

## Hungary: Labour shortage to drive up wages

The demand for labour continues but things are slowing down as Hungary reaches close to full employment. Expect the shortage to drive up wages



The Széchenyi Chain Bridge in Budapest (Pixabay)

Source: Pixabay

**3.8%** Unemployment rate  
(15-64 age group)

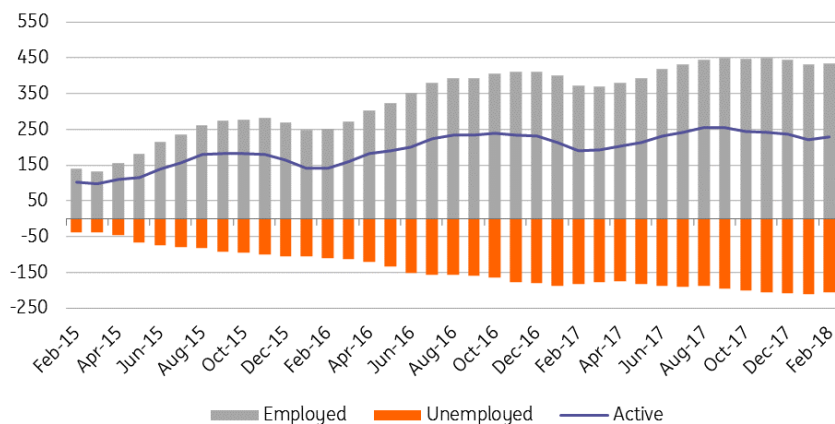
Better than expected

The unemployment rate for 15- 64-year-olds was 3.8% in February, a 0.6ppt drop on a yearly basis. The number of unemployed increased to 177.7k, mainly due to seasonal factors.

The Hungarian Statistical Office (HCSO) registered nearly 4.388 million employed people in Hungary, showing a slight increase compared to January. Employment rose by 1.4% YoY among 15- 64-year-olds in February, so the need for labour doesn't seem to be easing.

The picture is even rosier, if we consider the number of employed in the primary labour market increased by 129.4k YoY, while the number of fostered workers and those working abroad still continues its decline (-59.9k YoY).

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



Source: HCSO, ING

### Looking ahead

The Hungarian labour market is improving steadily but things are slowing down as we reach close to full employment. The glaring shortage of labour will pull back the pace of labour recruitment and also drive up wages.

We expect unemployment rate to reach 3.7% by the of the year, combined with average wage growth of 10% YoY.

### Author

**Peter Virovacz**

Senior Economist, Hungary

[peter.virovacz@ing.com](mailto: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 <http://www.ing.com>.