

## Hungary: Labour market remains strong

For three months the unemployment rate has been stagnant around record lows. The local labour market remains tight



# 3.5%

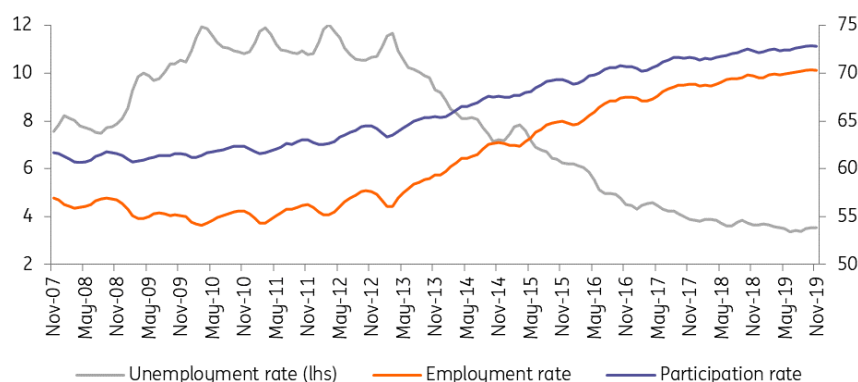
## Unemployment rate

Consensus 3.5% / Previous 3.5%

As expected

The unemployment rate for the 15–64 age group came in at 3.5% in November, unchanged for the last three months. This is only a 0.1ppt improvement on a year ago, suggesting that the labour market is not improving but merely maintaining its recent strength. Continuing improvements in technology and efficiency translate into greater fluctuation in the labour market, with newly freed up workers quickly able to find new employment. Meanwhile, there are not a lot of new entrants into the labour market.

## Labour market trends (%)



Source: HCSO, ING

Employment and participation data in the labour market support our view. The number of employed people is hovering around 4.44 million, up only 0.1% year-on-year. The participation rate has remained broadly unchanged at around 72.8% for four months, with the number of participants (employed + unemployed) also being stable.

Only the December data is missing for 2019, allowing us to state with confidence that the average unemployment rate will be 3.5%. We don't expect this to change much in 2020. Companies are focusing on productivity improvements and technology upgrades, while labour is more expensive and a slowdown in growth appears to be closer. All in all, this could lead to a mild easing in the labour shortage, translating into a stable labour market and leaving recent labour trends broadly unchanged.

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