



Low unemployment rate and high job growth in Hungary

According to the latest labour market report by the Hungarian Central Statistical Office (KSH), in the second quarter of 2017 the unemployment rate continued to decrease and the number of people in employment continued to rise.

In Q2 2017, the average number of jobless people fell by 38 thousand year-on-year, to 196 thousand, and the respective unemployment rate declined by 0.9 percentage points to 4.3 percent. In the observed period, the number of people in employment averaged 4 million 420 thousand, up by 77 thousand year-on-year. The employment rate of those aged 15-64 years rose to 68.1 percent.

In the period April-June 2017, the unemployment rate of men was below that of women, and the degree of improvement was also larger. The number of jobless men aged 15-74 years fell by 31 thousand, to 100 thousand, while the number of women out of job was down by 6 thousand, to 96 thousand. These figures correspond to improvement of 1.3 percentage points and 0.3 percentage points, respectively. Fig. 1 shows changes in unemployment by age groups. The chart reveals that the unemployment rate of those aged 15-24 years, who account for some one-fifth of the total number of jobless people, declined by 2.3 percentage points or 7 700, to 11 percent. The unemployment rate of those in prime working age, 25-54 years, was down by 0.8 percentage points or 26 700, to 3.7 percent. The unemployment rate of those aged 55-64 years fell by 0.4 percentage points, to 3.9 percent.

According to data compiled by the National Employment Service, at the end of June the number of registered jobseekers fell by 4.1 percent year-on-year to 280 thousand. The study shows that the average duration of staying out of job was 17 months, and almost half of jobseekers (44.1 percent) had been looking for a vacancy for at least one year, and thus they qualified as long-time unemployed.

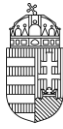
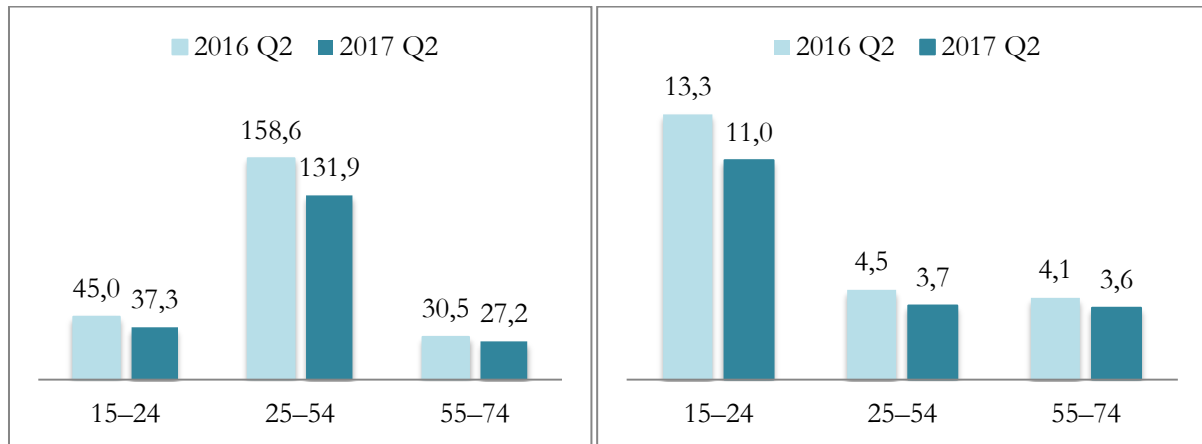


Fig. 1: Number of jobless people and the unemployment rate by age group, 2017 Q2 (left hand side chart: thousand; right hand side chart: percent)

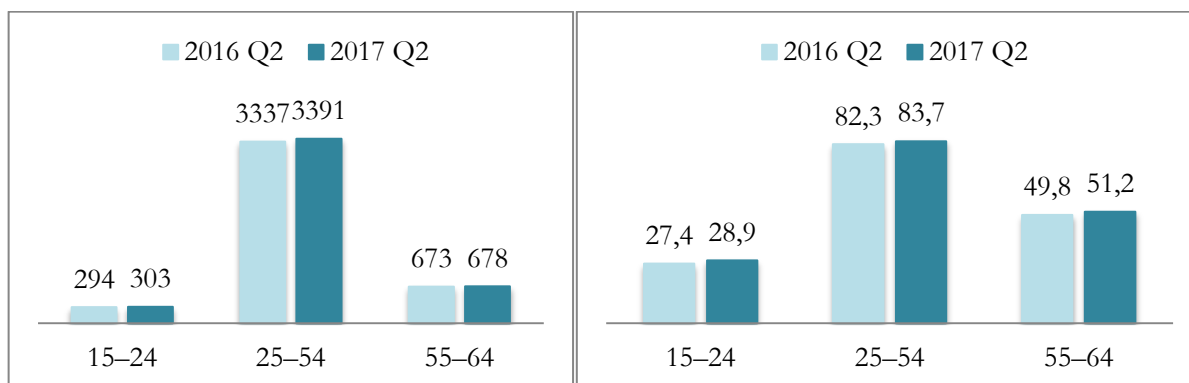


Source: Hungarian Central Statistical Office (KSH)

In the period April-June 2017, the number of people in employment rose by 1.8 percent or 77 thousand, to 4 million 420 thousand. The number of men with a job was higher than that of women, and the degree of improvement was also larger in their case. KSH data show that the observed job growth was realized exclusively on the primary labour market, whereas the number of people working abroad fell by 3.2 percent, and the number of public work employees declined by 11.2 percent compared to the corresponding period of the previous year.

Fig. 2 shows changes in employment by age groups. The majority of people with a job, 4 million 371 thousand out of a total of 4 million 420 thousand, was aged 15-64 years. The employment rate of this age group has reached 68.1 percent. Within that, the employment rate of men gained 2.2 percentage points, to 75.1 percent, while it was up by 1.1 percentage point, to 61.1 percent, in the case of women. Accordingly, the number of men and women in employment totalled 2 million 389 thousand and 1 million 982 thousand, respectively. The youth employment rate for those aged 15-24 years improved by 1.5 percentage points to 28.9 percent; this corresponds to a total of 303 thousand people in this category. The employment rate of those in prime working age, 25-54 years, rose by 1.4 percentage points, to 83.7 percent, a total of some 3 million 391 thousand. The number of people in employment aged 55-64 years was also up by 1.5 percentage points, to 51.2 percent, or some 678 thousand.

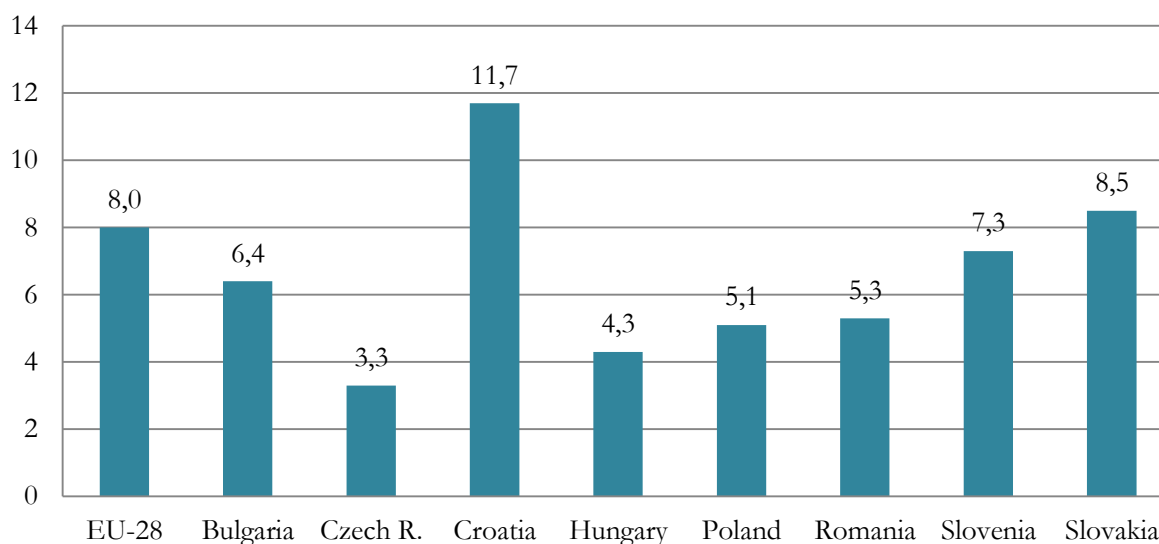
Fig. 2: Number of people in employment by age group, 2017 Q2
(left hand side chart: thousand; right hand side chart: percent)



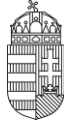
Source: Hungarian Central Statistical Office (KSH)

Hungarian data are also favourable from an EU perspective. According to Eurostat data from the first quarter of 2017, Hungary's unemployment rate was about half as high as that of the EU (8.0 percent), and the only country within the V4+4 region (Poland, Czech Republic, Slovakia, Hungary+ Slovenia, Croatia, Romania and Bulgaria) which had an even lower rate than Hungary's was the Czech Republic (Fig.3.).

Fig. 3: Unemployment rates in the EU – 2017 Q1 (percent)



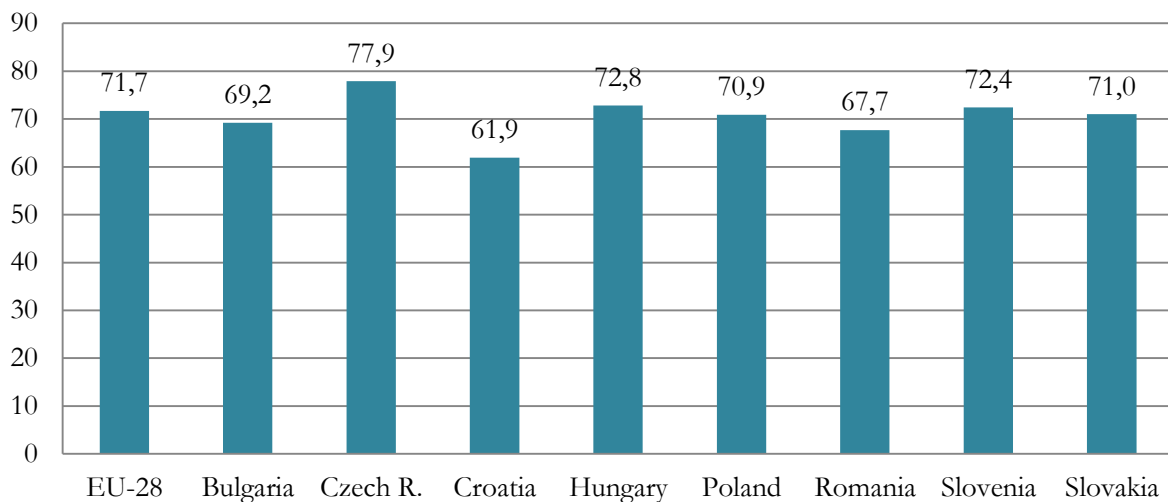
Source: Eurostat



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Hungary, as statistics indicate, has been capable of meeting employment objectives set out by the Europe 2020 strategy. The strategy's employment rate target concerning the age of 20-84 years expected to be reached by 2020 is 75 percent. In light of Eurostat data from Q1 2017 published on the agency's website, Hungary's respective rate of 72.8 percent in the observed age group is above the EU average. In terms of V4+4 data, only the Czech Republic has performed better than Hungary (Fig.4.).

Fig. 4: Employment rates in the EU- 2017 Q1 (percent)



Source: Eurostat

Recent economic trends and labour market measures introduced by the Hungarian Government point to further improvement regarding employment. As Deputy State Secretary for Labour Market Affairs Attila Simon has recently noted, "Employment data confirm the adequacy of the Government's economic policy in general and the six-year wage agreement brokered by the Government and social partners November last year in particular." The 4.3 percent unemployment rate is the fourth best figure within the EU. Job growth has been underpinned by the Job Protection scheme and incentives promoting labour market mobility, in place since 1 January 2017.

Since the current Government took office in 2010, the number of people in employment has risen by more than 710 thousand.



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