

Hungary: Labour market still hot

The unemployment rate of the 15-64 age group hit a record low of 3.8% in Dec-17. Demand for labour is growing



3.8%

Unemployment rate

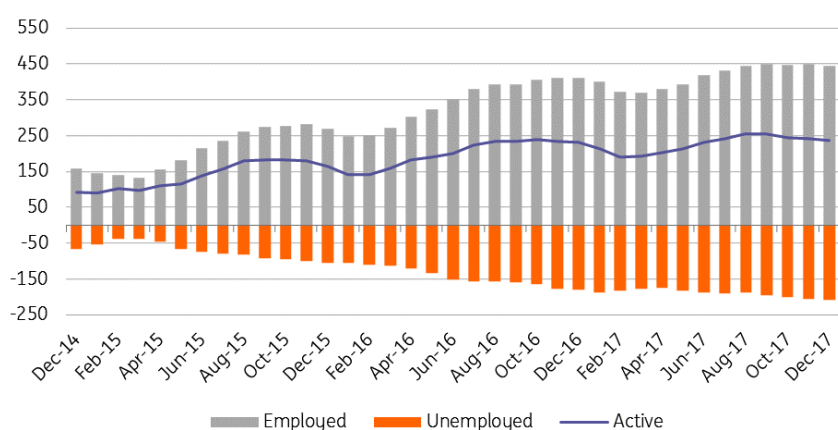
Consensus (3.8%) / Previous (3.9%)

As expected

The unemployment rate of people aged 15–64 dropped by 0.8ppt year-on-year to a new record low in December 2017. The number of unemployed fell to 175k, a level never seen before.

The Hungarian Central Statistical Office registered nearly 4.4 million employed in Hungary, which is slightly lower than the average of the previous three months, but remains close to historically high levels. The December reading is up by 35k (0.8%) year-on-year among 15–64 year olds. This is due to the 88.4k YoY increase in the primary labour market, partially counterbalanced by the falling number of low paid fostered workers and those working abroad (52k YoY altogether). Bottom line is, the composition of the labour market's improvement is still favourable. The number of fostered workers is now around 178k, slightly higher than the number of people without jobs.

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



Source: HCSO, ING

We expect the unemployment rate to only decrease by 0.3ppt in 2018 as a whole.

As regards the big picture in 2017, the favourable dynamics in the labour market exceeded our expectations. For 2018, we see the job picture improving further, although we expect potential labour to be in short supply, with a geographical and skill difference between supply and demand.

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.