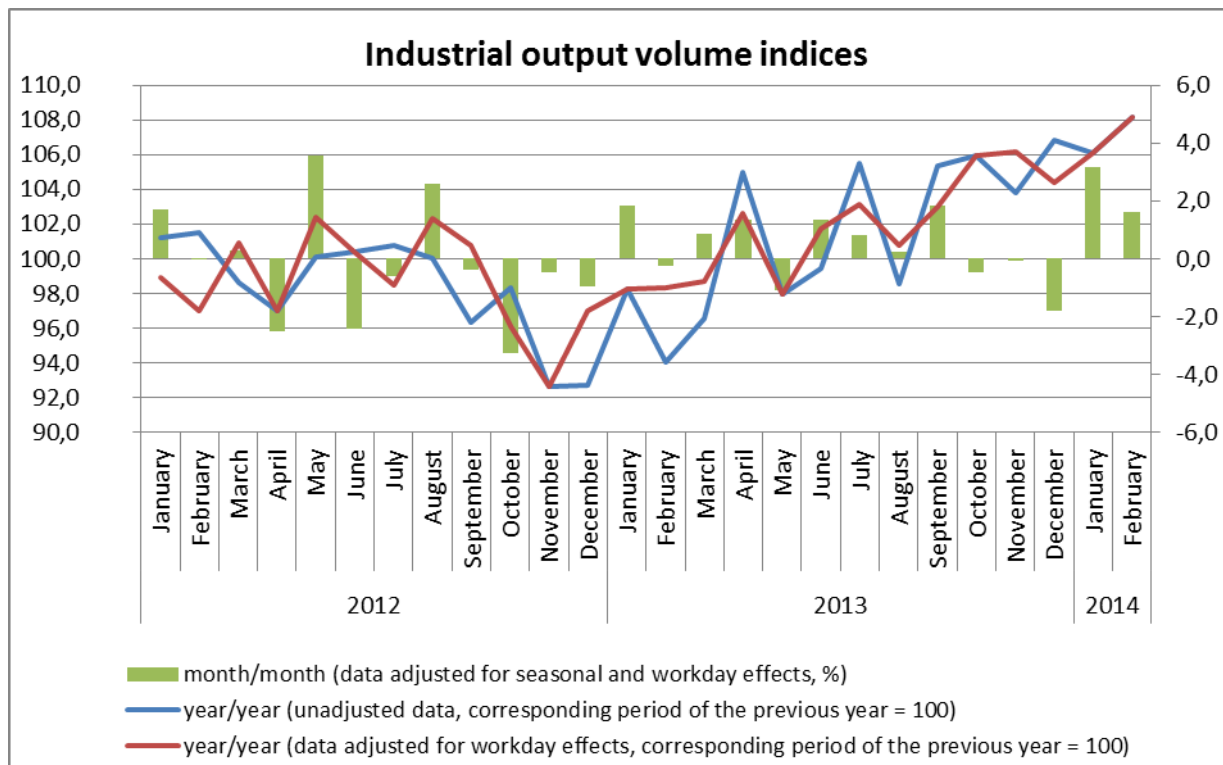




Hungary's industrial output growth among the highest in Europe

Industrial output in Hungary was again significantly higher in the second month of the year, and thus the upward trend in place since 2013 is continuing. **In February 2014, industrial output volume index was up by 8.1 percent** – according to both unadjusted and workday-adjusted data – **in comparison to the corresponding period of 2013**. This figure is the **best in three years**, as it has been the fastest February growth registered since the same period in 2011.

In the initial two months of the year, output increased by 7.1 percent year-on-year. This favourable figure has been mainly the result of the performance of the vehicle manufacturing industry, but remarkable growth at related supplier divisions have also contributed to the improvement. In light of data adjusted for seasonal and workday effects, **the industrial sector expanded by 1.6 percent month-on-month.**



Source: Hungarian Central Statistical Office (KSH)



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In February 2014, among the sectors of the national economy output of the mining and quarrying sector -- a division of minor weight -- was up by 7.1 percent, while that of electricity and fuels decreased by 7.6 percent, due to the effect of weather which was warmer than last year's. **The manufacturing industry recorded growth of 9.7 percent in the second month of the year.** The best performer was again the vehicle manufacturing sector, constituting some three-tenths of total industrial sector output, with an increase of 26.6 percent. The fact that **growth was registered in ten out of the altogether thirteen divisions of the manufacturing sector** shows that industrial output has been based on a sound footing. Output at the third largest division of food, beverages and tobacco products was up by 4.3 percent. Above average output growth was registered regarding the manufacturing of chemicals and chemicals products (17.1 percent) and that of electrical equipment (14.8 percent).

As far as regions are concerned, **in February 2014 industrial output grew in each Hungarian region** with the largest increase of 19.6 percent registered in Western Transdanubia.

Domestic sales of the industrial sector decreased marginally, by 0.5 percent, compared to February 2013, but domestic sales of the manufacturing sector were up by 7.1 percent year-on-year. **In the second month of 2014, industrial exports gained 11.4 percent and exports of the vehicle manufacturing sector, which account for one-third of total manufacturing industry exports, soared by 26.5 percent.**

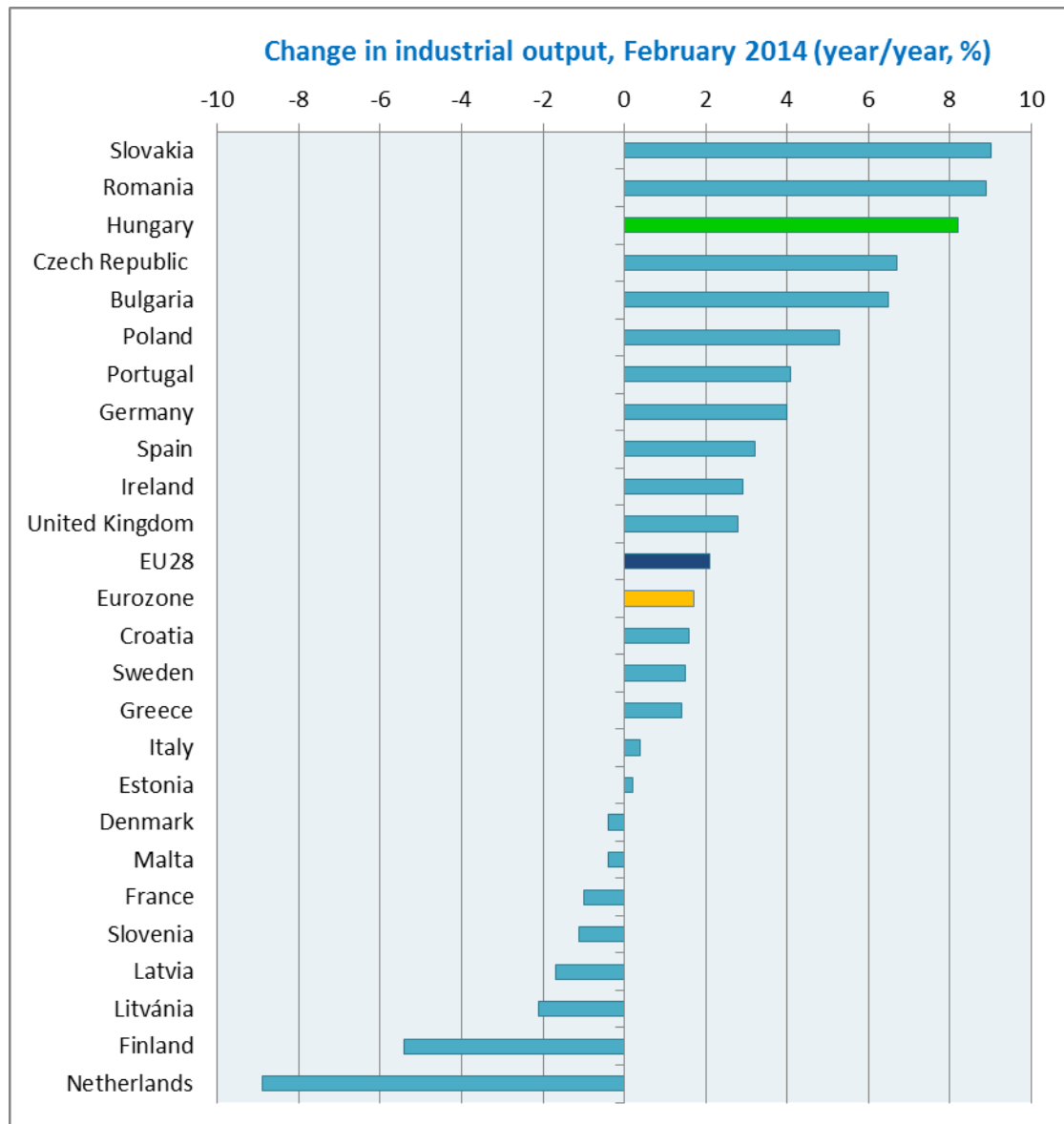
The expansion of the Hungarian industry is outstanding even from a European perspective. In February 2014 – in light of EU data – Hungary's industrial output growth exceeded that of EU 28 average, as output in the eurozone and in the EU 28 was up by 1.7 percent and 2.1 percent, respectively, in comparison to February 2013. **Only two countries were capable of posting larger year-on-year growth than Hungary:** the industrial sector grew by 9 percent in Slovakia and 8.9 percent in Romania. Among the EU 28, the most severe decreases were registered in Finland and the Netherlands with negative growth of 5.4 percent and 8.9 percent, respectively.

In February, industrial volume growth was 0.2 percent in the eurozone and 0.4 percent in the EU 28, month-on-month. **On a monthly basis, the Hungarian growth figure was the fifth best**



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following Malta (5.4 percent), Ireland (5 percent), Lithuania (2.5 percent) and the Czech Republic (1.7 percent).



Source: Eurostat¹

¹ Data unavailable for Austria, Belgium, Cyprus and Luxembourg



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The fact that the stock of total new orders at manufacturing sectors in the second month of the year increased by 17.3 percent year-on-year is signalling that the expansion of the industry can be expected to continue. New export and domestic orders were up by 16.8 percent and 20.6 percent, respectively. **The total stock of orders was 13.3 percent higher compared to the level in February 2013.** Recent data are confirming that the reindustrialization policy of the past years has laid a firm foundation for further export and industrial output growth.