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## **ManpowerGroup Employment Outlook Survey: Hungary's employment levels to decrease for Q3 2019**

**Budapest, 23th of May 2019** – According to the most recent ManpowerGroup Employment Outlook Survey, Hungarian employers report slightly declining hiring intentions for the third quarter of 2019. While 1% of employers expect to increase payrolls, 0% anticipate a decrease and 98% forecast no change, resulting in a Net Employment Outlook of -2% when the data is adjusted to allow for seasonal variation.

This is the weakest forecast in seven years, with hiring intentions declining by 2 percentage points compared with the previous quarter, and employers reporting a sharp decrease of 21 percentage points in comparison with this time one year ago.

Ottó Vég, Country General Manager of ManpowerGroup Hungary said, *"After the rather surprising drop in Q2 2019, we expected a further decrease in employment levels. The numbers are clearly showing that the employment market is slowing, and that employers are sticking to their cautious hiring prospects. Compared with the previous quarter, the numbers are showing that instead of 4% only 1% of the employers plan to increase their payrolls."*

*"Simultaneously we can see that 0% of companies are intending to cut their headcounts. All together with 98% planning no change in their workforce the numbers are indicating that Hungarian employers are still focusing on retaining rather than recruiting. After two quarters of decreasing numbers it is worthwhile to analyze the reasons behind this. Besides increasing difficulties in recruitment, the automotive industry is facing a deceleration. German manufacturers decreased their output by almost 2%. The Hungarian economic environment is very much affected by the change in the automotive market, which accounts for roughly 5% of the total employment in Hungary and around 30% of the manufacturing output,"* added Vég.

### **Sectoral comparisons**

Employers in three of the nine industry sectors expect to trim payrolls during the forthcoming quarter. The weakest labor market is anticipated by Restaurants & Hotels sector employers who report a Net Employment Outlook of -3%, and Outlooks stand at -2% and -1% for the Agriculture, Hunting, Forestry & Fishing sector and the Transport, Storage & Communications sector, respectively.

Hiring plans weaken in all nine industry sectors when compared with the previous quarter. The most noteworthy decreases of 5 percentage points are reported in both the Electricity, Gas & Water sector and the Restaurants & Hotels sector, while the Construction sector Outlook is 4 percentage points weaker. Employers in both the Manufacturing sector and the Wholesale & Retail Trade sector report quarter-over-quarter declines of 3 percentage points.

Employers also report weaker hiring prospects in all nine industry sectors when compared with this time one year ago. Sharp declines of 30 and 26 percentage points are reported for the Manufacturing sector and the Transport, Storage & Communications sector, respectively. Elsewhere, Outlooks are 23 percentage points weaker in two sectors – the Construction sector and the Finance, Insurance, Real Estate & Business Services sector – while Wholesale & Retail Trade sector employers report a decrease of 18 percentage points.

Vég continued, *"When Hungary's nine industry sectors are compared, employers in only two sectors expect slow-paced workforce gains, reporting Outlooks of +1%. The Construction sector Outlook declines by 4 and 23 percentage points from 2Q 2019 and 3Q 2018, respectively, and is the weakest reported in five years. Wholesale & Retail Trade sector*

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*employers report their weakest forecast in more than five years, declining by 3 percentage points quarter-over-quarter and by 18 percentage points when compared with this time one year ago.”*

*“We can see that the automotive industry is causing the weakest labor market in seven years in manufacturing sector. Employers are reporting a flat Net Employment Outlook of 0% and hiring prospects decline by 3 and 30 percentage points quarter-over-quarter and year-over-year, respectively. In the previous quarter the strongest of the nine industry sectors was Electricity, Gas & Water sector with +5%. This sector is now reporting flat hiring intentions (0%), showing a significant drop and the weakest hiring climate in four years,” said Vég.*

**Vég** added, *“Employers forecast an uncertain hiring climate in the July-September period in the Transport, Storage & Communication sector with a Net Employment Outlook of -1%. Hiring prospects are the weakest – and first negative – in six years, declining by 2 percentage points quarter-over-quarter and by 26 percentage points when compared with this time one year ago.”*

**Regional Comparisons**

Employers in four of the eight regions expect to add slightly to payrolls during the coming quarter. The strongest hiring pace is anticipated in Western Transdanubia, with a Net Employment Outlook standing at +3%. Employers also forecast limited job gains in Central Transdanubia, Northern Great Plain and Southern Transdanubia with Outlooks of +1%. However, Southern Great Plain employers expect to trim payrolls, reporting an Outlook of -3%, while uncertain hiring intentions are reflected in Outlooks of -1% reported in both Budapest and Northern Hungary.

*“In a regional comparison, Western Transdanubia employers anticipate the strongest hiring climate, reporting an Outlook of +3%. Hiring plans are 2 percentage points stronger when compared with the previous quarter, but decline by 15 percentage points when compared with the same period last year,” stated Vég.*

When compared with the previous quarter, hiring prospects weaken in six of the eight regions. Employers in four regions – Budapest, Central Hungary, Northern Hungary and Southern Great Plain – report declines of 4 percentage points, while the Outlook for Northern Great Plain is 2 percentage points weaker. Meanwhile, hiring plans improve by 2 percentage points in both Central Transdanubia and Western Transdanubia.

*Vég added, “The weakest regional Outlook of -3% is reported in Southern Great Plain. Hiring prospects for the region are the weakest – and first negative - in more than five years, declining by 4 percentage points quarter-over-quarter and by 24 percentage points year-over-year.”*

Hiring intentions weaken significantly in all eight regions when compared with this time one year ago. Sharp declines of 24 percentage points are reported in both Southern Great Plain and Southern Transdanubia, while Outlooks are 23 and 22 percentage points weaker in Central Hungary and Northern Hungary, respectively. Hiring plans also weaken considerably in Budapest and Central Transdanubia, with Outlooks declining by 19 and 18 percentage points, respectively.

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Net Employment Outlook Comparison by Region Q2 2019		Quarter-on-Quarter Change	Year-on-Year Change
NATIONAL	0%	↓ (-15%)	↓ (-18%)
BUDAPEST	+15%	↓ (-12%)	↓ (-16%)
CENT. HUNGARY	+16%	↓ (-11%)	↓ (-16%)
CENTRAL TRANS DANUBIA	+14%	↓ (-16%)	↓ (-25%)
NORTHERN GREAT PLAIN	+8%	↓ (-5%)	↓ (-19%)
NORTHERN HUNGARY	+10%	↓ (-7%)	↓ (-18%)
SOUTHERN GREAT PLAIN	+11%	↓ (-9%)	↓ (-17%)
SOUTHERN TRANS DANUBIA	+17%	↓ (-16%)	↓ (-14%)
WESTERN TRANS DANUBIA	+9%	↓ (-7%)	↓ (-15%)

*“Job seekers can expect the weakest – and first negative – hiring pace in six years during the forthcoming quarter in Budapest, according to employers who report a Net Employment Outlook of -1%. Hiring plans decline by 4 percentage points quarter-over-quarter and are 19 percentage points weaker when compared with this time one year ago,” said Vég.*

#### Comparisons by company size

Slow-paced workforce gains are expected by Large- and Micro-size employers during the coming quarter, with Net Employment Outlooks standing at +2% and +1%, respectively. However, Small- and Medium-size employers expect to trim payrolls, both reporting Outlooks of -2%.

When compared with the previous quarter, Large employers report a slight improvement of 2 percentage points. However, Outlooks decline by 5 percentage points for Medium employers and by 2 percentage points in both the Small- and Micro-size categories.

Hiring intentions weaken in all four organization size categories when compared with this time one year ago. Large employers report a steep decline of 31 percentage points, and the Outlook for Medium firms is 26 percentage points weaker. In both the Small- and Micro-size categories, employers report decreases of 15 percentage points.

*Vég added, “Employers in two of the four organization size categories expect to slightly grow payrolls in the coming quarter, with Large employers reporting the strongest Outlook of +2%. The weakest hiring plans are reflected in Outlooks of -2% for the Small- and Medium-size categories.”*

The ManpowerGroup Employment Outlook Survey for the third quarter 2019 was conducted by interviewing a representative sample of 752 employers in Hungary. All survey participants were asked, “How do you anticipate total employment at your location to change in the three months to the end of June 2019 as compared to the current quarter?”

Full survey results for each of the 44 countries and territories included in this quarter’s survey, plus regional and global comparisons, can be found at [www.manpowergroup.com/meos](http://www.manpowergroup.com/meos).

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