

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%)

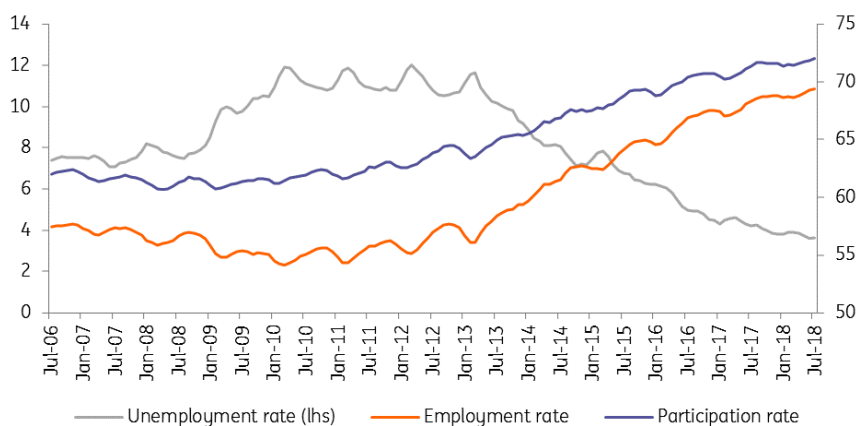
As expected

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.

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>.