



MINISTRY OF FINANCE

Positive unemployment and employment trends show no sign of weakening

Unemployment may continue to decline in coming months, as this year and next the Government is seeking further options for boosting job growth, Minister of Finance Mihály Varga said, commenting on the latest data released by the Hungarian Central Statistical Office (KSH). These data show that in the period March-May 2018 the unemployment rate continued to rise and the number of people in employment decreased again compared to the corresponding period of the previous year.

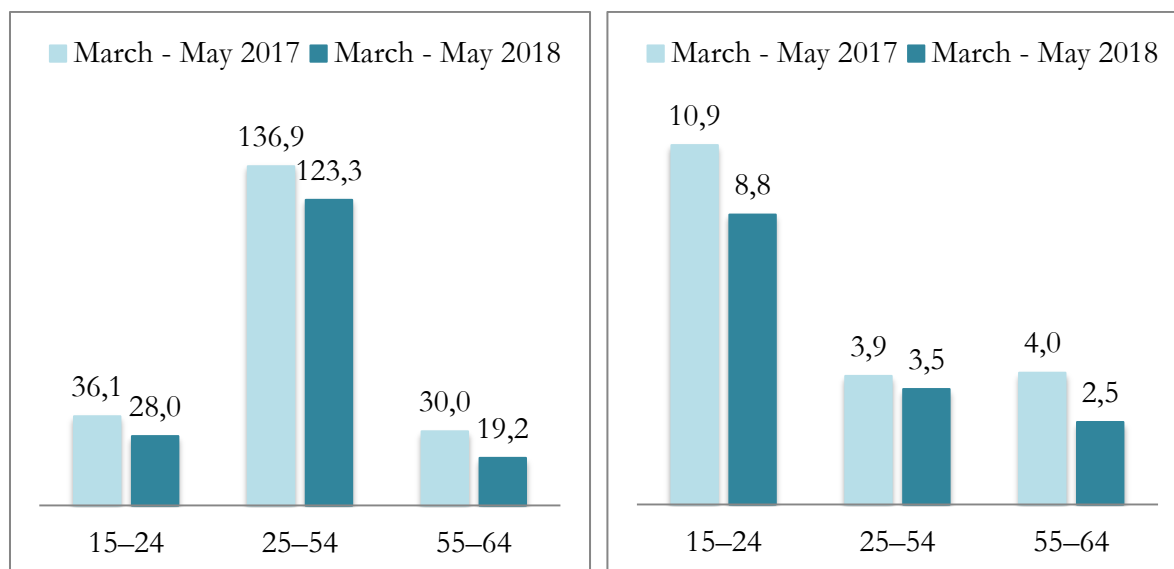
In the period March-May 2018, the average number of jobless people fell by 32 thousand year-on-year, to 171 thousand, and thus the unemployment rate was down by 0.7 percentage points, to 3.7 percent. In the same period, the average number of people in employment was 4 million 457 thousand, up by 64 thousand year-on-year. The employment rate in the age group of 15-64 years edged up to 69.1 percent.

In the period March-May 2018, albeit the unemployment rate of men was below that of women the rate of decrease was similar in the case of both men and women regarding year-on-year data. The number of jobless men aged 15-74 years declined by 16 thousand, to 87 thousand, while that of women fell by 16 thousand, to 83 thousand. The former statistics correspond to improvement of 0.7 percentage points and an unemployment rate of 3.5 percent, while the latter show improvement of 0.8 percentage points and an unemployment rate of 4 percent.



MINISTRY OF FINANCE

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



Source: Hungarian Central Statistical Office (KSH)

Figure 1, which shows the number of unemployed people and the unemployment rate by age groups, reveals that the unemployment rate in the age group of 15-24 years, which accounts for one-sixth of the total number, declined to 8.8 percent, or 28 thousand, after a decrease of some 8 thousand.

The unemployment rate among people in the so-called prime working age of 25-54 years edged down by 0.4 percentage points to 3.5 percent; that of people aged 55-64 years was also down by 1.5 percentage points to 2.5 percent (Fig.1). According to data by the National Employment Service, by the end of May 2018 the number of registered jobseekers fell by 15 thousand to 244 thousand year-on-year. The report also noted that the average duration of unemployment was 17.9 months and 45.3 percent of registered jobseekers have been trying to land a job for more than one year, and thus they qualify as long-term unemployed.

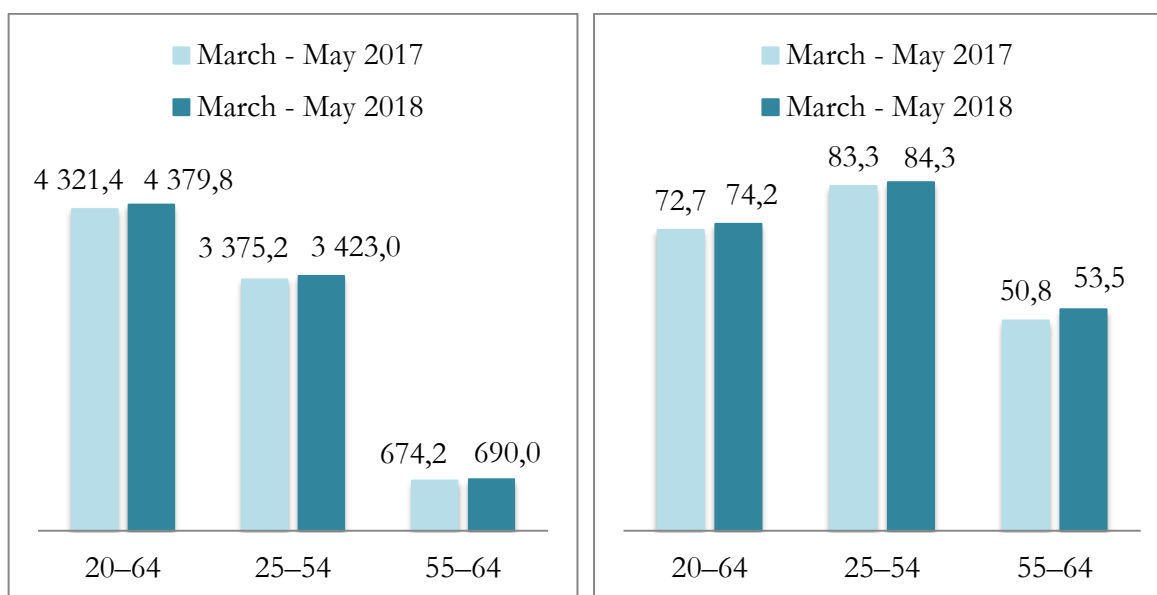
In the period March-May 2018, the number of people in employment rose by 1.5 percent, 64 thousand, year-on-year, to a total of 4 million 457 thousand. The indicator showed a higher figure for men and the rate of increase was also higher than that of women. KSH data reveal that the entire increase was generated by private sector job growth (with an increase of 2.7 percent and 108 thousand people), as the number of people working abroad fell by 2.5 percent (some 41 thousand) and the number of self-employed people was also down by 20.3 percent year-on-year.



MINISTRY OF FINANCE

Figure 2 shows the number of people in employment by age groups. The majority of people with a job, 4 million 405 thousand, belong to the age group of 15-64 years, regarding which the employment rate rose to 69.1 percent. Within that, the employment rate of men increased by 1.7 percentage points to 76 percent and that of women was up by 1.2 percentage points to 62.2 percent. This corresponds to 2 million 406 thousand men and 1 million 999 thousand women. The employment rate of those in prime working age, of 25-54 years, edged up by 1 percentage point to 84.3 percent, a total of 3 million 423 thousand people. The employment rate of elderly people aged 55-64 years grew by 2.7 percentage points to 53.5 percent, or 690 thousand people. In the age group of 15-24 years, the number of people with a job was slightly more than 292 thousand, and the corresponding employment rate was 28.4 percent.

Fig. 2: Number of people in employment by age group, March - May 2017 and March - May 2018 (left hand side chart: thousand; right hand side chart: percent)



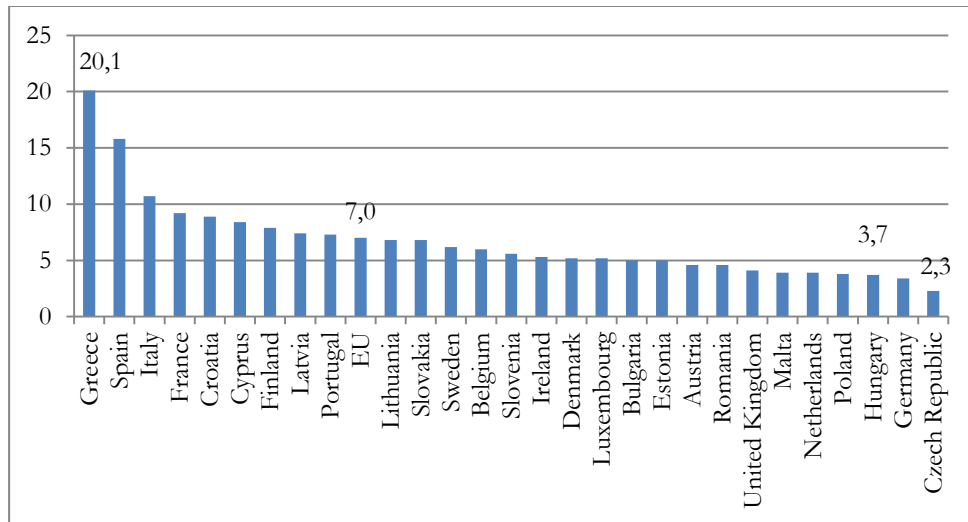
Source: Hungarian Central Statistical Office (KSH)

According to data published on the Eurostat website, unemployment has been declining steadily in Hungary since 2010, and the unemployment rate is now half the EU average. Within the Visegrad Four (Poland, the Czech Republic, Slovakia and Hungary), only the Czech Republic has performed better than Hungary. According to the latest, seasonally adjusted data, in the month of May the only countries where the unemployment rate was lower than Hungary's were Germany and the Czech Republic (Fig.3).



MINISTRY OF FINANCE

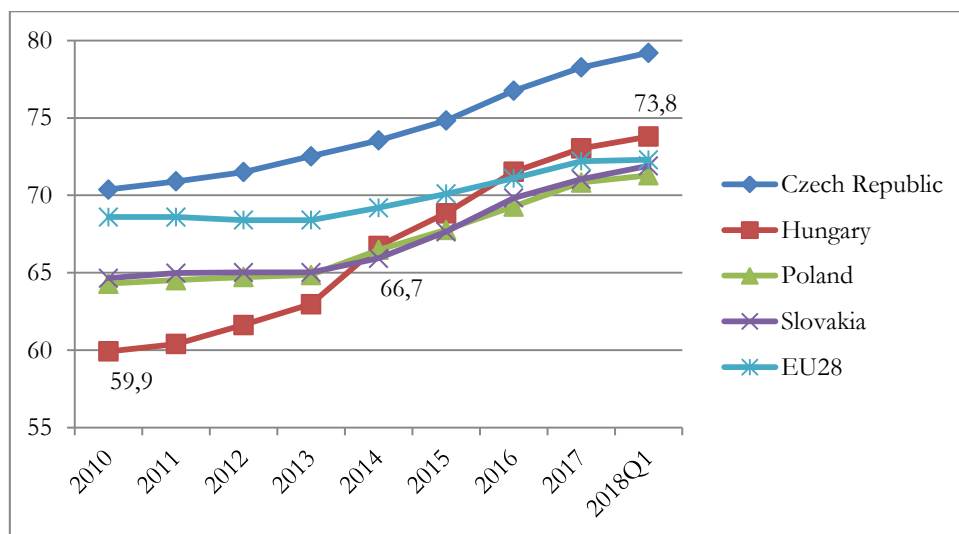
Fig. 3: Unemployment rates, seasonally adjusted, May 2018 (percent)



Source: Eurostat

Hungary continues to be on track to meet the employment targets set in the Europe 2020 Strategy. In it, the European Union set the target of reaching an employment rate of 75 percent within the age group of 20-64 years. Currently available Eurostat data for the period up to Q1 2018 show that Hungary's employment rate regarding this target group has been above the EU average for more than two years now. Within the V4, the only country with a better indicator was the Czech Republic (Fig.4). The fact that Hungary's positive growth trend has been unbroken for as much as eight years now is also noteworthy.

Fig. 4: Employment rates in the EU28 and in the V4 countries, 2010–2017 (percent), age group 20-64 years





MINISTRY OF FINANCE

Source: Eurostat

To sum it up, Hungary's labour market has been expanding dynamically for a couple of years now, and -- albeit at a slower pace -- the improvement is ongoing and the unemployment rate continues to hit historic lows. Mihály Varga has noted that economic growth had been behind this positive trend and the same tendencies which help create jobs were also opening up opportunities for jobseekers and those who change jobs. The Minister of Finance said it continued to be an important task to increase the number of people in employment, and the Government was going to achieve it through the support of the hiring of pensioners and women with small children and the increase of part-time jobs. This trend could also be bolstered by people returning home from a job abroad. He also mentioned the importance of the six-year wage agreement, which besides wage hikes was facilitating development and investment.