

Hungary: Job losses start to mount

All major labour market indicators reflect the negative effect of the coronavirus and the March data is just the beginning.



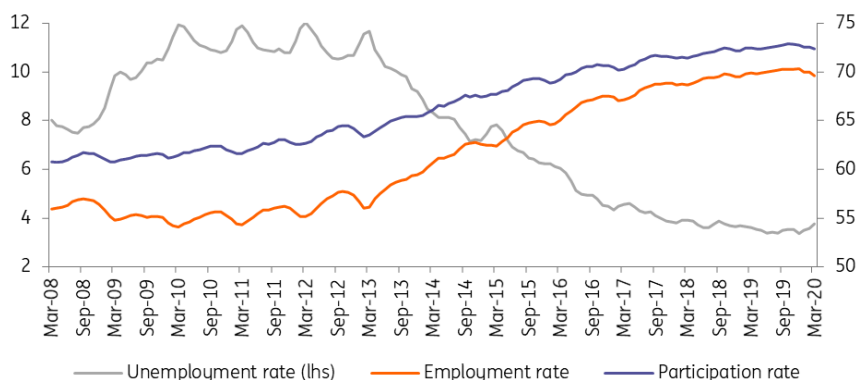
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The recent labour market data, which covers the period from January to March 2020 is only partially affected by the coronavirus epidemic. However, and unusually, the Hungarian Central Statistical Office only released data for March 2020. About 56,000 people lost their jobs in the month, practically nullifying the improvements of the last two years in the labour market.

The unemployment rate of the 15–64 age group stood at 3.75% in March, a 0.16ppt increase on the same period last year. The unemployment rate rose 0.2ppt from the previous reading. Of the 56,000 losing their job in March, only 2,000 became unemployed. The others remained "inactive". This means that the layoffs happened so quickly that people did not have the time (or the opportunity, due to the quarantine measures) to show up at labour offices and report themselves as unemployed.

If this ratio does not change in coming months then Hungary will again face the problem of a high number of "inactives" able to work but not wanting to. Against this backdrop the number of unemployed, and so the unemployment rate, is expected to increase significantly in coming months. Even if we were to see economic activity improving in the second half of the year, the labour market is likely to lag. We see the unemployment rate at around 7-8% by the year-end.

Labour market trends (%)



Source: HCSO, ING

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