

## Hungary: Closer to full employment

The number of unemployed people dropped to a record low level in January. Labour demand in the primary labour market is on the rise



# 3.8%

## Unemployment rate

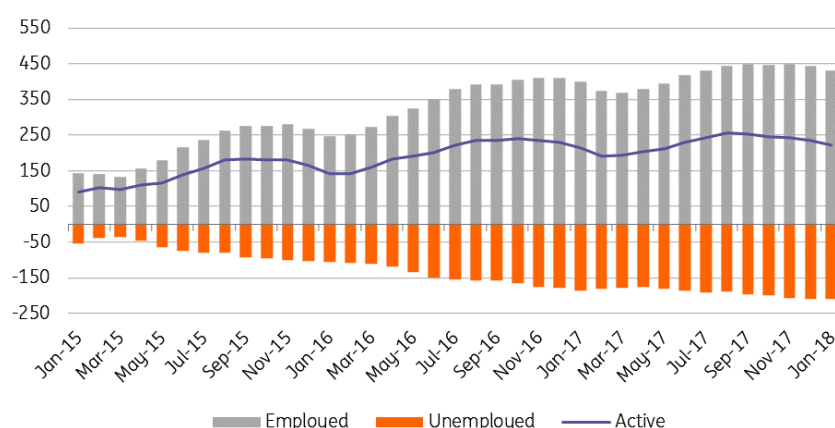
Consensus (3.9%) / Previous (3.8%)

Better than expected

The unemployment rate of the 15 to 64 age group dropped by 0.5ppt year-on-year to 3.8% in January, a slowdown in labour market tightening. The number of unemployed fell to 173.7k, a new record low.

The Hungarian Central Statistical Office registered nearly 4.385 million employed in Hungary, showing a slight decrease due to seasonality. Employment rose by 0.8% YoY among 15 to 64-year-olds in January. The improving labour market is the result of two opposing processes, which could be seen as really favourable. Firstly, the number of fostered workers (low-paid workers in a programme set up by the government) and those working abroad is still on the decline (-51.6k YoY), which is heavily counterbalanced by the labour demand in the primary labour market (+86.8k YoY).

## Labour market trends ('000; Jan-14=0)



Source: HCSO, ING

## What to expect in 2018

The pace of improvement in the labour market is set to slow further. As we get closer and closer to full employment, the improvement will become more moderate month by month. The glaring shortage of labour will also take its toll on labour market developments. On the positive side, it will fuel a further catch-up to average wages in the West.

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