

Hungary: Labour market unable to improve further

An unemployment rate around 3.7% seems to be consistent with full employment and has remained roughly unchanged for nine months



3.7%

Unemployment rate

Consensus (3.7%) / Previous (3.6%)

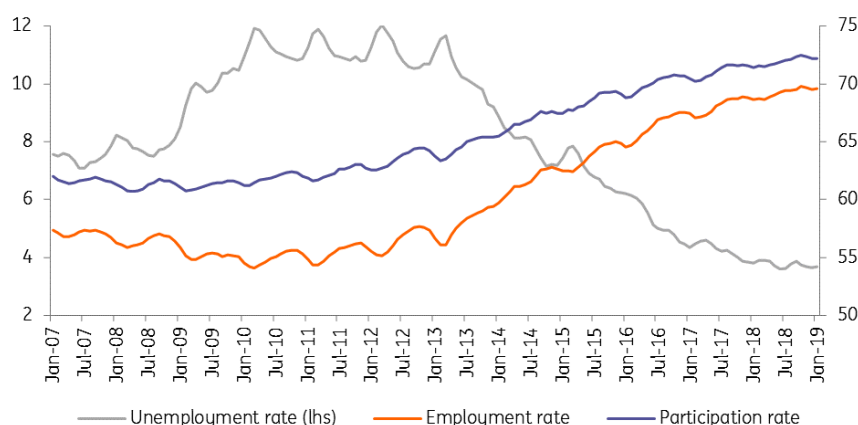
As expected

The unemployment rate for the 15–64 age group stood at 3.7% in January 2019, only 0.2ppt down on the rate a year ago. Taking seasonality into account, for nine months the unemployment rate has been stable around recent levels, at roughly 170k unemployed. The number of employed people remains above 4.4 million.

All labour market indicators are suggesting that the Hungarian labour market has reached its peak. The only significant improvement we can highlight is the decreasing number of fostered workers (who work in state-financed, low skilled jobs) and the increasing number of workers in the primary

labour market. However, this trend is unlikely to see much improvement going forward. Against this backdrop we see the unemployment (and employment) rates hovering around recent levels for the remainder of the year.

Labour market trends (%)



Source: HCSO

With supply side issues on the labour market becoming increasingly acute, this might further fuel wage growth. This will also push companies to increase capital expenditure, so enhancing productivity.

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.