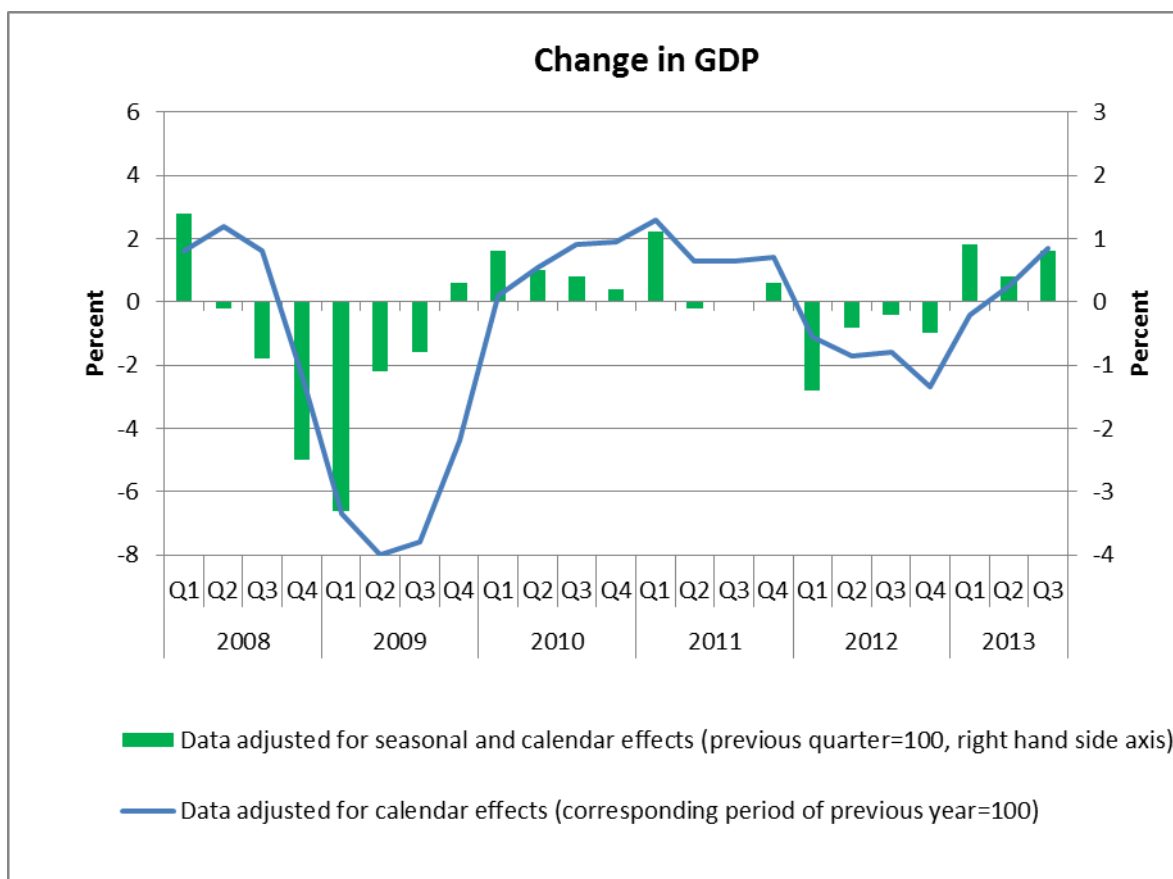




### *Hungarian economy performs better than formerly predicted*

According to preliminary data by the Hungarian Central Statistical Office (KSH), in the third quarter of 2013 the Hungarian economy expanded – well above analysts’ consensus estimate of 0.8 percent – by 1.7 percent, in comparison to the corresponding period of the previous year. In light of data adjusted for seasonal and calendar effects, annual growth was 1.6 percent. Compared to the previous quarter, on the basis of data adjusted for seasonal and calendar effects Hungarian GDP increased by 0.8 percent. In the initial three quarters of 2013, calendar effect-adjusted statistics signal that Hungary’s GDP grew by 0.7 percent.

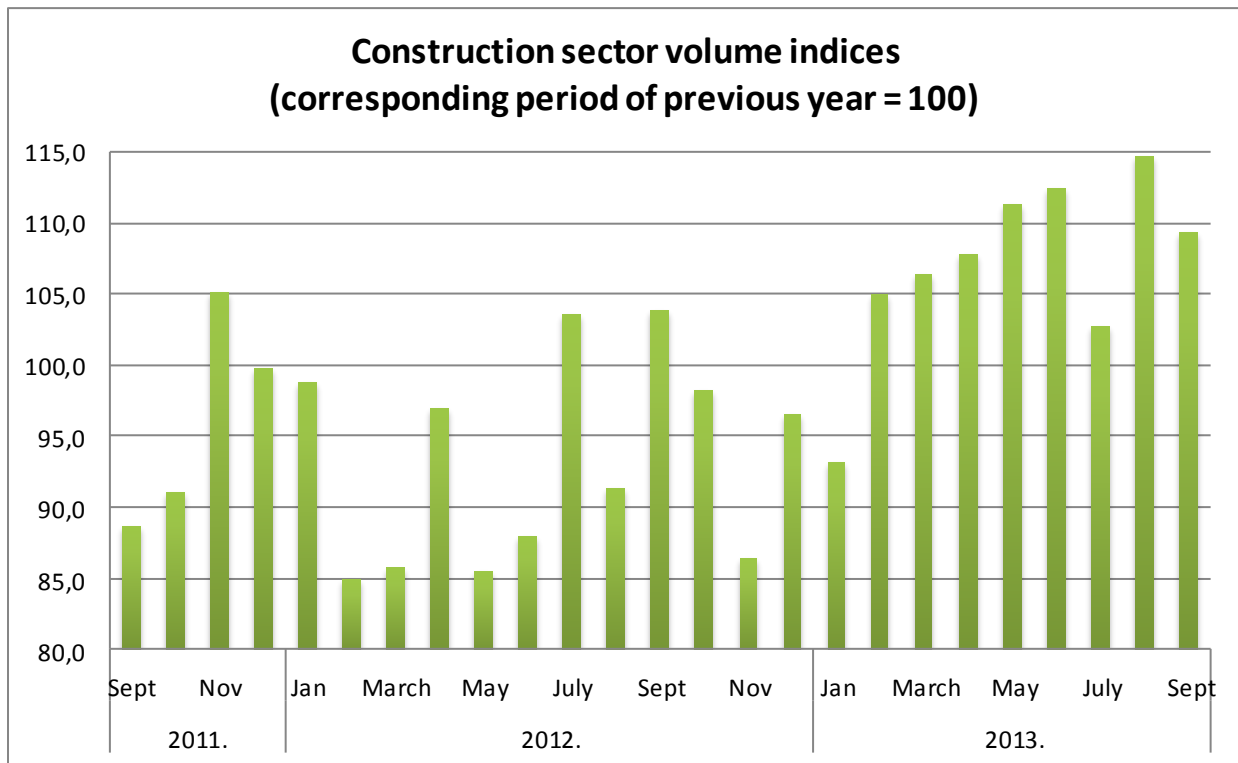


*Source: Hungarian Central Statistical Office (KSH)*

Expansion has been primarily driven by output growth regarding the agricultural, industrial and construction sectors, which fact is also confirmed by the latest flash reports. Based on KSH data, the upward trend within the construction sector, in place since February, has continued: **in**



September the volume of output was 9.3 percent higher compared to the level of one year ago. Workday-adjusted data also show that output was up by 9.3 percent compared to September 2012. In case the period January-September is observed, output of the construction sector increased by 8 percent year-on-year.



*Source: Hungarian Central Statistical Office (KSH)*

Among the main groups of constructions, the construction of buildings was up by 8.6 percent, which was mainly boosted by the construction of industrial buildings. The civil engineering division posted growth of almost 10 percent compared to the year-ago level. Among construction sector divisions, output regarding the construction of buildings, which includes the organisation of building projects and the construction of structures of buildings, increased by 12.9 percent in September, year-on-year. Production within the civil engineering division was also higher, by 17.9 percent.

**The volume of new contracts concluded in September 2013 was up by 49.2 percent year-on-year.** Within that, the volume of contracts concluded for the construction of buildings



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increased by 16.8 percent. This increase for the month at issue is attributable to contracts concluded with regard to industrial, healthcare and – to a lesser extent – educational facilities.

**Trends regarding the industrial sector have also been positive: in September 2013, industrial output was 5.5 percent higher in comparison to the same period of 2012.** The workday-adjusted indicator shows growth of 3.1 percent. In comparison to August, the industrial production index adjusted for seasonal and calendar effects increased by 1.8 percent.

Mining, a minor industrial division within the national economy, contracted by 18.4 percent and the energy industry fell by 4.9 percent. **On the other hand, in the ninth month of the year the manufacturing industry has performed excellently as the sector increased by 6.3 percent.** This result has been mainly due to the fact that eight out of the thirteen divisions of the industrial sector posted growth. **Output at the vehicle industry, which constitutes some one-fourth of total manufacturing production, surged by 27.6 percent.** While the second largest division, the manufacturing of computers, electronic and optical products decreased by 5.3 percent, the largest sub division of this industrial sector, the manufacturing of communication equipment posted growth for the first time following a downward trend that had prevailed after June 2011. **Growth was above-average with regard to the manufacturing of basic metals and fabricated metal products (12 percent) and of textiles, wearing apparel, leather and related products (9.5 percent)** which were primarily boosted by the favourable effect of exports.

In the period January-September, domestic sales were down by 2.7 percent, but in September they increased by 5.0 percent compared to the corresponding period of 2012. **Domestic sales regarding the manufacturing sector were 3.9 percent higher compared to the level of one year ago.**

**Industrial exports in the initial nine months of the year and in September increased by 3.4 percent and 11.8 percent, respectively, in comparison to the corresponding period of 2012.** Exports of the vehicle manufacturing sector, which constitute an important share of total manufacturing industry exports with some one-third of total, jumped in September by 27.9 percent. However, the volume of exports regarding computers, electronic and optical products,



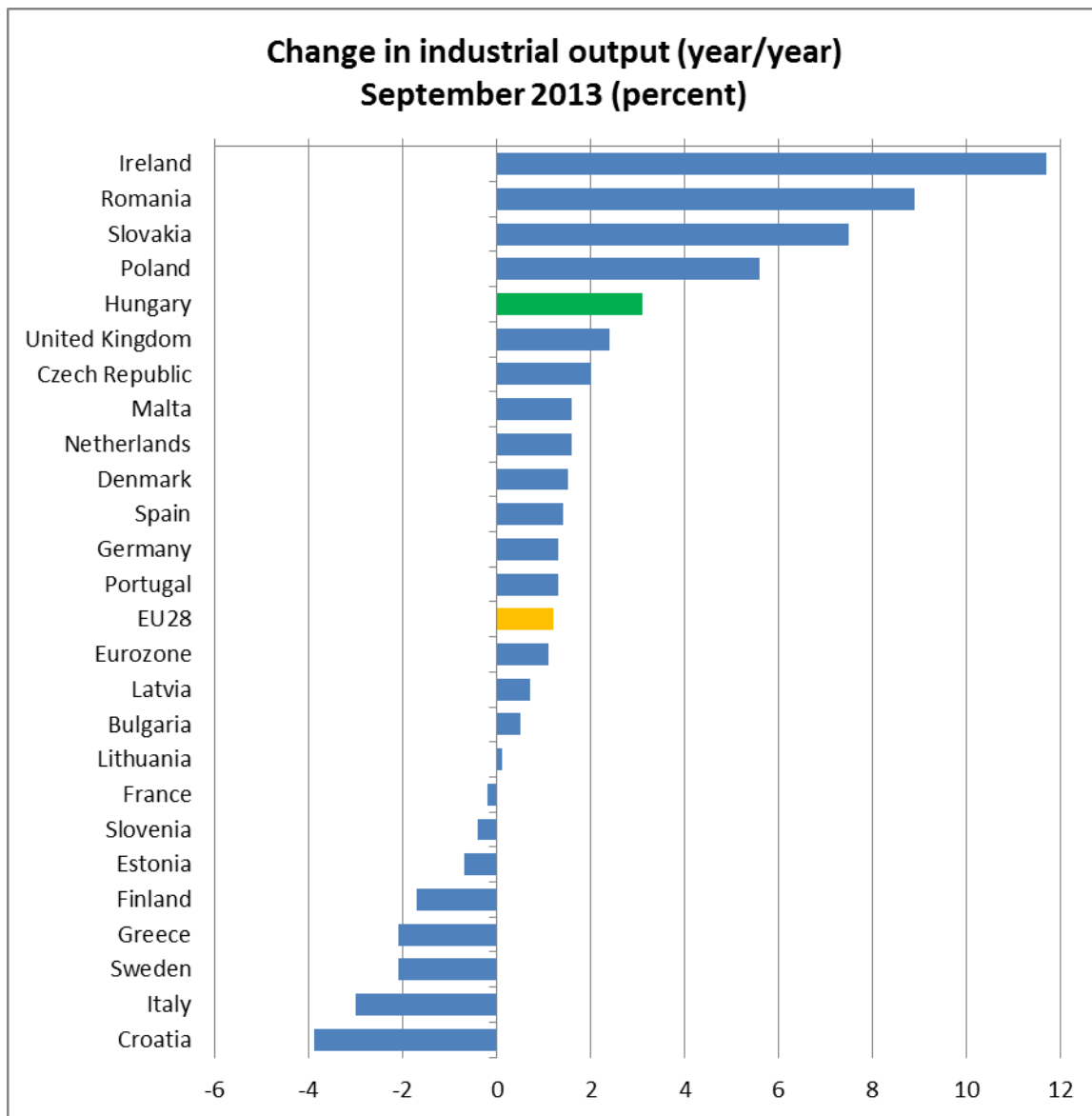
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which is another key sub sector, decreased by 3.2 percent. **In the seventh month of the year, the total volume of new orders related to manufacturing industry sectors observed by the KSH soared by 31.0 percent.** This good figure has been partly a result of a new export orders growth of 30.6 percent and an increase of 34.3 percent concerning new domestic orders. As far as the total stock of orders is concerned, they were up by 24.6 percent in comparison to September last year.

**In light of EU data it can be concluded that Hungary has achieved an outstanding industrial output figure among the EU member states.** According to a Eurostat report, in September Hungary was among the best on the industrial performance ranking of the EU28 member states based on both seasonally adjusted monthly and workday-adjusted annual data. Out of the twenty-eight EU member states, only Ireland, Romania, Slovakia and Poland scored better in the European Union, while average annual industrial output growth was 1.2 percent within the EU28 and 1.1 percent in the eurozone. **Month-on-month, Hungary's industrial expansion figure was the third best (1.8 percent)** – following that of Ireland and Romania -- well above the industrial output decrease of 0.2 percent and 0.5 percent within the entire EU and the eurozone, respectively.



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*Source: Eurostat*

In light of these data, the Hungarian economy has resumed growth: the Government measures aimed at boosting the creation of jobs, industrial output and household consumption have placed the Hungarian economy back on a growth path. Consequently, as far as the year 2013 is concerned, it can be reasonably expected that GDP growth will exceed 1 percent.