



Q1 2023

HIPA Guide

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

ECONOMIC ANALYSIS DEPARTMENT

Contents

Summary	2
1. Economic growth	3
2. Manufacturing industry	6
3. Foreign trade	8
4. Inflation	10
5. Labour market	12
<i>Labour costs, earnings</i>	12
<i>Employment</i>	13
<i>Unemployment</i>	14
6. Foreign Direct Investments (FDI)	16
7. Education	18

Closed on: 6 April 2023

Summary

- GDP growth in Q4 2022 can be explained mostly by the expansion in the performance of services, industry and construction.
- In 2023, economic growth is expected to slow down everywhere in the region; however, in 2024 economic expansion in most countries in the region is expected to exceed 2.0%.

GDP

Gross domestic product volume:
+4.6% (2022)

Forecast (2023): +0.6% (EC), +1.5%
(OECD), +1.8% (IMF)



- In January 2023, the production value of the manufacturing industry amounted to HUF 4,294.2 billion.
- Hungary's manufacturing production volume index exceeded the EU average in eight of the last ten years.
- By regional comparison, the volume index of Hungarian manufacturing production is in the middle range in terms of average monthly growth.

Manufacturing industry

Share of value added in the
national economy: 20.0% (2021)

Production value: +33.0% (2022)



- In 2022, Hungarian goods exports rose by 19.3% to a record level of EUR 142.2 billion.
- In 2022, 30.6% of goods exports was accounted for electrical machinery, devices and road vehicle exports.
- Between 2012 and 2022, lithium-ion battery exports increased 283-fold (to EUR 6.7 billion), accounting for almost half (49.7%) of Hungarian electrical machinery and equipment exports last year.

Foreign trade

Export of goods: +16.6%, EUR
12.2 billion (January 2023)

Import of goods: +17.8%, EUR
12.6 billion (January 2023)



- In 2022, consumer prices in Hungary rose by an average of 14.5%.
- In February 2023, the consumer price index in the majority of Central European countries exceeded the EU average (9.9%).
- According to the Hungarian National Bank (MNB), disinflation may accelerate in the second half of this year, and average annual inflation may decrease to 3.0-5.0% by 2024.

Inflation

Consumer price index: 25.6%
(annual, January-February 2023)

Annual average inflation: 15.0-
19.5% (forecast, 2023)



- In 2022, among the EU member states, Hungary had the 3rd lowest average labour cost in the business economy (EUR 11.1 /hour).
- In Q4 2022, the Hungarian employment rate (64.3%) exceeded the EU average (61.1%) and is the 3rd highest among the Central European member states.
- In January 2023, the gross average earnings of the national economy increased by 15.6% (to HUF 536,800) on an annual basis, while the real earnings decreased by 7.6%.

Labour market

Unemployment rate: 3.6-3.7%
(forecast, 2023)

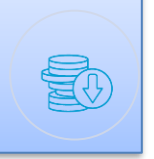
Gross average earnings in the
private sector: +13.7-14.4%
(forecast, 2023)



- The value of mergers and acquisitions (M&A) in the United States fell by more than 50% in 2022.
- Three of the ten largest greenfield investments announced last year involved semiconductor manufacturing.
- The number of announced greenfield investments decreased by 15% in the European Union last year.

FDI

In 2022, the number of greenfield
projects increased by 6%
worldwide, while their value
increased by 54%



1. Economic growth

Last year, the value of Hungary's gross domestic product was HUF 66,616 billion, and its volume increased by 4.6% compared to 2021.

In the fourth quarter (Q4) of 2022, the volume of the gross domestic product in Hungary increased by 0.4% compared to the same period of the previous year,¹ which is mostly explained by the increase in the performance of services, industry and the construction industry. At the same time, it is important to mention that the weather, which brought little precipitation, and the severe drought of the autumn months, hindered the cultivation of all crops, while a significant increase in the cost of inputs made animal husbandry difficult. As a result, the performance of agriculture significantly moderated the growth rate.²

In the last quarter of 2022, on the production side, the value added of the industry increased by 2.8% (including the manufacturing industry by 3.4%) on an annual basis. The expansion of the manufacturing industry was mainly boosted by an increase in the production of road vehicles and electrical equipment. The performance of the **construction industry** has been constantly expanding starting from the second quarter (Q2) of 2021, **having also increased by 1.2% in the October-December period of 2022**. The value added of agriculture, however, decreased by 31.8%.³

The gross value added of services increased by 2.9%, driven primarily by transport and storage (8.1%), human health and social care (7.6%), as well as expansion in financial and insurance activities (5.4%). **To the 0.4% growth of the gross domestic product in the fourth quarter (Q4) of 2022, services contributed by 1.8, industry by 0.5, and the construction industry by 0.1 percentage points.** In contrast, the agricultural sector brought down the balance sheet by 1.0 percentage points.⁴

On the consumption side, the actual consumption of households increased by 1.4% compared to the fourth quarter (Q4) of 2021. The consumption expenditure of households also increased (by 1.8%), with the largest increase in the consumption of services. At the same time, it is worthy of note that in December 2022, the volume of retail trade had already decreased.⁵

In summary, **the balance of foreign trade contributed 1.3 and final consumption 0.2 percentage points to the growth of the gross domestic product in the fourth quarter (Q4) of 2022. In contrast, gross capital formation held it back by 1.2 percentage points.**⁶

¹ Source: [KSH \(Hungarian Central Statistical Office\)](#)

² Source: [KSH \(Hungarian Central Statistical Office\)](#)

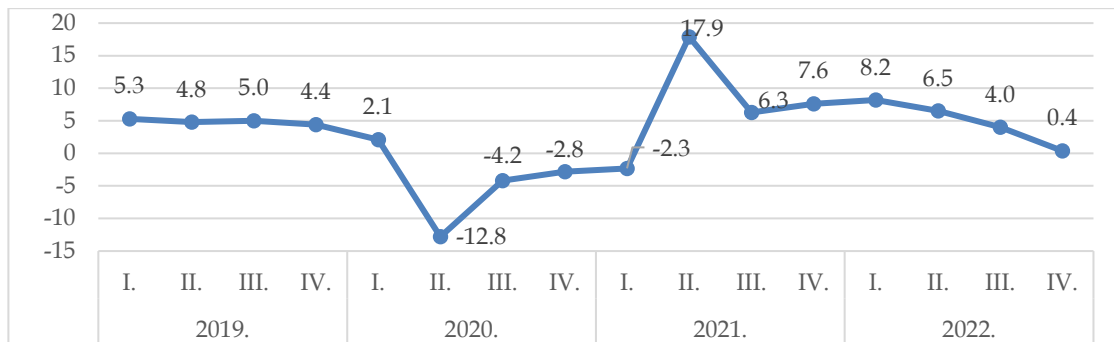
³ Source: [KSH \(Hungarian Central Statistical Office\)](#)

⁴ Source: [KSH \(Hungarian Central Statistical Office\)](#)

⁵ Source: [KSH \(Hungarian Central Statistical Office\)](#)

⁶ Source: [KSH \(Hungarian Central Statistical Office\)](#)

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

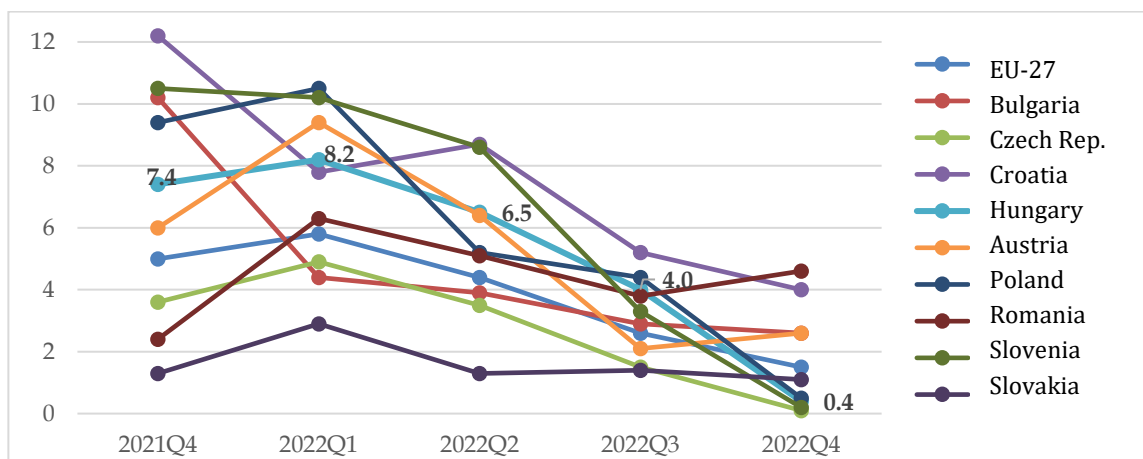


Source: KSH (Hungarian Central Statistical Office)⁷

This year, domestic economic performance is expected to be characterized by both structural and temporal duality. A decline in investments is expected in the first half of 2023 due to rising loan borrowing costs and budget consolidation efforts. Due to the high inflation, the real value of household labour income has decreased, although the extent of the decline was partially offset by the increase in interest income. Household consumption, thus domestic demand, will decrease, but at the same time, the rise in investments and net exports in the second half of the year may contribute positively to growth.

The future expansion of our economy will be greatly facilitated by the foreign direct investments, as well as by the increase in real household income associated with the moderation of consumer price dynamics. On the production side, compared to recent years, agriculture may be the most dynamic sector; in contrast, based on the forecasts, a decline is also expected in the construction industry, the property market and trade. **The Hungarian National Bank (Magyar Nemzeti Bank) expects an increase of 0.0-1.5% for this year, and 3.5-4.5% for 2024.**⁸

GDP growth of regional countries on an annual basis (percentage, Q4 2021-Q4 2022)



Source: Eurostat⁹

⁷ Source: [KSH \(Hungarian Central Statistical Office\)](#)

⁸ Source: [MNB \(Hungarian National Bank\)](#)

⁹ Source: [Eurostat](#)

Compared to the first quarter (Q1) of 2022, economic growth fell everywhere in the region. According to Eurostat data, an expansion of 0.1% in the Czech Republic, 0.5% in Poland, and 1.1% in Slovakia was registered among the Visegrád countries in the fourth quarter (Q4) of 2022. The economy of the eurozone expanded by 1.5%, and overall, it can be stated that the Central and Eastern European countries finished in the middle of the European ranking.¹⁰ Despite the adverse effects, the economy of the European Union avoided a significant downturn in the last quarter of 2022. Due to continued diversification of supply sources and reduced consumption, the level of gas reserves has stayed above the seasonal average of recent years, and wholesale gas prices have remained well below pre-war levels, improving growth prospects for this year.

GDP growth of regional countries (percentage, forecast)

Country	IMF		European Commission		OECD	
	2023	2024	2023	2024	2023	2024
Hungary	1.8	2.8	0.6	2.6	1.5	2.1
Eurozone	0.7	1.6	0.9	1.5	0.8	1.5
Austria	1.0	1.9	0.5	1.4	0.1	1.2
Bulgaria	3.0	4.1	1.4	2.5	1.7	3.1
Czech Republic	1.5	3.9	0.1	1.9	-0.1	2.4
Croatia	3.5	3.0	1.2	1.9	0.8	1.5
Poland	0.5	3.1	0.4	2.5	0.9	2.4
Romania	3.1	3.8	2.5	3.0	1.4	2.8
Slovakia	1.5	3.4	1.5	2.0	0.5	2.1
Slovenia	1.7	3.0	1.0	2.0	0.5	2.0

Source: IMF,¹¹ European Commission,¹² OECD¹³

According to the expectations of international organizations, in 2023, economic growth can be expected to slow down everywhere in the region; however, in 2024 the expansion of most countries in the region is forecast to exceed 2.0%. In respect to prospects for growth, the Russian-Ukrainian war, the related sanctions policy, increased (banking) market uncertainty and the European energy crisis continue to pose a significant risk. In addition to the declining domestic demand, the worsening external demand and the decrease in production due to the increase in company operating costs are also among the downside risks. **It should be noted that next year the IMF, the European Commission and the OECD also expect a rapid economic recovery in Hungary after this year's more subdued growth.**

¹⁰ Source: [Eurostat](#)

¹¹ Source: [IMF](#)

¹² Source: [European Commission](#)

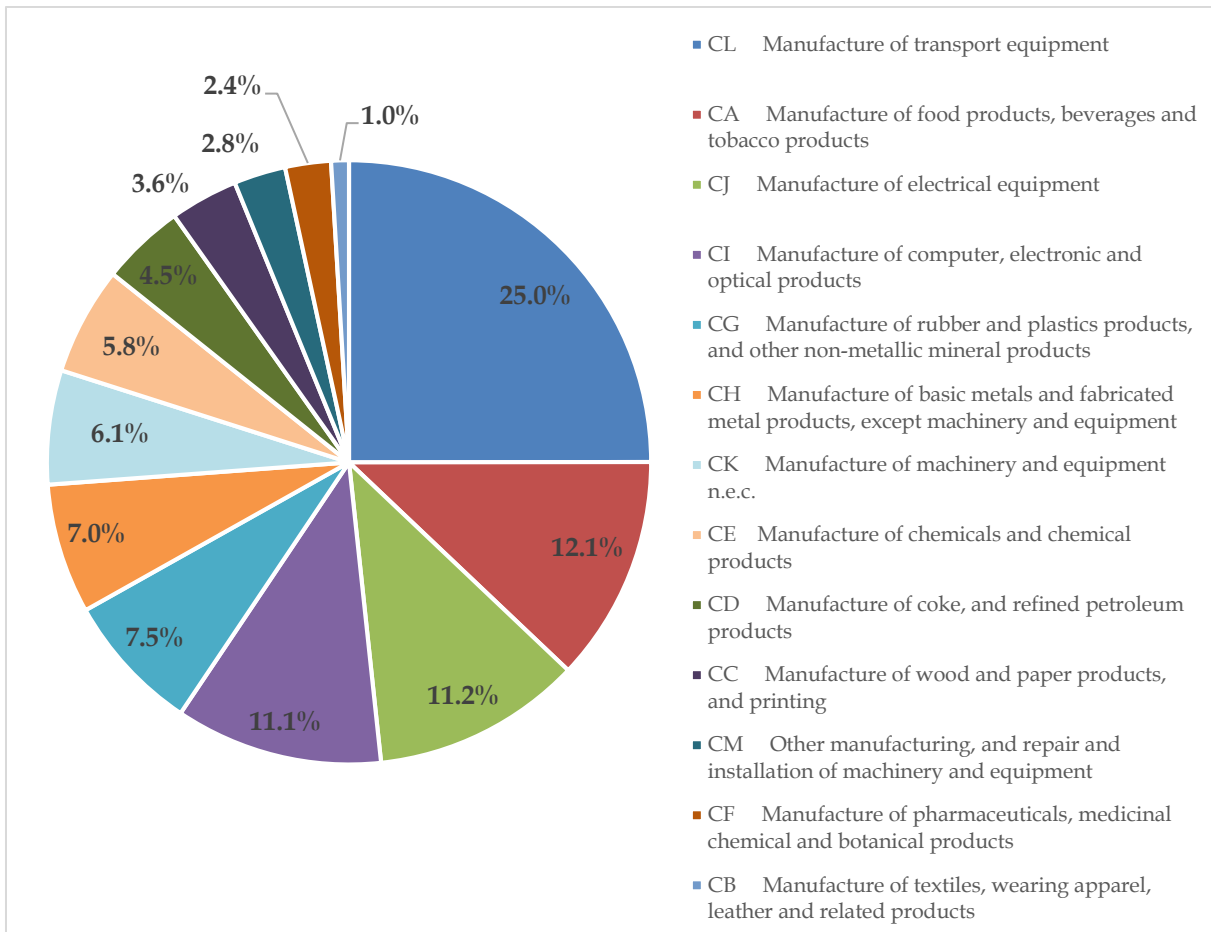
¹³ Source: [OECD](#)

2. Manufacturing industry

In 2022, the total production value of the manufacturing industry reached HUF 51,843.3 billion, which represents an increase of 33.0% compared to 2021, and based on the volume index, the increase was 5.8%.¹⁴

In the first month of 2023, the production value of the manufacturing industry amounted to HUF 4,294.2 billion, which corresponds to an increase of 26.1% compared to the same period of 2021, while the volume increase reached 1.2%. Manufacture of transport equipment accounted for 25.0%, Manufacture of food products, beverages and tobacco products accounted for 12.1%, and Manufacture of electrical equipment accounted for 11.2% of the production value.¹⁵

Distribution of manufacturing industry production by sub-sector (January 2023)



Source: KSH (Hungarian Central Statistical Office)

Examining the volume index of production, in January 2023, the highest expansion was achieved by the Manufacture of electrical equipment (+43.5%), followed by the Manufacture of transport equipment sub-sector (+20.3%), with the Manufacture of machinery and equipment (+15.9%) in third place. **However, a decrease was recorded in six of the 13**

¹⁴ Source: [KSH \(Hungarian Central Statistical Office\)](#)

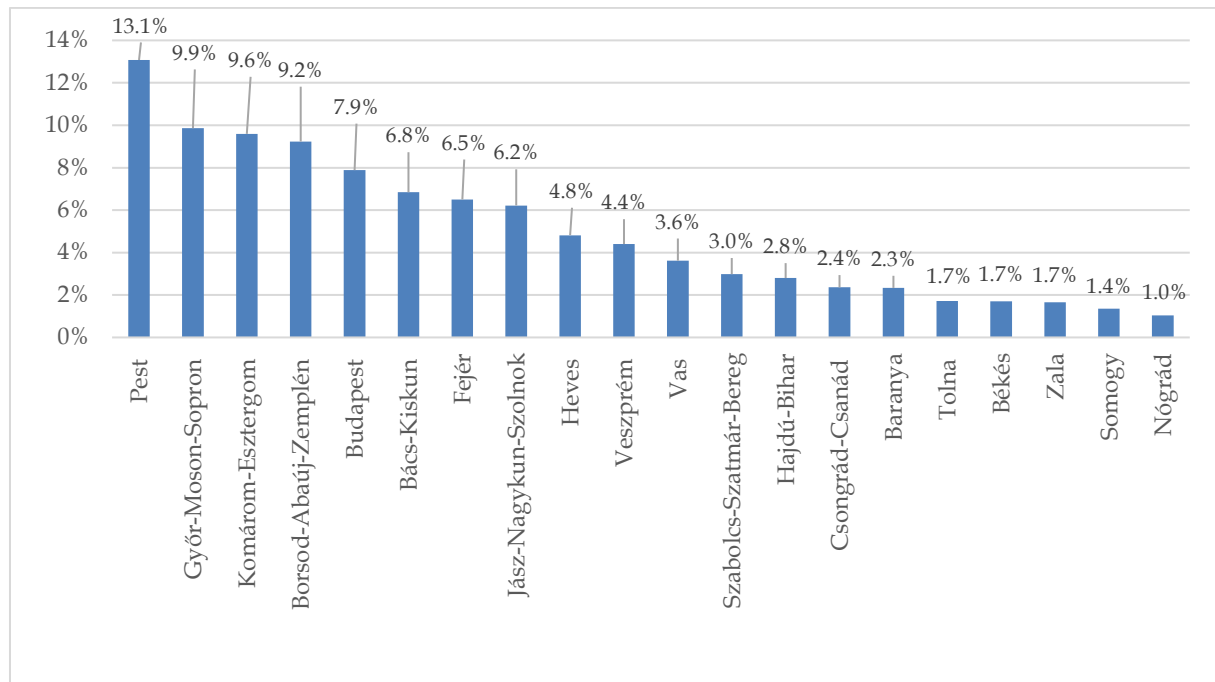
¹⁵ Source: [KSH \(Hungarian Central Statistical Office\)](#)

manufacturing sub-sectors. The largest decline was experienced by the Manufacture of coke, and refined petroleum products sub-sector (-34.5%), followed by the Manufacture of chemicals and chemical products with a 28.4% decrease. The third largest decrease was recorded in the Manufacture of rubber and plastic products, and other non-metallic mineral products (-13.5%).¹⁶

Analysing the territorial distribution of total industrial production, **based on the data for January 2023, eight counties and the capital were able to show growth**, the largest in **Komárom-Esztergom County by 25.9%**, in Budapest by 15.3%, while in Vas County the volume of industrial production increased by 13.7%. **In contrast, the volume of production decreased by 25.4% in Tolna County**, while industry performance dropped by 22.3% in Fejér County, and by 20.1% in Csongrád-Csanád County.¹⁷

In regard to industrial production in Hungary, the counties of Pest, Győr-Moson-Sopron and Komárom-Esztergom can be highlighted, with the three territorial units in total accounting for nearly one third of the total industrial output in January 2023. The lowest weight was represented by the counties of Nógrád, Somogy and Zala, with shares of 1.0%, 1.4% and 1.7%, respectively.

Distribution of industrial production by county (January 2023)



Source: KSH (Hungarian Central Statistical Office)¹⁸

Hungary's manufacturing production volume index is in the middle range by regional comparison, and the average monthly increase was 5.1%. In 2022, the Bulgarian and Polish

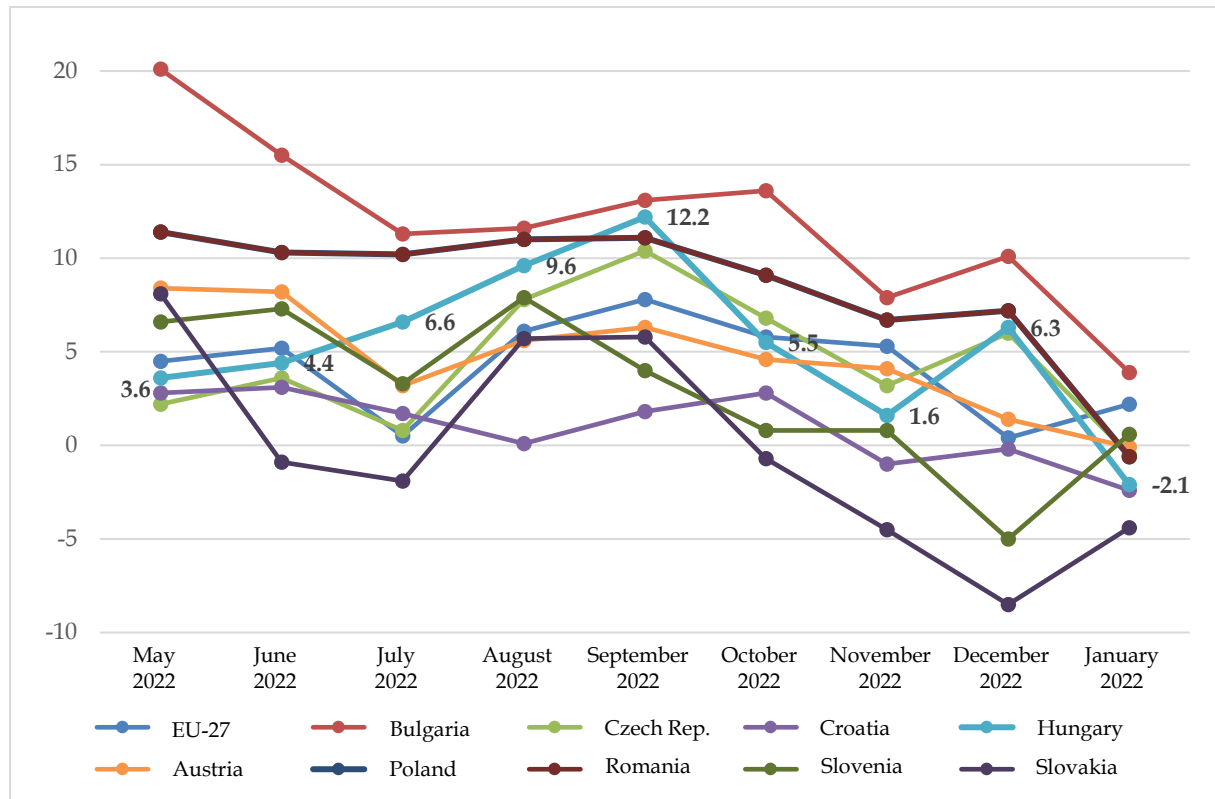
¹⁶ Source: [KSH \(Hungarian Central Statistical Office\)](#)

¹⁷ Source: [KSH \(Hungarian Central Statistical Office\)](#)

¹⁸ Source: [KSH \(Hungarian Central Statistical Office\)](#)

manufacturing industries delivered an outstanding performance in the region, with an average monthly growth of 12.4% in the former and 9.6% in the latter

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



Source: Eurostat¹⁹

3. Foreign trade

The value of Hungarian goods exports increased by 19.8% on an annual basis to EUR 142.2 billion, and the value of goods imports by 28.2% to EUR 150.8 billion in 2022. Due to the stronger expansion of goods imports, the foreign trade goods surplus of EUR 1.6 billion registered in 2021 turned into a deficit of EUR 8.6 billion in 2022.²⁰

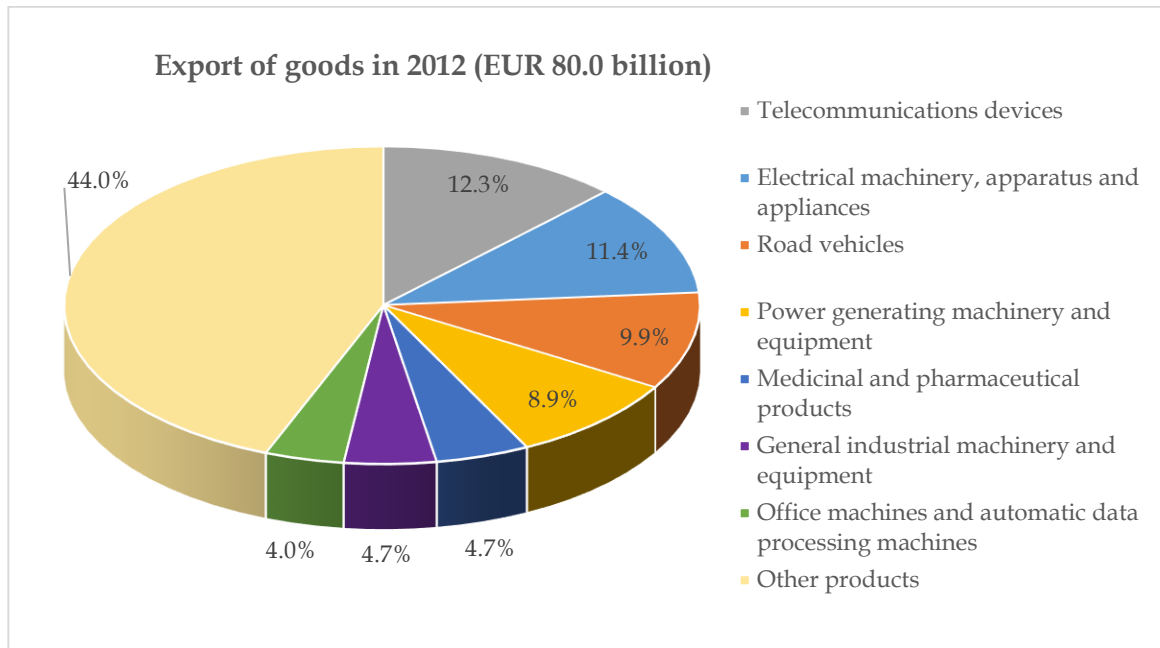
Between 2012 and 2022, Hungarian product exports increased significantly, by 77.8% (from EUR 80.0 billion to EUR 142.2 billion). In 2012 and 2022, the same seven product groups accounted for 56.0% and 57.4% of Hungarian goods exports, however, significant changes were made in the product composition. While in 2012 the export of telecommunications devices accounted for nearly one-eighth (12.3%) of Hungarian goods exports, by 2022 the export share of this product group decreased to less than two-thirds (7.6%). The telecommunications device exports increased by only 9.2% between 2012 and 2022 (from EUR 9.8 billion to EUR 10.7 billion), so last year it was only in third place in the product export ranking. In 2012, the second and third place in the export of electrical machinery,

¹⁹ Source: [Eurostat](#)

²⁰ Source: [KSH \(Hungarian Central Statistical Office\)](#)

apparatus and appliances, and the export of road vehicles, respectively, in 2022 had almost twice the share (15.9% and 14.7%, respectively) in product exports as the export of telecommunications devices. Between 2012 and 2022, electrical machinery, equipment and instruments increased by 147.8% (from EUR 9.1 billion to EUR 22.7 billion), and road vehicle exports by 162.9% (from EUR 7.9 billion to EUR 20.8 billion), which is roughly double the growth rate of total product exports (77.8%).

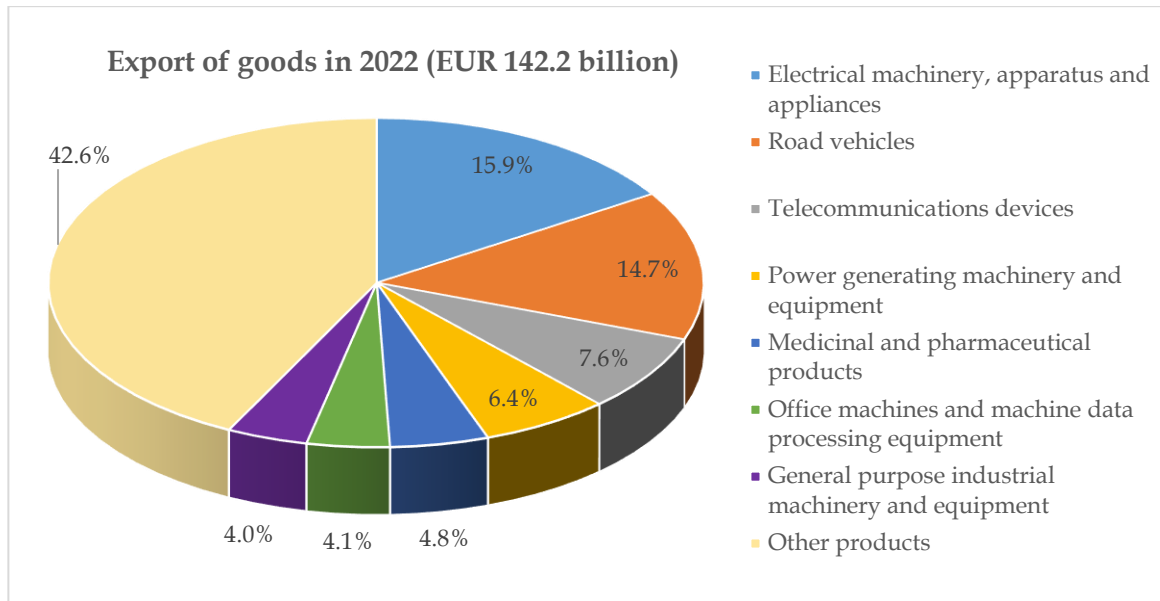
Distribution of Hungarian goods exports among the seven most important export product groups (2012, %)



Source: KSH (Hungarian Central Statistical Office)

Between 2012 and 2022, almost half (49.7%) of the EUR 13.5 billion increase in the export of electrical machinery, apparatus and appliances was accounted for by the increase in the export of lithium-ion batteries (EUR 6.7 billion). While in 2012 the export of lithium-ion batteries was only EUR 23.8 million, in 2022 it already amounted to EUR 6.7 billion. Between 2012 and 2022, 58.4% (EUR 7.5 billion) of the EUR 12.9 billion increase in road vehicle exports was accounted for by the expansion of passenger car exports. In both 2012 and 2022, in the product export ranking, the export of power generating machinery and equipment, as well as the export of medicinal and pharmaceutical products, were ranked fourth and fifth, respectively.

Distribution of Hungarian goods exports among the seven most important export product groups (2022, %)



Source: KSH (Hungarian Central Statistical Office)

The value of Hungarian goods exports increased by 16.6% on an annual basis to EUR 12.2 billion, and the value of goods imports by 17.8% to EUR 12.6 billion in January 2023.²¹ According to the MNB's expectations, exports may expand at a slower pace in 2023 compared to last year's dynamics. Due to subdued domestic demand, import growth may be even more moderate, therefore net exports may positively contribute to GDP growth this year. From the third quarter (Q3) of 2023, in addition to net exports, the increase in investments may support the restart of economic growth. The economic rebound will also be facilitated by the positive impact of inflows of foreign direct investment (FDI) on exports. In 2024, with the normalization of the global economic environment and the start of production of the new export capacities built in the recent period, the improvement of the foreign trade balance may continue.²²

4. Inflation

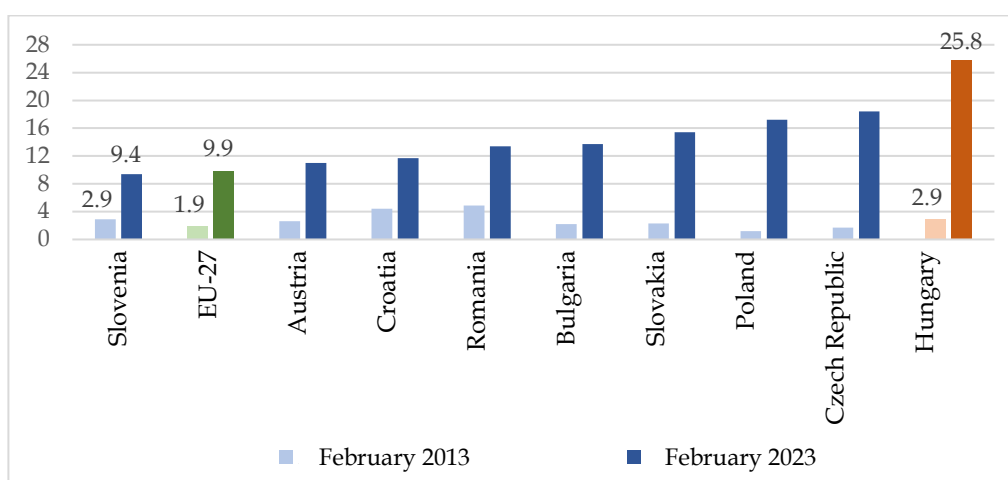
In February 2023, the harmonized index of consumer prices (HICP) used by Eurostat in the European Union was 9.9% (1.9% a year earlier). Among the member states, the fastest rate of average price increase was measured in Hungary (25.8%), Latvia (20.1%) and the Czech Republic (18.4%). Luxembourg (4.8%), Belgium (5.4%) and Spain (6.0%) had the lowest inflation rates in February. In the EU member states of the Central European region, the HICP was predominantly above the EU average. The highest inflation rate in the region was measured in Hungary (25.8%), and the lowest in Slovenia (9.4%).²³

²¹ Source: [KSH \(Hungarian Central Statistical Office\)](#)

²² Source: [MNB \(Hungarian National Bank\)](#)

²³ Source: [Eurostat](#)

Evolution of the Harmonized Index of Consumer Prices (HICP) in the Central European Union member states (February 2013–February 2023, %)



Source: Eurostat

Based on KSH (Hungarian Central Statistical Office) data, in February 2023 the consumer price level was on average 25.4% higher and core inflation²⁴ 25.2% higher than the year before. Compared to February 2022, the price of electricity, gas and other fuels (49.0%) increased the most, within which the price of natural and manufactured gas increased by 78.4%, and the price of electricity increased by 27.6%. Food prices also increased at an above-average rate (43.3%). In one year, the highest increases were in the price of eggs (79.2%), dairy products (76.2%), butter (75.1%), cheese (72.1%), bread (71.1%), other confectionery products (68.6%), pasta products (57.3%), milk (53.7%), and rolls (51.9%) increased. The prices of flour (9.8%) and edible oil (3.4%), which are also affected by the official price cap, increased the least. In the first two months of 2023, KSH measured an average consumer price increase of 25.6% in Hungary.²⁵

Based on the available data, domestic inflation peaked at 25.7% in January 2023. The continued decline in annual price dynamics is supported by both external and domestic factors. Energy and raw material prices on the world market and transportation costs have decreased significantly, tensions in value chains have been resolved and the slowdown in the global economy continues to curb external inflation. After January, the rate of food price increase also slowed down in February, the continued decrease in inflation is supported by global food raw material prices, which have been decreasing continuously since last May. In 2023, the price-suppressing effect of the decline in domestic consumption and the strict monetary policy, which helps to moderate the second-round inflationary effects and lower inflation expectations, is becoming more and more pronounced. The acceleration of the disinflation process is supported by last year's high bases, so domestic inflation may

²⁴ Note: Since April 2021, KSH (Hungarian Central Statistical Office) has been applying a new methodology for calculating core inflation, the index no longer includes price changes for alcoholic beverages and tobacco products.

²⁵ Source: [KSH \(Hungarian Central Statistical Office\)](#)

decrease at a more moderate rate in the first half of 2023, and at a faster rate in the second half.²⁶

Due to the significant uncertainty surrounding the development of consumer prices, the MNB also gave a banded forecast in its Inflation Report dated March 30, 2023. Annual average inflation may return to the central bank's tolerance band (3% ± 1 percentage point) next year at the earliest.

MNB inflation forecast in March 2023 (2022–2025 annual average, %)

	2022 (fact)	2023	2024	2025
Inflation	14.5	15.0-19.5	3.0-5.0	2.5-3.5
Core inflation	15.7	16.9-19.4	4.4-6.4	3.0-3.6

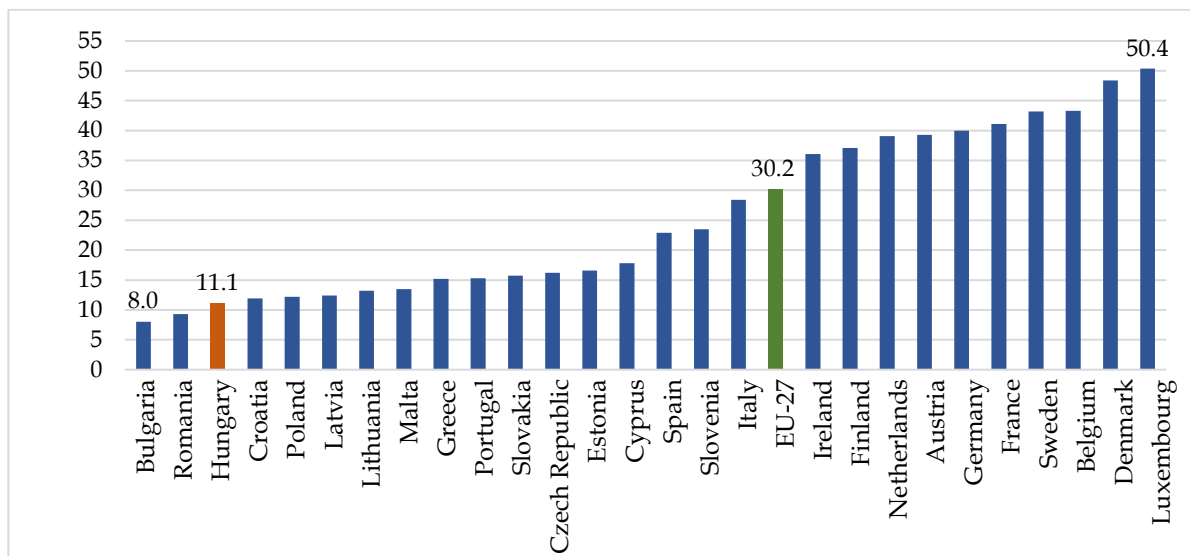
Source: MNB

5. Labour market

Labour costs, earnings

The fact that in 2022 Hungary had the third lowest average labour cost (EUR 11.1/hour) in the business economy in the EU – after Bulgaria and Romania – contributed significantly to our country's ability to attract FDI. Despite the dynamic growth of domestic earnings, the development of the HUF/EUR exchange rate and the different tax burdens equally contributed to the fact that in 2022, compared to Hungary, labour costs in the Czech Republic (EUR 16.2/hour) are nearly one and a half times higher, and in Spain (EUR 22.9/hour) approximately twice, in Austria (EUR 39.3/hour) and Germany (EUR 40.0/hour) it is more than 3.5 times the labour cost in the business economy. In Hungary, between 2012 and 2022, labour costs in the private sector increased from EUR 7.9 to EUR 11.1 per hour. The rise of EUR 3.2 is the second lowest among Central European EU member states, after Croatia.

Average labour costs in the business economy of the EU member states (2022, EUR/hour)



Source: Eurostat

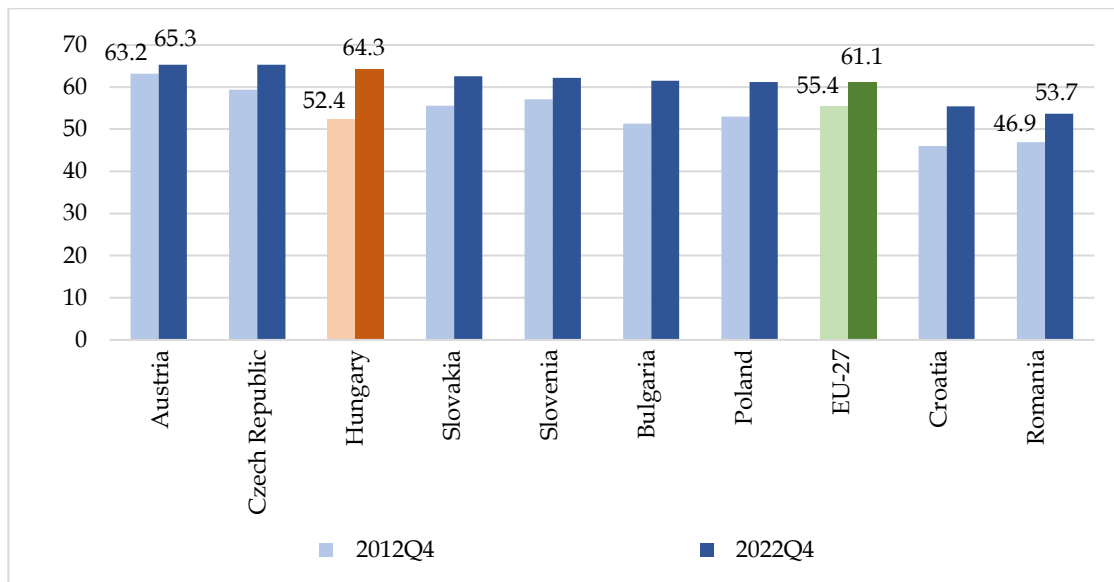
²⁶ Source: [MNB \(Hungarian National Bank\)](#)

In 2022, based on KSH data, the average monthly gross earnings of full-time employees in the corporate sector amounted to HUF 501,400²⁷, which is a 15.6% increase compared to 2021. In this sector, the median monthly gross earnings were HUF 380,000, which was 15.9% higher than a year earlier. In January 2023, at the level of the national economy (calculated without public workers), the average monthly gross salary was HUF 536,800, which means an annual increase of 15.6%. The gross average earnings were the highest in the information and communication sector (HUF 867,400), and the lowest in the accommodation and food service activities (HUF 349,700). In January 2023 real earnings fell by 7.6% along with a 25.7% year-on-year increase in consumer prices.²⁸ Nominal wage dynamics are more moderate than last year but may still be high. According to the central bank's (MNB) March 2023 forecast, the average gross salary in the private sector may increase by 13.7-14.4% this year, and 9.1-10.1% in 2024.²⁹

Employment

Based on Eurostat data, the Q4 2022 Hungarian employment rate (64.3%) exceeded the EU average (61.1%) by 3.2 percentage points, and thus Hungary has the third highest employment rate among Central European member states – after Austria and the Czech Republic. In ten years, the Hungarian employment rate increased by 11.9 percentage points, which – after Malta – is the second largest increase in the EU.

Employment rate among the 15–74-year-old population of the EU member states in Central Europe (Q4 2012–Q4 2022, %)



Source: Eurostat

For more than 12 years, the guiding thread of employment policy in Hungary has been that the Government undertook to create 1 million new jobs in 2010 and aims to achieve full employment. Based on KSH data, in the first quarter (Q1) of 2010, the number of employed

²⁷ Note: calculated without public employees, for all businesses with employees

²⁸ Source: [KSH \(Hungarian Central Statistical Office\)](#)

²⁹ Source: [MNB \(Hungarian National Bank\)](#)

people among the population aged 15–74 was still around 3.8 million (3,821,800 people), and the employment rate was below 50% (49.8%). **In Q4 2022 more than 4.7 million people (4,702,500 people) were registered as employed, and the employment rate reached 64.3%.** Compared to the fourth quarter of 2021, **the number of employed people increased by 14.6 thousand, and the employment rate rose from 63.8% to 64.3%.** In October-December 2022, **the employment rate was the highest in Budapest (69.8%) and Győr-Moson-Sopron County (68.7%),** apart from this it exceeded the national average only in **Pest County (67.1%) and the counties of the Central Transdanubia region (Fejér, Komárom-Esztergom, Veszprém) and Csongrád-Csanád County (64.4%).** In Hungary, **the employment rate was the lowest in Somogy (56.4%), Szabolcs-Szatmár-Bereg (58.9%) and Borsod-Abaúj-Zemplén County (59.2%)**

Between December 2022 and February 2023, of the 4,690.3 thousand employed persons, 4,520.2 thousand people worked in the domestic primary labour market, 101.5 thousand member of Hungarian households worked at local units abroad, and 68.6 thousand people were employed as public workers. While **the number of people working in the domestic primary labour market increased by 11.7 thousand people, and the number of people working at local units abroad by 13.5 thousand people, the number of public workers decreased by 10.0 thousand** compared to the same period of the previous year.³⁰ According to the MNB's March 2023 forecast, **the number of employees in the private sector is expected to stagnate this year,** since the tightness of the labour market did not substantially respond to the slowdown in economic performance. **In 2024, employment in the business sector may increase moderately (by 0.2–0.7%), however, the deterioration of demographic conditions may become an increasingly effective limit to the substantial increase in employment.**³¹

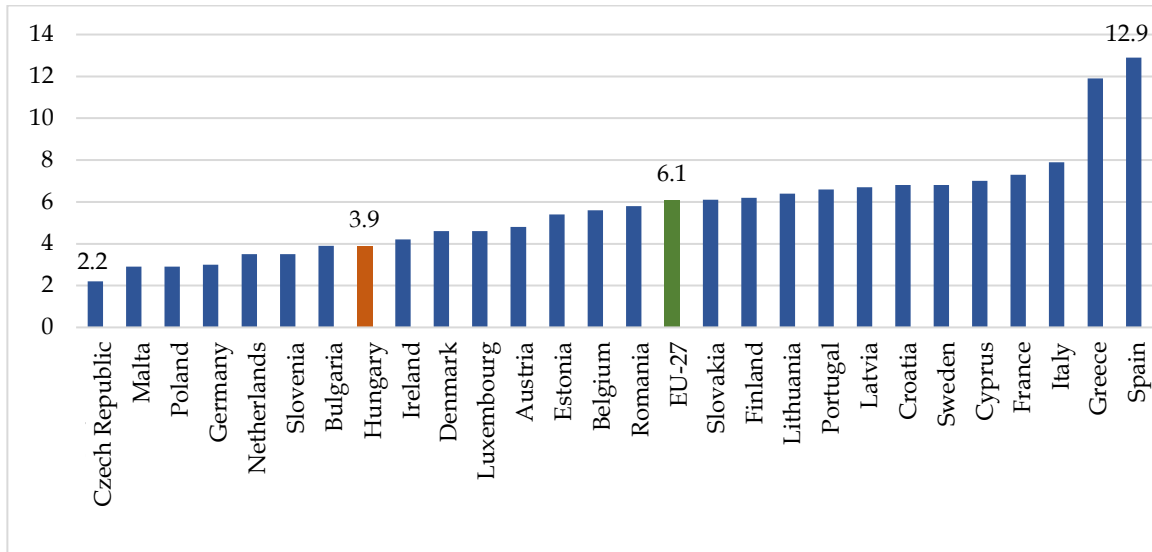
Unemployment

Based on Eurostat data, **the Hungarian unemployment rate of 3.9% in the fourth quarter (Q4) of 2022 was the seventh lowest in the EU, tied with Bulgaria.** Hungarian unemployment was **less than two thirds of the EU average (6.1%)** and – after the Czech Republic, Poland and Slovenia –, tied with Bulgaria, **the fourth lowest among the Central European EU member states.** In Hungary, **unemployment rate dropped from 10.3% to almost a third in ten years.** The **decrease of 6.4 percentage points** – after Croatia, Bulgaria, Slovakia and Poland – **is the fifth largest** among the Central European EU member states.

³⁰ Source: [KSH \(Hungarian Central Statistical Office\)](#)

³¹ Source: [MNB \(Hungarian National Bank\)](#)

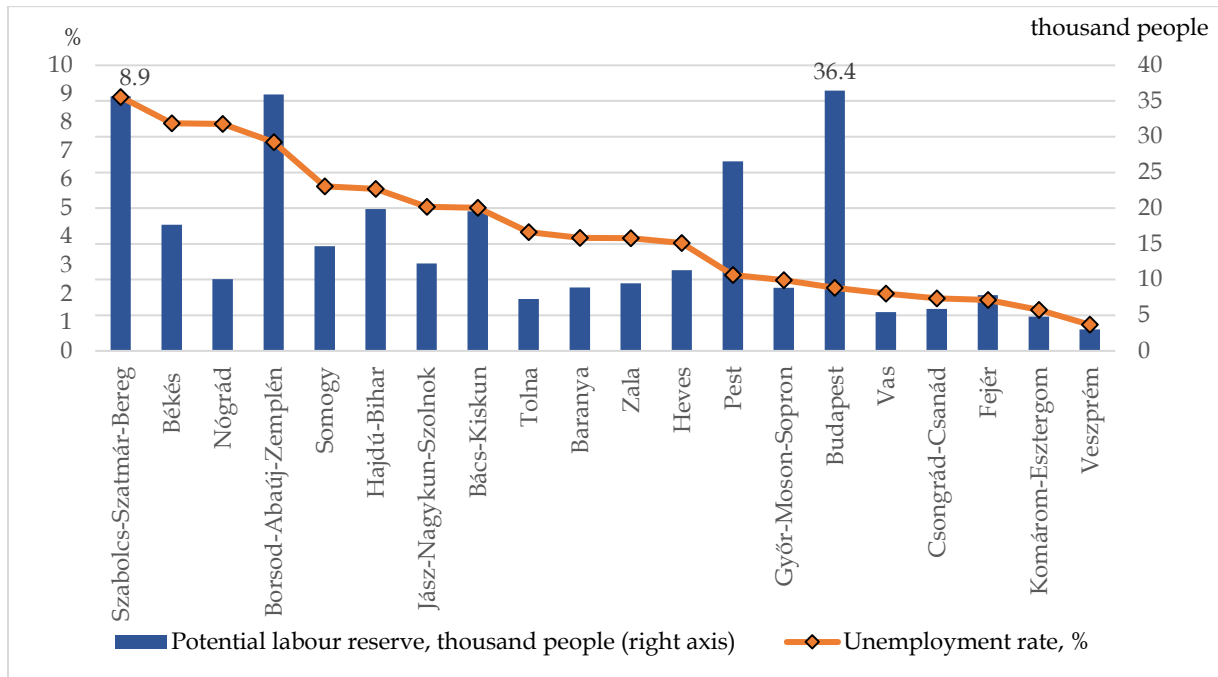
Unemployment rate among the population aged 15–74 in the EU member states (Q4 2022, %)



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 Q4 2022, the number of unemployed people was 188.9 thousand, and the unemployment rate was 3.9%.** Compared to Q4 2021, the number of unemployed increased by about 8.6 thousand people, and the unemployment rate increased from 3.7% to 3.9%. **Significant geographical differences can be observed with regard to the unemployment rate. In October-December 2022, the unemployment rate was the lowest in Veszprém County (0.9%), and the highest (8.9%) in Szabolcs-Szatmár-Bereg County.** The unemployment rate was higher than the national average in the counties of the Southern Transdanubia and Northern Great Plain regions, as well as in the counties of Borsod-Abaúj-Zemplén, Nógrád, Bács-Kiskun and Békés. **More than half of the country's potential labour force reserve (301.4 thousand people) is in the Great Plain and Northern Hungary (168.1 thousand people, 55.8%), nearly a quarter in Transdanubia (70.2 thousand people, 23.3%), and one fifth is located in the capital and Pest County (63.0 thousand people, 20.9%). Budapest (36.4 thousand people), Borsod-Abaúj-Zemplén (35.9 thousand people), Szabolcs-Szatmár-Bereg (35.6 thousand people), Pest (26.5 thousand people), Hajdú-Bihar (19.9 thousand people) and Bács-Kiskun County (19.5 thousand people) have the largest potential labour force reserve amid the 19 counties and the capital.**

Hungary's unemployment rate and potential labour force reserve among the population aged 15–74 broken down by county (Q4 2022, % and thousand people)



Source: KSH (Hungarian Central Statistical Office)

Between December 2022 and February 2023, the number of unemployed people aged 15–74 increased by 15.5 thousand to 198.9 thousand compared to the same period of the previous year. In line with this, the unemployment rate increased by 0.3 percentage points to 4.1% in one year.³² Based on the data of the National Employment Service (NFSZ), 245,121 jobseekers were registered in February 2023, which means a decrease of 6,987 people (2.8%) compared to the same period of the previous year. Registered jobseekers accounted for 3.9% of the working-age population.³³ According to the MNB's March 2023 forecast, the demand for labour will remain strong despite the economic slowdown, so no significant increase in the unemployment rate is expected, which may return to pre-coronavirus crisis levels by 2024. Based on the central bank's forecast, the unemployment rate may reach 3.6–3.7% this year and 3.1–3.6% in 2024.³⁴

6. Foreign Direct Investments (FDI)³⁵

Crises in the world, such as the war in Ukraine, increasing food and energy prices, financial disturbances and difficulties in financing public debts have inevitably affected the development of global foreign direct investments (FDI) as well.

The preliminary data summarizing the announcements regarding greenfield investments show a 6% increase in terms of the number of units, while a 54% increase in value was

³² Source: [KSH \(Hungarian Central Statistical Office\)](#)

³³ Source: [NFSZ \(National Employment Service\)](#)

³⁴ Source: [MNB \(Hungarian National Bank\)](#)

³⁵ Source: [UNCTAD](#)

recorded, due to the transition of some of the outstanding projects and renewable energy investments from project financing to corporate financing.

In the European Union, the number of announced greenfield investments decreased by 15%, and in China a 31% decline was recorded. In India, on the other hand, the number of announced greenfield investments have doubled.

The number of announced greenfield projects by geographical region

Region	2020	2021	2022	2022/2021 change (%)
World	13,370	15,243	16,095	6
<i>Developed economies</i>	<i>9,086</i>	<i>10,286</i>	<i>9,862</i>	<i>-4</i>
Europe	6,363	7,422	6,533	-12
European Union	4,834	5,804	4,919	-15
North America	1,981	2,067	2,431	18
<i>Developing economies</i>	<i>4,284</i>	<i>4,957</i>	<i>6,233</i>	<i>26</i>
Africa	571	547	745	36
Asia	2,660	3,181	4,198	32
East Asia	582	672	520	-23
Southeast Asia	758	847	1,022	21
South Asia	459	505	1,000	98
Western Asia	819	1,104	1,612	46
Latin America and the Caribbean	1,053	1,227	1,286	5
South America	574	631	649	3
Central America	457	568	614	8

Source: UNCTAD

In 2022, the value of cross-border mergers and acquisitions (M&A) worldwide was 6% lower than in 2021, reaching USD 697 billion. In the United States, the value of transactions has dropped by more than 50%. Based on the number of units, a 12% decrease was recorded, and accordingly, the number of cross-border M&A worldwide reached 7,502 in 2022.

Three of the ten largest greenfield investment announcements last year involved semiconductor manufacturing, reflecting global shortages and restructuring of supply chains. Another six greenfield investments will be implemented in the renewable energy sector, four of which will affect Egypt.

The outlook for 2023 remains unfavourable, as a significant number of economies will enter recession this year. Economies showing negative or slow growth in many cases, further worsening financing conditions, growing investor uncertainty as a result of crises, and especially in developing countries, the risks associated with debt levels will exert significant downward pressure on global FDI flows.

7. Education³⁶

In Hungary, based on preliminary data for the 2022/2023 academic year, 1,852,000 people participate in various levels of public education, vocational training and higher education. Among them, 323,000 attend kindergarten, 719,000 attend primary school, and 517,000 study in secondary education institutions. 2,600 severely and cumulatively disabled children receive developmental education. 290,000 people are pursuing higher education studies.

Compared to the previous academic year, the number of primary school pupils and higher education students have decreased, whereas the number of preschool children and secondary school pupils have increased.

A total of 428,000 pupils participate in full-time education at secondary educational institutions, 4,000 fewer than in the previous academic year. 195,000 students attend colleges (45.6% of all students), 166,000 (38.8%) technical and vocational colleges, 60,000 (14.0%) vocational schools, and 6,800 (1.6%) attend skills development schools. More than 42,000 people work as full-time teachers in secondary institutions.

There are 207,000 students in full-time higher education courses, the same number as in the previous year. Nearly 92% of the students (190,000 people) are studying in higher level bachelor's (BA, BSc), master's (MA, MSc) or undivided courses. 9.6 thousand are studying to obtain a doctorate (PhD) degree, and 7.3 thousand are studying in higher education vocational training. The number of participants in specialized continuing education is also low this year, at 175 people.

Following the trend of recent years, the number of foreign students continued to increase in 2022. Taking into account all the work schedules, nearly 42,000 foreign students are studying in Hungarian higher education institutions this academic year.

Preliminary higher education statistical data for the 2022/2023 academic year

Level of education	Students in all forms of education	From this		Students in full-time education	From this	
		foreign	female		foreign	female
Specialised training in higher education	11,980	126	6,729	7,302	99	4,002
Bachelor's degree in higher education (BA, BSc)	170,520	19,900	89,218	130,686	18,737	65,560
Master's degree in higher education (MA, MSc)	35,959	6,866	19,641	20,689	6,334	10,840
Undivided education	44,715	11,229	26,265	38,906	11,104	22,743
Specialised further training	16,236	485	10,944	175	67	103
Doctoral (PhD, DLA) degree	10,581	3,124	5,246	9,604	3,045	4,822
Total	289,991	41,730	158,043	207,362	39,386	108,070

Source: Ministry of Culture and Innovation (FIR-OSAP)

³⁶ Source: [KSH \(Hungarian Central Statistical Office\)](#)