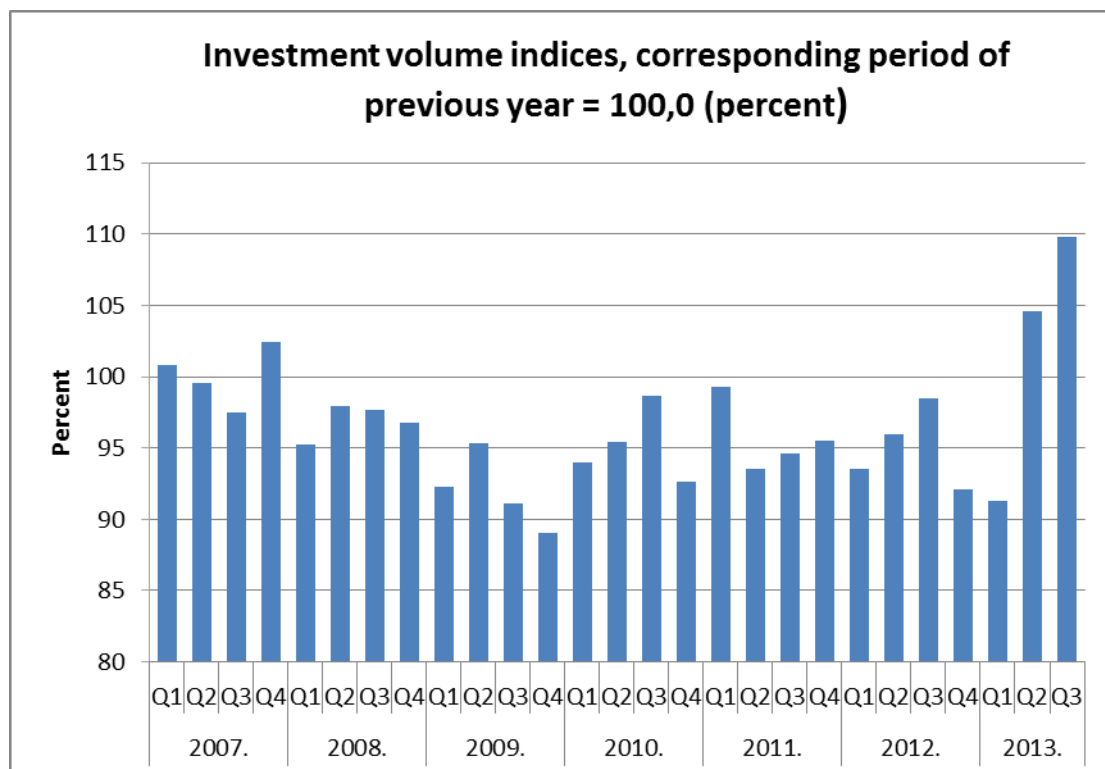




## Investment growth breaks a record of almost ten years

According to the latest data by the Hungarian Central Statistical Office (KSH), in the third quarter of this year the investment rate increased by 9.8 percent, a gain unprecedented since 2004. As the majority of national economic sectors contributed to the extraordinary growth signals that future expansion is based on a steady and sound economic structure.

Quarter-on-quarter, in light of seasonally adjusted data, the volume of investment was up by 1.3 percent. In the third quarter of 2013, the volume of investment regarding the construction sector increased by 9.5 percent, while that of machinery and equipment was 10.1 higher compared to the level of the same period of the previous year.



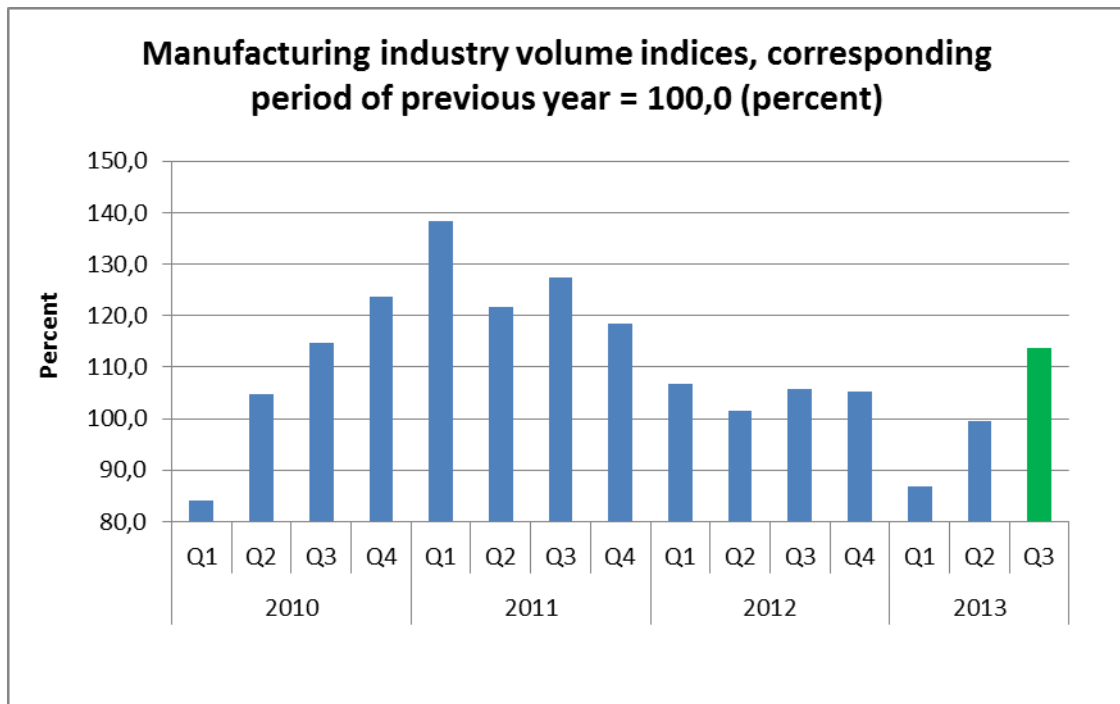
*Source: Hungarian Central Statistical Office (KSH)*

Investment concerning the manufacturing sector, which constitute some one-third of total, soared by 13.6 percent. The prevalent downward trend concerning manufacturing



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industry investment appears to have been reversed in the previous quarter and **in the third quarter a breakthrough was achieved**. Within the manufacturing industry, investment growth regarding vehicle manufacturing and related supplier divisions (the manufacturing of rubber, plastics, non-metallic mineral products and that of machinery and equipment) as well as the food industry was also outstanding.



*Source: Hungarian Central Statistical Office (KSH)*

**In July-September 2013, the volume of investment increased in altogether fifteen sectors within the national economy in comparison to the third quarter of the previous year.** The volume of investment regarding the transport and storage division, representing a sizable share of investments within the national economy, in the third quarter of 2013 was up by 4.6 percent year-on-year. Growth was mainly attributable to the construction and renovation of railways and minor roads, other road constructions and the purchasing of vehicles.

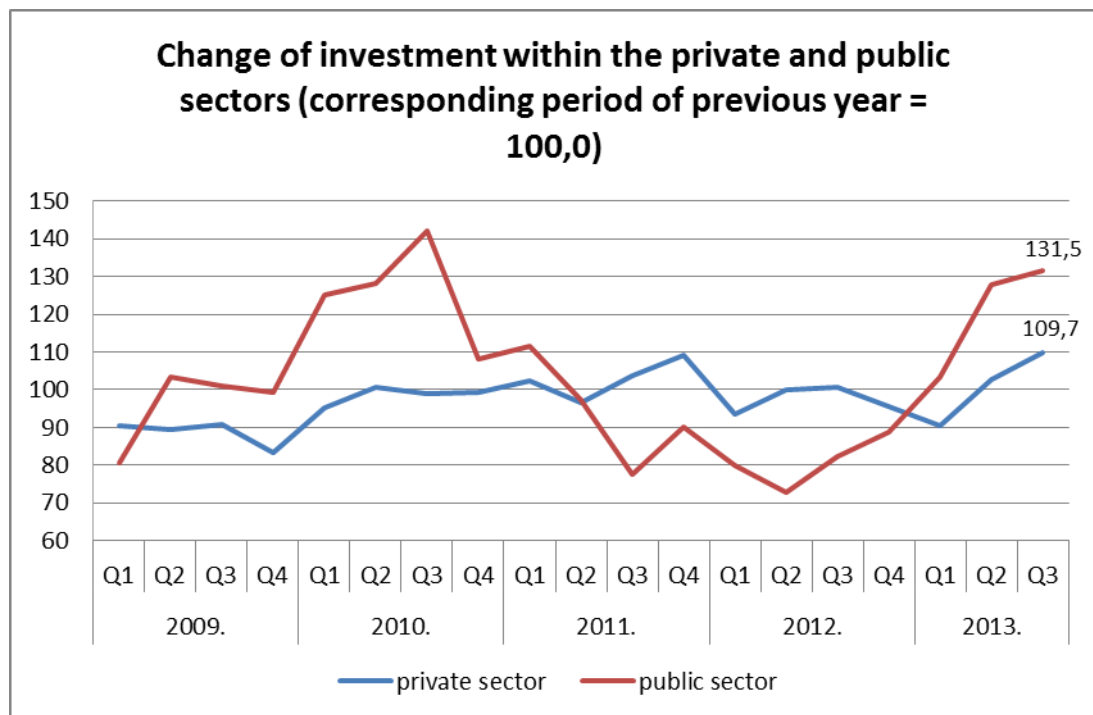
**Concerning water and waste management, the volume of investment almost doubled (as it increased by 90.6 percent) as a result of water purifying and sewage projects.** Agricultural investment increased dynamically (by 36.3 percent), thanks to the purchasing of farming machinery and the construction of storage facilities. The volume of investment of the



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trade and vehicle repair sectors surged by 21.3 percent within which the largest increase was recorded in the retail sub sector. Large investment projects related to flood protection, the renovation of public buildings, disaster relief and law enforcement have continued to be behind the significant increase (11.7 percent) of the investment of the public administration, defence and compulsory social insurance sub sectors. **However, investment volume also increased in most of other, smaller sub sectors of the national economy.**

The extraordinary investment growth would not have been possible without the remarkable increase of private sector investment projects. In the third quarter of 2013, the volume of public sector investment jumped by 31.5 percent, **whereas the volume of investment regarding enterprises with 49 or more employees increased by 9.7 percent which is the best figure since the fourth quarter of 2007.** The significant increase is attributable to the stimulating effect of the Funding for Growth Scheme of the National Bank of Hungary and the accelerated utilization of available EU resources.



*Source: Hungarian Central Statistical Office (KSH)*

**In the initial three quarters of 2013, the amount spent on investment totalled HUF 2823bn which is 3.1 percent more than the figure of one year ago.** In light of soaring investment, the 1.8 percent economic growth (above prior estimates) for the third quarter, better-than-anticipated



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industrial and construction sector data as well as the record-breaking employment rate Hungary is expected to enter a stable and balanced growth path. Favourable data are confirming the Government's expectation that GDP growth may reach – under auspicious circumstances even exceed – 1 percent and **they increase odds in 2014 for more than 2 percent growth, above the Government's current estimate.**