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Positive unemployment and employment trends persist in Hungary

Thanks to favourable economic trends and Government measures implemented in the past seven years, employment has hit a record high in Hungary, Minister for National Economy Mihály Varga said at a recent conference on EU employment programmes. The latest data published by the Hungarian Central Statistical Office (KSH) have confirmed the Minister's words: they show that in the period November 2017-January 2018 the unemployment rate has edged lower once again and the number of people in employment has grown in comparison to the corresponding period of the previous year.

In the period November 2017-January 2018, the average number of jobless people fell by 24 thousand, to 174 thousand, and the unemployment rate has accordingly decreased by 0.5 percentage points, to 3.8 percent, compared to the same period of 2017. In the observed period, the number of people in employment averaged 4 million 436 thousand, up by 35 thousand year-on-year. The employment rate among those aged 15-64 years rose to 68.7 percent.

In the period November 2017-January 2018, the unemployment rate of men was below that of women, and the rate of year-on-year decrease was also larger in their case. The number of unemployed men aged 15-74 years fell by 27 thousand, to 84 thousand, while that of women declined to 90 thousand. These data correspond to a decrease of 1.1 percentage point for the former category, resulting in an unemployment rate of 3.3 percent for men and 4.3 percent for women.

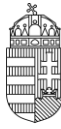
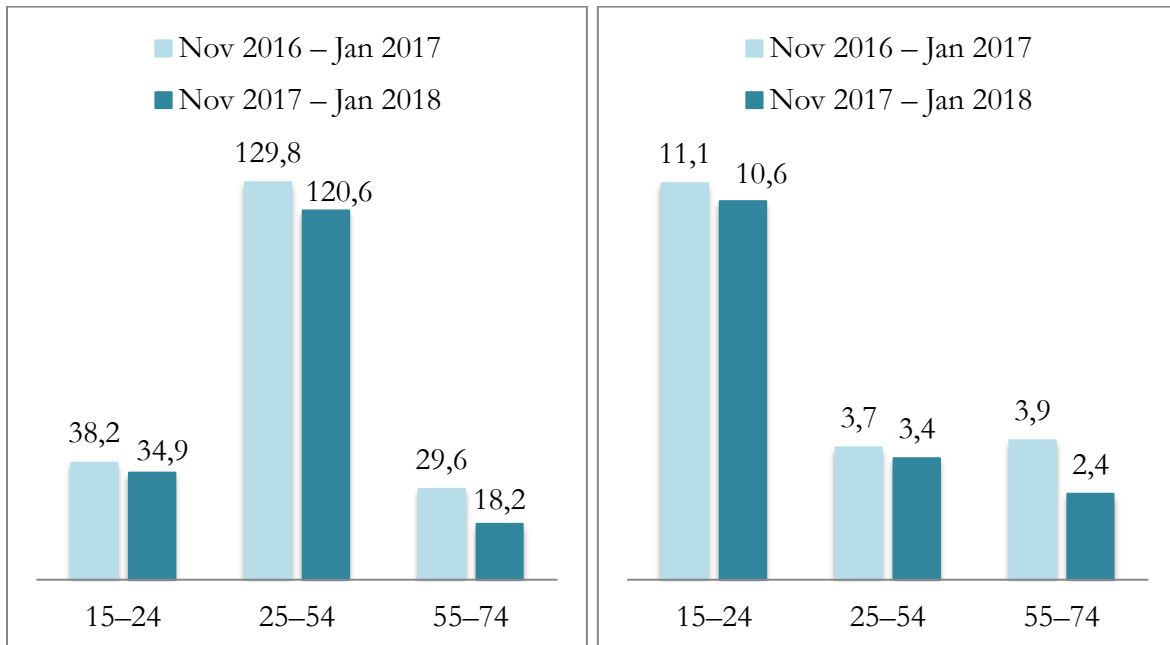


Fig. 1: Number of jobless people and the unemployment rate by age group, Nov 2016 – Jan 2017 and Nov 2017 – Jan 2018 (left hand side chart: thousand; right hand side chart: percent)



Source: Hungarian Central Statistical Office (KSH)

Fig. 1 shows that in the age group of 15-24 years, which category includes some one-fifth of the total number people out of job, the unemployment rate declined to 10.6 percent, by 35 thousand. The unemployment rate among those in the so-called prime working age of 25-54 years improved by 0.3 percentage points, to 3.4 percent; that of people in the age group of 55-64 years was also down, by 1.5 percent, hitting 2.6 percent (Fig.1). According to data compiled by the National Employment Office (NFSZ), by the end of Q3 2017 the number of registered jobseekers declined by 7.3 percent year-on-year. The NFSZ report also notes that people were out of job for 15 months on average and 38.3 percent of people have tried to land a job for more than a year, and thus they qualify as long-term unemployed.

In the period November 2017-January 2018, the number of people in employment increased by 35 thousand year-on-year and it reached 4 million 436 thousand. A higher number of men than women were employed, and the rate of job growth was also higher in their case. KSH data show that job growth has been limited to the primary labour market, while the number of those working abroad declined by 16.1 percent and the number of employees in public work schemes was down by 15.8 percent year-on-year.

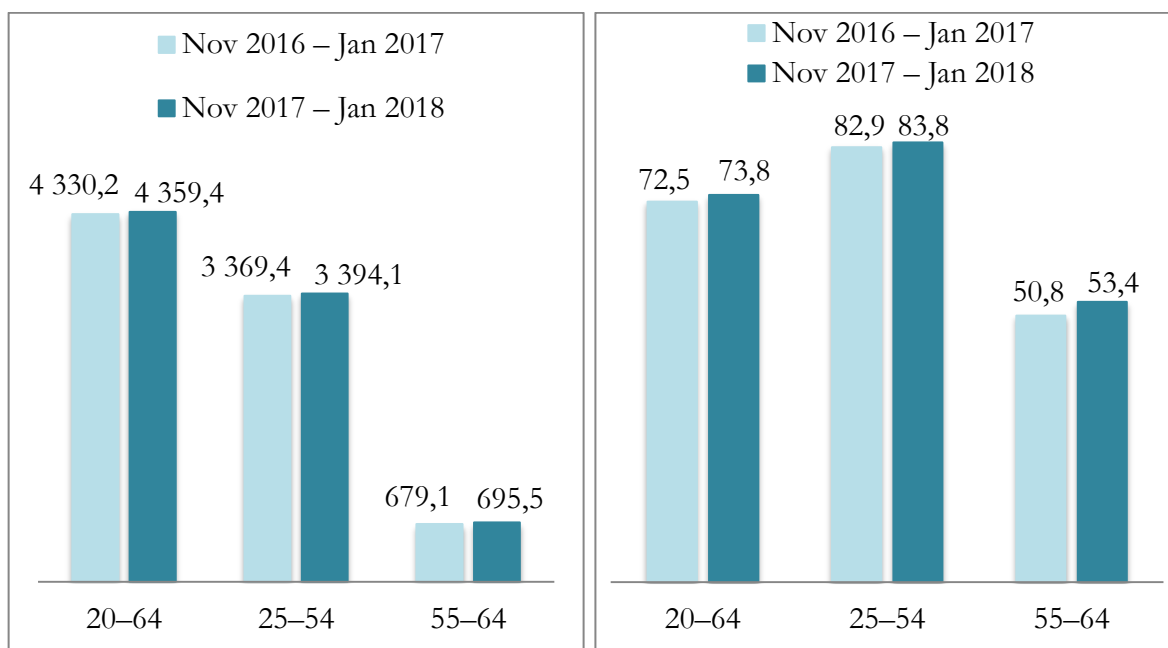


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Fig. 2 displays employment growth by age groups. The majority of the 4 million 436 thousand people employed, namely 4 million 385 thousand, belong to the age group of 15-64 years; the employment rate rose to 68.7 percent in this category. Within that, the employment rate of men increased by 1.8 percentage points, to 75.9 percent, and that of women gained 0.4 percentage points, to 61.5 percent. This corresponds to 2 million 402 thousand men and 1 million 982 thousand women, respectively.

The employment rate in the age group of 15-24 years rose to 28.5 percent compared to the corresponding period of the previous year, totalling 295 thousand. In the case of people in prime working age, 25-54 years, the employment rate edged up by 0.9 percentage points, to 83.8 percent, which corresponds to more than 3 million 394 thousand people. Data for the age group of 55-64 years show an increase of 2.6 percentage points, to 53.4 percent and a total of more than 695 thousand people.

Fig. 2: Number of people in employment by age group, Nov. 2016 – Jan 2017 and Nov. 2017 – Jan 2018 (left hand side chart: thousand; right hand side chart: percent)

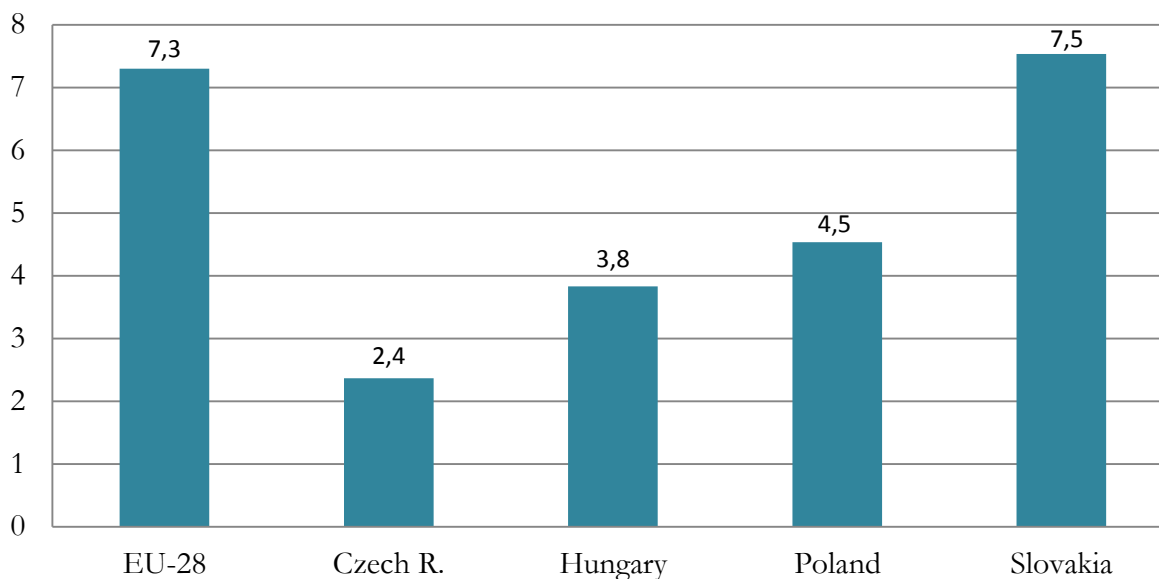


Source: Hungarian Central Statistical Office (KSH)

The number of jobless people fell by some 24 thousand to below 174 thousand over the past one year, and thus a downward unemployment trend of more than five years remained unbroken. When compared to EU statistics, Hungary's unemployment rate comes as the fourth lowest. In

light of data published on the Eurostat website, the unemployment rate in Hungary is almost half the EU average and within the V4 (Poland, the Czech Republic, Slovakia, Hungary), only the Czech Republic is ahead of us (Fig. 3.)

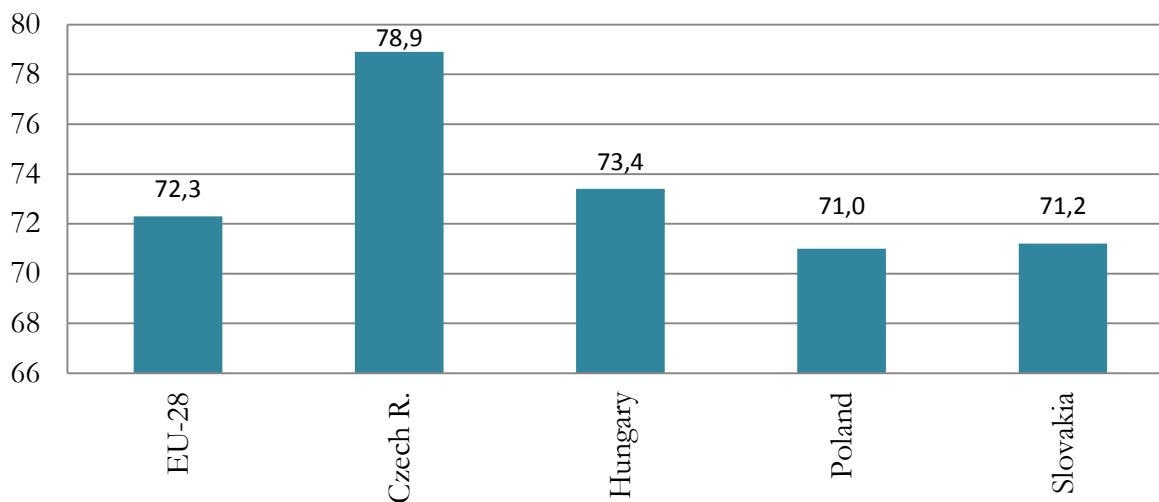
Fig. 3: Unemployment rates in the EU28 and in the V4 countries, Nov 2017 – Jan 2018 (percent)



Source: Eurostat

Hungary has been on track to meet the employment objectives the country had pledged in the Europe 2020 strategy. In the strategy, in which the age group of 20-64 years is in the focus, the European Union targets an employment rate of 75 percent by 2020. According to data of Q3 2017 available at the Eurostat website, Hungary's employment rate concerning the target group was already above the EU average, and only the Czech Republic had an even higher rate than Hungary (Fig. 4). The fact that Hungary's employment rate has been rising dynamically is another positive sign.

Fig. 4: Employment rates in the EU, 2017 Q3 (percent)



Source: Eurostat

At a conference on EU employment programmes, held on 15 February, Mihály Varga said that the number of people with a job was the highest in 27 years. The Minister for National Economy added that in the future more efforts would be devoted to the improvement of the situation of young people and the long-time unemployed. The competitiveness of the Hungarian economy has been on the rise; this may give additional impetus to the labour market and boost job growth, he noted.