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Hungary's third-quarter forecast is strongest reported since ManpowerGroup Employment Outlook Survey was launched in 2009.

However, a shrinking talent pool may frustrate employer plans for workforce growth

Budapest, 13 June 2017 Hungarian employers report optimistic hiring intentions for the third quarter of 2017. Of the 750 employers and hiring managers who participated in the survey, 24% forecast an increase in staffing levels, 3% anticipate a decrease and 70% expect no change.

Once the data is adjusted to allow for seasonal variation, the Outlook stands at +20% and is the strongest reported since the survey began eight years ago. Hiring plans are 3 percentage points stronger when compared with the previous quarter and improve by 7 percentage points when compared with 3Q 2016. The third-quarter Outlook is the most optimistic forecast reported by Hungarian employers since Hungary's survey began in 2009.

„Ottó Vég, Country Manager for ManpowerGroup Hungary said: „Although employer hiring intentions remain strong in our survey, many employers understand that their efforts to grow their payrolls may be frustrated by the ongoing talent shortage that has developed in Hungary. The competition for blue-collar workers has intensified, and foreign manufacturing companies have been actively recruiting skilled workers and luring them away from Hungary.

„The hiring intention in the Central & Northern region has been driven mostly by the Shared Service Centers and the digital transformation that's been continuing in many sectors. The automation is key for Manufacturing organisations, these are still driving focus on sourcing the right IT and Engineer talent in what remains a skills-short market.

„The majority of employers are extremely concerned about whether their organisational workforce has the skills required to keep pace with the Skills Revolution taking place globally as well as the Information Technology and Automation Engineering advancement currently dominating the Hungarian market,” added Veg. „We believe that we need to invest in existing workforce training and find new ways of attracting and keeping existing talents. Training organisations are offering retraining to those who would like to stay employable or would like to step up in their career.”

Sectoral comparisons highlighted by unprecedented optimism among construction, manufacturing and transport employers

Employers in all nine industry sectors expect to grow payrolls during 3Q 2017. The strongest labor market is anticipated by Construction sector employers with a robust Net Employment Outlook of +35%. In fact, employers in the Construction, Manufacturing and Transport Storage & Communications sectors report their most optimistic hiring intentions since the start of the survey.

„Our Construction sector results reinforce recent reports from HVG that indicate freeway expansion is expected to continue as the industry currently upsurging due the EU financial funds.” said Mr. Veg.

Manufacturing sector employers forecast healthy workforce gains with an Outlook of +30% - For example; Mapei LLC., that manufactures and distributes building materials - is adding 2.4 billion forints to its factory and warehouse in Soskut Hungary and the Hungarian automotive manufacturers are under a constant growth - while the Outlook for the Transport, Storage & Communication sector stands at +28%.

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Elsewhere, employers in the Finance, Insurance, Real Estate & Business Services sector report upbeat hiring intentions with an Outlook of +20%, while Outlooks of +18% and +14% are reported in the Restaurants & Hotels sector and the Wholesale & Retail Trade sector, respectively. The most cautious hiring intentions are reported in the Public & Social sector, where the Outlook is +7%.

When compared with the previous quarter, hiring plans strengthen in six of the nine industry sectors. Construction sector employers report a noteworthy increase of 10 percentage points, while the Outlook for the Manufacturing sector improves by 5 percentage points. Elsewhere, Outlooks are 4 percentage points stronger in both the Restaurants & Hotels sector and the Transport, Storage & Communication sector. However, employers in the Electricity, Gas & Water Supply sector report a slight decline of 4 percentage points.

Regional Comparisons

Workforce gains are anticipated in all eight regions during the July-September period. Central Hungary employers report the strongest hiring prospects with a Net Employment Outlook of +29%. Elsewhere, Budapest employers forecast solid payroll gains with an Outlook of +23%, while Outlooks of +20% and +18% are reported in Northern Great Plain and Southern Great Plain, respectively. Steady job growth is also expected in Western Transdanubia, with an Outlook of +17%, and in Central Transdanubia, where the Outlook stands at +16%.

When compared with the previous quarter, hiring prospects strengthen in five of the eight regions, most notably by 10 percentage points in Northern Great Plain. Central Hungary employers report an increase of 5 percentage points and the Outlook for Budapest is 4 percentage points stronger. However, Outlooks weaken in three regions, including Western Transdanubia and Southern Transdanubia, where employers report declines of 4 and 3 percentage points, respectively.

„The weaker hiring intentions reported in the southern areas can be easily explained by the region’s infrastructure and transport situation compared to other regions. The lack of developments result difficult access to the region’s larger cities, so these locations are less appealing for enterprise investments.”- said Otto Vég.

Hiring intentions improve in seven of the eight regions when compared with this time one year ago. A considerable increase of 19 percentage points is reported in Central Hungary, while Budapest employers report an improvement of 10 percentage points. Outlooks are 8 and 6 percentage points stronger in Southern Transdanubia and Northern Great Plain, respectively. Meanwhile, employers in Western Transdanubia report no year-over-year change.

Net Employment Outlook Comparison by Region Q3 2017		Quarter-on-Quarter Change	Year-on-Year Change
NATIONAL	+20%	↑ (+30%)	↑ (+7%)
BUDAPEST	+26%	↑ (+4%)	↑ (+10%)
CENT. HUNARY	+29%	↑ (+5%)	↑ (+19%)
CENTRAL TRANSDANUBIA	+16%	↓ (-1%)	↑ (+3%)
NORTHERN GREAT PLAIN	+20%	↑ (+10%)	↑ (+6%)
NORTHERN HUNGARY	+15%	↑ (+1%)	↑ (+1%)
SOUTHERN GREAT PLAIN	+18%	↑ (+3%)	↑ (+3%)
SOUTHERN TRANSDANUBIA	+14%	↓ (-3%)	↑ (+8%)
WESTERN TRANSDANUBIA	+17%	↓ (-4%)	(0%)



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Comparisons by company size

Payrolls are expected to increase in all four organization size categories during the coming quarter. Active labor markets are forecast by Large- and Medium-size employers who report Net Employment Outlooks of +30% and +24%, respectively. The Outlook for Micro employers stands at +15% while Small employers report an Outlook of +13%.

Quarter-over-quarter, Micro employers report an increase of 6 percentage points, while the Outlook for Small employers remains relatively stable. Elsewhere, Medium- and Large-size employers report no change.

When compared with the third quarter of 2016, Large employers report an improvement of 11 percentage points, while Outlooks are 8 percentage points stronger for Micro- and Medium-size firms. Meanwhile, Small employers report no year-over-year change.

The ManpowerGroup Employment Outlook Survey for the third quarter of 2017 was conducted by interviewing a representative sample of 750 employers in Hungary. All survey participants were asked, “How do you anticipate total employment at your company/organization to change in the three months to the end of March as compared to the current quarter?”

About ManpowerGroup™

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