



HIPA GUIDE

HIPA Hungarian Investment Promotion Agency
Non-Profit Private Company Limited by Shares

November 2024

**ECONOMIC ANALYSIS
DEPARTMENT**



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Closed on: 17 October 2024

GDP

GDP volume: 1.3% (H1 2024)
 Prognosis (MNB): 1.0–1.8% (2024), 2.7–3.7% (2025)



- In Q2 2024, according to raw data, the GDP volume increased by 1.5% in Hungary compared to the same period of the previous year.
- In Q2 2024, the GDP only decreased in 4 of the 27 countries of the European Union on an annual basis.



- In the first eight months of 2024, the total production value of manufacturing amounted to HUF 33,776.3 billion.
- In terms of industrial production, the counties of Pest and Győr-Ménfőcsanak, as well as Budapest can be highlighted.

Manufacturing

The key sectors were the manufacture of transport equipment (26.1% share), the manufacture of food products (12.8%) and the manufacture of electrical equipment (10.7%). Share of gross value added in the national economy: 19.9% (2023)

Foreign trade

Goods exports: -4.3%, EUR 85.1 billion (annual, January–July 2024)
 Goods exports: +4.9–6.7% (MNB prognosis, 2025)



- In 5 years (between January–July of 2019 and January–July of 2024) Hungarian goods exports increased by 32.8% (EUR 21.0 billion).
- Hungarian exports to the USA increased by 112.8% in five years, primarily due to the 7,418.7% expansion of Li-ion battery exports.
- Thanks to the upswing in the export of Hungarian medicaments and immunological products, Poland has become Hungary's 4th most important export partner in five years.

Inflation

Consumer price index: 3.7% (annual, January–September 2024)
 Average annual inflation: 2.7–3.6% (MNB prognosis, 2025)



- In September 2024, the Harmonized Index of Consumer Prices (HICP) decreased the most in Hungary in one year in the EU (from 12.2% to 3.0%).
- Inflation in September 2024 (3.0%) reached the MNB's inflation target rate again after more than 3.5 years; however, according to the Hungarian National Bank, inflation will return permanently to the Hungarian National Bank's target range only in 2025 (3.0% ± 1%).



- The Hungarian unemployment rate in Q2 2024 (4.3%) was the 8th lowest in the EU and was significantly lower than the EU average (5.8%).
- The Hungarian employment rate in Q2 2024 (65.1%) exceeded the EU average (61.8%) and was the 3rd highest among Central European member states.
- In January–July 2024, average gross earnings increased by 12.6% (to HUF 642,600) on an annual basis in the business sector with a consumer price index of 3.8%.

Labour market

Unemployment rate: 3.6–3.9% (MNB prognosis, 2025)
 Average gross earnings in the business sector: +8.0–8.9% (MNB prognosis, 2025)



- In Q1 2024, global FDI flow increased by 78%.
- In the first 3 months of 2024, the largest destination countries for FDI inflows were the United States, the Netherlands and Brazil.
- The value of Hungarian FDI stock from Germany amounted to about EUR 17.7 billion in 2022, making it still the most important partner.

FDI

Value of global FDI inflows: USD 462 billion (Q1 2024)
 FDI stock from Germany: EUR 17.7 billion (2022)

1. Economic growth

In Q2 2024, according to raw data, GDP volume increased by 1.5% in Hungary compared to the same period of the previous year.¹ In Q2 this year, the performance of manufacturing was also below the rate registered in the same period of the previous year (this time by 3.7%), which is mainly due to the decline in the manufacture of electrical equipment, as well as the manufacture of transport equipment sectors. In contrast, the food industry was able to expand. Following its subdued performance last year, the construction expanded in the second quarter as well, its value added being 5.3% higher than in the same period of the previous year. The production volume of the sector increased by 1.8% in the first eight months of 2024, and the number of contracts at the end of August 2024 also increased by 22.8% compared to a year earlier.

As in the first three months of this year, the gross value added of services increased in Q2 as well (by 2.2%), which is mainly due to the expansion of the accommodation and food service activities (8.2%), art, entertainment and other services (5,0%), and human health and social care (4.0%). **For the volume increase of the gross domestic product in Q2 2024, services (1.3 percentage points), taxes less subsidies on products (0.4 percentage points), as well as the construction (0.2 percentage points) contributed positively, while industry (-0.3 percentage points) and agriculture (-0.2 percentage points) had a negative contribution.²**

On the expenditure side, the actual final consumption of households increased by 2.9% compared to Q2 2023. Household consumption expenditure also increased (by 4.2%), supported mainly by the real wage increase and the improvement of consumer confidence. It should be noted here that after 13 months of moderation, an increase in volume has been registered in the case of retail trade in every month of this year.³ However, it is important to mention that the volume of both construction investments and investments in machinery and equipment decreased. Among the sectors of the national economy, in manufacturing and in the case of the transportation and storage, the volume dropped by a larger than average amount, while in the case of real estate transactions, the volume of developments increased.

All in all, final consumption contributed 1.4 percentage points, and the balance of foreign trade contributed 0.9 percentage points to the performance of the gross domestic product in Q2 2024, while on the other hand, gross capital formation restrained it by 0.8 percentage points.⁴

Investments slowed economic growth in the April–June period: investments by manufacturing companies producing for the domestic and export markets declined, which was only partially offset by the expansion of direct state and private investments. Weak external demand and low-capacity utilisation point towards a reduction in investment. The gradual recovery of the economy will be supported by real wage increase in line with disinflation, the gradual recovery of consumer confidence, the newly announced capacity-

¹ Source: [KSH](#)

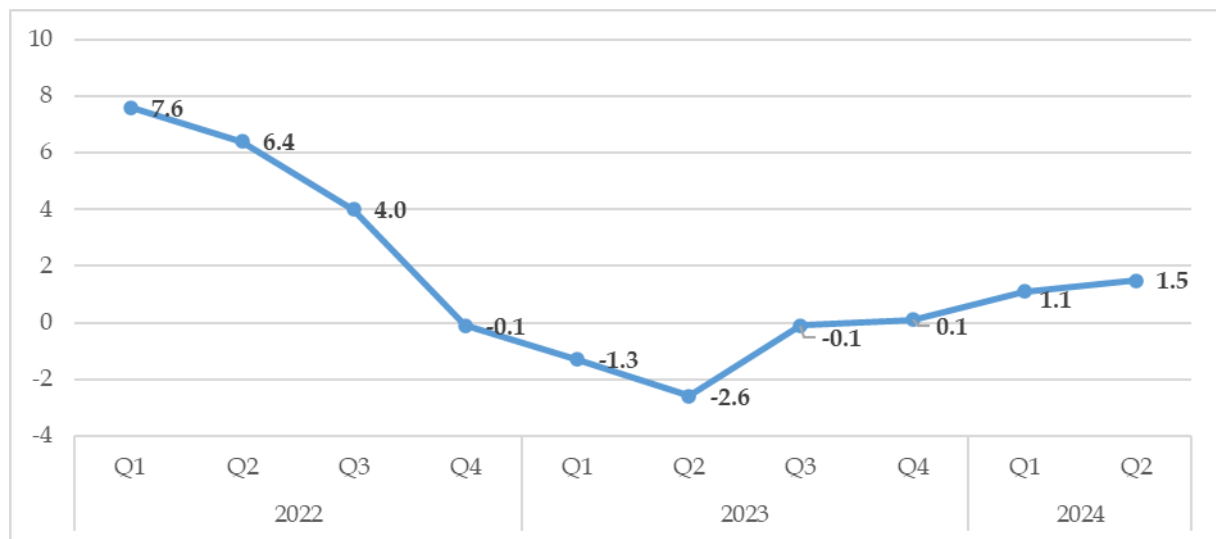
² Source: [KSH](#)

³ Source: [KSH](#)

⁴ Source: [KSH](#)

expanding foreign direct investments and, in the long term, the ramp-up in the production of new industrial capacities. It is important to highlight however, that in the short term, the industry's performance will remain subdued, as evidenced by low order volumes and corporate confidence indices. The growth of **domestic demand is identified as the key to economic performance by almost all analysts' forecasts: the expansion of consumption continued in line with positive real wage dynamics and historically high employment.** However, we should not ignore the fact that the precautionary motive dissolves only gradually, which is well illustrated by the high savings rate.

GDP growth in Hungary (percentage, compared to the same period of the previous year, based on unadjusted, raw data)



Source: KSH (Hungarian Central Statistical Office)⁵

The Magyar Nemzeti Bank (Hungarian National Bank, MNB) has expected an increase of 1.0–1.8% for 2024 and 2.7–3.7% for 2025.⁶ According to the central bank's expectations, market services and the expansion of household consumption, as well as net exports, could support the gradual rise of GDP this year. This year's extreme weather (the heat experienced in the summer and the remarkable amount of precipitation in the fall) has caused serious damage to agriculture. Hungary's agrarian structure (heavy crop cultivation) exposes the sector to weather conditions, so according to the MNB's expectations, agriculture may reduce this year's GDP growth by as much as 0.4–0.9 percentage points. The performance of the construction was favourable in the first half of the year; however, due to delayed and postponed investments, the rest of the year is surrounded by downward risks.

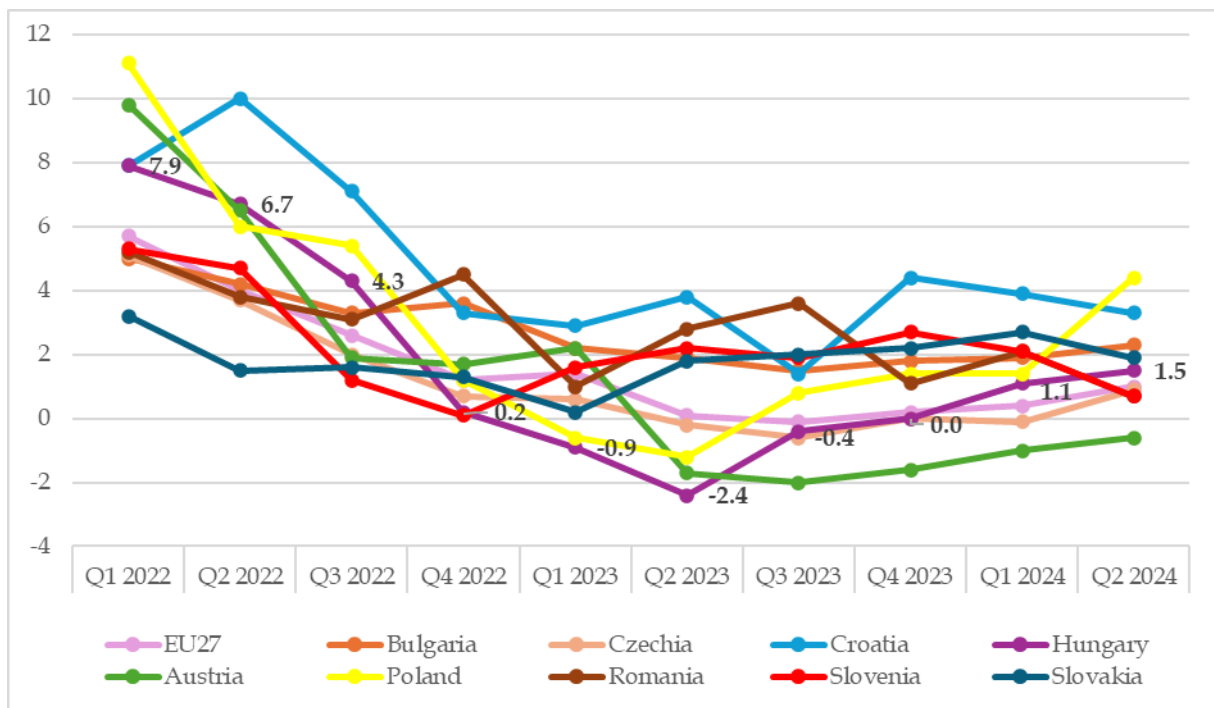
The Government has developed action plans to boost household consumption and investment processes, which would be implemented in the support of small and medium-sized enterprises, in the so-called worker's loan, in the home renovation program, as well as in the family tax allowance.

⁵ Source: [KSH](#)

⁶ Source: [MNB](#)

Looking at Q2 2024, economic growth in the majority of European economies was in line with analysts' expectations; however, at the same time, the economic performance of the European Union remained moderate (1.0%). The past period has been characterized by a decrease in the volume of industrial production, the generally tense geopolitical situation, as well as an improving but still low level of consumer confidence. Disinflation has stalled compared to the previous quarters, the business climate has remained low, and European production prospects are still not encouraging. The entire global value chain has suffered in the recent period, world trade has stagnated, and due to the precautionary motive of households, there is no demand for industrial goods, even though stocks are replenished. At the same time, compared to the recent past, the fact that GDP has decreased in only 4 of the 27 countries of the European Union on an annual basis should be considered positive.

GDP growth of regional countries on an annual basis (percentage, Q1 2022–Q2 2024)



Source: Eurostat⁷

According to Eurostat data, in Q2 2024, in terms of the Visegrad countries, an expansion of 4.4% was recorded in Poland, 1.9% in Slovakia, and 1.5% in Hungary, while an increase of 0.9% was registered in Czechia. The economic performance of the Eurozone falls short of this (+0.8%), and overall, it can be stated that among Central and Eastern European countries, the Polish growth (4.4%) can be highlighted in a positive sense, while the Austrian decline (-0.6%) in a negative context.⁸

2. Manufacturing

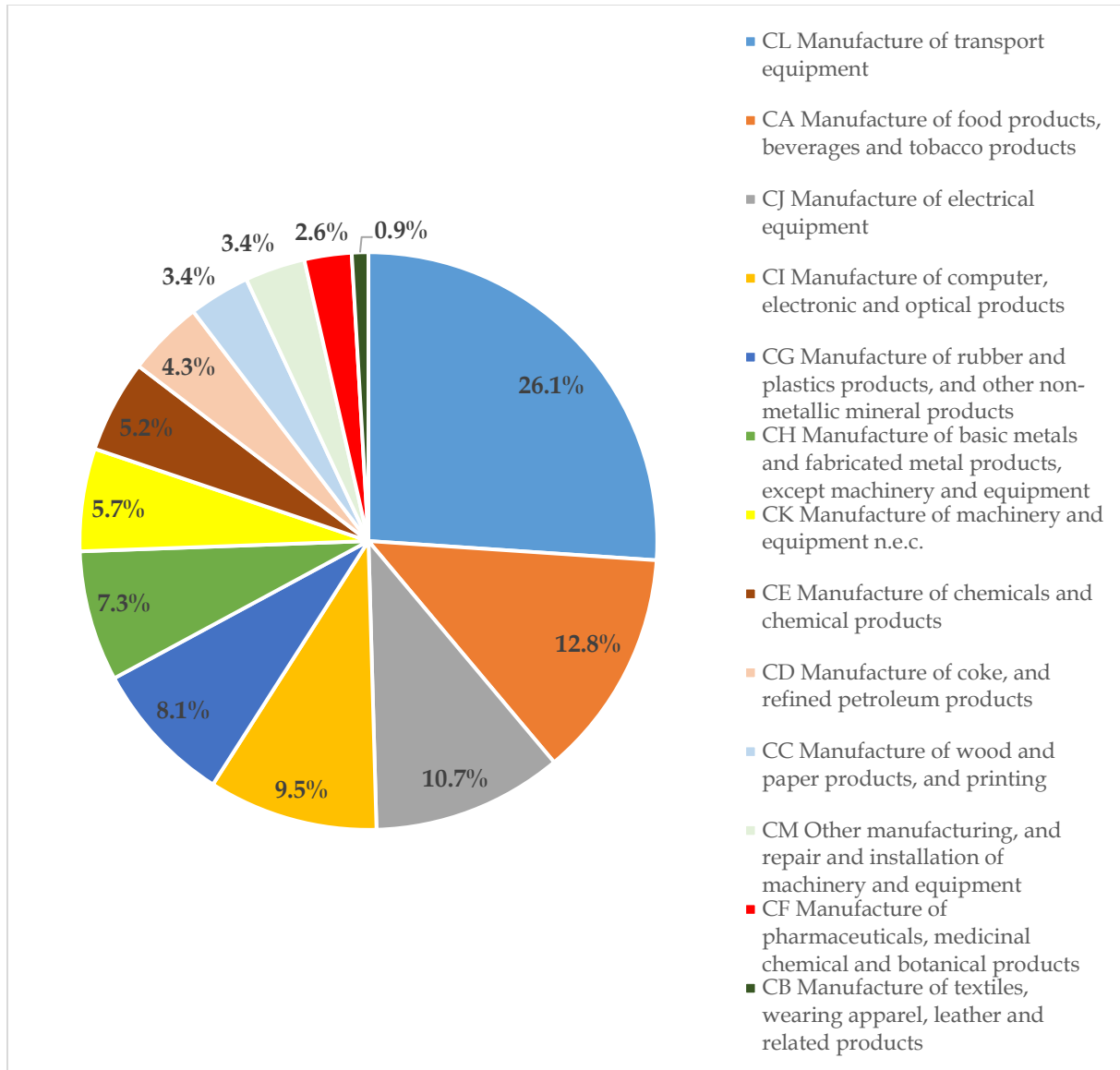
In the first eight months of 2024, the total production value of manufacturing reached HUF 33,776.3 billion, which represents a 2.6% decrease compared to the same period of the

⁷ Source: [Eurostat](#)

⁸ Source: [Eurostat](#)

previous year, and a drop of 4.6% was also registered based on the volume index.⁹ The manufacture of transport equipment accounted for 26.1%, the food industry accounted for 12.8%, and the manufacture of electrical equipment accounted for 10.7% of the production output.¹⁰

Distribution of manufacturing production by sub-sector (January–August 2024)



Source: KSH

Examining the volume index of production in January–August 2024, expansion was registered in only three sub-sectors: the manufacture of food products, beverages and tobacco products (+5.5%), as well as the manufacture of wood and paper products, and printing (+1.6%), and in the field of the manufacture of chemicals and chemical products (+1.6%). **A decrease was recorded in 9 of the 13 manufacturing sectors**, while the production volume of the

⁹ Source: [KSH](#)

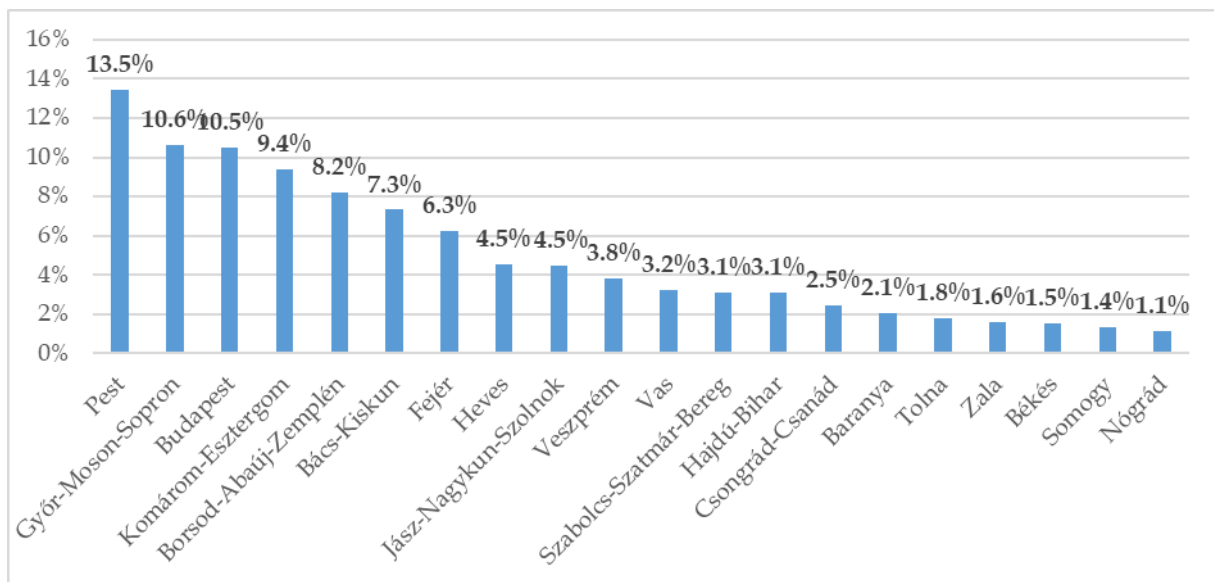
¹⁰ Source: [KSH](#)

manufacture of rubber and plastic products, and other non-metallic mineral products has not substantially changed. The largest decline was experienced by the manufacture of electrical equipment (-12.6%), followed by the manufacture of machinery and equipment (-8.9%) and the manufacture of textiles, wearing apparel, leather and related products by a decrease of 8.4%.¹¹

The restrained result of the industry may be primarily due to the slowdown in the export markets. Manufacturing is highly export-oriented; therefore, it is largely determined by the development of foreign markets. In Germany, i.e. one of our largest trading and economic partners, the decline in industrial production continued, showing a decrease in both monthly and annual comparisons, moreover, the German economic indices also indicate a mixed picture. In addition, it is important to note that the domestic manufacturing sector would have capacity, but at the same time, both the volume of industrial exports and the volume of all new orders of the manufacturing sectors fell short of the volume registered a year earlier.

Examining the territorial distribution of total industrial output, **based on the data for the period January–August 2024, four counties were able to show growth**, the largest being Tolna County with 12.7%, while the volume of industrial production increased by 2.7% in Hajdú-Bihar County, 1.9% in Somogy County, and 1.8% in Csongrád-Csanád County. **On the contrary, the volume of production decreased by 10.9% in Veszprém County**, while industry performance dropped by 8.5% in Borsod-Abaúj-Zemplén County, and by 8.2% in Békés County.¹²

Share of industrial output by county (January–August 2024)



Source: KSH¹³

In terms of industrial output in Hungary, the counties of Pest and Győr-Moson-Sopron, as well as Budapest, can be highlighted; the 3 territorial units together accounted for more

¹¹ Source: [KSH](#)

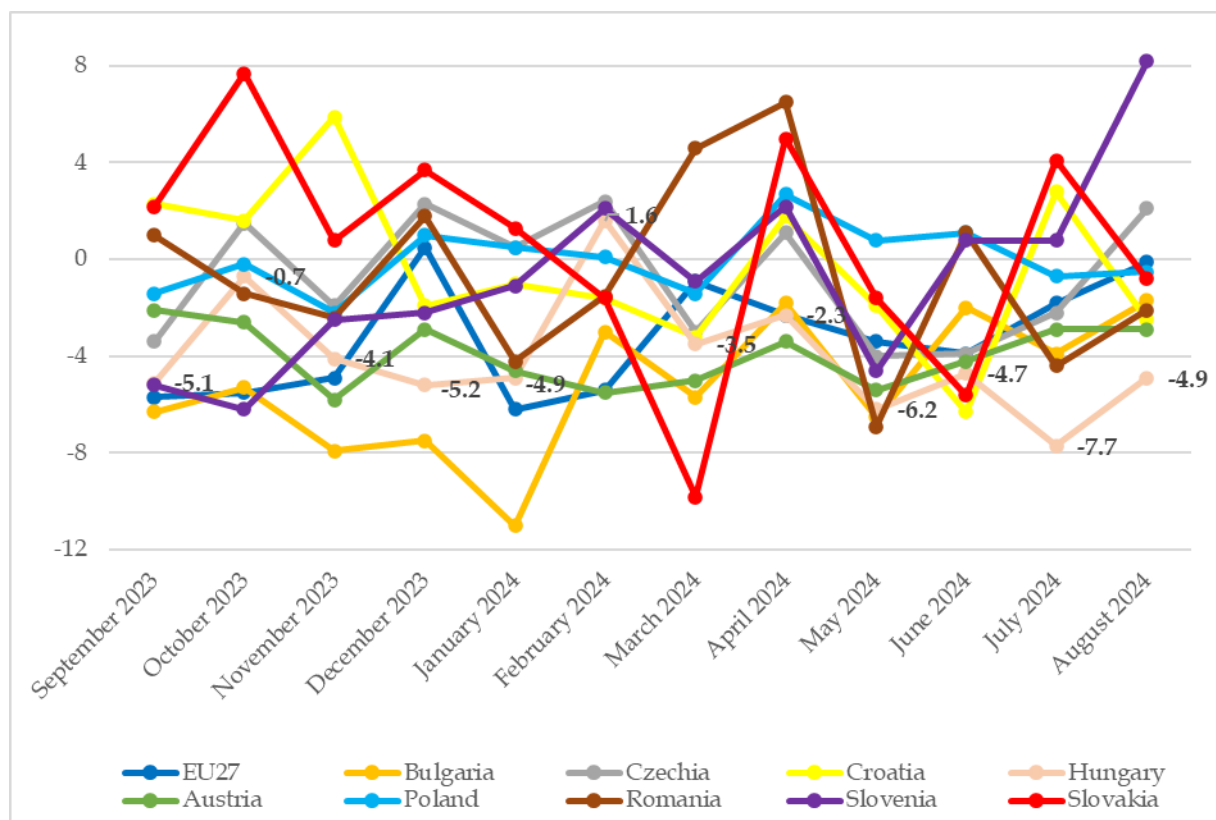
¹² Source: [KSH](#)

¹³ Source: [KSH](#)

than one third (34.6%) of the total industrial output in the first eight months of 2024. The lowest weight was represented by the counties of Nógrád, Somogy and Békés, with shares of 1.1%, 1.4% and 1.5%, respectively.

When examining the 12-month period from September 2023 to August 2024, it can be concluded that regional manufacturing production has still not recovered and was lagging behind the previously usual stable growth. In the given period, the average monthly growth was positive in only one Central European country: Slovakia (0.5%). **Looking at the above time period, the average monthly decrease of the manufacturing output volume index of Hungary was 4.0%, thus we surpassed Bulgaria (-5.2%) in the region.**

Manufacturing production volume index of the countries of the region on an annual basis (percentage, calendar-adjusted)



Source: Eurostat¹⁴

3. Foreign trade

Compared to the base period before the Corona virus pandemic and the Russian-Ukrainian war (January–July 2019), a realignment can be observed among the largest target markets of Hungarian exports. In January–July 2019, 73.6% of total exports (EUR 47.22 billion) were directed to the 12 most important destination countries of Hungarian goods exports. **In the first seven months of 2024, the same ten EU member states, the United States (USA) and the**

¹⁴ Source: [Eurostat](#)

United Kingdom, were among the 12 largest Hungarian export markets, yet their share of total goods exports decreased slightly (to 72.7%).

Between the periods January-July of 2019 and January-July of 2024 Hungarian goods exports increased by 32.8% (from EUR 64.13 billion to EUR 85.14 billion). About one sixth of the EUR 21.01 billion increase in exports over five years can be attributed to the 678.8% increase in Li-ion battery exports (from EUR 0.50 billion to EUR 3.89 billion). While in January-July 2019, Austria was the second most important target market for Hungarian Li-ion battery exports (EUR 94.8 million) following Germany, in January-July 2024, the USA (EUR 711.0 million) was already in 2nd place. In the past five years, the rapid increase in the export of products related to electrification and the green transition (primarily including Li-ion batteries) undoubtedly played an important role in the dynamic expansion of Hungarian exports. At the same time, the vital growth of the exports of several other products, such as digital data processing units, gasoline and gas-powered passenger cars and various pharmaceuticals, also contributed to the fact that between the first seven months of 2019 and 2024, a reorganization took place in the ranking of Hungary's most important export markets.

Hungary's TOP 12 most important export partner countries (January-July 2019 - January-July 2024)

Nr.	January-July 2019			January-July 2024		
	TOP 12 export partner countries	Export value (EUR million)	Share (%)	TOP 12 export partner countries	Export value (EUR million)	Share (%)
1	Germany	17,975.0	28.0%	Germany	21,535.1	25.3%
2	Italy	3,405.7	5.3%	Italy	4,742.0	5.6%
3	Slovakia	3,248.2	5.1%	Romania	4,472.4	5.3%
4	Romania	3,187.2	5.0%	Poland	4,372.3	5.1%
5	Austria	3,033.7	4.7%	Slovakia	4,055.2	4.8%
6	Czechia	2,875.8	4.5%	France	3,616.2	4.2%
7	France	2,801.1	4.4%	USA	3,591.0	4.2%
8	Poland	2,777.9	4.3%	Czechia	3,536.8	4.2%
9	Netherlands	2,216.7	3.5%	Austria	3,337.8	3.9%
10	United Kingdom	2,104.6	3.3%	United Kingdom	3,148.0	3.7%
11	Spain	1,903.2	3.0%	Spain	2,756.5	3.2%
12	USA	1,687.6	2.6%	Netherlands	2,737.2	3.2%
TOP 12 export partners in total		47,216.9	73.6%	TOP 12 export partners in total	61,900.5	72.7%
Countries total		64,132.7	100.0%	Countries total	85,144.5	100.0%

Source: KSH

In the first seven months of 2019 and 2024, Germany was Hungary's most important export partner, but at the same time, the weight of the German target market decreased from 28.0% to 25.3% of Hungarian exports. Even though the total value of goods exports to Germany increased by 19.8% (from EUR 17.98 billion to EUR 21.54 billion) in five years, the rate of growth fell short of the 32.8% expansion of total Hungarian goods exports. The structure of

goods exports to Germany has changed significantly in five years, mainly due to the green transition and the rise of electromobility.

In January–July 2019, gasoline engines over 1,000 cc, and passenger cars with gasoline or gas engines between 1,500–3,000 cc and between 1,000–1,500 cc were the most important Hungarian export products in Germany. While in the first seven months of 2019, Hungary exported these three products to Germany worth EUR 2.55 billion, in the same period of 2024 they were only worth EUR 1.12 billion, **which represents a 56.0% drop in five years.** Mostly **due to the 505.7% (EUR 1.32 billion) increase in Hungarian Li-ion battery exports and the 265.1% (EUR 0.43 billion) increase in static converter exports, Hungary’s first seven-month exports to Germany increased by EUR 3.56 billion in five years.** In January–July 2024, **the most important Hungarian export products in Germany were Li-ion batteries (EUR 1.58 billion), gasoline engines over 1,000 cc (EUR 0.69 billion) and static converters (EUR 0.59 billion),** the total 7-month export value of which is about EUR 2.86 billion.

In five years, **Austria’s share of Hungarian exports decreased from 4.7% to 3.9%, which is considered the biggest drop in the position among Hungary’s TOP 12 most important export partners.** In January–July 2019, Austria was Hungary’s 5th most important export partner with an export value of EUR 3.03 billion. **In the first seven months of 2024, Hungarian exports of goods to Austria amounted to EUR 3.34 billion, which ranked it only 9th among Hungarian export markets.** **In January–July 2019, Li-ion batteries, crude oil, passenger cars with gasoline or gas engines between 1,000 and 1,500 cc, and natural gas were the most important Hungarian export products to our western neighbour.** In five years, **the export value of these four products decreased by a total of 75.2% (from EUR 327.1 million to EUR 81.1 million),** partly as a result of the reduced re-export of crude oil and natural gas due to the Russian–Ukrainian war. **In the first seven months of 2024, wheat (EUR 67.1 million) and digital data processing units (EUR 66.4 million) were already the most important Hungarian export products in Austria; their export value increased by 125.6% and 390.7% respectively over five years.** **The export of Li-ion batteries dropped by 42.5% (from EUR 94.8 million to EUR 54.5 million),** thus in five years it fell from the first to the fifth place in the list of Hungarian export products **in terms of Austria.**

The share of the USA in Hungarian exports increased from 2.6% to 4.2% in five years, which is the biggest position improvement among the TOP 12 export partners in Hungary. In January–July 2019, the USA was only Hungary’s 12th most important export market with an export value of EUR 1.69 billion. **In the first seven months of 2024, Hungarian exports of goods to the USA amounted to EUR 3.59 billion, which now ranked it 7th among Hungarian export markets.** **Hungarian goods exports to the USA increased by 112.8% (EUR 1.90 billion) in five years.** The export expansion is **predominantly (69.5%) due to the 7,418.7% (EUR 0.70 billion) increase in Li-ion battery exports and the 616.5% (EUR 0.62 billion) increase in passenger car exports with gasoline or diesel engines between 1,500–3,000 cc.** The latter was considered the most important Hungarian export product in the U.S. five years ago.

Poland’s share of Hungarian exports has risen from 4.3% to 5.1% in five years. In January–July 2019, Poland was only Hungary’s 8th most important export market with an export value

of EUR 2.78 billion. **In the first seven months of 2024**, Hungarian export of goods to Poland already amounted to EUR 4.37 billion, which now **ranked it 4th among Hungarian export markets**. **Hungarian goods exports to Poland increased by 57.4%** (EUR 1.59 billion) **in five years**. This **dynamic expansion is mainly (44.0%) the result of a 2,063.1%** (EUR 0.55 billion) **increase in the export of immunological products and a 140.8%** (EUR 0.15 billion) **increase in other pharmaceuticals**. While in January–July 2019, the above two product groups together accounted for only 4.8% (EUR 0.13 billion) of Hungarian exports to Poland, they **accounted for 19.1%** (EUR 0.83 billion) **of exports in the first seven months of 2024; therefore, immunological products and other pharmaceuticals are now considered the most important Hungarian export products in Poland**.

In January–July 2024, the value of Hungarian goods exports decreased by 4.3% to EUR 85.14 billion in one year, while the value of goods imports decreased by 8.4%, to EUR 77.21 billion, thus, the seven-month surplus of EUR 7.94 billion is 70.1% higher than the foreign trade surplus in the base period.¹⁵ **According to the expectations of MNB**, the foreign trade surplus in 2024 will be increased by falling gas prices and subdued energy demand. In addition, imports are significantly reduced even by moderate consumption and investment activity. According to the Central Bank's forecast, **in 2025, the revival of external demand and the increase in the production of new manufacturing export capacities being developed could lead to an export expansion of 4.9–6.7%**.¹⁶

4. Inflation

In September 2024, the Harmonised Index of Consumer Prices (HICP) used by Eurostat in the European Union was 2.1%. Among the member states, **the fastest average price increase was measured in Romania (4.8%), Belgium (4.3%), and Poland (4.2%)**. Ireland (0.0%), Lithuania (0.4%) Slovenia and Italy (0.7–0.7%) had the lowest HICP rates in September.

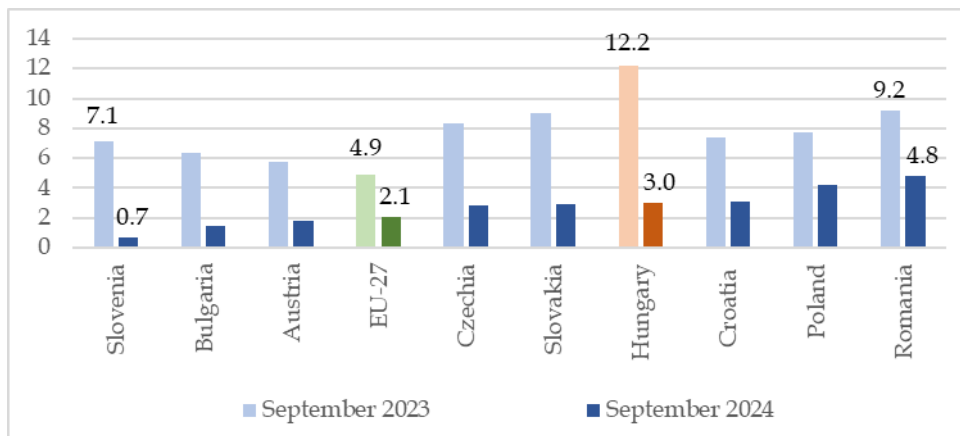
In September 2024, among the Central European EU member states, inflation fell below the EU average (2.1%) in Slovenia (0.7%), Bulgaria (1.5%) and Austria (1.8%), while in the other member states the Harmonised Index of Consumer Prices was typically between 2.8–4.8%. **In Hungary, inflation was measured at 3.0% in September. In one year, among the EU member states, the rate of inflation decreased the fastest in Hungary (9.2 percentage points), Slovenia (6.4 percentage points) and Slovakia (6.1 percentage points)**, while the rate of price increase fell by 2.8 percentage points on average in the EU compared to September 2023.¹⁷

¹⁵ Source: [KSH](#)

¹⁶ Source: [MNB](#)

¹⁷ Source: [Eurostat](#)

Evolution of the Harmonised Index of Consumer Prices (HICP) in the Central European Union member states (September 2023–September 2024, %)



Source: Eurostat

Based on KSH data¹⁸, in September 2024, the average consumer price index in Hungary was 3.0%, and core inflation¹⁹ was 4.8%. Compared to September 2023, the price of services increased at the fastest rate (8.4%), including, for example, rents more by 10.7%, motorway tolls, rent-a-car and parking by 10.6%, personal care services by 10.0%, repairs, maintenance of vehicles by 9.9%, repairs and maintenance of dwellings by 8.6%, other public entertainment tickets by 8.1%, and recreational services by 3.8%. The price of alcoholic beverages and tobacco products (3.9%), food (3.7%), as well as clothing and footwear (3.3%) also increased at an above-average rate. In one year, the price of flour increased by 32.9%, milk by 13.8%, chocolate and cocoa by 10.1%, restaurant meals by 7.6%, and edible oil by 6.7%. At the same time, the price of dry pasta decreased by 5.8%, sugar by 3.6%, eggs by 3.5%, poultry meat by 2.4%, and dairy products by 1.0% compared to September 2023. The average price of household energy supply decreased by 5.0% in one year, including a 9.4% price reduction in natural gas and a 1.3% price reduction in electricity, measured by KSH. Consumer durables cost 0.2% less, including the price of second-hand passenger cars decreasing by 6.1%, while the price of new passenger cars increased by 6.3%, living and dining room furniture by 2.5%, and kitchen and other furniture by 2.2%. Among other items, pharmaceutical products became 6.0% more expensive, and motor fuels and oils are now 9.5% cheaper on average.

Although, according to the Central Bank's forecast, inflation volatility is expected to continue in 2024, the consumer price index may rise slightly above 4% by the end of the year. However, from Q1 2025, the disinflationary trend may continue as a result of a lower external cost environment and more moderate retrospective re-pricing next year. The MNB's prognosis for 2025 increased in September compared to the June inflation forecast, which is primarily explained by the impact of the increase in the financial transaction tax on consumer prices.²⁰

¹⁸ Source: [KSH](#)

¹⁹ Note: Since April 2021, KSH has been applying a new methodology for calculating core inflation, the index no longer includes price changes for alcoholic beverages and tobacco products.

²⁰ Source: [MNB](#)

According to MNB, **core inflation**, which captures core processes, will rise over the coming months and **will be around 5% for the rest of the year. Inflation is expected to permanently return to the Central Bank’s tolerance band (3% ± 1 percentage point) only in 2025.** The development of consumer prices is surrounded by considerable uncertainty, so the **MNB also provided a banded forecast in its Inflation Report published on 26 September 2024.**²¹

MNB inflation forecast in September 2024 (2023–2026 annual average, %)

	2023 (fact)	2024	2025	2026
Inflation	17.6	3.5–3.9	2.7–3.6	2.5–3.5
Core inflation	18.2	4.6–4.9	3.2–3.8	2.6–3.3

Source: MNB

5. Labour market

Earnings

Based on KSH data, **in January–July 2024, the average monthly gross earnings of full-time employees in the business sector**²² amounted to **HUF 642,600**, which is a **12.6% increase** compared to the same period in 2023. In this sector, **the median value of monthly gross earnings was HUF 496,200**, which is 14.0% higher than the base value. **In January–July 2024, at the level of the national economy (calculated without fostered workers), the average monthly gross earnings were HUF 645,800**, which means an **increase of 14.0% on an annual level. In July 2024, the average gross earnings were the highest in the financial services sector (HUF 1,010,400), and the lowest in the accommodation and food services (HUF 408,600).**²³ In 2024, nominal wage dynamics will be more moderate than last year, but **a substantial real wage rise is expected.** This year’s wage dynamics are primarily determined by the increase in the minimum wage at the end of last year, the easing labour market tightness, and the drop in inflation expectations. According to the MNB’s September 2024 prognosis, **average gross earnings in the business sector may increase by 11.6–11.9% this year, and by 8.0–8.9% next year. Real wage may rise by 7.6–8.0% in 2024 and by 4.6–5.6% in 2025 in the business sector.**²⁴

Employment

Based on Eurostat data, the **Q2 2024 Hungarian employment rate (65.1%) exceeded the EU average (61.8%) by 3.3 percentage points**, and thus **Hungary has the 3rd highest employment rate among Central European member states – after Czechia and Austria. In ten years, the Hungarian employment rate increased by 9.7 percentage points, which is considered the 5th largest increase in the EU.**

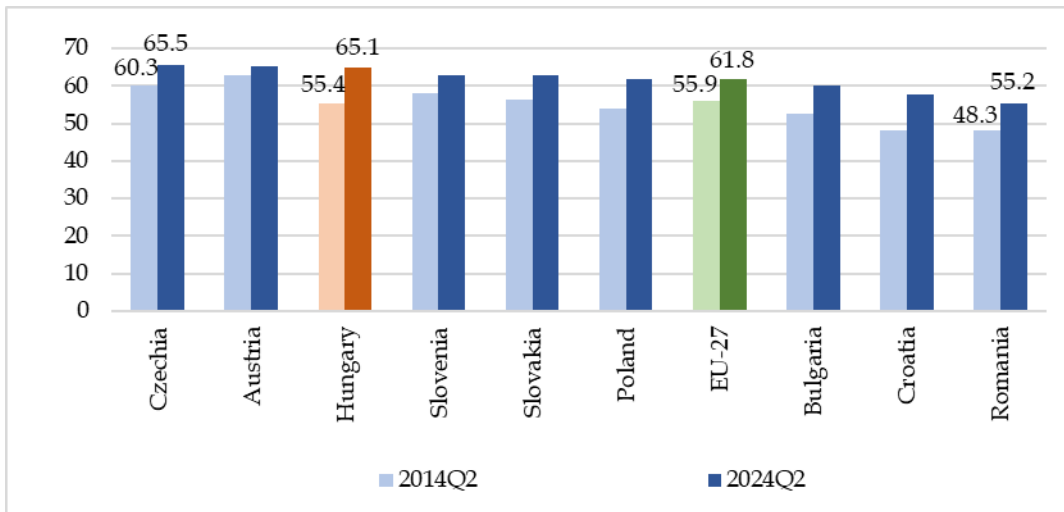
²¹ Source: [MNB](#)

²² Note: calculated without fostered workers, for all enterprises with employees

²³ Source: [KSH](#)

²⁴ Source: [MNB](#)

Employment rate among the population aged 15–74 of the Central European Union member states (Q2 2014–Q2 2024, %)



Source: Eurostat

For more than 13 years, the guideline of employment policy in Hungary has been that the Government undertook to create 1 million new jobs and strives to achieve full employment. Based on KSH data, in Q1 2010, the number of employed people among the population aged 15–74 was still around 3.8 million (3,821.8 thousand people), and the employment rate was below 50% (49.8%). **In Q2 2024, more than 4.7 million people (4,725.1 thousand) were registered as employed.** Compared to Q2 2023, **the number of people employed increased by 21.3 thousand, and the employment rate rose from 64.6% to 65.1%.** In April–June 2024, **the employment rate was the highest in Budapest (71.5%) and Győr-Moson-Sopron County (69.9%).** In addition, only **Pest (69.3%), Komárom-Esztergom (67.5%), Fejér (66.6%), Vas (66.3%) and Csongrád-Csanád counties (65.4%) exceeded the national average.** In Hungary, **the employment rate was the lowest in the counties of Tolna (56.0%), Szabolcs-Szatmár-Bereg (58.2%), and Nógrád (58.3%).**

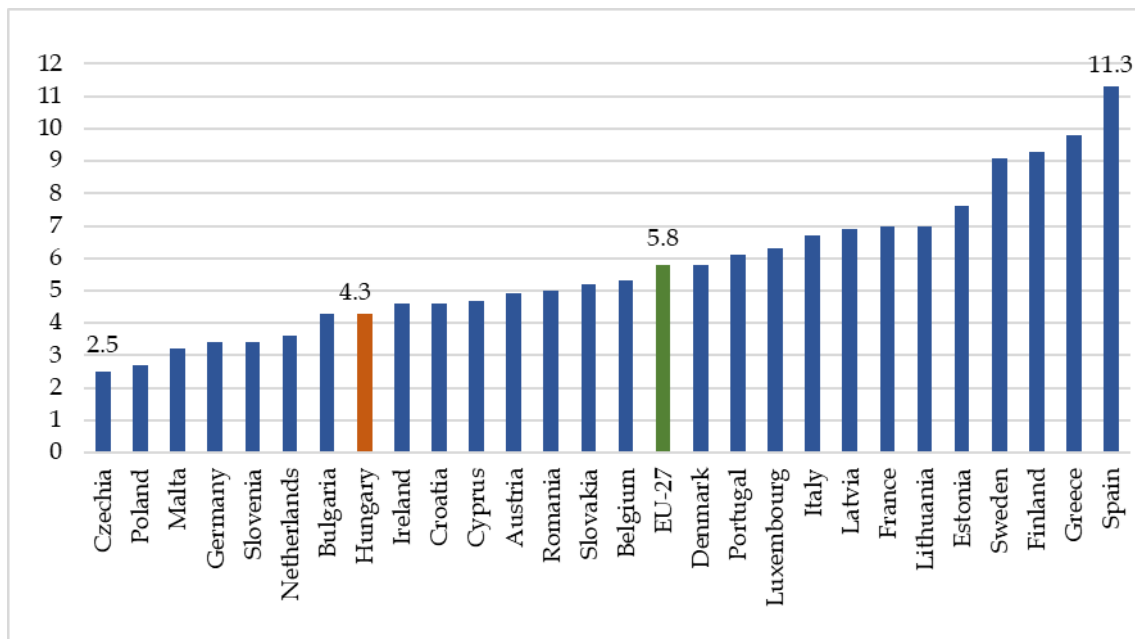
In June–August 2024, 108.3 thousand out of 4,751.7 thousand employed people worked in foreign locations, and the number of fostered workers was 57.8 thousand. The number of people working abroad decreased by 1.7 thousand people, while the number of fostered workers by 9.6 thousand people compared to the same period of the previous year. The number of people employed in the national economy is historically high, and as a result of the revival of the economy, employment may continue to expand slightly. Over the recent period, employers in some sectors did not respond to the slowdown of the economy by reducing the number of working hours worked, but by reserving labour. Therefore, **following last year's 1.0% increase in employment, the Central Bank predicts an increase of 0.3–0.4% this year and 0.0–0.5% next year in the business sector.**²⁵

²⁵ Source: [MNB](#)

Unemployment

Based on Eurostat data, the Hungarian unemployment rate of 4.3% in Q2 2024 was the 7th lowest in the EU and – after Czechia, Poland and Slovenia – the 4th lowest among Central European countries in a tie with Bulgaria. The Hungarian unemployment rate is less than three quarters of the EU average (5.8%). In Hungary, the unemployment rate has decreased from 7.9% to 4.3% in ten years.

Unemployment rate among the population aged 15–74 in the EU member states (Q2 2024, %)

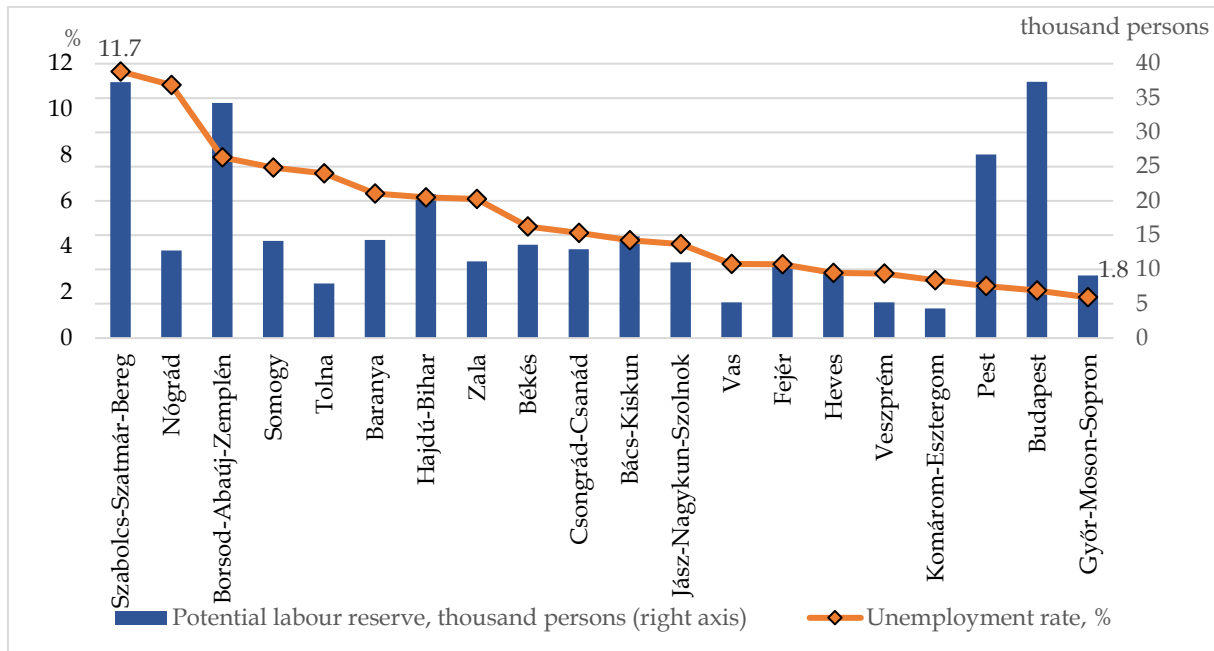


Source: Eurostat

According to KSH data, in Q1 2010, the number of unemployed among the population aged 15–74 was still close to half a million people (493.8 thousand), and the unemployment rate amounted to 11.4%. In Q2 2024, the number of unemployed people was 215.3 thousand, and the unemployment rate was 4.3%. Compared to Q2 2023, the number of unemployed people increased by about 22.7 thousand people, and the unemployment rate rose from 3.9% to 4.3%. Remarkable geographical differences can be observed with regard to the unemployment rate. In April–June 2024, the unemployment rate was the lowest in Győr-Moson-Sopron County (1.8%) and Budapest (2.1%), and the highest in Szabolcs-Szatmár-Bereg (11.7%) and Nógrád County (11.1%).

More than half of the country's potential labour reserve (314.1 thousand people) is in the Great Plain and Northern Hungary (167.7 thousand people, 53.4%), about one quarter in Transdanubia (82.4 thousand people, 26.2%), and more than one fifth is located in the capital and Pest County (64.1 thousand people, 20.4%). Based on KSH data, Budapest (37.4 thousand people), Szabolcs-Szatmár-Bereg (37.3 thousand people), Borsod-Abaúj-Zemplén (34.3 thousand people) and Pest County (26.8 thousand people) have the largest potential labour reserves.

Hungary's unemployment rate and potential labour reserve among the population aged 15-74 broken down by county (Q2 2024, % and thousand people)



Source: KSH

In June–August 2024, the number of unemployed people aged 15–74 increased by 11.6 thousand to 211.4 thousand compared to the same period of the previous year. In line with this, the unemployment rate increased by 0.2 percentage points to 4.3% in one year.²⁶ Based on the data of the National Employment Service (NFSZ) 228,356 jobseekers were registered in September 2024, which means an increase of 485 people (0.2%) compared to the same period of the previous year. Registered jobseekers accounted for 3.7% of the working-age population.²⁷

The tightness of the labour market eases, and labour demand moderates. In Q2 2024, there were 44,522 vacant positions in the business sector, which is 8,549 (16.1%) lower than in the same period of the previous year. According to KSH data, the number of vacant positions is decreasing in many sectors on an annual basis, with the largest decline in manufacturing (26.4%), transportation and storage (25.0%) and the information and communication sector (22.0%). The unemployment rate may fall for the rest of the year and next year as well. Following last year's 4.1%, according to the MNB's prognosis, the unemployment rate could be 4.2–4.3% in 2024 and 3.6–3.9% in 2025.²⁸

²⁶ Source: [KSH](#)

²⁷ Source: [NFSZ](#)

²⁸ Source: [MNB](#)

6. Foreign Direct Investment (FDI)²⁹

Based on the **revised** data published by the MNB on 25 September 2024, compiled according to the country of the final investor, **Germany is still the most important investing country in Hungary in terms of the FDI stock in Hungary**. The total value of investments from Europe's largest economy amounted to about **EUR 17.7 billion in 2022, which equals to 18.1% of the total FDI stock of nearly EUR 98 billion**. The second largest investing country is Austria, after capital investments from the neighbouring country exceeded EUR 9 billion, which corresponds to a share of 9.3%.

South Korea is the largest investor outside of Europe, accounting for 8.9 percent of total FDI stock. **The United States has dropped to 4th place**, but the value of the FDI stock coming from the country is still close to EUR 8.4 billion. **The relative distribution of investments is concentrated, considering that the TOP10 countries are responsible for nearly 70% of the total value.**

Foreign direct investment (FDI) stock in Hungary based on the country of final investor (2022, TOP10 countries)

Ranking	Country	EUR million	Share in full
	<i>Total</i>	<i>97,718</i>	<i>100.0%</i>
1	Germany	17,732	18.1%
2	Austria	9,050	9.3%
3	South Korea	8,709	8.9%
4	United States of America	8,372	8.6%
5	France	4,781	4.9%
6	China	4,044	4.1%
7	United Kingdom	3,966	4.1%
8	Israel	3,961	4.1%
9	Switzerland	3,338	3.4%
10	Japan	3,032	3.1%

Source: MNB

Three East Asian states (South Korea, China, Japan) are among the TOP 10 largest investors, which together account for 16.2% of the entire FDI stock. Another 3 countries are members of the European Union (Germany, Austria, France), which together account for nearly a third of the combined value.

Based on preliminary data published by the OECD³⁰, **global FDI flows in Q1 2024 increased by 78% compared to Q4 2023, amounting to USD 462 billion**. Statistics show stagnation on an annual basis.

²⁹ Source: [MNB](#)

³⁰ Source: [OECD](#)

In the first 3 months of 2024, the largest destination countries for FDI inflows were the United States (USD 76 billion), the Netherlands (USD 22 billion) and Brazil (USD 21 billion). The main sources of global FDI flows were the United States (USD 131 billion), the Netherlands (USD 71 billion) and Japan (USD 45 billion).

7. Value added³¹

In 2023, manufacturing produced 19.9% of the value added in the Hungarian national economy, which is 0.1 percentage points higher than the 19.8% ratio in 2022. The manufacture of transport equipment is considered to be the most important manufacturing sector, which represents a 3.4% share in the total value added. In second place is the manufacture of food products, with a weight of 2.1%.

After manufacturing, real estate activities represent the most important sector of the national economy (11.5% share), followed by wholesale and retail trade, repair of motor vehicles and motorcycles (10.3% weight). The share of agriculture decreased substantially in 2023 compared to the previous year, while the share of the electricity, gas, steam and air-conditioning supply of the national economy according to NACE Rev. 2 more than doubled.

Value added in the Hungarian national economy by sector

Sector according to NACE Rev. 2	2022	2023	2022	2023
	HUF billion		Share	
Total NACE Rev. 2 - A64	56,267,638	64,951,080	100.0%	100.0%
A= Agriculture, forestry and fishing	2,073,082	2,099,429	3.7%	3.2%
B= Mining and quarrying	287,924	239,420	0.5%	0.4%
C= Manufacturing	11,139,363	12,933,666	19.8%	19.9%
<i>CA Manufacture of food products, beverages and tobacco products</i>	1,113,359	1,395,899	2.0%	2.1%
<i>CB Manufacture of textiles, wearing apparel, leather and related products</i>	179,704	216,352	0.3%	0.3%
<i>CC Manufacture of wood and paper products, and printing</i>	609,419	627,573	1.1%	1.0%
<i>CD Manufacture of coke, and refined petroleum products</i>	725,246	631,623	1.3%	1.0%
<i>CE Manufacture of chemicals and chemical products</i>	506,401	485,793	0.9%	0.7%
<i>CF Manufacture of pharmaceuticals, medicinal chemical and botanical products</i>	770,248	887,276	1.4%	1.4%
<i>CG Manufacture of rubber and plastics products, and other non-metallic mineral products</i>	1,075,413	1,196,216	1.9%	1.8%
<i>CH Manufacture of basic metals and fabricated metal products, except machinery and equipment</i>	1,114,182	1,257,023	2.0%	1.9%
<i>CI Manufacture of computer, electronic and optical products</i>	871,336	1,112,537	1.5%	1.7%
<i>CJ Manufacture of electrical equipment</i>	816,500	1,119,398	1.5%	1.7%
<i>CK Manufacture of machinery and equipment n.e.c.</i>	741,983	912,822	1.3%	1.4%
<i>CL Manufacture of transport equipment</i>	1,829,187	2,187,835	3.3%	3.4%

³¹ Source: [KSH](#)

CM Other manufacturing, and repair and installation of machinery and equipment	786,385	903,319	1.4%	1.4%
D= Electricity, gas, steam and air-conditioning supply	689,900	1,614,031	1.2%	2.5%
E= Water supply, sewerage, waste management and remediation	355,578	362,558	0.6%	0.6%
F= Construction	3,601,733	3,882,243	6.4%	6.0%
G= Wholesale and retail trade, repair of motor vehicles and motorcycles	5,761,372	6,704,654	10.2%	10.3%
H= Transportation and storage	3,131,189	3,431,113	5.6%	5.3%
I= Accommodation and Food service activities	1,131,725	1,442,645	2.0%	2.2%
J= Information and communication	2,801,947	3,301,568	5.0%	5.1%
K= Financial and insurance activities	2,240,774	2,719,489	4.0%	4.2%
L= Real estate activities	6,500,697	7,465,270	11.6%	11.5%
M= Professional, scientific and technical activities	3,489,863	4,035,610	6.2%	6.2%
N= Administrative and support service activities	2,181,808	2,662,133	3.9%	4.1%
O= Public administration and defence, compulsory social security	4,418,312	4,691,201	7.9%	7.2%
P= Education	2,391,970	2,787,033	4.3%	4.3%
Q= Human health and social work activities	2,533,869	2,827,164	4.5%	4.4%
R= Arts, entertainment and recreation	834,532	975,011	1.5%	1.5%
S= Other services	693,100	767,252	1.2%	1.2%
T= Activities of households as employers; undifferentiated goods and services producing activities of	8,900	9,590	0.0%	0.0%

Source: KSH

Between 2017 and 2023, the weight of the manufacture of electrical equipment, which includes battery production, increased significantly in the gross value added of the manufacturing sub-sector, after its share climbed from 1.0% to 1.7%. At the same time, the weight of the construction rose from 4.3% to 6.0%, and the share of real estate activities grew from 9.1% to 11.5%.