

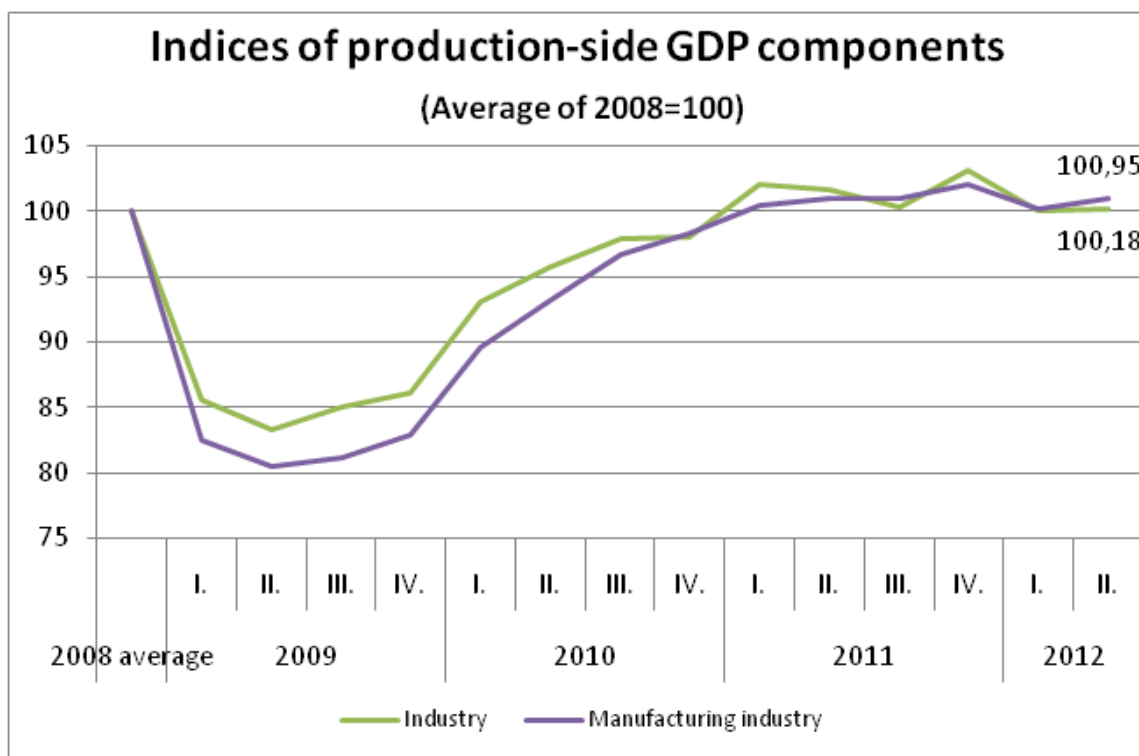


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Hungary has turned the corner regarding some indicators

When analyzing key macro-economic indicators it can be observed that the crisis has still been ongoing from several aspects in the European Union and in the region as well. Unfortunately, Hungary is no exception in this regard. The following short analysis aims to present the **sectors which have been putting on an above average performance in Hungary** and have therefore bottomed out or which **at least are in a better position than they were in 2008**.

The main engine of Hungarian economy has been **industrial export** thanks primarily to **manufacturing output** and, within that, to the performance of vehicle equipment manufacturing. Launching the Kecskemét plant of Mercedes and the expected capacity expansion (Mercedes, Audi) may in the future have an even more favourable impact on macroeconomic indicators. The below graph shows that **manufacturing sector performance has by now surpassed the 2008 average level by almost 1 percent**.

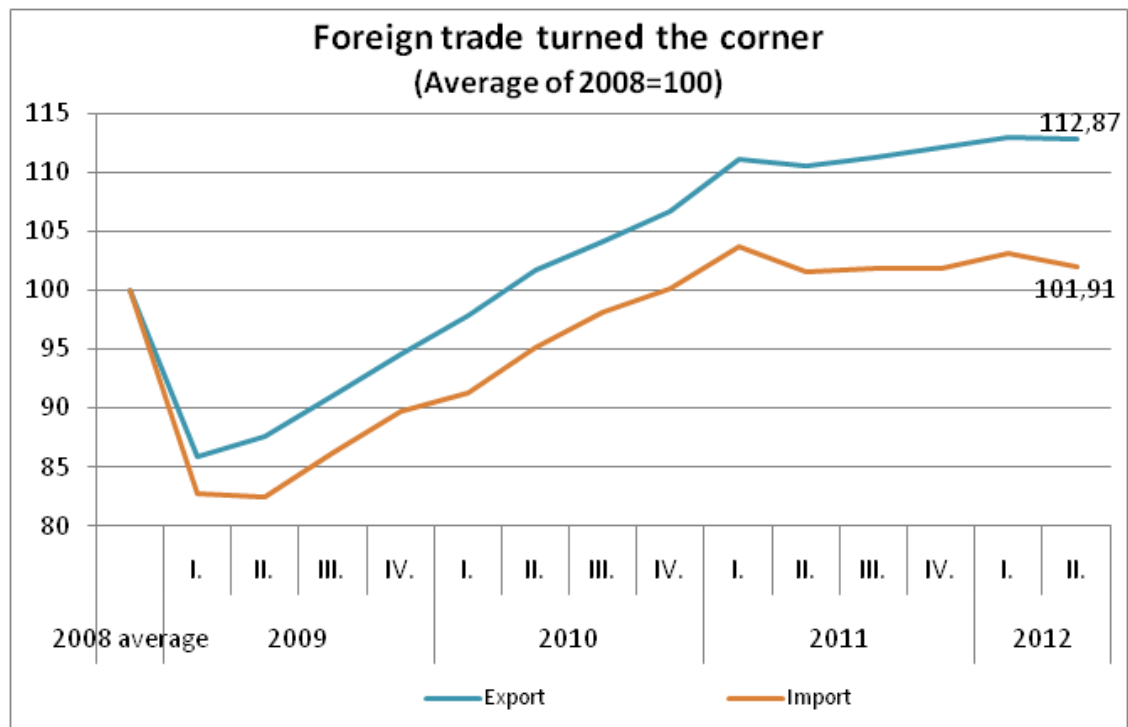


Source: Central Statistical Office (KSH), Ministry for National Economy (NGM)



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Statistics make it also clear that since the Government took office foreign trade gap has widened further, that is, **the pace of export growth has been significantly above that of imports**. The below graph presents how exports and imports increased between the 2008 average level and Q2 2012, the latest period with available data. Currently **exports are 13 percent higher compared to pre-crisis figures, while imports are up by 2 percent**.

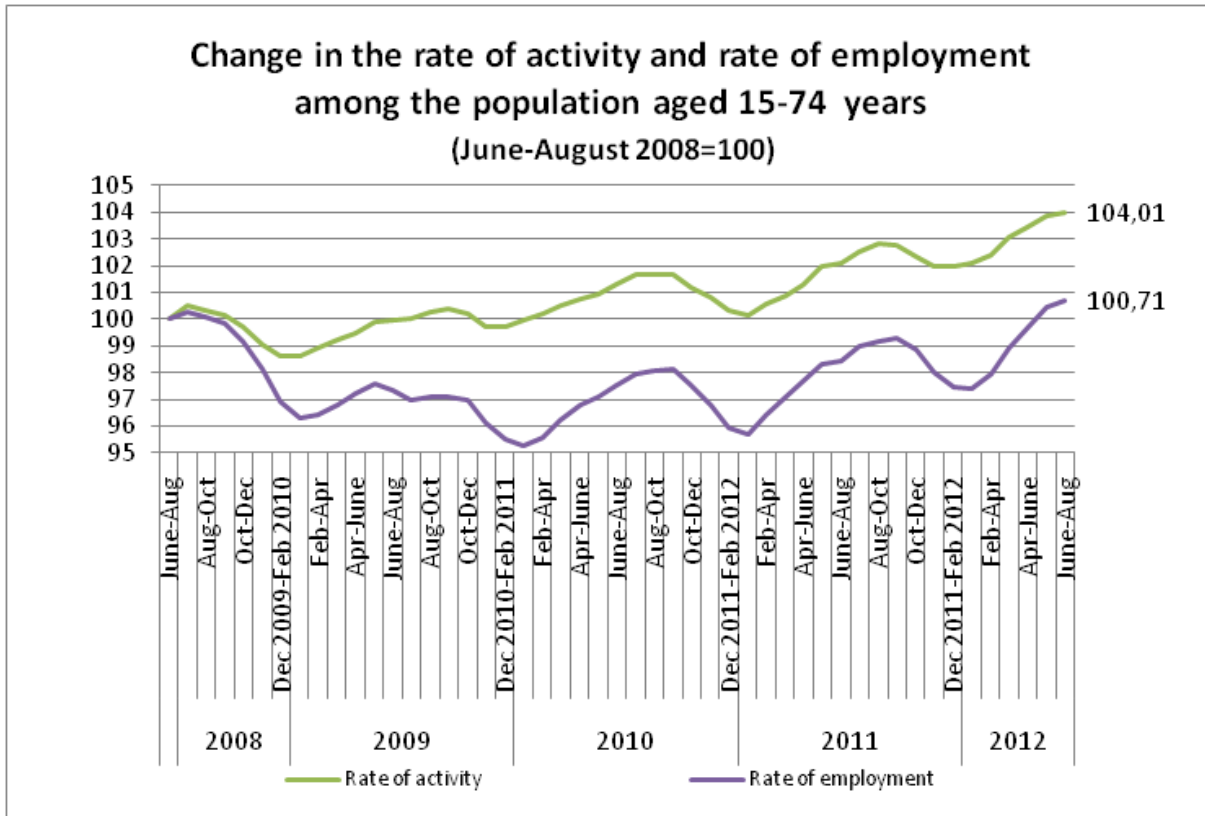


Source: KSH, NGM

From the very beginning the Government has been committed to increasing private sector economic activity and the rate of employment and to this end public work schemes were launched. It can be stated that by now **the number of economically active people is 4 percent higher than it was in 2008** and growth is anticipated to continue in the future.



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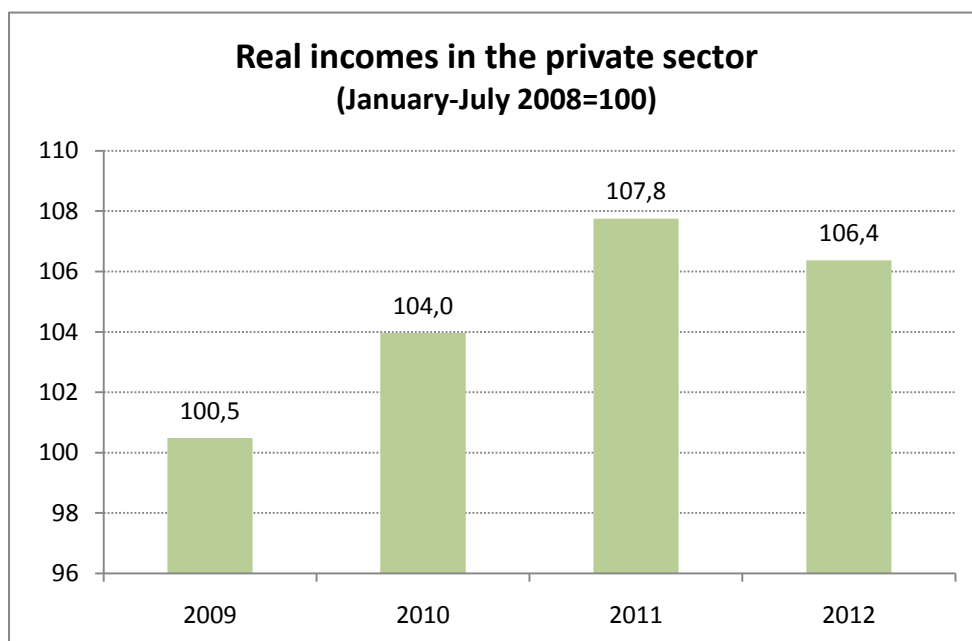


Source: KSH, NGM

Real incomes in the private sector have also increased significantly. Real wages were substantially higher in the initial seven months from 2009 compared to the figure for the corresponding period of 2008. **In the period of January-July 2012 real incomes in the private sector were higher by 6.4 percent than four years ago.**



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Source: KSH, NGM

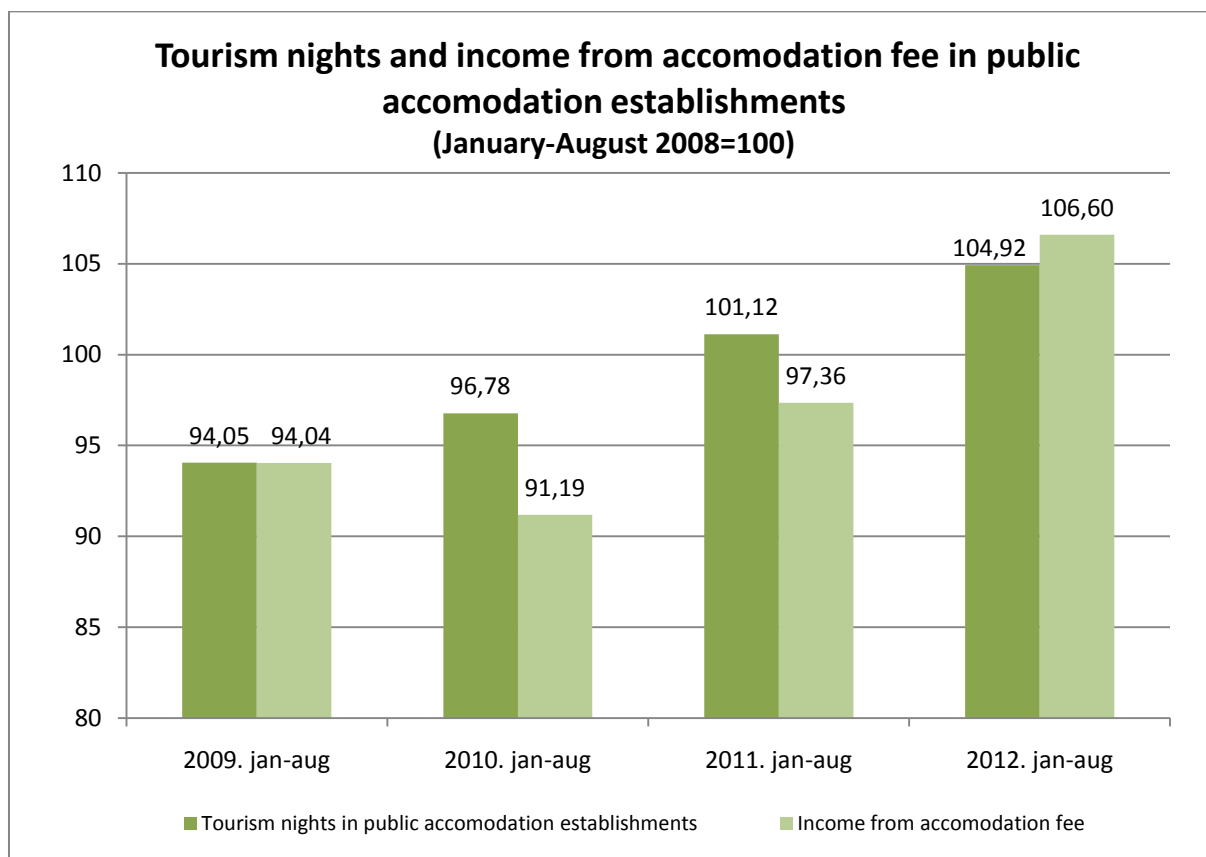
Tourism is a sector of great opportunities for Hungary. The crisis deeply affected countries where the largest numbers of tourists used to come from, but by now tourism traffic at commercial accommodations has picked up once again.

The **majority of people visiting Hungary continue to come from Germany**, but it has to be noted that between January and August of this year the number of people from the Netherlands, who also constitute a significant share of visitors, increased by 16 percent compared to the corresponding period of the previous year. Short stays lasting for a few days are the most popular.

Utilization of spas has been on the rise and it is a favourable development considering that due to high quality medical treatments and wellness services this field can bring in the highest profits. **Income from accommodation fee are more than 6 percent higher in comparison to the 2008 level. Domestic tourism has also seen an upswing;** three- and four-star hotels, guesthouses and wellness hotels enjoy great popularity among domestic tourists as well.



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Source: KSH, NGM

The below table is a summary of the aforementioned indices. Thus those key economic indicators can be recognized which signal the fields where Hungary has managed to exceed pre-crisis levels.



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	Macro-economic indicators	Observed period of 2012
average of 2008=100	Industry	100,18
	Manufacturing	100,95
	Export	112,87
	Import	101,91
June-August 2008=100	Activity rate	104,01
	Employment rate	100,71
January-July 2008=100	Real incomes (private sector)	106,4
January-August 2008=100	Tourism nights at commercial accommodations	104,92
	Income from commercial accommodation fee	106,6

Source: KSH, NGM

In addition, the Government continues to implement a consistent and prudent fiscal policy which albeit does dampen growth in the short term but this is the price to pay for adhering to the planned deficit target and prompting the EU to acknowledge it. In the years ahead, as economic growth resumes, certain economic sectors may charge ahead, the activity and employment rate can continue to expand.