

Hungary: Unemployment rate drops to record low

Data on unemployment has continued to break records. The jobless rate dropped to 3.8% in November.



3.8%

Unemployment rate

Consensus (4.0%) / Previous (4.0%)

Better than expected

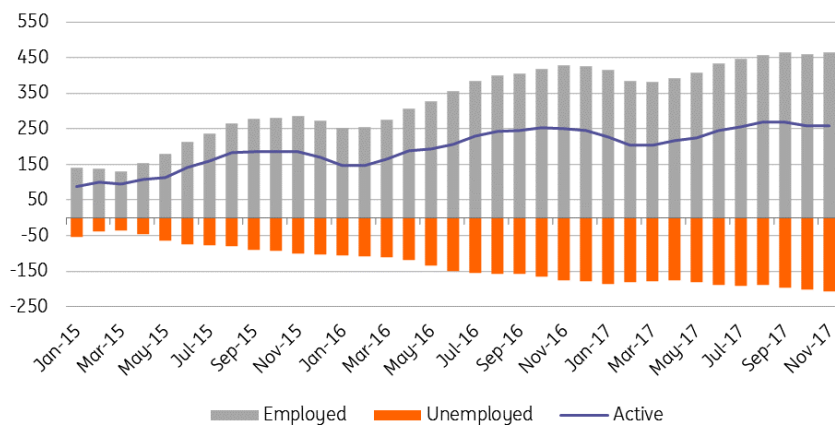
The unemployment rate for the 15–74 age group stood at 3.8% in November, a 0.7ppt decrease on the same month of the previous year. MoM, it shows a 0.2ppt decline. The number of unemployed fell to 177.5k, a new low.

The number of employed is close to the all-time record, at 4.450 million, and up 5.1k on a monthly basis. For 15–74 year olds, employment is up by roughly 36k (0.8%) year-on-year. The composition of this increase is favourable, with the number employed in the primary labour market increasing by 84.6k YoY. Meanwhile, the number of fostered workers and those working abroad

dropped by 37.5k and 11.3k, respectively. The number of fostered workers is now around 183k, higher than the number of people without jobs.

Labour market trends

('000; Jan-14=0)



Source: HCSO, ING

The labour shortage is the biggest challenge ahead

The recent developments in the labour market are in line both with our expectations and with historical seasonality. We expect this positive story to continue in December and in 2018 as a whole. With the number of vacancies in the business sector on the rise, only the supply side could be the constraint. We see the unemployment rate at 3.7% in December and expect a further 0.2ppt decline by the end of 2018, as the supply side constraint becomes more and more binding.

Author

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

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