



Dynamic employment growth in Hungary

According to the latest labour report of the Hungarian Central Statistical Office (KSH), in Q1 2016 the number of people in employment was 4.3 million in Hungary, up by 145 thousand year-on-year. Thanks to the increase, the labour participation rate has reached the highest level in two decades, while the unemployment rate has fallen to less than one-third of the level in the aforementioned period.

In the first quarter of 2016, the number of economically active people rose by 145 thousand in comparison to the corresponding period of the previous year. The number of people in employment aged 15-64 years, those in prime working age, has edged down by 54 thousand. The observed period does not show signs of the cyclicity that prior periods did (before 2013 and also in 2015). In the initial three months of the year, the number of people in employment was on a par with the figure registered in the final quarter of 2015. **It is a favourable development that employment growth trend has run parallel to a drop in the number of public work scheme employees.**

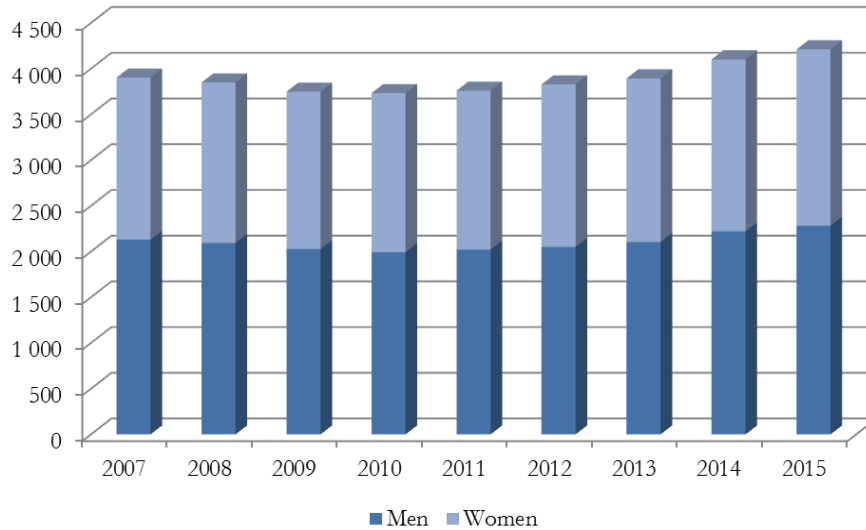
The **employment rate rose** in January-March 2016 by 2.7 percent, to 65.1 percent, compared to the same period of 2015. In comparison to Q1 2010, an economic low point, the indicator has gained 11.0 percent. The employment rate growth among men was more pronounced than that of women: it rose by 3.2 percent, to 71.5 percent, while women's employment rate was up by 2.1 percent year-on-year, to 58.8 percent.

The **number of people in employment** has risen steadily since 2010: while in 2010 3 732 thousand people had been registered as economically active, the indicator rose to 4 210 by 2015, and this indicator has continued to improve in 2016. The share of men was in each year higher than that of women: in Q1 2016, the difference between men and women was mainly due to the much sharper rise of the number of men employed both in public work schemes and in the private sector. The marked improvement in labour data has been mainly the consequence of Hungarian economic reforms, such as the reduction of taxes on labour and the Job Protection Action Plan, but it was also the result of a positive economic U-turn in 2013. The below chart shows the number of people in employment by years, as well as gender-related data between the pre-crisis year 2007 and 2015.



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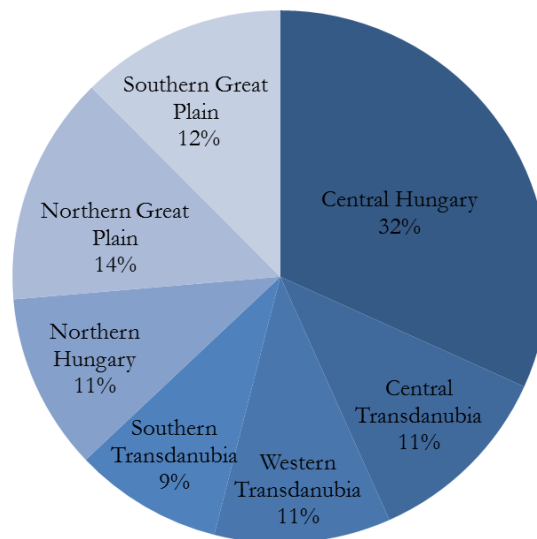
Number of people in employment among people aged 15-64 years, in thousands of people



Source: Hungarian Central Statistical Office (KSH)

Taking a look on **employment data by regions** reveals that there has been no major change compared to 2007, proportions have remained almost unchanged. Central Hungary continues to top the ranking: in 2015, 1 343 thousand people were registered as economically active in the region, of which 804 thousand were employed in Budapest. This region is followed by the Northern Great Plain and Southern Great Plain regions, with 589 thousand and 525 thousand, respectively. The lowest figure was recorded in the Southern Transdanubia region.

Number of people in employment by regions, 2015



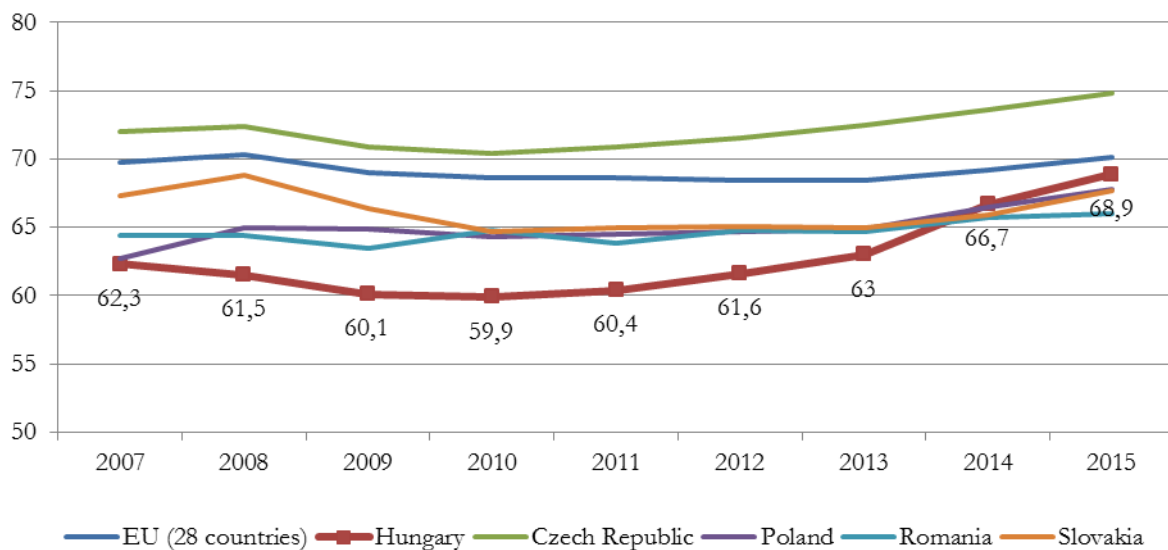
Source: Hungarian Central Statistical Office (KSH)



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Compared to averages of the Visegrad Four, Romania and the EU 28, Hungarian employment data show dynamic growth since 2013. Hungary's relative position has seen steady improvement; recent growth has been so remarkable that Hungary has advanced from the last place in the group to the third in terms of the total employment rate.

*Total employment rate of V4 countries, Romania and the EU-28, age group 20-64
(%)*



Source: Eurostat

The **number of jobless people** was 273 thousand in Q1 2016, down by 75 thousand year-on-year, but it is also lower than the figure registered in Q4 2015. The fact that the formerly observed cyclicity of public work schemes had practically disappeared was a major factor behind this phenomenon. The unemployment rate fell to 6 percent; within that, the youth unemployment rate declined to 14.2 percent.

Regional differences have been significant also with regard to unemployment data: while in Q1 2016 the unemployment rate was 3.2 percent in Western Transdanubia, it was still as high as 10.7 percent in the Northern Great Plain region, although the region has received a high proportion of funds allocated for public work schemes.

In Q1 2016, **gross and net wages in Hungary** averaged HUF 253 800 and HUF 168 800, respectively, according to data compiled by the KSH. Data show steady average wage growth in recent years. Although wages do not show huge disparities, wages in general continue to be low.



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According to 2015 statistics of the National Employment Service, the **top three earners in terms of monthly gross wages** were air traffic controllers (HUF 1.8 million), ministers and ministers of state (HUF 1.24 million) and stock brokers (HUF 0.96 million). In coming years, the wages of skilled workers are also expected to increase, as sharply rising demand in recent years has met a shortage of skilled labour which is putting more and more upward pressure on wages.

Expectations of adequate skills have been changing steadily and relatively rapidly on the labour market, due to the shift towards a knowledge-based economy. As a consequence of growing discrepancy between labour supply and demand, the Government is adjusting the education system to changing job market requirements. Structural reforms are being designed and implemented to improve jobseekers' skills, and this may result in rising wages.