

EMPLOYMENT & LABOUR MARKET

Helgi's Pocket Guide

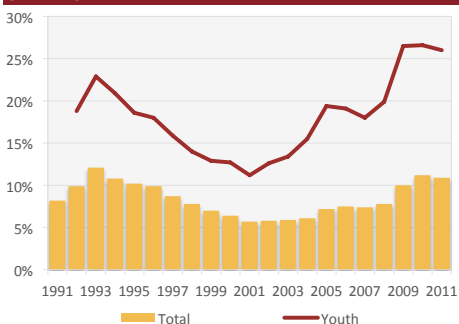
January 2013

Hungary

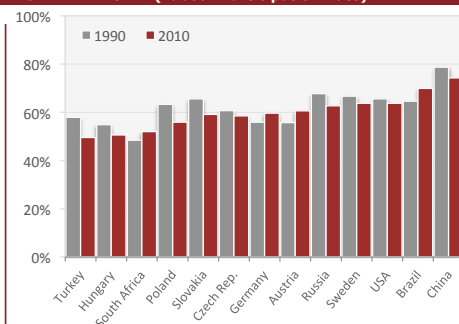
| HUNGARIAN EMPLOYMENT AT A GLANCE | | | | | |
|---|-------|-------|-------|-------|-------|
| | 1990 | 1995 | 2000 | 2005 | 2010 |
| Unemployment Rate | 1.4% | 10.2% | 6.4% | 7.2% | 11.2% |
| Long-Term Unemployed (As Of Unemployed) | | 50.6% | 48.9% | 46.1% | 50.6% |
| Average Duration Of Unemployment (months) | | | | 16.0 | 17.8 |
| Firing Costs (Weeks Of Wages) | | | | 35.0 | |
| Youth Unemployment (As Of Total Labour Force Ages 15-24) | | 18.6% | 12.7% | 19.4% | 26.6% |
| Labour Force (mil) | 4.53 | 4.18 | 4.18 | 4.27 | 4.32 |
| Labour Participation Rate (As Of Total Population Ages 15+) | 54.8% | 49.4% | 49.2% | 50.1% | 50.6% |
| Average Weekly Hours Actually Worked Per Worker | 37.4 | 38.6 | 39.1 | 38.3 | 38.1 |
| Gross Average Monthly Wage (Current USD) | 294 | 438 | 384 | 936 | 1,111 |
| Gross Average Monthly Wage (As Of German Level) | 15.0% | 15.6% | 17.8% | 29.7% | 30.9% |
| Part-Time Employed (As Of Total Workforce) | | 2.8% | 2.9% | 3.2% | 3.6% |
| Self-Employed (As Of Total Workforce) | | 12.9% | 14.9% | 13.7% | 12.3% |
| Female Legislators, Senior Officials & Managers (Of Total) | | 33.8% | 33.5% | 34.8% | 36.4% |



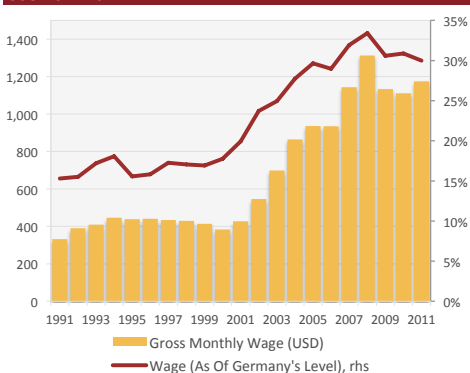
UNEMPLOYMENT



WORK INTENSITY (Labour Participation Rate)



COST OF WORK

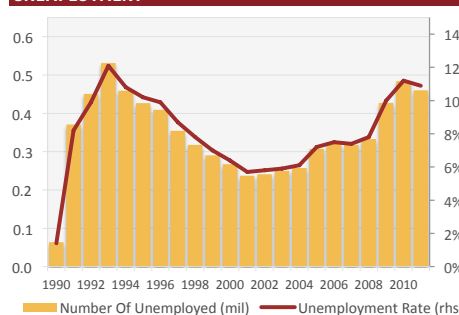


WORK FLEXIBILITY

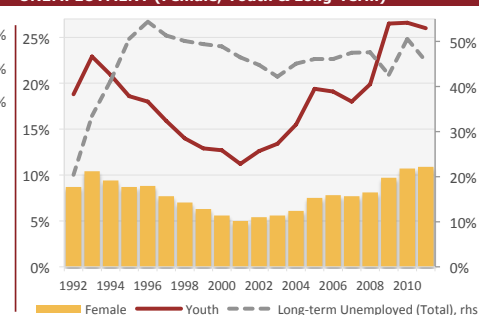


Source: World Bank, National Statistical Office, United Nations, OECD, Helgi Analytics calculation

UNEMPLOYMENT

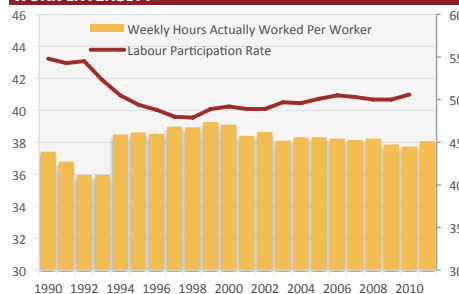


UNEMPLOYMENT (Female, Youth & Long-Term)

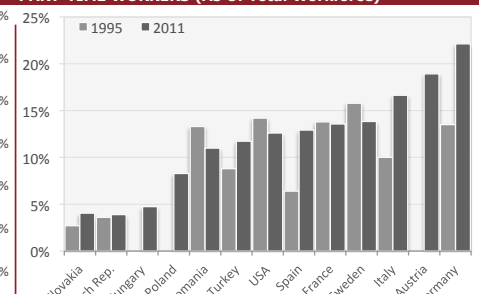


The unemployment rate reached 10.9% at the end of 2011, or around 460,000 people were looking for a job. Apart from the traditional problems of Central European countries, such as high unemployment among younger and older people, big social and geographical differences within the country and a rigid labour market, Hungary suffers from very low employment. Labour participation rates are among the lowest in Europe and as society gets older, this creates an increasing burden on Hungary's public finance system.

WORK INTENSITY

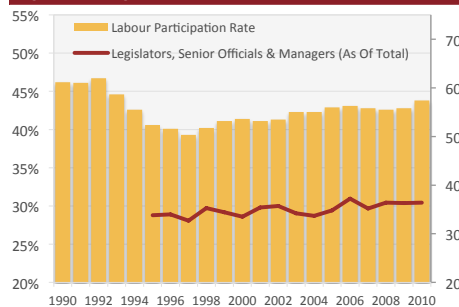


PART-TIME WORKERS (As Of Total Workforce)

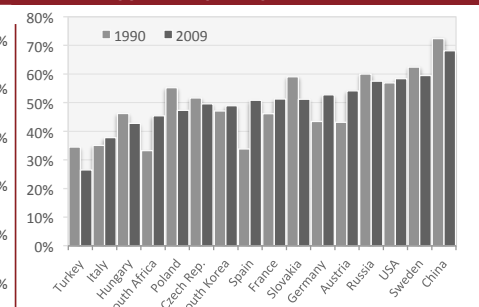


Low employment numbers are one of the biggest headaches in the Hungarian economy. Only 51% of people older than 15 years officially worked in Hungary in 2010, compared to nearly 60% in the Czech Republic or Austria (or 68% in Switzerland, for example). When employed, however, Hungarians spent 1,980 hours a year at work on average, which is one of the highest numbers in Europe (alongside Romanians and Greeks). Similarly to other CEE countries, the Hungarian labour market is rigid as only 4.3% of Hungarians work part-time (compared to 20% in Germany, for example).

WOMEN AT WORK

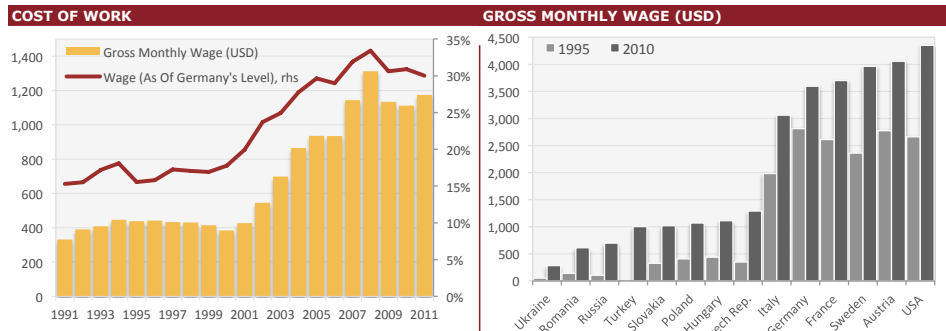


FEMALE LABOUR PARTICIPATION RATE

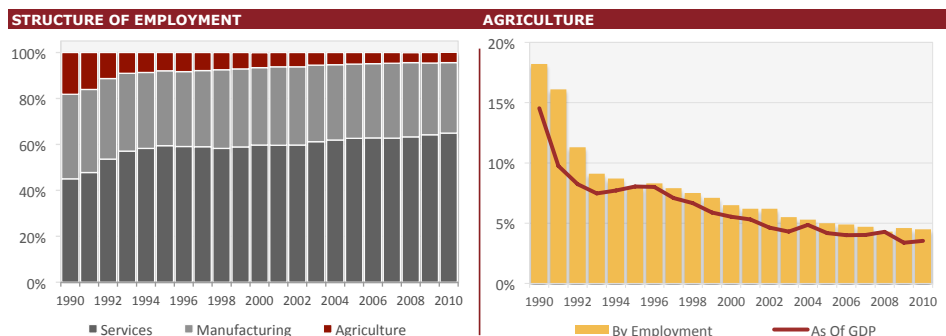


Hungary still wastes women's potential as relatively few of them work (or can work, given the circumstances). Despite the improving trend in the last decade, only around 40% women work in Hungary (or are looking for a job). That's compared to nearly 50% in the Czech Republic or Slovakia or 60% in Sweden. Unlike a number of Western European countries, where women's work is actively supported (through the tax system, part-time job support, or kindergartens, for example), the Hungarian system offers little of that.

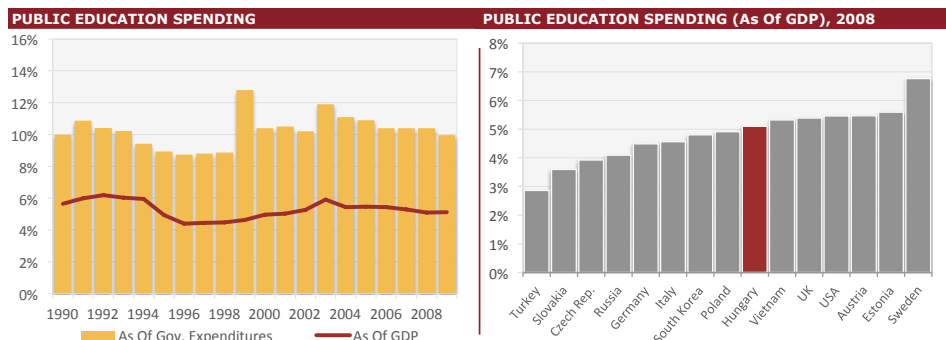
Source: World Bank, National Statistical Office, United Nations, OECD, Helgi Analytics calculation



The average Hungarian salary has increased threefold since 1993 in USD terms and amounted to USD 1,174 a month in 2011. Although this belongs among the highest levels of compensation within Central and Eastern Europe (and is nearly twice as much as what Romanians earn), it still represents only some 31% of the German average. Central Europeans work hard in terms of time spent at work, though low productivity remains the biggest obstacle to earning higher wages.



Services have been gradually taking over jobs from agriculture and manufacturing. Compared to 1990, services employ a third more people, or 64% of the total workforce. The proportion of people working in the agricultural sector has already dropped to below 5% of the total workforce. In spite of its declining share of economic output and overall employment, agriculture maintains its social importance, especially in the rural areas, where at least half of the population is still involved in agriculture either as full-time employment or part-time family farming, or to earn extra income.



Hungarians spend roughly 5% of their GDP on education, a share that has remained stable for the last two decades. It is more than Czechs and Slovaks (less than 4% of GDP) and also more than Germany or Italy, for example, on the basis of the 2008 figures. Hungarians are roughly on a par with the OECD average in terms of the quality of education, measured by the PISA results in 2009. However, there are bigger differences between the best and the worst students when compared to the OECD countries, suggesting the country provides a better education for the better-off.

Source: World Bank, National Statistical Office, United Nations, OECD, Helgi Analytics calculation

| POPULATION | | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Population | mil | 10.1 | 10.1 | 10.1 | 10.1 | 10.1 | 10.0 | 10.0 | 10.0 | 10.0 |
| Population (As % Of World Population) | % | 0.16% | 0.16% | 0.16% | 0.15% | 0.15% | 0.15% | 0.15% | 0.15% | 0.14% |
| Persons Per Household | persons | 2.59 | 2.57 | 2.56 | 2.55 | 2.53 | 2.49 | 2.48 | 2.47 | 2.45 |
| Share Of Population (0-14 Years Of Age) | % | 16% | 16% | 16% | 15% | 15% | 15% | 15% | 15% | 15% |
| Share Of Population (15-64 Years Of Age) | % | 69% | 69% | 69% | 69% | 69% | 69% | 69% | 69% | 69% |
| Share Of Population (65+ Years Of Age) | % | 16% | 16% | 16% | 16% | 16% | 16% | 16% | 17% | 17% |
| Median Age | years | 38.9 | 39.0 | 39.1 | 39.2 | 39.4 | 39.5 | 39.7 | 39.8 | 40.0 |
| Old Age Dependency Ratio | % | 23% | 23% | 23% | 23% | 23% | 24% | 24% | 24% | 24% |
| Youth Dependency Ratio | % | 23% | 23% | 23% | 22% | 22% | 22% | 22% | 21% | 21% |
| Life Expectancy, both sexes | years | 72.3 | 72.6 | 72.6 | 73.1 | 73.2 | 73.7 | 73.9 | 74.2 | |
| Life Expectancy At 65, both sexes | years | 15.3 | 15.6 | 15.5 | 16.0 | 16.1 | 16.4 | 16.4 | 16.5 | |
| Total Fertility Rate | children | 1.27 | 1.28 | 1.31 | 1.34 | 1.32 | 1.35 | 1.32 | 1.25 | |
| Urban Population | mil | 6.7 | 6.7 | 6.7 | 6.7 | 6.8 | 6.8 | 6.9 | 6.9 | 6.9 |
| Urban Population As Of Total | % | 66% | 66% | 67% | 67% | 67% | 68% | 68% | 69% | 69% |
| Population In Largest City (As Of Total Population) | % | 17% | 17% | 17% | 17% | 17% | 17% | 17% | 17% | |

| EMPLOYMENT | | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Labour Force | mil | 4.23 | 4.22 | 4.27 | 4.31 | 4.29 | 4.27 | 4.27 | 4.32 | |
| Labour Force To Population | % | 42% | 42% | 42% | 43% | 42% | 43% | 43% | 43% | |
| Labour Participation Rate | % | 50% | 50% | 50% | 51% | 50% | 50% | 50% | 51% | |
| Labour Participation Rate (Female) | % | 42% | 42% | 43% | 43% | 43% | 43% | 43% | 44% | |
| Labour Participation Rate (Male) | % | 58% | 58% | 58% | 59% | 59% | 58% | 58% | 58% | |
| Female To Male Labour Participation Rate | % | 73% | 73% | 74% | 73% | 73% | 73% | 73% | 75% | |
| Unemployment Rate | % | 5.9% | 6.1% | 7.2% | 7.5% | 7.4% | 7.8% | 10.0% | 11.2% | 10.9% |
| Long-Term Unemployed (As Of Total Unemployed) | % | 42% | 45% | 46% | 46% | 48% | 48% | 43% | 51% | 46% |
| Unemployment Rate (Female) | % | 5.6% | 6.1% | 7.5% | 7.8% | 7.7% | 8.1% | 9.7% | 10.7% | 10.9% |
| Unemployment Rate (Male) | % | 6.1% | 6.1% | 7.0% | 7.2% | 7.1% | 7.6% | 10.3% | 11.6% | 11.0% |
| Unemployment (Youth Male) | % | 14% | 16% | 20% | 19% | 18% | 19% | 28% | 28% | |
| Unemployment (Youth Female) | % | 13% | 14% | 19% | 20% | 19% | 21% | 24% | 25% | |
| Average Duration Of Unemployment | months | 15.6 | 16.5 | 16.0 | 16.3 | 17.2 | 17.8 | 16.4 | 17.8 | |
| Gross Average Monthly Wage (Current USD) | USD | 698 | 864 | 936 | 935 | 1,143 | 1,313 | 1,133 | 1,111 | 1,174 |
| Monthly Minimum Wage (Current USD) | USD | 223 | 262 | 285 | 297 | 357 | 400 | 354 | 353 | |
| Minimum Wage (As % Of Gross Wage) | % | 32% | 30% | 31% | 32% | 31% | 31% | 31% | 32% | |
| Gender Pay Gap (As % Of Monthly Earnings) | % | 12% | 14% | 12% | | | | | | |
| Average Annual Hours Actually Worked Per Worker | hours | 1,981 | 1,992 | 1,992 | 1,988 | 1,983 | 1,988 | 1,969 | 1,962 | 1,980 |
| Self-Employed (As Of Total Workforce) | % | 13% | 14% | 14% | 13% | 12% | 12% | 13% | 12% | |
| Self-Employed, Female (As Of Female Workforce) | % | 9.2% | 10.1% | 9.8% | 9.1% | 9.2% | 8.6% | 9.1% | 8.8% | |
| Self-Employed, Male (As Of Male Workforce) | % | 17% | 18% | 17% | 16% | 15% | 15% | 15% | 15% | |
| Part-Time Employed (As % Of Total Workforce) | % | 3.2% | 3.3% | 3.2% | 2.7% | 2.8% | 3.1% | 3.6% | 3.6% | 4.7% |
| Part-Time Employment, Female (As Of Total Female Employment) | % | 4.8% | 4.8% | 5.0% | 4.2% | 4.2% | 4.3% | 5.0% | 5.2% | |
| Part-Time Employment, Male (As Of Total Male Employment) | % | 1.8% | 1.9% | 1.8% | 1.5% | 1.6% | 2.0% | 2.3% | 2.3% | |
| Employment In Agriculture (As Of Total Workforce) | % | 5.5% | 5.3% | 5.0% | 4.9% | 4.7% | 4.3% | 4.6% | 4.5% | |
| Employment In Industry (As Of Total Workforce) | % | 33% | 33% | 32% | 32% | 33% | 32% | 31% | 31% | |
| Employment In Services (As % Of Total Workforce) | % | 61% | 62% | 63% | 63% | 63% | 63% | 64% | 65% | |
| Firing Costs (Weeks Of Wages) | weeks | 35.0 | 35.0 | 35.0 | 35.0 | 35.0 | 35.0 | 35.0 | | |
| Managerial Positions (As Of Total Workforce) | % | 9.3% | 10.4% | 10.3% | 10.3% | 10.1% | 10.5% | 10.3% | 10.1% | |
| Female Legislators, Senior Officials & Managers (As Of Total) | % | 34% | 34% | 35% | 37% | 35% | 36% | 36% | 36% | |
| Proportion Of Seats Held By Women In National Parliaments | % | 9.8% | 9.1% | 9.1% | 10.4% | 11.1% | 11.1% | 11.1% | 9.1% | 8.8% |
| Vulnerable Employment, Total (As % Of Total Employment) | % | 7.9% | 8.1% | 7.7% | 7.1% | 7.0% | 7.0% | 7.1% | 6.8% | |

Source: Source: World Bank, National Statistical Office, United Nations, OECD, Helgi Analytics calculation. For more details, description and explanation of particular indicators, please, visit www.helgilibrary.com

| MACROECONOMIC ROUND-UP | | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---------|-------|--------|--------|--------|--------|--------|--------|--------|--------|
| GDP | USD bil | 83.5 | 101.9 | 110.3 | 112.5 | 136.1 | 154.2 | 126.6 | 128.6 | 140.0 |
| GDP Growth | % | 3.9% | 4.8% | 4.0% | 3.9% | 0.1% | 0.9% | -6.8% | 1.3% | 1.7% |
| GDP Per Capita | USD | 8,247 | 10,085 | 10,937 | 11,174 | 13,535 | 15,365 | 12,635 | 12,863 | 14,044 |
| Industrial Production Growth | % | 6.9% | 7.8% | 6.8% | 9.9% | 7.9% | -0.1% | -17.6% | 10.5% | |
| Retail Sales Growth | % | | | | | | | | | |
| Government Budget Balance (As % Of GDP) | % | -7.2% | -6.4% | -7.9% | -9.4% | -5.1% | -3.7% | -4.5% | -4.3% | 4.2% |
| Public Debt (As % Of GDP) | % | 58% | 59% | 62% | 66% | 67% | 73% | 80% | 81% | 81% |
| Unemployment Rate | % | 5.9% | 6.1% | 7.2% | 7.5% | 7.4% | 7.8% | 10.0% | 11.2% | 10.9% |
| Gross Average Monthly Wage | USD | 698 | 864 | 936 | 935 | 1,143 | 1,313 | 1,133 | 1,111 | 1,174 |
| Foreign Debt (As % Of GDP) | % | 70% | 80% | 77% | 118% | 130% | 145% | 188% | 161% | |
| Imports (As % Of GDP) | % | 65% | 67% | 68% | 79% | 80% | 81% | 73% | 80% | 85% |
| Exports (As % Of GDP) | % | 61% | 63% | 66% | 78% | 81% | 82% | 78% | 87% | 92% |
| Current Account Balance (As % Of GDP) | % | -8.0% | -8.6% | -7.6% | -7.6% | -7.3% | -7.4% | -0.2% | 1.2% | 1.4% |
| Foreign Exchange Reserves (Including Gold) | USD bil | 12.8 | 16.0 | 18.6 | 21.6 | 24.1 | 33.9 | 44.2 | 45.0 | 48.8 |
| Foreign Exchange Reserves (As % Of Imports) | % | 23% | 23% | 25% | 24% | 22% | 27% | 48% | 44% | 41% |
| Foreign Direct Investments | USD bil | 2.2 | 4.3 | 8.5 | 18.7 | 70.6 | 75.0 | -3.0 | -20.7 | 9.6 |
| Foreign Direct Investments (As % Of GDP) | % | 2.6% | 4.2% | 7.7% | 16.6% | 51.9% | 48.6% | -2.3% | -16.1% | 6.9% |
| Foreign Direct Investments (As % Of CA Deficit) | % | 33% | 49% | 102% | 217% | 713% | 657% | -1531% | 1313% | -490% |
| Workers' Remittances, Received (As % Of GDP) | % | 0.4% | 1.7% | 1.7% | 1.8% | 1.7% | 1.6% | 1.7% | 1.7% | 1.7% |
| Portfolio Investments (As % Of GDP) | % | 3.5% | 6.7% | 4.1% | 5.6% | -1.7% | -2.0% | -4.1% | -0.3% | 6.2% |
| Development Assistance (As % Of GDP) | % | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

| INFLATION, FOREX & INTEREST RATES | | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---------|------|-------|------|------|------|------|------|------|------|
| Inflation, CPI (Average) | % | 4.4% | 6.8% | 3.6% | 3.9% | 7.9% | 6.1% | 4.2% | 4.9% | 3.9% |
| Long-Term Interest Rate (10-Year Gov. Bond Yield) | % | 6.8% | 8.3% | 6.6% | 7.1% | 6.7% | 8.2% | 9.1% | 7.3% | 7.6% |
| Short-Term Interbank Interest Rate (3-Month) | % | 8.2% | 11.3% | 7.0% | 6.9% | 7.6% | 8.9% | 8.5% | 5.4% | 6.0% |
| Interest Spread To US\$, 10-Year Gov. Bond | % | 2.8% | 4.0% | 2.3% | 2.3% | 2.1% | 4.6% | 5.9% | 4.1% | 4.8% |
| Interest Spread To US\$, 3M IBOR | % | 7.0% | 9.7% | 3.5% | 1.7% | 2.3% | 5.7% | 7.5% | 4.8% | 5.6% |
| FX Rate To USD (Average) | per USD | 224 | 203 | 200 | 210 | 184 | 172 | 202 | 208 | 201 |
| FX Rate To EUR (Average) | per EUR | 253 | 252 | 248 | 264 | 251 | 252 | 280 | 275 | 279 |

Source: National Statistical Office, National Central Bank, World Bank, Eurostat, United Nations. For more details, description and explanation of particular indicators, please, visit www.helgilibrary.com

ABOUT HELGI ANALYTICS

Helgi Analytics is a consulting company based in the Czech Republic. The company mainly provides consultancy in the area of financial services and real estate and focuses primarrily on the region of Central and Eastern Europe.

Helgi Analytics also runs a web application called Helgi Library, which is a database/library offering data and analyses on more than 95% of the world's economy and population. The Library aims to bring interesting statistical data and analyses to a wide audience under affordable conditions. If you wish to get more details, please visit www.helgilibrary.com or contact us at info@helgianalytics.com.

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