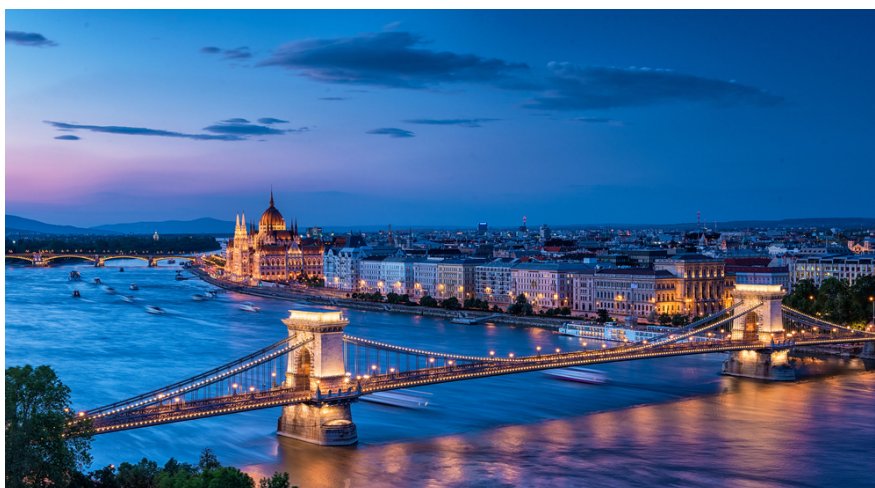


Hungary: Minor improvement in the labour market

The unemployment rate remained broadly unchanged in July, another sign that the pace of improvement in the labour market is slowing



Source: Shutterstock

3.6%

Unemployment rate

Consensus (3.6%) / Previous (3.6%)

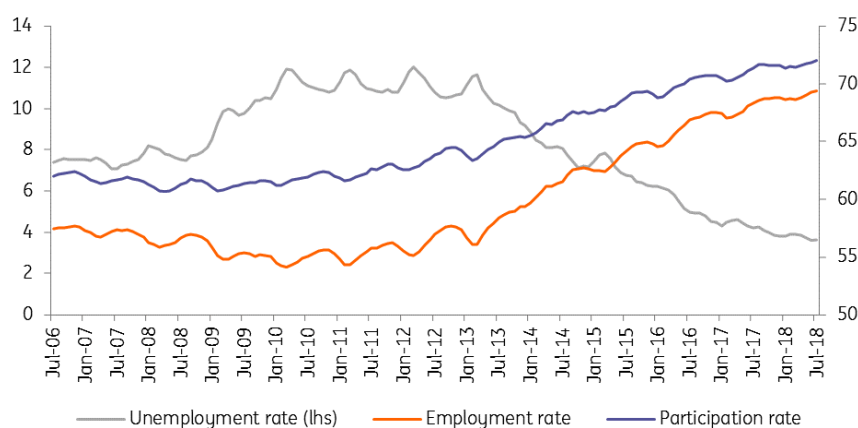
As expected

The unemployment rate of the 15–64 age group came in at 3.6% in July 2018, posting a 0.6 percentage point drop compared to the same period last year. Although we haven't witnessed a significant improvement from June, we remain optimistic about the condition of the labour market. The number of employed people hit another record, according to the statistics office, rising by 0.93% year on year (41k) to 4.426 million. In addition, the group of economically inactive people decreased further to 1.784 million.

The structure of improvement shows a favourable picture, as the number of employed people in

the primary labour market increased by 92,000 year-on-year, while the number of fostered workers and those working abroad fell by 42,000 YoY. The inactive layer of workers is still finding continuous wage increases attractive, although a slowdown in the pace of improvement is clearly visible.

Labour market trends



Source: HCSO

The bottom line

The slowing pace of improvement suggests that a significant change in the unemployment rate is not likely in the current circumstances. We also see the labour supply as a barrier. Regarding 2018, we forecast a 3.5% average unemployment rate.

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