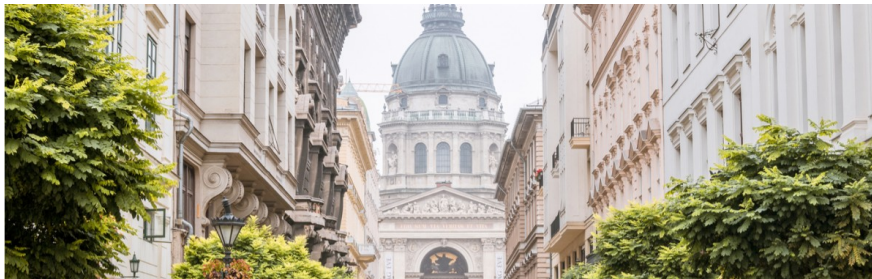


Hungary: Unemployment rate creeps up

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.

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>.