

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.



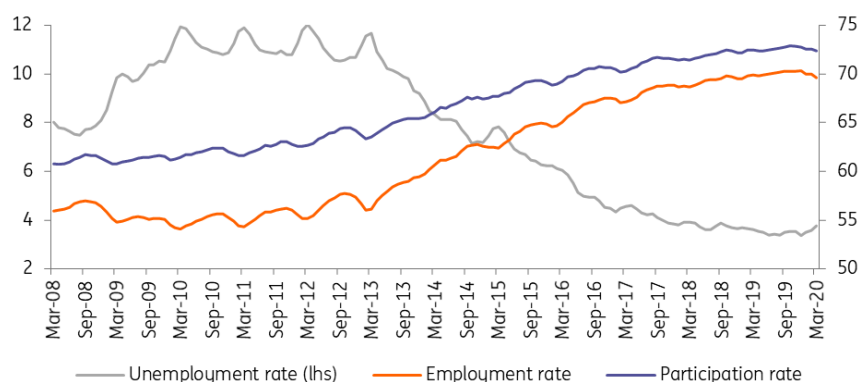
Source: Shutterstock

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

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.