micro-enterprises and 61% of small firms. Increases in statutory wage minima varied less by company size, being cited by 46–52% in every group. Sectoral differences were substantial, however. This reason was reported by 74% of agricultural firms raising wages and 55% of manufacturers, compared with 42–46% in other sectors.

Wage pressure from competitors was strongest among medium-sized firms, with 52% citing it, compared with 34% of micro-enterprises. In the Southern Great Plain, 48% of firms raising wages mentioned this factor, compared with only 28% in Western Transdanubia. These differences reflect competition perceived by employers; they do not directly measure differences in market wage levels. The need to retain employees may also shape wage decisions.

Raising existing employees' pay in response to new recruits' wage demands was cited by 10% of micro-enterprises, compared with 17–21% in larger size groups. This highlights how hiring a new employee may also affect pay relativities within a firm. Only 6% cited expansion of business activity as a reason for wage increases. Adjustment to the external wage and price environment was therefore much more commonly mentioned than business growth.

PRICES AND PROFITABILITY WERE THE TWO MAIN AREAS OF ADJUSTMENT

48% cited price increases and 46% the acceptance of lower profitability as ways of funding wage increases. Growth in sales volumes would be relied on by 28%, and

reductions in non-wage costs by 21%. Headcount reductions were considered by 8%. Multiple responses were allowed, so these strategies are not mutually exclusive.

METHODS OF ADJUSTMENT DIFFERED ACROSS BUSINESS GROUPS

61% of construction firms raising wages would cover the cost through price increases, compared with 30% in agriculture. Funding increases at the expense of profitability was reported by 52% in agriculture and 50% in both manufacturing and trade.

Headcount reductions were more frequently considered among larger businesses: 22% of firms employing at least 250 people and 19% of medium-sized firms mentioned this option. In the smaller size groups, the proportion was 5–7%. This indicates selection of a possible adjustment measure, not the proportion actually making redundancies.

SALES GROWTH AND GREATER EFFICIENCY CAN ALSO PROVIDE FUNDING

39% of firms raising wages in trade relied on growth in sales volumes, compared with 22–26% in other sectors. Only 18% of large companies selected this adjustment method, compared with 29% of micro-enterprises and 28% of small firms. Growth in sales volumes therefore played a greater role in some business groups, but across the subsample it was less common than price increases or wage adjustments funded through lower profitability.

Reductions in non-wage costs were considered by 26% of medium-sized firms and 28% of large companies. They were cited by 28% in manufacturing, 25% in trade and only 11% in agriculture. Cost adjustments could therefore extend beyond workforce numbers. Firms sought funding for wage increases from different areas of their operations and could select several options simultaneously.

Open-ended responses revealed further possibilities. Among the 35 businesses describing funding methods in their own words, some cited efficiency improvements, automation, external support or the use of accumulated reserves. These responses supplement the fixed categories, but their frequency cannot be used to establish a representative ranking. Firms explaining their reasons for raising wages also referred to multi-year agreements and appreciation of employees.

WAGE INCREASES OFTEN FELL SHORT OF EMPLOYEES' EXPECTATIONS

49% of businesses raising wages said the increase met employees' expectations. A further 44% considered it lower than expected, whilst 3% reported an increase above expectations. The responses reflect employers' assessments, rather than a direct survey of employees.

Among businesses reporting wage increases of 5–7%, 50% reported meeting expectations and 44% falling short. In the 10–12% increase band, 67% said expectations had been met, but 23% considered even this increase insufficient to satisfy employees. The size of an increase is therefore important, but does not alone determine whether expectations are met.

53% of medium-sized firms considered their wage increase lower than expected, compared with 36% of large companies. Wage decisions therefore affected firms' profitability, pricing and commitments to employees at the same time.

MEETING EXPECTATIONS AND FINDING FUNDING ARE SEPARATE ISSUES

The financial feasibility of wage increases and the fulfilment of employees' expectations do not necessarily coincide. Even in the higher increase bands, some firms reported adjustments below employees' expectations. At the same time, the fact that a firm funded increases through higher prices or lower profitability does not reveal how satisfied its employees were. These survey questions illuminate different aspects of wage decisions; they do not identify causal relationships between the groups.

Source: MNB–MKIK business survey, April 2026; IEER study, pp. 38–45.

06

INTERNATIONAL TRENDS

OCTOBER 2026

		Actual data	Expectations	Previous period
Germany	Unemployment Rate	**6.4%**	6.4%	6.4%
	Manufacturing Purchasing Managers' Index[1]	**54.2**	54.2	53.9
	Ifo Business Climate Index	**90.2**	90.0	89.9
France	INSEE Business Climate Index[2]	**97.5**	96	96.4
Eurozone	Economic Sentiment Indicator (ESI)	**96.9**	97.5	97.5*
USA	Unemployment Rate	**4.1%**	4.2%	4.2%
	CB Consumer Confidence Index	**91.7**	81.0	84.2*
	Manufacturing Purchasing Managers' Index (ISM)	**55.5**	54.5	54.5
China	Manufacturing Purchasing Managers' Index (official)	**49.3**	49.8	50.1

Data cut-off: 9 November 2026. Actual data: October; previous period: September. Expectations refer to the analyst consensus before release. * Revised previous-month figure.

[1] Final PMI and the corresponding consensus. [2] Value to one decimal place from the downloadable INSEE time series. Confidence indices and PMIs are expressed in index points. The German unemployment rate is seasonally adjusted.

Sources: Ifo (ifo.de), INSEE (insee.fr), European Commission (economy-finance.ec.europa.eu), BLS (bls.gov), ISM (ismworld.org), National Bureau of Statistics of China (stats.gov.cn); S&P Global / Reuters.

Expectations: Investing.com (German unemployment); Econoday (German PMI and Ifo); Moneycontrol (INSEE); FX Blue (ESI); FactSet / CNN (US unemployment); Reuters (CB, ISM); WSJ (China). The ISM consensus shown is Reuters' 54.5 points; other calendars report 54.6 points.

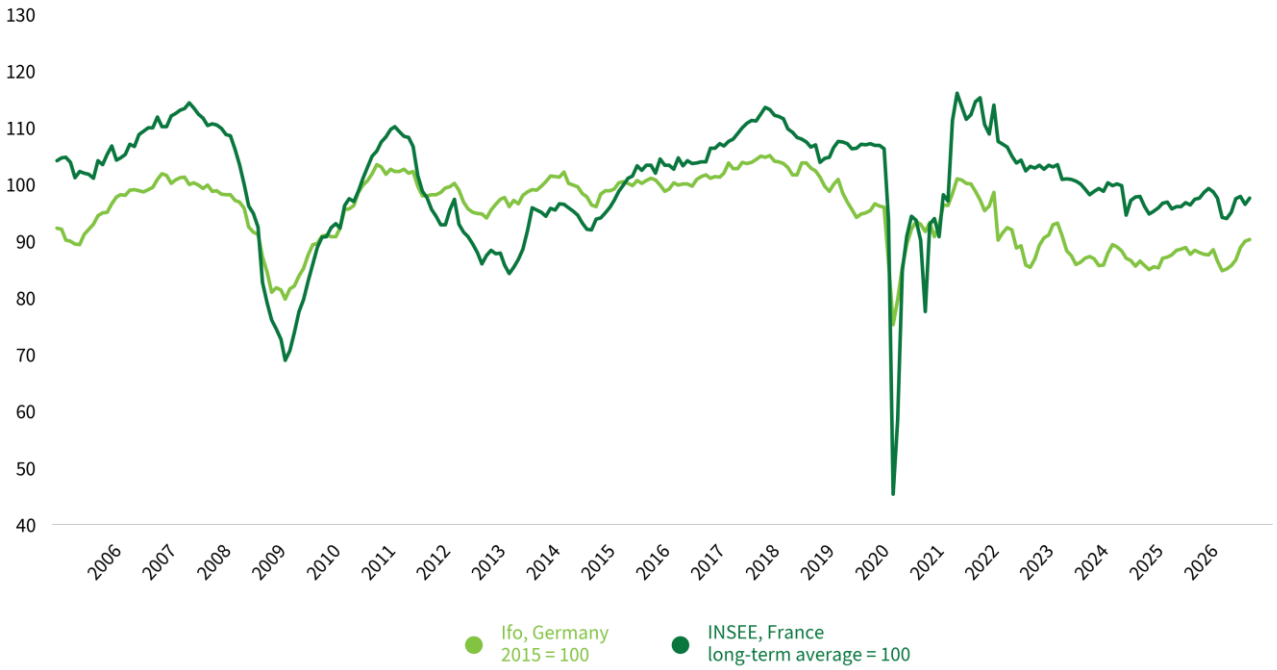


Fig. 1 Business confidence in Germany and France

January 2005 – October 2026. Sources: Ifo (ifo.de/en/ifo-time-series), INSEE (insee.fr/en/statistiques/9099771); own compilation. Downloaded on 11 November 2026; October is the latest published month for both series.

In October 2026, the indicators examined pointed to differing economic developments. Business confidence improved in Germany and France, whilst the sentiment index for the eurozone as a whole declined. US manufacturing signalled expansion, whereas the Chinese indicator once again pointed to contraction.

In Germany, the Ifo Business Climate Index rose from 89.9 to 90.2 points, slightly exceeding expectations of 90 points. The improvement was driven by more favourable expectations, whilst assessments of the current situation deteriorated. The manufacturing PMI rose from 53.9 to 54.2 points, and the unemployment rate remained at 6.4%. Stronger confidence therefore did not yet imply improvement across all areas.

In France, the INSEE index rose from 96.4 to 97.5 points, exceeding the consensus of 96 points but remaining below its long-term average. Sentiment improved in industry and services, but deteriorated in retail trade and construction. By contrast, the eurozone's ESI fell by 0.6 points to 96.9, below expectations of 97.5 points. Improved confidence in the two large member states therefore did not coincide with a general improvement in European sentiment.

In the United States, the unemployment rate fell from 4.2% to 4.1%, whilst analysts had expected no change. The Conference Board Consumer Confidence Index rose from a revised 84.2 points in September to 91.7 points, significantly exceeding expectations of 81 points. The ISM manufacturing index rose from 54.5 to 55.5 points, indicating faster expansion in the sector.

In China, the official manufacturing PMI fell from 50.1 to 49.3 points, also missing expectations of 49.8 points. The index again fell below the 50-point threshold indicating declining activity. The opposing movements of the US and Chinese indicators suggest that the international industrial recovery remains uneven. PMIs summarise the direction of firms' responses; they do not measure percentage changes in output.

CONTACT

HCCI IEER
1122 Budapest, Pethényi köz 10.
Tel: +36-20-284-9085
e-mail: gvi@gvi.hu
Internet: http://www.gvi.hu

When citing this publication, please use the following reference:
HCCI IEER: *Monthly Bulletin of Economic Trends,*
15 November 2026, Budapest.