

Hungary: Employment shrinks in the second wave

The monthly labour market statistics are telling the story of an economy which has already been feeling the effects of the second wave of Covid-19

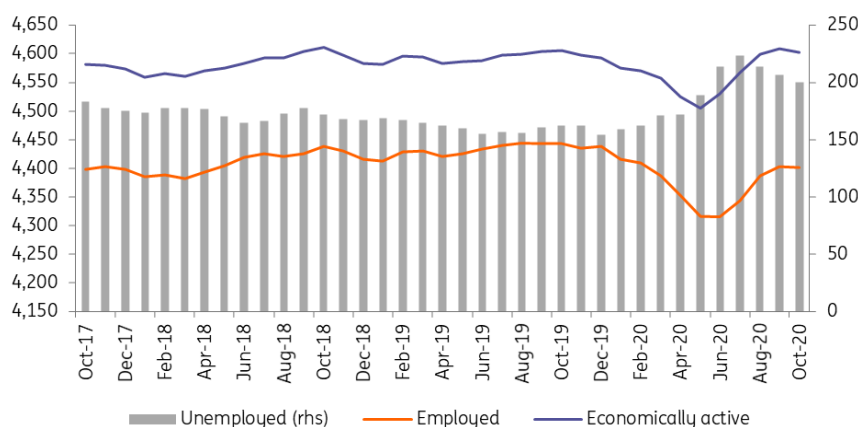


Shoppers in Budapest

According to the latest set of data released by the Hungarian Central Statistical Office, the official unemployment rate in the August–October period is sitting at 4.3% in the 15–64 age group. This is 0.1ppt lower than the previous figure, and 0.6ppt better than the nadir this year.

The number of unemployed people on average was 200,000 in the aforementioned three-month period. According to the administrative data of the National Employment Service, the total number of registered jobseekers was around 325,000 in the August–October period on average. So, both statistics are telling the story of an improving labour market. However, these indices are showing three-month averages, masking the sudden trend changes.

Labour market trends ('000)

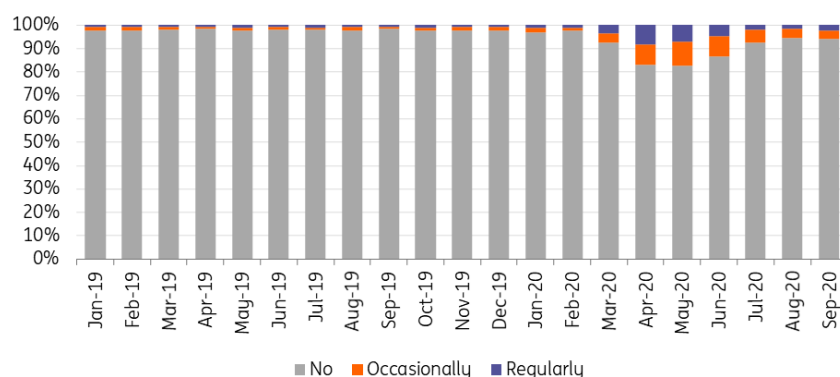


Source: HCSO, ING

When we check the October 2020 figure (the one-month data), it is a mixed bag. The unemployment rate fell to 4.3%, showing a 0.4ppt decrease compared to September. On the other hand, the number of employed is down by 31,000 (0.7%) month-on-month. So, while employment is shrinking, unemployment is also dropping. To cut through this Gordian Knot we need to be aware that this is the same pattern we saw in spring. Those who just lost their jobs are unable to seek a new one due to Covid restrictions, so they are neither employed nor unemployed due to the methodology. As the number of inactive workers in the labour market increased in October, this supports our view.

Looking forward, due to the new containment measures introduced in November, we expect a further drop in the employment figures, although to see these changes in the official unemployment rate, we have to wait some months. Against this backdrop, we expect the trend in the unemployment rate to turn, showing a higher figure by year-end.

Share of employees working from home



Source: HCSO, ING

In the meantime, the share of employees working from home is also increasing again, reaching 7.6%. We expect the ratio to reach its previous peak (17.2% in May) again in the coming months.

Author

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user’s investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.