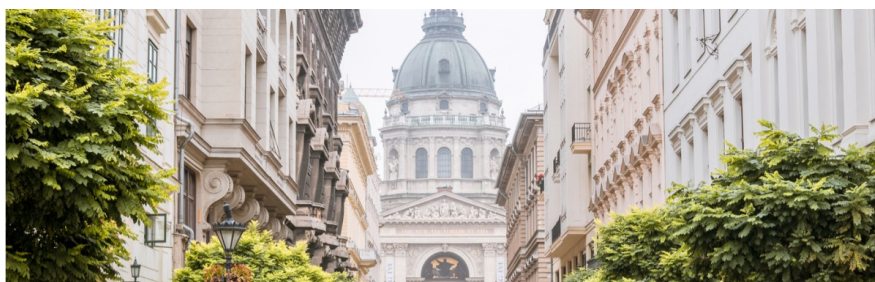


## Hungary: Unemployment rate creeps up

Hungary's unemployment rate is showing an incremental increase, nothing concerning though



The unemployment rate for 15–64 year-olds came in at 3.5% in January, showing a 0.12 percentage point increase compared to the previous month. Within a year, the jobless rate showed a 0.2ppt improvement.

The number of unemployed people rose by 5000, but the majority of the increase in the jobless rate was due to the drop in the number of participants in the labour market. This was the fourth consecutive drop, so the participation rate is back at 70% - an eight-month low.

The number of unemployed people also shows a significant, 22,000 drop on a monthly basis. The January 2020 level means a 12-month nadir.

We think these moves are a result of ageing as more and more people retire.

For this year, we're not counting on any major drastic improvements, especially if we consider the recent trend of the decreasing participation rate.

Overall, we expect to see the unemployment rate stabilise around this level. This also means we won't see any positive effect on the domestic demand stemming from improving labour market metrics. However, wage growth is expected to remain sound, so growth in total payroll will still provide a fair boost to consumption barring any type of shock such as the coronavirus.

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