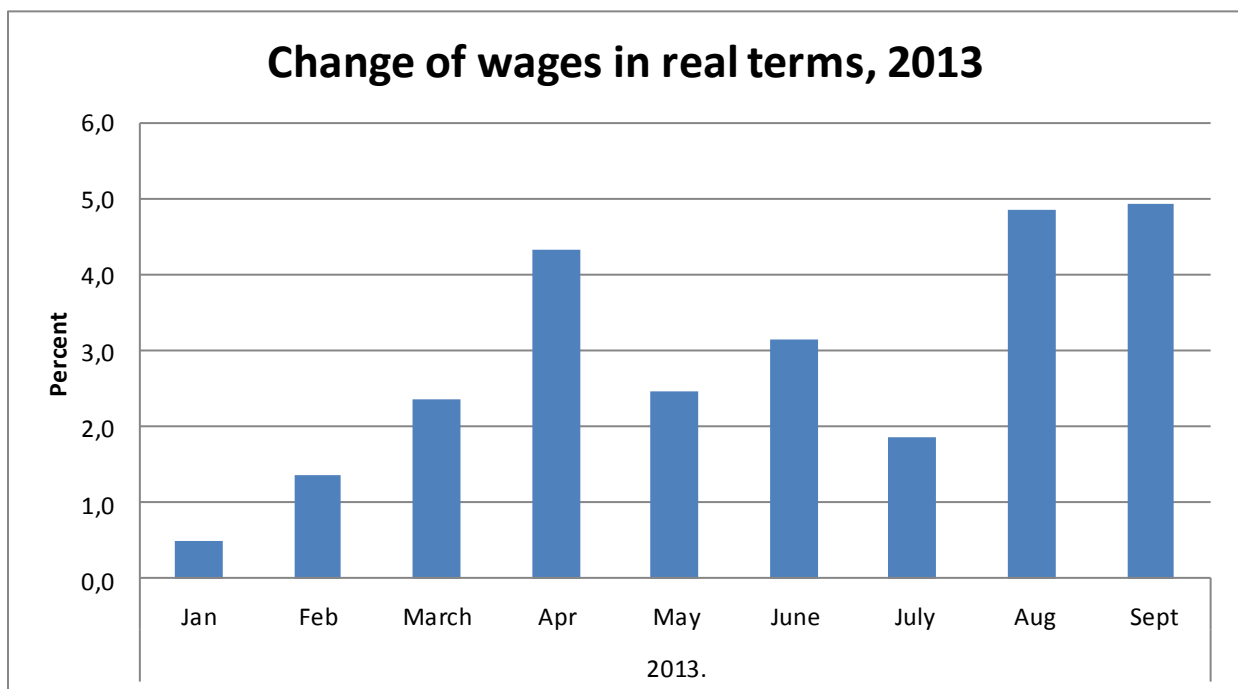




Positive wage increase and employment trends

On the basis of data published in the flash report of the Hungarian Central Statistical Office (KSH), it can be concluded that the trend of increasing real wages in place since January 2013 has continued in the ninth month of the year in Hungary. In September, the average gross monthly wage of full-time employees was HUF 224 164 within the national economy, up by 5 percent compared to data from one year ago. Net wage – at HUF 146 828 – increased by 6.4 percent in comparison to September 2012. **Calculating with annual inflation of 1.4 percent for September wages were up by 4.9 percent in real terms.**



Source: Hungarian Central Statistical Office (KSH)

The average gross and net monthly wages of private sector employees increased by 3.8 percent and 5.4 percent, respectively, compared to September 2012. The average gross and net wages of those working full-time for public sector institutions – excluding public work employees – were up by 10.9 percent and 12 percent, respectively, in comparison to September 2012.

In January-September 2013, the average gross wage of full-time employees was HUF 227 500, up by 3.6 percent year-on-year. Within that, private sector employees earned an average gross wage of HUF 238 100, while public sector employees – excluding public work

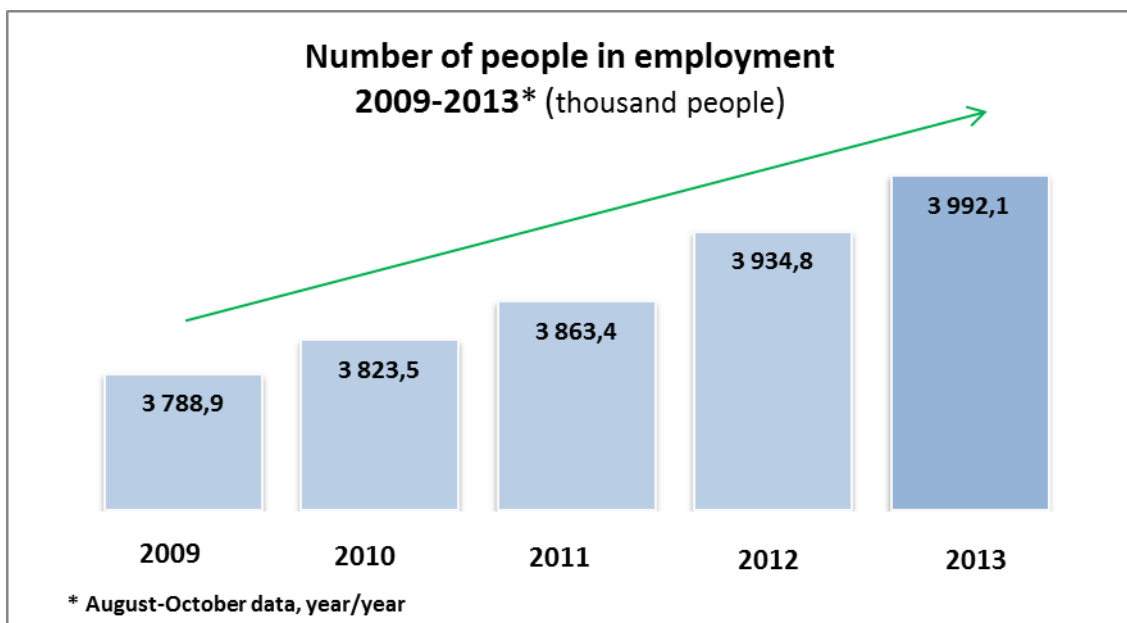


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employees – received HUF 223 000. The average wage of public work employees was HUF 77 100.

Within the national economy, the average net wage excluding family tax allowances was HUF 149 000 in September which figure is 5 percent higher than last year's. Net wages within the private sector improved by 5.1 percent, while in the public sector – excluding public work employees – they were 6.4 percent higher. Wages in real terms increased in both sectors, and within the national economy **wages in real terms were up by 2.8 percent in the observed period parallel to a low inflation rate of 2.1 percent.**

Besides the increase of real wages, trends were also positive on the labour market. In August-October 2013, the number of people in employment increased again in Hungary: **in comparison to the same period in 2012 their number was up by 57 400, and thus the total number of those in employment reached a new high of 3 million 992 thousand.** Data for May-July 2013 showed for the first time that the number of those in employment had exceeded the best pre-crisis figure of 3 million 959 thousand people. Since then, the upward trend has been continuous and the level of employment kept hitting new highs. **In light of the latest data, compared to data one year ago 1.5 percent more people had a job in Hungary.**



Source: Hungarian Central Statistical Office (KSH)



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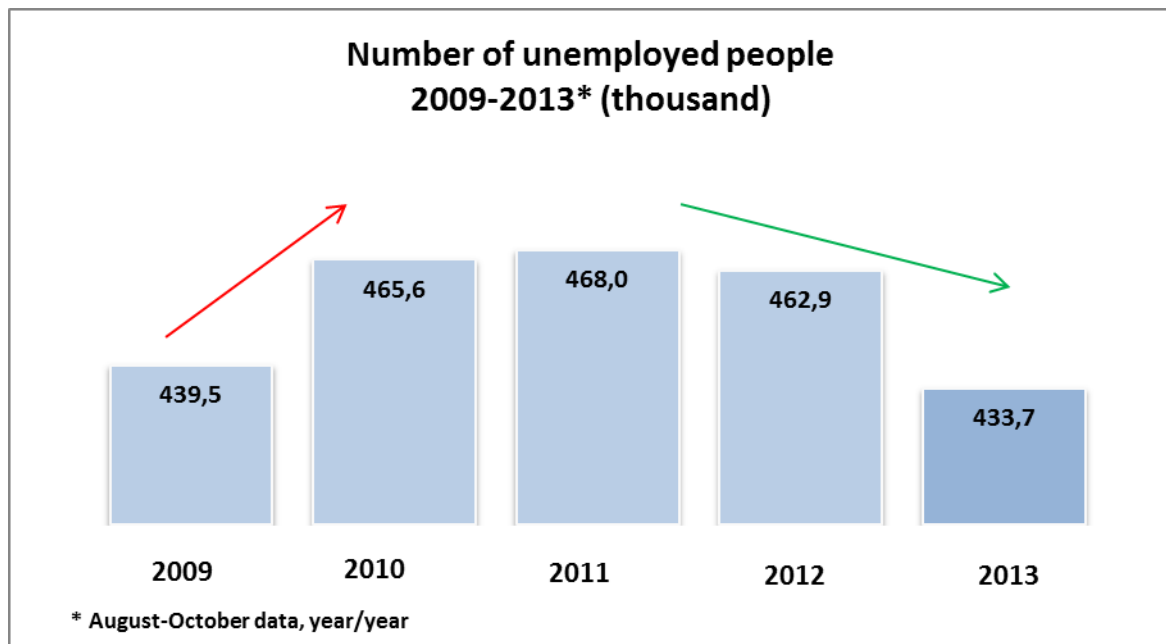
The employment rate for those aged 15-64 years, an indicator closely watched by the European Union, was up by 1.1 percentage points to 59.3 percent, which constitutes an increase of 61 thousand compared to year-ago data. Within this segment, the number of people in employment was 3 million 960 thousand in August-October.

As far as the gender aspect of employment is concerned, in August-October 2013 **among men aged 15-64 there were 2 million 142 thousand in employment, and the related employment rate increased to 65.3 percent, up by 1.6 percentage points**. The number of women aged 15-64 years increased to 1 million 817 thousand, which corresponds to an employment rate of 53.4 percent, up by 0.5 percentage points. The number of people aged 15-24 years in employment was 232 thousand, after having increased by 1.2 percentage points to 20.5 percent year-on-year. **The number of those in prime working age and those aged 55-65 years with a job was also higher**: while the employment rate regarding the former age group was up by 0.7 percentage points to 76.3 percent, that of the latter improved by 1.5 percentage points to 39.3 percent.

The Hungarian Government has managed to further reduce both the number and the proportion of unemployed people. In August-October 2013, the number of unemployed people decreased by 29 thousand, to below 434 thousand, in comparison to the corresponding period of 2012. **Currently, the unemployment rate is 9.8 percent, down by 0.7 percentage points compared to last year**. The unemployment rate for the age group of 25-54 years decreased to 8.7 percent, which is 0.7 percentage points below the level of the same period of 2012. The age group of 15-24 years is the smallest segment on the labour market; however, the unemployment rate is the highest for these youngest people with 26.8 percent. This figure, on the other hand, is not high in comparison to EU data and **thanks to Government measures there have been more and more among these young people who have found a job since 2012**.



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Source: Hungarian Central Statistical Office (KSH)

Favourable data are expected to have a positive effect on economic growth, as the concurrent increases regarding the number of jobs and real wages help stabilize the financial position of households and boost domestic consumption. **In light of recently published industrial and construction sector output data which all beat expectations**, the **Government's goal to place the economy on a steady growth path appears to be within reach.**