

27 July 2018
Snap

Hungary: Record setting June in the labour market

All of the major indicators in the labour market have reached a new record, but the pace of improvement is slowing

3.6%

Unemployment rate

Consensus (3.7%) / Previous (3.7%)

Better than expected

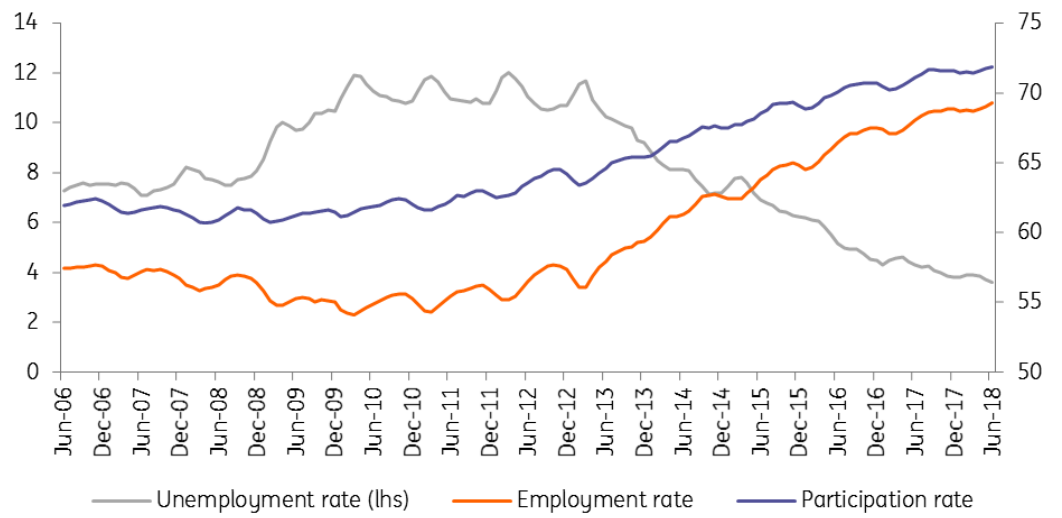
The unemployment rate of the 15–64 age group came in at 3.6% in June 2018, marking a 0.7ppt decrease on a yearly basis. The number of employed people rose by 1.08% year on year (47.4k), jumping above 4.418 million. The group of economically inactive people fell below 1.8m for the first time ever. It was a record-setting June for the labour market without a doubt.

The details also show a favourable picture, as the number of employed people in the primary labour market increased by 100k YoY, while the number of fostered workers and those working abroad fell by 45k YoY. The trend is still positive, but the continuous deceleration in the pace of improvement is clearly visible, as the Hungarian labour market is becoming increasingly saturated.

We see a slow and gradual improvement

Looking forward, we don't expect further significant changes in the labour market, but the recent favourable trends will remain with us, showing a slow and gradual improvement. In the meantime, the tightness of the labour market should push wages higher as competition between companies for workers becomes fiercer. A further significant drop in the unemployment rate is only possible if the government decides on new measures to fight against structural unemployment.

Labour market trends (%)



Source: HCSO

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