

## Hungary: The number of jobseekers is on the rise

Hungary's unemployment rate increased to 3.9%, as more people step out from inactivity, trying to find a job



Source: Shutterstock

# 3.9%

## Hungary's unemployment rate

Consensus (3.6%) / Previous (3.7%)

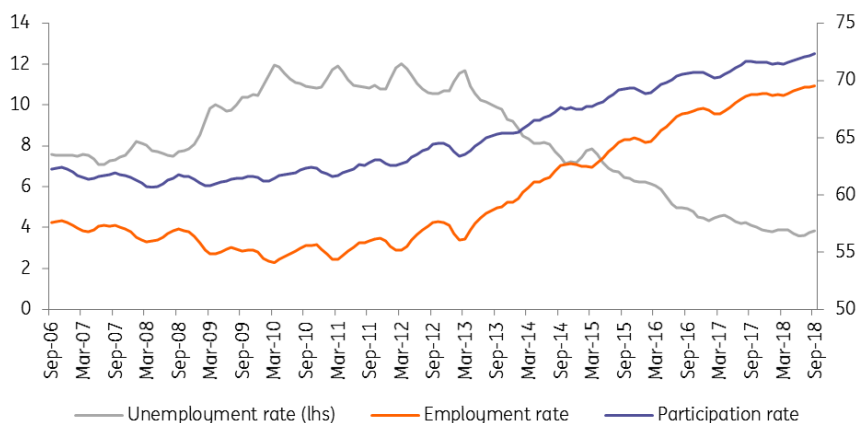
Worse than expected

The unemployment rate of the 15–64 age group came in at 3.9% in September 2018, posting a 0.2ppt drop compared with the same period last year. It is also 0.3ppt higher than the record low level reached in July. The number of economically active people (labour market participants) rose by 10k in one month, but only half of them were able to find a job, while the others increased the unemployment number 177,7k. So the reason behind the increasing unemployment rate is the fact that the people who decided to return to the labour market were unable to find a job immediately. However, this can be seen as a positive development, as at least the previously

inactive people are trying.

The underlying trends in the labour market are still favourable as the tightness of the labour market is still close to its record level, but the pace of improvement in the employment is clearly decelerating as we are close (or we've even reached) full employment. The number of fostered workers (those on a special government scheme) is declining, while the primary labour market expanded by another 96k.

## Labour market trends (%)



Source: HCSO

We see the potential labour reserve narrowing and the labour market has become increasingly saturated, thus any further major improvement in the labour market would mark as some kind of a miracle. However, we expect some incremental improvement in the unemployment rate to 3.6% by the year-end, as the newly engaged labour force should find a job soon.

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