

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

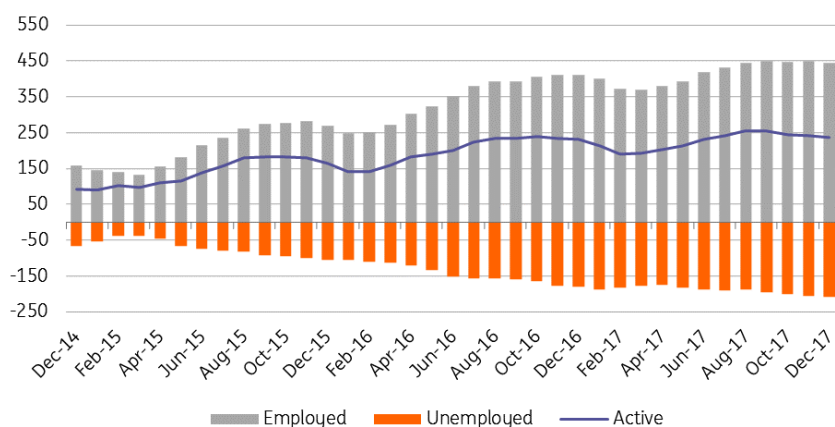
Consensus (3.8%) / Previous (3.9%)

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.

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