



Labour market trends, 1st quarter 2018

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1. Employment outlook

1.1 Employed people

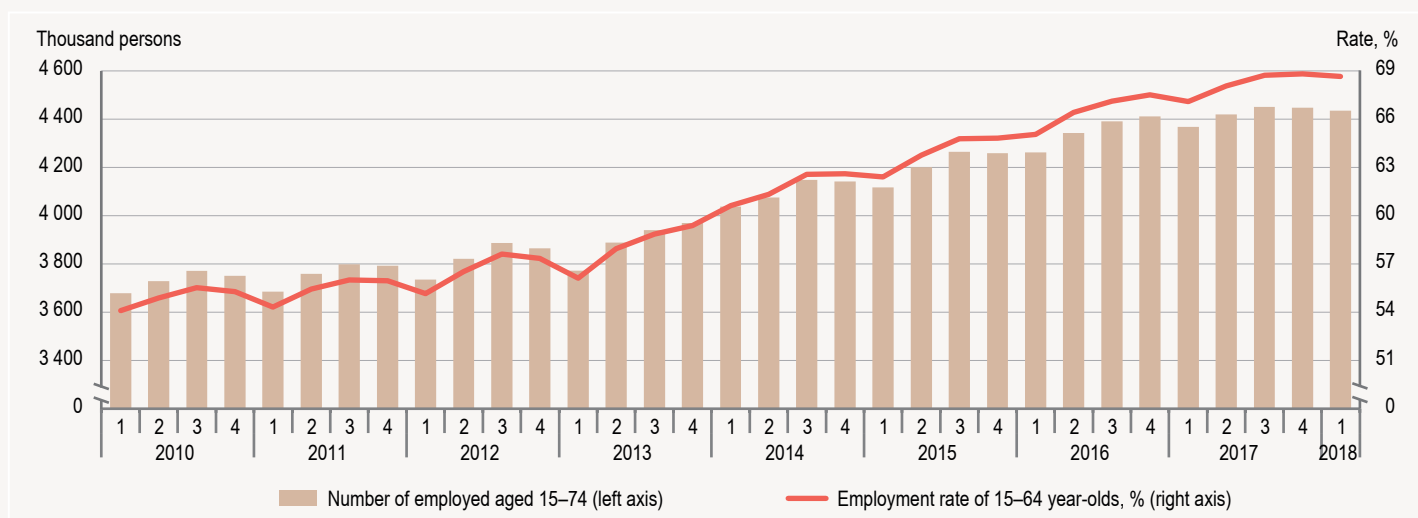
According to the data of the labour force survey, the number of employed people aged 15–74 was 4,435 thousand in the 1st quarter of 2018, 1.5% or 67 thousand people more than the headcount in the same quarter of the previous year. Compared to the 4th quarter of 2017, employment did not change essentially (the 0.3% decrease was within the limits of the sampling error), that is, in 2018, the growth was not really broken by the headcount reduction due to seasonal reasons, which was earlier characteristic of the 1st quarter of the year.

The employment rate calculated for the 15–64 year-old population rose to 68.7%, representing a 1.6 percentage points improvement compared to the value a year earlier. The decline in the denominator, the number of 15–64 year-olds explains 0.6 percentage point of this. On the demand side, the favourable development of real economic processes played the decisive role. The supply was positively influenced by the continuous rise in retirement age until 2021, which, for the time being, could offset the narrowing source resulting from the smaller generations entering the labour market.

As in 2017, the increase in the headcount in the 1st quarter of 2018 was also accompanied by a sharp drop in the number of public workers. The number of those who declared to be public workers was more than 40 thousand lower than in the same quarter of the previous year, and 13.6%¹ less indicated local units abroad as workplace. Consequently, 125 thousand or 3.1% more people worked in the domestic primary labour market than a year earlier. Following the considerable rise in the minimum wage in 2017, it was increased again significantly in 2018, which did not break the upward trend in employment. The employment rate of men was higher than that of women not only in the past year but also over a longer period, mainly because only women can make use of the opportunity to retire after 40 years of service time. The growth rate of employment was significantly different by regions. Partly due to demographic reasons (ageing), the number of the employed decreased in Budapest, which is for the first time a separate region in our publication, and in Southern Transdanubia including a number of districts which are in disadvantageous employment situation, while the most dynamic increase was observed in Western Transdanubia, partly due to internal migration.

Figure 1

Quarterly changes in the number of the employed aged 15–74 and the employment rate of people aged 15–64



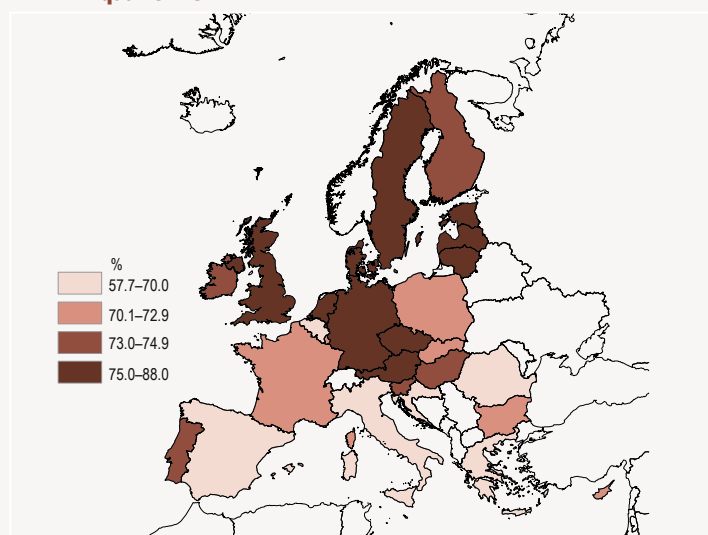
Source: labour force survey.

¹ Those people working abroad are enumerated in the labour force survey who commute daily abroad to work, or who work abroad for a long time, but come home regularly and contribute to the living costs of the households providing data.

Table 1
Number of the employed and its change*

Denomination	Number of employed			Change in the number of employed, 1st quarter 2018 compared to the 1st quarter of	
	Q1 2010	Q1 2017	Q1 2018	2010	2017
	(thousand persons)				
Total	3 678.7	4 367.9	4 435.2	756.4	67.2
Men	1 952.2	2 377.6	2 427.1	475.0	49.6
Women	1 726.6	1 990.4	2 008.0	281.5	17.7
Budapest	716.0	840.0	828.8	112.8	-11.3
Pest county	476.3	571.4	597.6	121.3	26.2
Central Transdanubia	419.1	494.6	495.8	76.8	1.2
Western Transdanubia	399.2	461.6	485.2	86.0	23.6
Southern Transdanubia	329.2	366.8	362.0	32.8	-4.8
Northern Hungary	389.1	464.5	477.5	88.3	12.9
Northern Great Plain	482.7	618.6	633.9	151.1	15.3
Southern Great Plain	467.1	550.4	554.5	87.4	4.1
Employee	3 215.1	3 914.4	3 971.2	756.1	56.8
Members of business partnerships	143.3	157.8	149.6	6.2	-8.3
Self-employed	308.1	283.8	303.6	-4.5	19.8
Unpaid family workers	12.2	12.0	10.8	-1.4	-1.2
Working in premises in Hungary	3 633.3	4 256.2	4 338.7	705.4	82.4
of which: declare to be public worker	53.1	200.7	158.5	105.4	-42.2
Working in premises abroad	45.4	111.7	96.5	51.1	-15.2

* Within the population aged 15–74. From 1 January 2018, the territorial classification of Hungary has changed, according to which a new delimitation came into force for the planning-statistical regions (NUTS-2 level). As a result of the current classification, instead of the former 7, 8 units form the NUTS-2 level. By dividing the region of Central Hungary, the capital and Pest county became two separate planning and statistical regions, named Budapest and Pest. The names and delimitation of the other regions did not change.
Source: labour force survey.

Figure 2
Employment rates of the 20–64 year-olds in EU member states, 4th quarter 2017

Source: Eurostat.

According to the most recent available labour market data of the EU, the employment rate of the 15–64 year-olds was 68.7% in the 4th quarter of 2017 in Hungary, 0.7 percentage point higher than the EU average, within which the advantage grew to 2.8 percentage points in case of men, while, similarly to the previous quarter, the disadvantage was 1.1 percentage points for women. With the 84.0% employment rate calculated for the 25–54 year-olds, i.e. people in the best working age, we were in the top third of EU member states with the highest employment rates. It is encouraging that the Hungarian value is only 1.2 percentage points away from the 75% employment rate of the population aged 20–64 targeted in the Europe 2020 strategy. The relatively high employment was accompanied by low unemployment, and, only 3 member states (the Czech Republic, Germany and Malta) had unemployment rates lower than the 3.8% in Hungary also in the 4th quarter of 2017.

Table 2
Employment rate and unemployment rate in EU member states, 4th quarter 2017

Country	Employment rate						Unemployment rate, %
	15–24	25–54	15–64 year-old			change ^{a)}	
	year-olds		men	women	together		
	%						
Austria	50.5	84.5	77.0	68.4	72.7	0.9	5.3
Belgium	23.9	80.3	68.6	59.7	64.1	0.7	6.4
Bulgaria	22.8	80.1	71.7	63.2	67.5	4.1	5.6
Croatia	23.2	76.1	63.9	55.2	59.6	2.8	10.9
Cyprus	28.4	78.5	69.7	62.6	66.0	1.6	10.1
Czech Republic	29.2	87.2	81.5	66.9	74.3	1.4	2.4
Denmark	56.2	82.2	77.5	71.6	74.6	0.1	5.1
Estonia	43.6	84.7	78.3	72.6	75.4	3.8	5.3
Finland	40.2	81.5	71.7	69.0	70.4	2.0	7.6
France	28.8	80.3	68.8	61.5	65.0	0.9	9.2
Germany	48.2	84.6	79.6	72.2	76.0	0.7	3.5
Greece	13.7	67.1	62.9	44.0	53.4	1.6	21.2
Hungary	29.3	84.0	76.1	61.7	68.8	1.3	3.8
Ireland	39.9	78.9	73.5	63.1	68.3	1.2	6.1
Italy	17.2	69.5	67.1	49.2	58.2	0.8	11.2
Latvia	30.6	82.6	73.0	69.2	71.0	2.2	8.1
Lithuania	29.5	83.9	71.5	70.6	71.0	1.3	6.7
Luxembourg	25.2	83.8	70.4	62.1	66.3	-0.2	5.2
Malta	49.7	81.2	81.3	56.7	69.3	3.1	3.7
Netherlands	63.1	83.7	80.9	71.8	76.3	1.1	4.3
Poland	29.8	81.4	73.4	59.4	66.4	1.3	4.5
Portugal	26.6	83.6	72.2	65.8	68.9	3.0	8.2
Romania	22.9	79.5	71.8	54.8	63.4	1.8	4.7
Slovakia	27.1	80.0	72.3	60.5	66.4	1.1	7.7
Slovenia	33.3	87.3	73.3	67.1	70.3	3.7	5.8
Spain	20.6	73.8	66.9	56.2	61.6	1.5	16.6
Sweden	43.5	86.2	78.1	75.0	76.6	0.7	6.1
United Kingdom	51.1	84.1	79.0	70.1	74.5	0.7	4.2
EU-28	35.0	80.0	73.3	62.8	68.1	1.2	7.3

^{a)} Q4 2017 compared to Q4 2016, percentage point.
Source: Eurostat (state of 10 May 2018).

In the field of observation of monthly labour reports, i.e. corporations with at least 5 employees, budgetary institutions and non-profit organisations which are more significant in respect of employment, nearly 3,115 thousand people were employed in the 1st quarter of 2018, and 141 thousand of them were public workers. This represented a growth of 1.6% and of 2.9% calculated without public workers compared to the same period of the previous year.² In the business sector, including 6 thousand public workers, 2,128 thousand people worked, 3.0% (nearly 60 thousand people) more than in the 1st quarter of the previous year, while at budgetary institutions – including the 121 thousand public workers – the headcount of 825 thousand was 2.5% lower than in the 1st quarter of 2017. Non-profit organisations designated for data supply employed 162 thousand people including 14 thousand public workers. The number of full-time workers increased by 1.5% (to 2,794 thousand including public workers) and that of part-time workers grew by 2.3% (to 321 thousand).³

In recent years, public employment activated a significant proportion of those who were previously absent from the labour market, offered jobs with higher income than the benefits for those who could not find work in the open labour market, and created and improved the labour market socialisation of the participants in the programme. With the increasing demand for labour, it has become a realistic goal to direct more and more people from public employment to the primary labour market. In addition to widening the gap between the minimum wage and the public employment wage, this is encouraged by supports available for those who leave public employment and their employers as well.

According to the statistics of the Ministry of Interior⁴ on public employment, the monthly average number of people registered as public workers was 151 thousand in the 1st quarter of 2018, which meant a decrease of more than 40 thousand (32%) compared to the same period of the previ-

ous year. The drop in the headcount was also accompanied by the deterioration in the composition by educational attainment, as the employment opportunities of those with a qualification are considerably more favourable than those of unskilled workers.

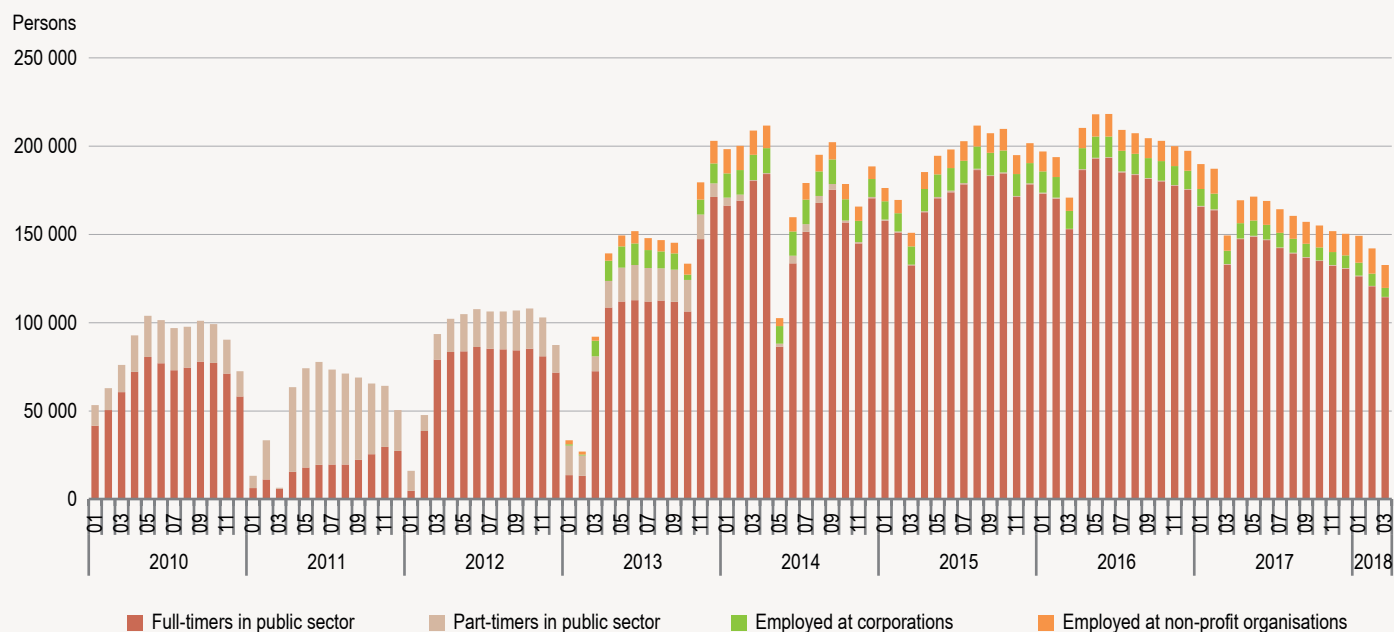
1.2. Labour demand

In the field of observation of the HCSO monthly labour reports, the number of job vacancies or jobs expected to become vacant in the near future, for which employers have already taken steps to fill as soon as possible (contacted head-hunter companies, announced the job vacancy, etc.) was 79.4 thousand in the 1st quarter of 2018. The 58.8 thousand job vacancies in the business sector was 7.7% more than the figure in the 4th quarter of 2017. The ratio of job vacancies to all jobs was still the highest in the section of administrative and support service activities (4.8%). In manufacturing, the section of the national economy employing the largest headcount, the number of job vacancies was 23 thousand in the 1st quarter of 2018, about one thousand more than in the previous quarter.

Similarly to Hungary, the number and rate of job vacancies are increasing steadily in the EU as well. According to the latest published data, the number of job vacancies per 100 jobs was 2 in the 4th quarter of 2017 in the EU-28. There are differences in the situation of the member states, and the job vacancy rate is typically high in member states with low unemployment rate, while it is very low in countries struggling with the aftermath of the crisis. Therefore, similarly to the earlier periods, the job vacancy rate was outstandingly high in the Czech Republic (4.4%) in the 4th quarter of 2017 as well, followed by Belgium (3.4%) and Germany (2.8). By contrast, only 0.1% of jobs in Greece, 0.7% in Spain and 0.8% in Bulgaria and Portugal were to be filled. The rate of 2.4% in Hungary is in the middle of the ranking, but its growth rate over one year was the third highest among the member states.

Figure 3

Monthly number of public workers*



* Until 2012, only data of the public sector are available.

Source: monthly labour statistics.

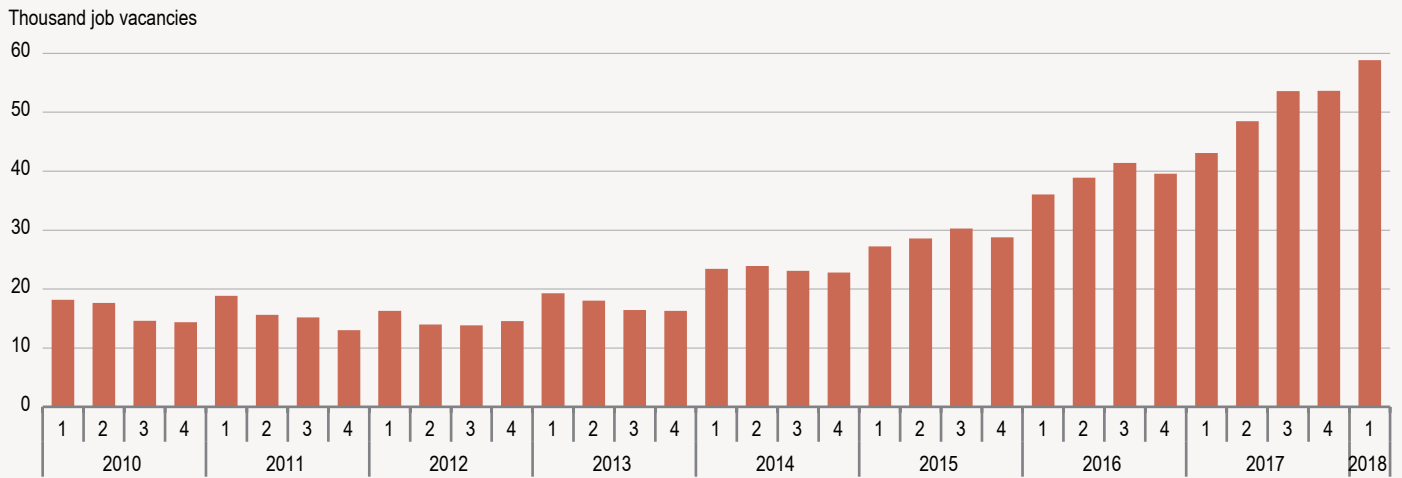
² In 2018, a methodological change was made in designating data suppliers and in recording headcount information on the reference population used for producing estimates for enterprises observed by sampling. Indices are calculated on a comparative basis (see Methodology for more details).

³ According to the data of the labour force survey, among all employed people, fewer work part-time, and also their proportion fell compared to the same period of the previous year.

⁴ Source: monthly information on the state of public employment (www.kozfoglalkoztatás.kormany.hu).

Figure 4

Quarterly number of job vacancies in the business sector



Source: job vacancy statistics.

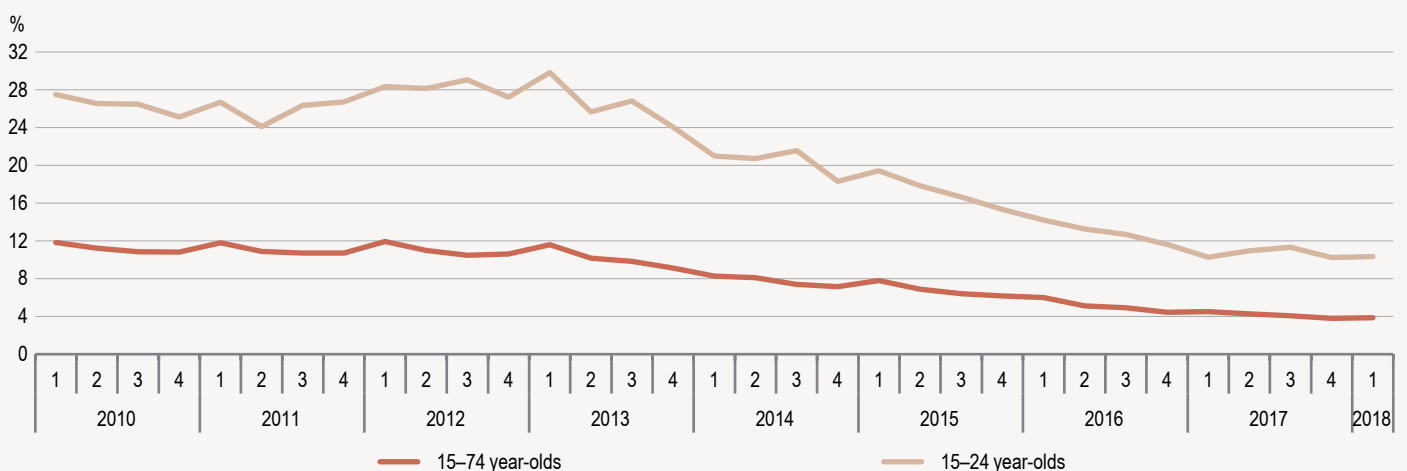
In addition to the statistics based on EU standards, the data series of the National Employment Service (NES) based on the aggregate of the continuously incoming labour demand notifications show the evolution of the labour demand according to a different concept. Employers are primarily interested in announcing those jobs at the employment service which they want to fill in supported form of employment, or this way, they search for candidates for jobs requiring lower qualification where there is a chance to find a candidate from the scope of registered jobseekers. In March 2018, altogether 135.2 thousand job vacancies were registered at the NES, 90% of which were to be filled in supported form, and 94% of this latter were to be filled in the framework of public employment. The new labour demand was the highest in Budapest, as well as in Pest and Borsod-Abaúj-Zemplén counties, and 39% of all job vacancies were announced from these regions. The total number of job vacancies registered at the NES in March 2018 was 223.4 thousand, out of which 102.7 thousand were still unfilled on the closing day of the month.

1.3. Unemployed people, potential labour reserve

In the 1st quarter of 2018, the number of unemployed people⁵ according to the definition of ILO⁶ fell by 29 thousand to 178 thousand, and the unemployment rate decreased by 0.7 percentage point to 3.9%. The average duration of unemployment was still relatively long, 16.4 months. As the domestic labour market is close to full employment, most of the people who lose their jobs can find another one almost instantly, and the share of long-term unemployed, i.e. those who have been looking for a job for at least one year, fell below 42%. 36.6% of the 71 thousand long-term unemployed had at most primary education and 13.7% had never worked. The gap between the unemployment rate for women (4.3%) and men (3.5%) has increased. The improvement in the labour market situation of young people (15–24 year-old) was significant, higher than the one characteristic of the total population: their unemployment rate was 10.4%, half or one third of the values of the previous years. Despite the positive trend, the proportion of early school leavers, that is, young people aged 18–24 who leave education without qualification or even interrupting their studies in primary education was still 12.8%.

Figure 5

Quarterly change in total and youth unemployment



Source: labour force survey.

⁵ Does not work, is actively looking for a job and is available.

⁶ ILO is the abbreviation of the International Labour Organization.

Despite the overall improvement in the labour market situation, regional differences still exist. While in five counties the unemployment rate fell below 2% (Vas, Győr-Moson-Sopron, Tolna, Komárom-Esztergom, Pest counties), the rate was still 9.2% in Szabolcs-Szatmár-Bereg county. The difference between the unemployment rates of the counties in the best and in the worst situation was nearly 8 percentage points.

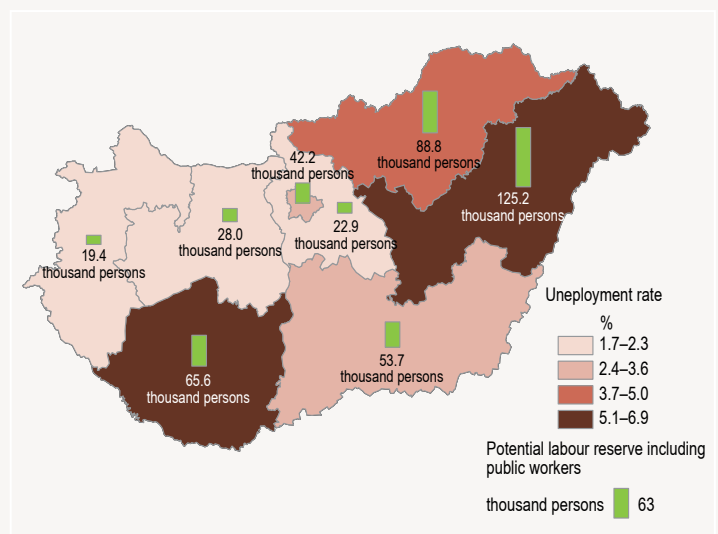
In the 1st quarter of 2018, the average number of jobseekers registered at the National Employment Service was 277 thousand, 11% less than a year earlier. Public employment has become much more even, so the number of registered jobseekers has increased much less from February to March in 2018 than in 2017. One in every 10 jobseekers was career starter who account for the majority of those who register for the first time. Among registered jobseekers, the proportion of recipients of cash benefits is increasing, reaching 54% in the 1st quarter of 2018. The average number of recipients of insurance-based allowance with at most 3 months entitlement, jobseeker aid before pension and jobseeker assistance was stable at 60–70 thousand in recent years. The number of social benefit recipients is steadily decreasing, although at a somewhat slower pace than the number of registered jobseekers.

According to the data of the labour force survey of HCSO, 305 thousand people aged 15–74 years classified themselves as unemployed on average, 39 thousand fewer than a year earlier. In the 1st quarter of 2018, the number of unemployed according to the ILO definition and that of registered jobseekers changed essentially to the same extent as well.

Unemployed people, the underemployed and those inactive people who want to work but do not actively look for a job or do not meet the criterion of availability constitute together the so-called potential labour reserve. In the 1st quarter of 2018, 327 thousand people belonged to this category, representing a decrease of 70 thousand over a year, and even this increasingly shrinking reserve was unevenly distributed among regions.

Figure 6

Potential labour reserve and unemployment rate of the 15–64 year-olds by regions, 1st quarter 2018



Source: labour force survey.

Registered jobseekers (thousand persons)

Table 3

Period	Registered job-seekers	Of which:			
		career-starters	eligible for job-seekers' allowance or assistance	social benefit recipients	without any provision
2017					
January	288.3	30.4	63.6	87.2	137.5
February	296.5	31.4	63.8	91.5	141.2
March	350.8	34.8	78.7	101.9	170.2
1st quarter	311.9	32.2	68.7	93.5	149.6
2018					
January	267.3	25.5	63.0	83.3	121.0
February	279.2	27.5	63.9	86.8	128.5
March	284.6	27.0	67.0	84.1	133.5
1st quarter	277.0	26.7	64.6	84.7	127.7
Q1 2018/Q1 2017 index, %	88.8	82.8	94.1	90.6	85.3

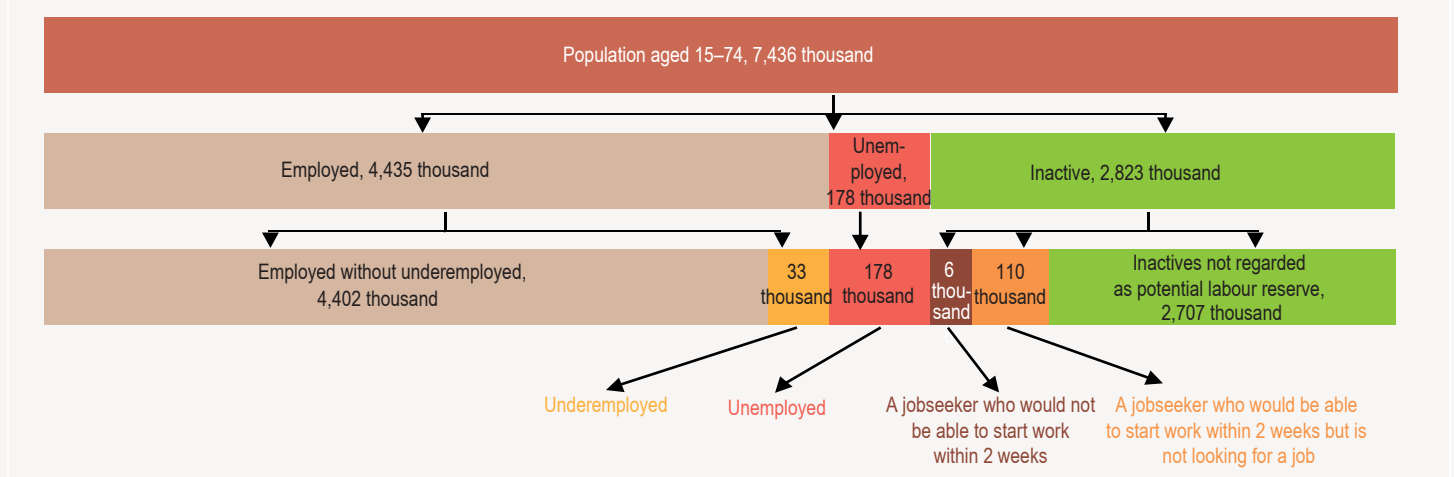
Source: register of the National Employment Service (<http://nfsz.munka.hu>).

1.4. Inactive people

In the 1st quarter of 2018, the number of inactive people of working age (15–64 year-old) continued to decrease. The main reason is a demographic one, but the rise in the retirement age, which is still different by gender, plays also a role in this. The latter also explains that the proportion of women within the category is slightly increasing. In the 1st quarter of 2018, nearly 63% of inactive people, whose number was about 90 thousand fewer than a year earlier, were women.

Figure 7

Potential labour reserve, 1st quarter 2018



Source: labour force survey.

Table 4

Number of inactive people aged 15–64 years by the reason for absence from the labour market

Denomination	1st quarter 2018			1st quarter 2017=100.0		
	men	women	together	men	women	together
	thousand people			%		
Pensioners, annuity recipients	239.3	389.6	629.0	89.2	90.3	89.9
Child care provision recipients	1.2	234.3	235.5	51.1	100.1	99.6
Jobseekers' provision recipients	15.4	24.0	39.5	70.1	95.7	83.7
Students	326.3	317.0	643.2	98.0	98.7	98.3
Nursing and orphan's allowance recipients	10.1	29.9	40.0	103.5	108.4	107.1
Other inactive	85.5	150.8	236.3	92.7	103.2	99.1
Inactive people aged 15–64 years, total	677.8	1 145.6	1 823.4	93.1	96.6	95.3

Source: labour force survey.

2. Earnings, income from work, labour cost

2.1. Gross earnings

In the 1st quarter of 2018, partly due to government interventions, earnings grew again significantly, and the main sources of growth were also the same as in the previous year. The minimum wage rose by 8.2% and the guaranteed minimum wage by 12%, under the agreements that had been concluded in previous years, in several areas financed by the budget, salary adjustments scheduled for the beginning of the year were made, and the wage correction of healthcare workers planned for November was also realised earlier, in January. Besides, the decrease in the number of public workers corresponding to the planned one also contributed to the high growth rate of earnings. In the field of observation of institutional labour statistics, average gross earnings of full-time employees were HUF 316.3 thousand, 12% higher than in the 1st quarter of the previous year. 1.0 percentage point of the growth rate was due to the decrease in the number of public workers. Calculated without public workers, average gross earnings amounted to HUF 328.7 thousand (as a result of an 11% increase) in the national economy.

At corporations, in addition to the rise of minimum wage and guaranteed minimum wage, the increasing labour demand, the three-year wage-development agreement covering state-owned enterprises, the successful wage claims of employees and, even if not with the same weight as the former, the so-called working day effect played a wage increasing role. Competition for retaining the properly qualified workforce is nowadays not only among corporations in the same or related industries, but, in addition to the barely decreasing attractiveness of employment abroad, the labour-absorbing effect of areas with higher earnings or better working conditions has to be increasingly taken into account, when developing the wage structure. In the 1st quarter of 2018, average gross earnings increased by 11% to HUF 327.1 thousand at corporations employing at least 5 persons in the business sector. Earnings grew much above the average in the sections of real estate activities and transportation and storage dominated by the business sector (by 18% and 14%, respectively). Employees of the Hungarian Post, the Hungarian State Railways and the regional transport centres received

another 13% rise in earnings on average from January under an agreement concluded last year, which significantly contributed to the increase in the latter section. In the sections having the largest weight in terms of employment in the business sector, i.e. in manufacturing and in wholesale and retail trade, repair of motor vehicles, the growth rate of earnings was close to the average, but within them, there were employers where wage developments were exceptionally high. (In wholesale and retail trade, wages rose significantly first of all in foreign-owned supermarket chains, while in the manufacture of coke, and refined petroleum products where earnings are twice as high as the average increased the most dynamically.) The growth rate of earnings was again much below the average in the section financial and insurance activities (6.5%), but earnings were still the highest in this section (HUF 576.6 thousand).

In the public sector, gross earnings increased by 16%, i.e. much more than in the business sector. The difference in favour of the budgetary institutions is significant (2.8 percentage points) even if the indicator is adjusted for the effect of the decrease in the number of public workers on average earnings. The significant difference was mainly due to the upsurge in non-regular earnings in March, which was typically concentrated in the section public administration and defence, compulsory social security. In all the three sections of the national economy characterized by the predominance of the public sector, there were such measures which contributed to the growth rate of earnings higher than in previous years. So, in the section of public administration and defence, compulsory social security, the basic salary of judges and prosecutors continued to rise. In this section, total gross earnings amounted to HUF 397.9 thousand, 16.4% more than in the previous year. Among factors affecting the average earnings of HUF 311.6 thousand and the 9.5% growth rate of earnings in education, the wage development of teachers and researchers working in tertiary education, which started in the autumn of 2016 and spans several years, had the largest weight. In this context, from 1 January 1 2018, the guaranteed salary of teachers and researchers employed in tertiary educational institutions maintained by the state increased by another 5%, as a result of which, for example, the minimum salary of university professors reached HUF 554.4 thousand. From the second half of 2017, the most significant wage correction measures affected those working in human health and social work activities. From November 2017, earnings of specialised doctors and specialised pharmacists in hospitals rose by HUF 100 thousand, those of their colleagues without specialist qualification by HUF 50 thousand, and also the earnings of skilled health workers increased by 12% on average. This was followed by a further increase of 8% in January 2018. As a result, in the field of human health care, average gross earnings were 18.6% higher in the 1st quarter of 2018 than a year earlier and those of people working in in the field of social care rose by 9.8%. Average gross earnings amounted so to HUF 330.5 thousand in the former and HUF 228.9 thousand in the latter field.⁷

Average gross earnings of public workers were HUF 82.2 thousand in the field of observation of the interim labour statistics, slightly more than the current minimum wage of public workers (HUF 81,530) laid down in a government decree. Since the remuneration of public employment did not change in 2018, the year-on-year increase of 1.3% may be explained by the change in the composition and the shortening of the interval during the public employment period, when, for example due to unfavourable weather conditions, actual work could not be done.

In budgetary institutions and non-profit organisations performing delegated state duties, employees whose net earnings would have decreased due to the changes in the rules of personal income tax and contributions in 2011 and 2012 may receive a compensation not making part of earnings since 2011. In the 1st quarter of 2018, 79 thousand⁸ received compensation which meant an income surplus of HUF 8.6 thousand per month on average for the concerned employees in budgetary institutions.

⁷ Calculated without public workers.

⁸ This number may increase as the compensation can be claimed also later.

Table 5

Total and regular average gross earnings, 1st quarter 2018

Staff group	National economy, total		Of which:					
			business sector		public sector		non-profit organisations	
	average gross earnings, total	of which: regular	average gross earnings, total	of which: regular	average gross earnings, total	of which: regular	average gross earnings, total	of which: regular
Total, HUF/capita/month								
Manual	225 150	216 534	235 284	225 846	187 545	181 371	186 650	184 530
Non-manual	414 552	383 389	469 116	423 856	351 839	336 836	322 157	315 142
Together	316 268	296 805	327 083	303 582	297 576	285 489	271 409	266 227
Previous year=100.0%								
Manual	114.3	113.5	113.2	112.8	116.8	113.4	115.0	115.4
Non-manual	110.5	109.8	108.6	109.0	114.2	111.4	107.8	106.9
Together	112.4	111.6	110.7	110.9	116.4	113.4	110.5	109.9
Of which: without public workers, HUF/capita/month								
Manual	238 688	229 275	236 092	226 605	264 379	253 838	213 635	211 028
Non-manual	418 650	387 086	469 305	424 022	357 895	342 541	335 821	328 384
Together	328 693	308 202	327 911	304 330	336 608	322 349	294 710	288 898
Previous year=100.0%								
Manual	112.9	112.1	113.1	112.7	111.8	107.9	113.4	113.9
Non-manual	110.6	109.9	108.6	109.0	114.0	111.1	110.5	109.5
Together	111.4	110.7	110.7	110.8	113.5	110.5	111.0	110.4

Source: monthly labour statistics.

2.2. Net earnings and family tax benefit

In 2018, the personal income tax rate and employees' contributions did not change, thus, net earnings excluding family tax benefit increased to the same extent as gross earnings, by 12.4% and amounted to HUF 210.3 thousand. On the level of the national economy, average net earnings amounted to HUF 218.6 thousand calculated without public workers. Average net earnings were HUF 217.5 thousand in the business sector and HUF 197.9 thousand (HUF 223.8 thousand excluding public workers) at budgetary institutions. Along with a 2.0% rise in consumer prices in the given period, earnings increased by 10.0% in real terms.

Table 6

Net and real earnings taking into account family tax benefit, 1st quarter 2018

Number of dependent children	Calculated net earnings, HUF/capita/month	Net earnings	Real earnings ^{a)}	Share of employees belonging to the household type, %
		change compared to 1st quarter 2017, %		
0 child	205 759	12.2	10.0	54.2
1 child	215 375	12.3	10.1	22.3
2 children	248 196	13.0	10.8	17.2
3 or more children	264 289	11.0	8.8	6.2
National economy, total	218 851	12.2	10.0	100.0

a) Calculated with the consumer price index of 102.0% in the 1st quarter of 2018.

Source: monthly labour statistics and a micro-simulation model using data of the household budget and living conditions survey.

In 2018, the family tax benefit for families with two children continued to increase, and they can reduce their personal tax base each month by HUF 116,670/child instead of HUF 100 thousand/child in the previous year. The tax base reduction of families with one child is HUF 66,670/month, the same as in the previous years, while that of families with three or more

children is HUF 220 thousand/child/month. The tax allowance can be shared by the parents and deducted from employees' pension and health contributions as well. According to the results of the micro-simulation model based on the demographic and SILC survey data, family tax benefit resulted in a monthly extra income of HUF 8.5 thousand per employee on average in the 1st quarter of 2018.

2.3. Income from work

Income from work used in international comparison of earnings, which, in addition to earnings (according to the Hungarian methodology), includes the elements of the so-called other income from work, such as cafeteria benefits, amounted to HUF 331.8 thousand. Other income from work accounted for 4.7% of total income from work and amounted to HUF 15.6 thousand on monthly average (nearly HUF 190 thousand a year). The increase in other income from work in the business sector was 2 percentage points lower, but in the public sector it was three times higher than the growth of gross earnings.

Table 7

Income from work per capita

Denomination	1st quarter 2018		1st quarter 2017	
	average monthly income from work	of which: average monthly other income from work	proportion of other income from work within total income from work	
	HUF/capita/month		%	
National economy, total	331 840	15 572	4.7	4.5
Of which:				
business sector	342 138	15 055	4.4	4.5
public sector	315 242	17 666	5.6	4.9

Source: monthly labour statistics.

In respect of the per capita amount of other income from work and its proportion within total income from work, the differences among organisations/sections were very high. In the 1st quarter, the section public administration and defence, compulsory social security was ranked first based on both indicators followed by the traditionally number one section of electricity, gas, steam and air conditioning supply.

2.4. Labour cost index

Income from work representing about three-quarters of labour costs increased significantly, which was partly offset by the fact that the general tax rate of social contributions of employers was reduced to 19.5%, from which the employers will receive further concessions when employing persons who are considered to be in special situation in respect of employability. Thus, in the 1st quarter of 2018 on the whole, labour costs per hour worked was 13.1%⁹ higher than in the same period of the previous year.

Table 8

Labour costs per one working hour, 1st quarter 2018

(1st quarter 2017=100%)

Aggregated sections	Income from work	Social costs	Labour costs, total
Industry	114.2	101.0	111.8
Construction	114.8	101.4	112.4
From wholesale and retail trade, repair of motor vehicles to administrative and support service activities	114.0	100.5	111.6
Industry, construction and services (excluding public services)	114.1	100.7	111.7
Public services	118.8	104.8	116.2
National economy, total, excluding agriculture	115.6	102.0	113.1

Source: different labour statistical reports.

⁹ Data refer to sections B–S of the national economy.

Further information, data (links):

[Tables \(stadat\)](#)

[Methodology](#)

[Abbreviations used in figures](#)

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