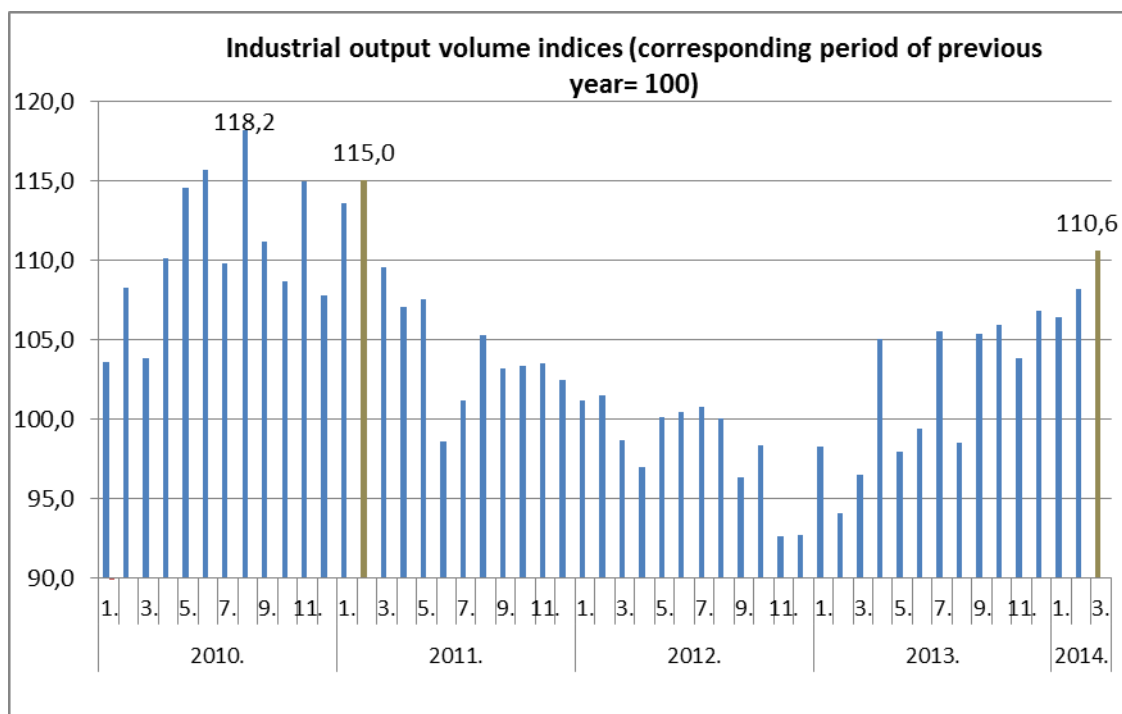




### ***Industrial output growth is at a three-year record high***

Following an increase of 8.1 percent in February 2014, **industrial output was up by 10.6 percent year-on-year in March 2014 which has been unprecedented since February 2011.** The outstandingly positive figure is mainly the result of the remarkable sales growth at vehicle manufacturers, but solid output growth at related supplier divisions has also contributed to industrial expansion. **In the initial three months of the year, the volume of output increased by 8.4 percent year-on-year.**



*Source: Hungarian Central Statistical Office (KSH)*

In light of KSH data, the 10.6 percent increase in industrial output has partly been the consequence of a low base and partly of the 12.2 percent output growth at the manufacturing industry. **The fact that year-on-year output growth was registered in eleven out of the altogether thirteen manufacturing sub sectors** -- ranging between 0.4 percent and 31.1 percent -- is indicating that industrial expansion has been based on a sound economic structure. In March this year, the total stock of new orders at manufacturing sectors observed by the KSH was up by 28.1 percent compared to the corresponding period of the previous year.



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**In March 2014, output at one of the most significant industrial sub sectors, vehicle manufacturing, soared by 28.3 percent.** Thanks to the more than 20 percent output increase at consumer electronics manufacturing, **growth regarding the output of computers, electronic and optical products was registered for the time since March 2011.** Owing to a rebound of exports which constitute four-tenths of total sales, the output volume of food, beverages and tobacco products increased slightly, by 0.4 percent. Increased demand on foreign markets resulted in output growth at the sub sector of smallest weight, the manufacturing of textiles, wearing apparel, leather and related products which posted the largest increase with 31.1 percent. **The performance of the pharmaceuticals sector has also to be highlighted as output at this sub sector surged by 25.1 percent in comparison to the same period of the previous year.**

Compared to the previous year, output at the energy sector (including electricity, gas, steam and air-conditioning supply) was down by 10.8 percent due to significantly milder weather in March this year as average temperature was 5.8 °C higher than in March 2013. The output of coke and refined petroleum products also fell as a result of a strong decrease in domestic sales.

**As far as regions are concerned, in the initial three months of 2014 industrial output was up in each of them.** The largest growth of 23 percent was registered in Western Transdanubia. Looking at counties, output growth was the most remarkable in Győr-Moson-Sopron, with a year-on-year increase of 31.7 percent in March.

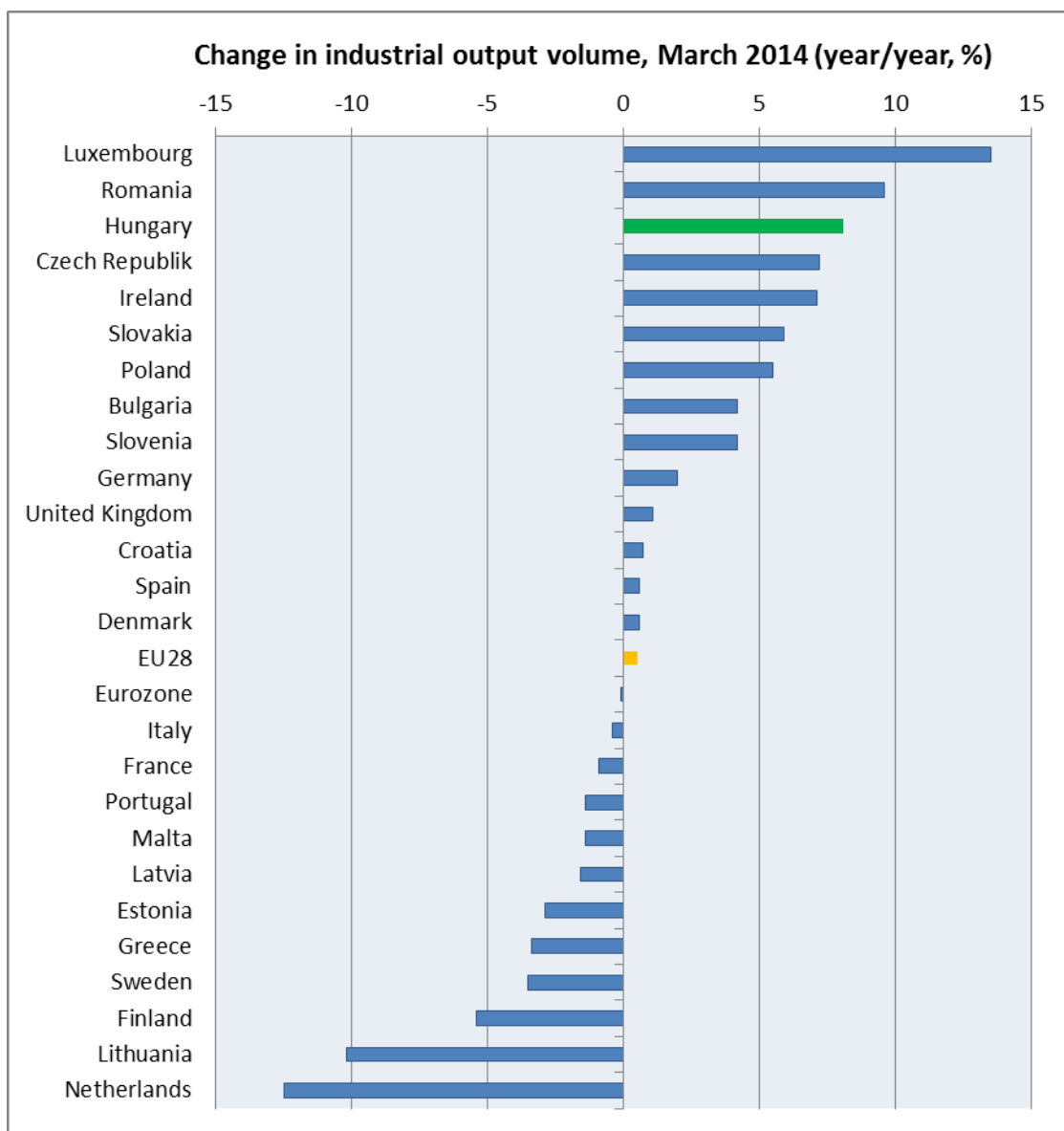
Domestic sales of the industrial sector in the initial three months of the year were down by 3 percent compared to the corresponding period of 2013. **Industrial exports, however, in January-March and in the month of March soared by 11.9 percent and 14.7 percent, respectively, compared to the performance of 2013.**

From an EU perspective, the industry's expansion in Hungary remains outstanding. In March 2014 -- compared to EU data -- **the country's industrial output growth exceeded the average of the EU 28 member states.** Industrial output growth of the EU 28 averaged 0.5 percent in March, while the corresponding indicator was -0.1 percent among the EU 18, in comparison to March 2013.



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**Within Europe, the Hungarian industrial sector's growth figure is the third best**, as those only of Luxembourg and Romania are ahead of ours with 13.5 percent and 9.6 percent, respectively. Industrial output was up in each Visegrád country; growth of 5.5 percent and 5.9 percent was recorded in Poland and Slovakia, respectively. Hungary's excellent result was even higher than the 7.2 percent growth of the Czech Republic.



Source: Eurostat



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Recent data are confirming that industrial stimulus measures of recent years have laid the foundation for the expansion of the Hungarian economy in general and the industry in particular, therefore the Government will continue to bolster the productive sector and pursue an active industrial policy in order to maintain the good performance of the Hungarian economy in the long term.