



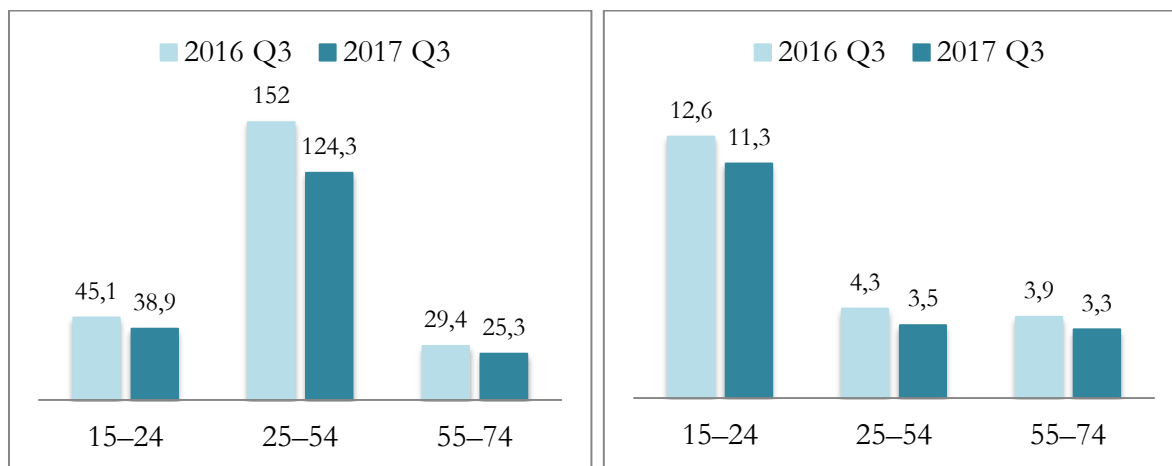
## *Falling unemployment and rising employment rates in Hungary*

Thanks to favourable economic trends and supportive Government measures, the number of people in employment has hit a new record high, Minister for National Economy Mihály Varga said at a press conference last week. The latest labour market data published by the Hungarian Central Statistical Office (KSH) confirm this: in the third quarter of 2017, the unemployment rate edged further down and the number of people with a job continued to rise in comparison to the same period of the previous year.

In Q3 2017, the average number of jobless people fell by 38 thousand, to 189 thousand, and the unemployment rate has accordingly declined by 0.8 percentage points year-on-year, to 4.1 percent. In the same period, the number of people in employment averaged 4 million 451 thousand, up by 60 thousand year-on-year, and the employment rate of those aged 15-64 years rose to 68.7 percent.

In the period July-September 2017, the unemployment rate of men was lower than that of women, and the pace of improvement was also more marked in their case. The number of jobless men aged 15-74 years fell by 31 thousand, to 91 thousand, while that of women declined by 7 thousand, to 98 thousand. These figures account for decreases of 1.3 percentage points and 0.3 percentage points, respectively. Fig 1, which shows the number of jobless people and the unemployment rate by age groups, reveals that the unemployment rate of those aged 15-24 years — who account for some one-fifth of the total number of people out of job — edged down by 6 200 or 1.3 percentage points, to 11.3 percent. The unemployment rate of people in the so-called prime working age, 25-54 years, declined by 0.8 percentage points, to 3.5 percent, which constitutes a decrease of 27 700. The unemployment rate of people aged 55-64 years eased by 0.5 percentage points, to 3.5 percent. According to data compiled by the National Employment Service, the number of registered jobseekers fell by 4.8 percent, to 268 thousand, by the end of the third quarter of 2017, compared to the same period of the previous year. The institution also reported that people were out of job for 15.4 months on average, and almost half of unemployed people (40.6 percent) had been seeking a job for at least one year, and thus they qualified as long-term unemployed.

**Fig. 1: Number of jobless people and the unemployment rate by age group, 2016 Q3 and 2017 Q3**  
(left hand side chart: thousand; right hand side chart: percent)

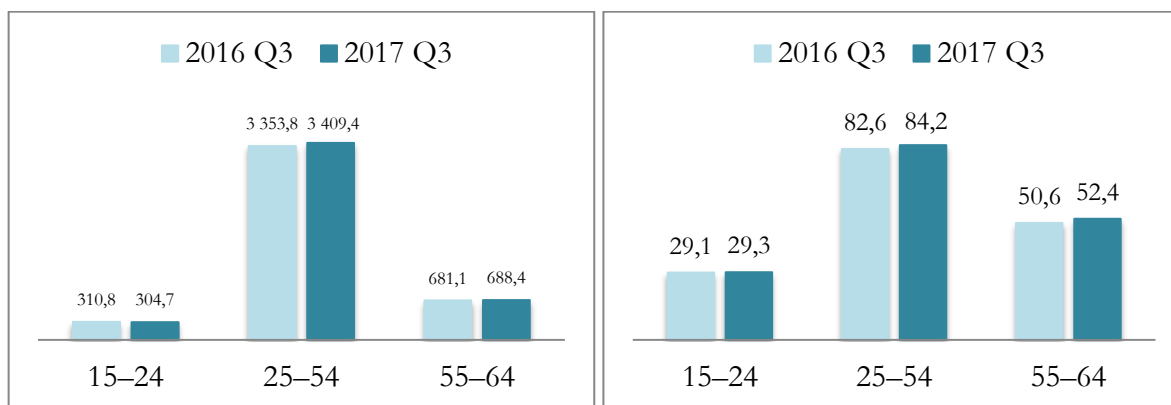


*Source: Hungarian Central Statistical Office (KSH)*

In Q3 2017, the number of people in employment rose by 1.4 percent or 60 thousand year-on-year, to 4 million 451 thousand. The employment rate of men was higher than that of women, and the improvement in data was also more pronounced. KSH data show that employment growth was entirely attributable to job growth in the primary labour market, as the number of posted workers fell by 2.1 percent and the number of those in public sector jobs fell by 15.4 percent year-on-year.

Fig 2 shows the number of people in employment by age groups. The majority of people with a job, namely 4 million 402 thousand people — out of a total number of 4 million 451 thousand — belong to the age group of 15-64 years and the employment rate of this category has risen to 68.7 percent. Within that, the employment rate of men increased by 2.3 percentage points to 75.9 percent, while that of women was up by 0.9 percentage points to 61.7 percent. These figures correspond to 2 million 409 thousand men and 1 million 994 thousand women, respectively. Youth employment rate, the indicator for those aged 15-24 years, improved by 0.2 percentage points to 29.3 percent compared to the corresponding period of the previous year, totalling 305 thousand people in this age group. The employment rate of people in prime working age, 25-54 years, was up by 1.6 percentage points to 84.2 percent, or 3 million 409 thousand people. The number of older people, 55-64 years, in employment rose by 1.8 percentage points to 52.4 percent, which corresponds to more than 688 thousand people.

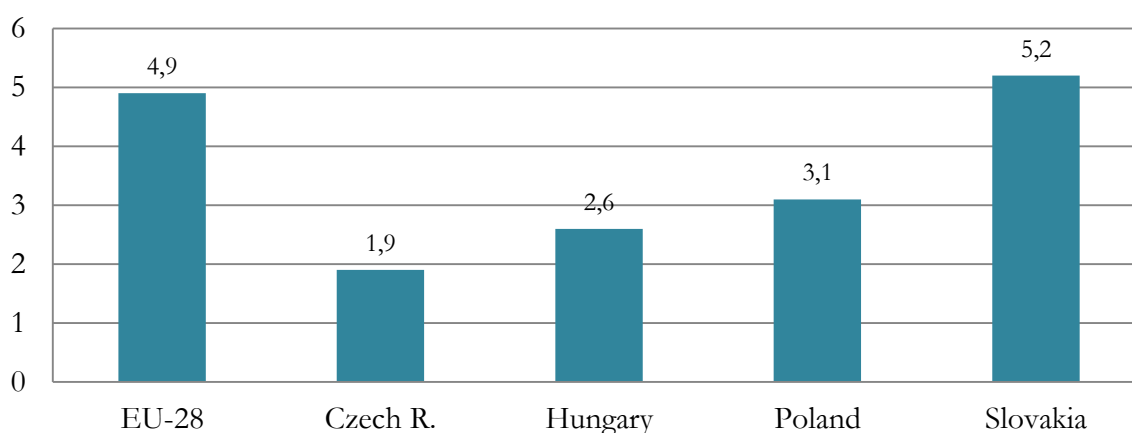
**Fig. 2: Number of people in employment by age group, 2016 Q3 and 2017 Q3**  
(left hand side chart: thousand; right hand side chart: percent)



Source: Hungarian Central Statistical Office (KSH)

The number of jobless people declined by 38 thousand, to 189 thousand, over the course of one year, and this marks the low point of a 63-month downward trend. Thus, Hungary's unemployment rate remains to be the fourth lowest within the EU, and the only country from the region which has been ranked higher than Hungary is the Czech Republic. Only data from the second quarter of 2017 are available on Eurostat's website, and according to these Hungary's unemployment rate is almost half the EU's average, and among the Visegrad Four (Poland, Czech Republic, Slovakia and Hungary) and the only country that has scored better than us is the Czech Republic (Fig. 3).

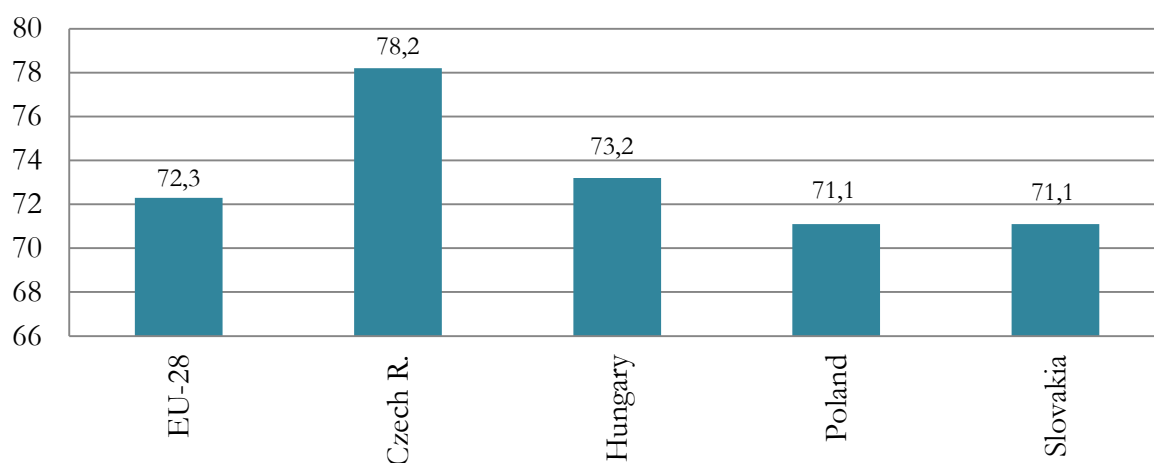
**Fig. 3: Unemployment rates in the EU28 and in the V4 countries, 2017 Q2 (percent)**



Source: Eurostat

Hungary has been on the right track to achieve employment goals laid down in the Europe 2020 Strategy. In it, the European Union targeted an employment rate of 75 percent for people aged 20-64 years, a category observed by the EU, by 2020. According to data from the second quarter of 2017, now available on the Eurostat website, Hungary's employment rate concerning this age group was higher than the EU average, and only the Czech Republic has performed better in the region (Fig. 4).

**Fig. 4: Employment rates in the EU, 2017 Q2 (percent)**



*Source: Eurostat*

At a press conference held last week, Minister for National Economy Mihály Varga said that the number of people with a job had increased by 741 thousand since 2010, of which 560 thousand people were in the primary labour market. This signals the Hungarian economy's steady growth, and the six-year wage agreement and tax reductions are expected to add even more momentum to the primary labour market. This, in turn, is expected to boost employment even more, which positive trend will also be underpinned by rising household consumption, the completion of upcoming corporate projects, the home building boom driven by the Government's housing programme as well as by the acceleration of the disbursement of EU funds. Mihály Varga stressed that Hungary's unemployment rate had reached a 25-year low, thanks – among other factors – to the Job Protection Action, the Youth Guarantee Programme and other Government-initiated employment and economic activity incentives.