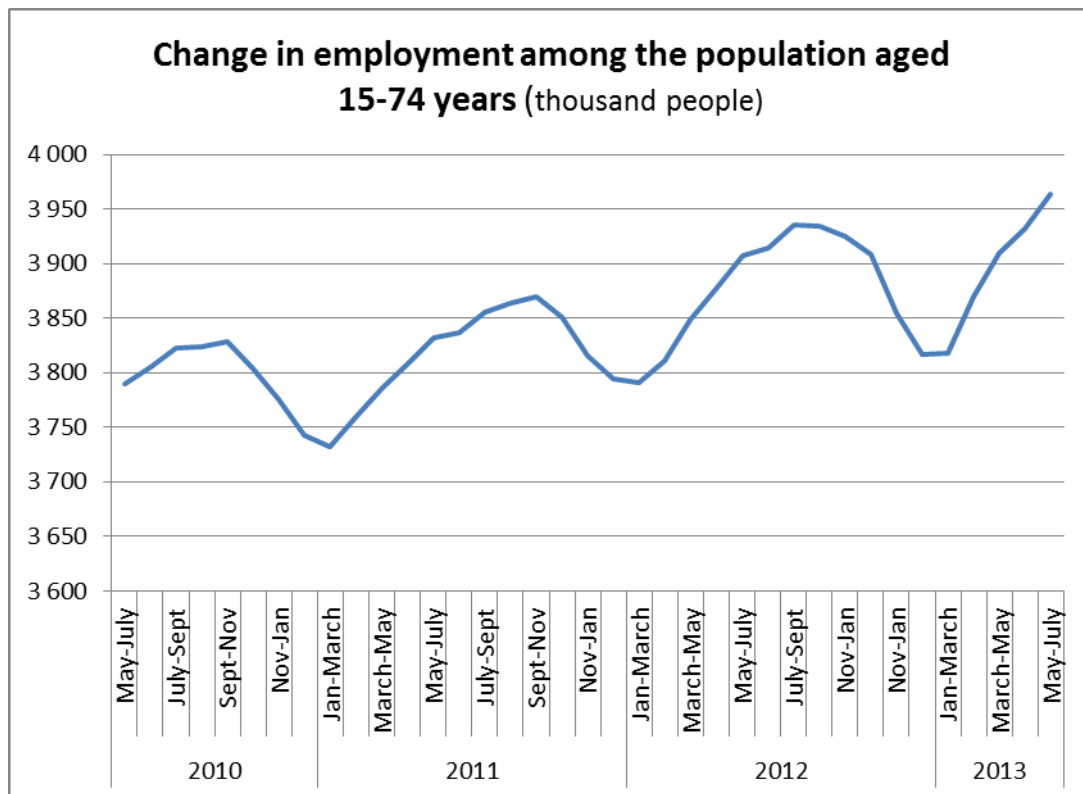




Employment rate hits a multi-year high

Favourable labour market tendencies within the Hungarian economy are continuing. On an annual basis, the number of people in employment has been rising steadily since the second half of 2010. In 2012, the number of those in employment aged 15-74 years reached a pre-crisis level, last seen in 2008, and data are pointing to further improvement in 2013. The unemployment rate has been continuously declining for four months, in comparison to the same period of last year. In addition, the upward trend in real wage growth has been unbroken since the beginning of year.

According to the latest flash report of the Hungarian Central Statistical Office (KSH), in the period May-July 2013 the number of people aged 15-74 years in employment was up by 56 thousand, to 3 million 964 thousand compared to the same period of 2012, which constitutes an increase of 1.4 percent year-on-year. The number of people in employment within the age bracket of 15-64 years increased to 3 million 931 thousand, an increase of 1.6 percent.



Source: Hungarian Central Statistical Office (KSH)



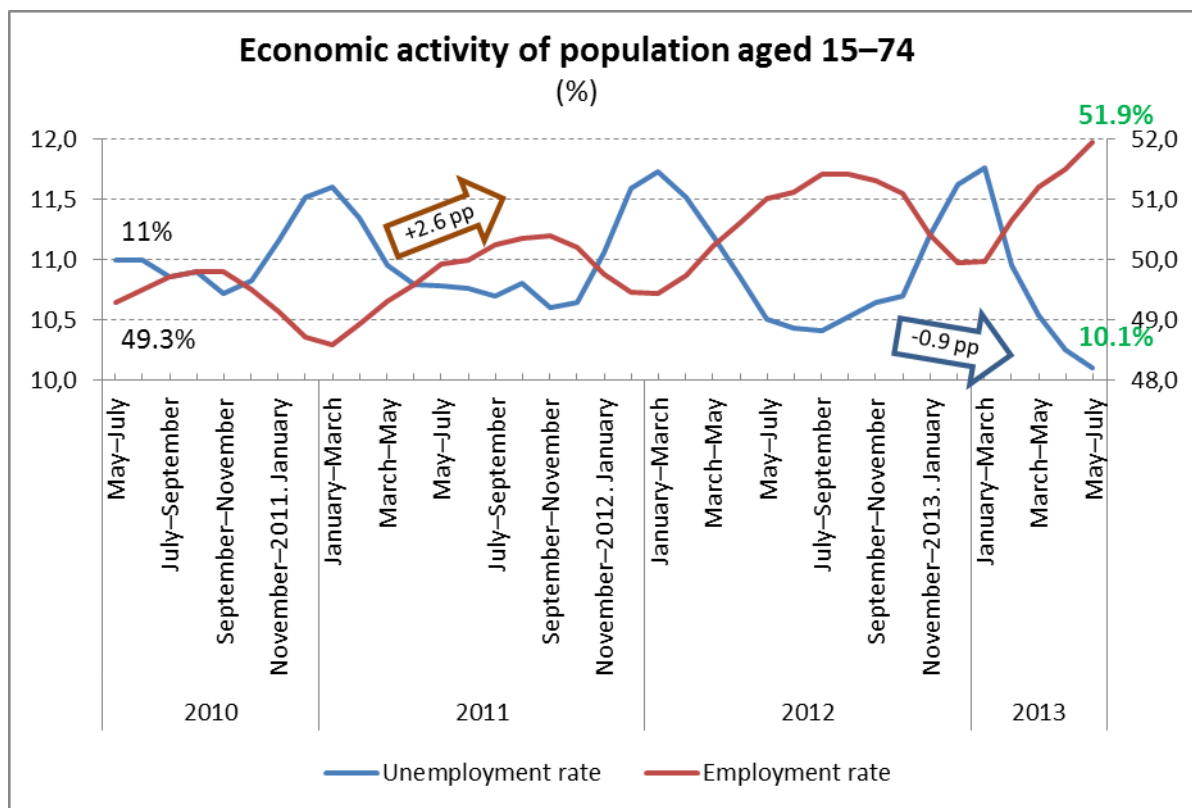
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In the observed period, **the employment rate among those aged 15-74 years increased to 51.9 percent, which figure is 0.9 percentage points higher than one year ago.** In the age bracket of 15-64 years, the employment rate edged up from 57.6 percent in the same period of last year to 58.7 percent, an increase of 1.1 percentage points. **The employment rate increased among people in the prime working age of 25-54 years by 0.7 percentage points.** In May-July 2013, the indicator for men aged 15-64 years improved by 2.1 percentage points, to 64.9 percent, while the respective figure for women was 52.8 percent.

Tendencies have also been encouraging with regard to the employment indicators of those in the most vulnerable age groups. In the observed period, 225 thousand young people within the age bracket of 15-24 years were in employment; accordingly, this category's 19.8 percent employment rate was 1.6 percentage points higher than one year ago. Concerning older people aged 55-64 years, the number of those in employment improved by 1.1 percentage point year-on-year. **These figures confirm the effectiveness of the Job Protection Action Plan** which facilitated the employment of 356 thousand people above the age of 55 years and 115 thousand people below the age of 25 years in the first half of the year. In addition, the Government has launched special youth employment schemes (i.e.: First Job Guarantee Programme and a programme assisting young people to become entrepreneurs).



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Source: Hungarian Central Statistical Office (KSH)

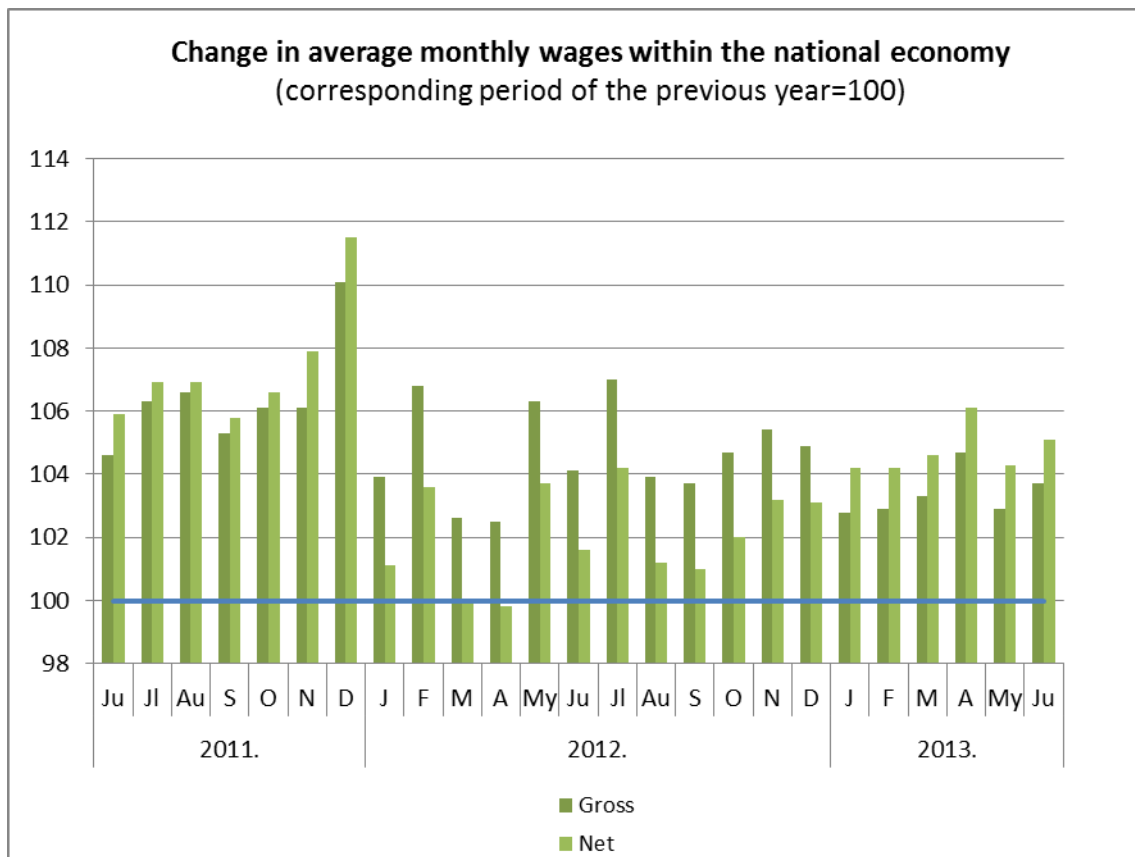
In light of KSH data in May-July 2013 the number of unemployed declined by 13 thousand people to 446 thousand and **the unemployment rate decreased by 0.4 percentage points to 10.1 percent** in comparison to the corresponding period of 2012. **It has been almost four years, in June-August 2009, since the unemployment rate has been lower than this figure.** The unemployment rate for people in the prime working age of 25-54 years was down by 0.6 percentage points, to 9.0 percent in May-July 2013. **Data compiled by the National Labour Office show that at the end of July** the number of registered jobseekers was 497 thousand, which figure is 5.8 percent lower compared to the level recorded in July 2012. **Accordingly, the number of jobseekers fell below 500 thousand which has been unprecedented for five years.**

The positive trend of rising real wages, which has been a concurrent phenomenon along with the aforementioned developments, **is persisting.** In January-June 2013, average gross and net wages within the national economy were 3.4 percent and 4.8 percent higher, respectively, compared to the level of one year ago. In the first half of the year, the average gross wage of full-



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time employees was HUF 228 160 within the national economy. Employees in the private and public sectors (excluding public work employees) earned on average HUF 239 441 and HUF 219 070, respectively, while the average wage of public work employees was HUF 77 700.



Source: Hungarian Central Statistical Office (KSH)

In the first half of 2013, the net wage excluding family tax allowances was HUF 149 445 within the national economy. Average net wages in the private sector increased by 4.9 percent, while those at budgetary institutions – excluding public work – were up by 5.6 percent compared to the same period of 2012. **In January-June 2013, real wages were higher in both sectors, and the subsequent real wage increase, calculated with an inflation rate of 2.3 percent for the observed period, amounted to 2.4 percent.**