

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%)

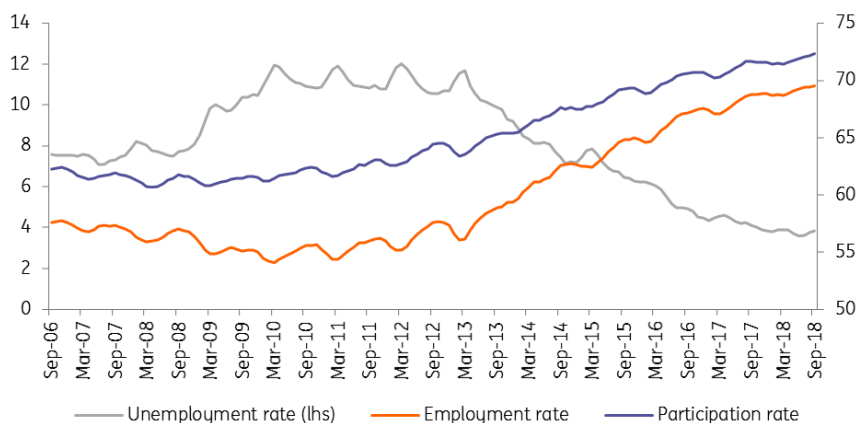
Worse than expected

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.

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 <http://www.ing.com>.