

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

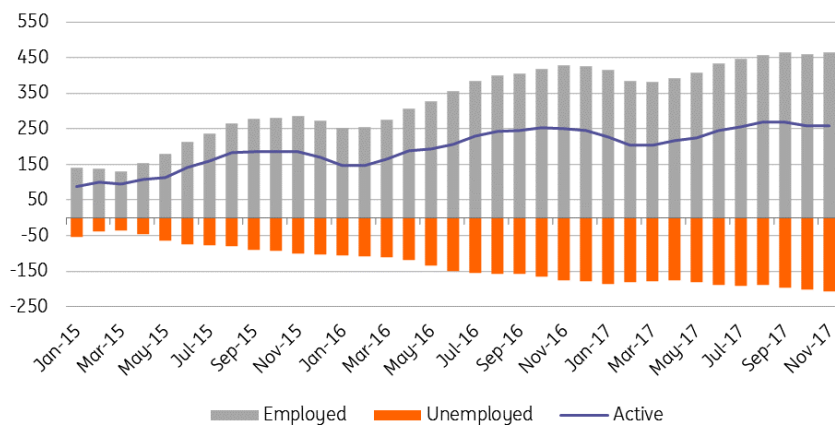
The unemployment rate for the 15–74 age group stood at 3.8% in November, a 0.7ppt decrease on the same month of the previous year. MoM, it shows a 0.2ppt decline. The number of unemployed fell to 177.5k, a new low.

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

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 www.ing.com.