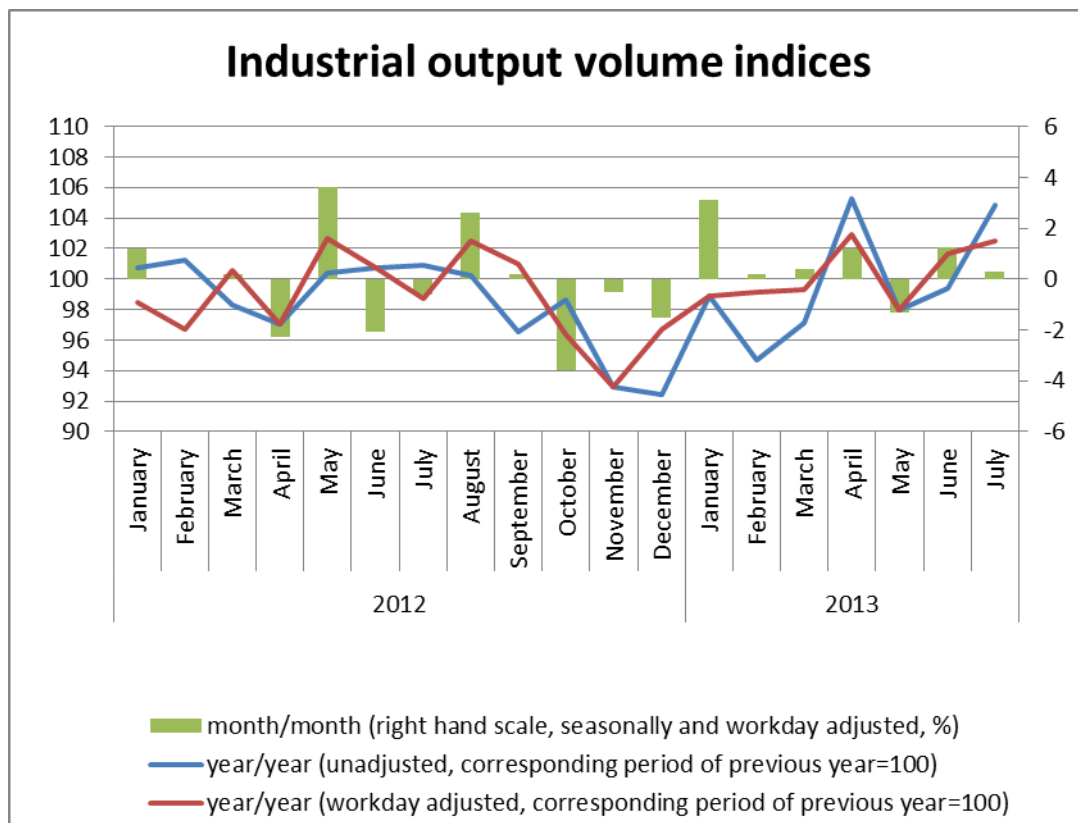




### *Hungary's industrial performance among the best in Europe*

In July 2013, industrial output gained 4.8 percent in comparison to the corresponding period of 2012. This figure places Hungary as the fifth best on the growth ranking of the EU 28. The success of the Hungarian economy depends largely on the success of the productive sector, and that is why the Government of Hungary has been pursuing a proactive industrial policy ever since it took office. The Government measures aimed at boosting competitiveness, investment and industrial production have contributed to the excellent data in July, through which Hungary belongs to the top performers within the European Union.



*Source: Hungarian Central Statistical Office (KSH)*

According to data of the Hungarian Central Statistical Office (KSH) for July, **industrial output exceeded by 4.8 percent the level of one year ago**, and it is an outstanding figure for the past months. **Workday adjusted data signal an increase of 2.5 percent**. In comparison to June, the seasonally and workday adjusted industrial production index was also up by 0.3 percent, and thus – **with the exception of one month** – the sector expanded in the entire year. The volume of industrial



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output in the initial seven months of the year was 0.7 percent below the level of the same period of the previous year. Higher demand on Hungary's export markets, the upswing of the manufacturing of food products, machinery and equipment as well as of vehicle manufacturing – the latest manifestation of which was the opening of a new production facility at the Audi site in Győr at the end of June -- are believed to have contributed to the increase of industrial output.

Among industrial sub sectors within the national economy, the minor division of mining and the fuel and electric energy sector fell by 10.7 percent and 9.2 percent, respectively. **A key element of the 4.8 percent industrial output growth was the outstanding performance of the manufacturing sector (up by 6.1 percent);** output was higher in as many as ten out of thirteen sub sectors. **Vehicle manufacturing, a sub sector which constitutes some one-fourth of total manufacturing production, delivered an excellent result with output growth of 12.9 percent.** Besides exports, domestic sales also increased – as they did in June – as a result of higher demand for components.

Regarding the second most significant sub sector, the manufacturing of food, beverages and tobacco products, output increased by 4.9 percent year-on-year. In July, the manufacturing of computers, electric and optical products fell back to third place as production of this sub sector declined by 7.3 percent. **In July, similarly to the previous month, the manufacturing output of chemicals and chemical products, a division of average weight, was up remarkably by 29 percent,** thanks to the manufacturing of plastics in primary forms. Output was significantly higher with regard to the production of machinery and equipment (11.9 percent), due especially to the superb performance of the engine and turbine manufacturing division which constitutes one-third of total sub sector output.

As far as regions are concerned, industrial output increased in two of them year-on-year – Southern Great Plain (25.1 percent) and Northern Hungary (4.7 percent) – in January-July 2013.

Analysing the sales component of production it can be concluded that although **domestic sales** were down in the period January-July by 3.4 percent, **they increased by 0.9 percent in July compared to the same period of 2012.**

**Industrial exports were up by 2.2 percent and 7.2 percent year-on-year in the initial seven months of 2013 and in July 2013, respectively.** Exports of vehicle manufacturing products, which



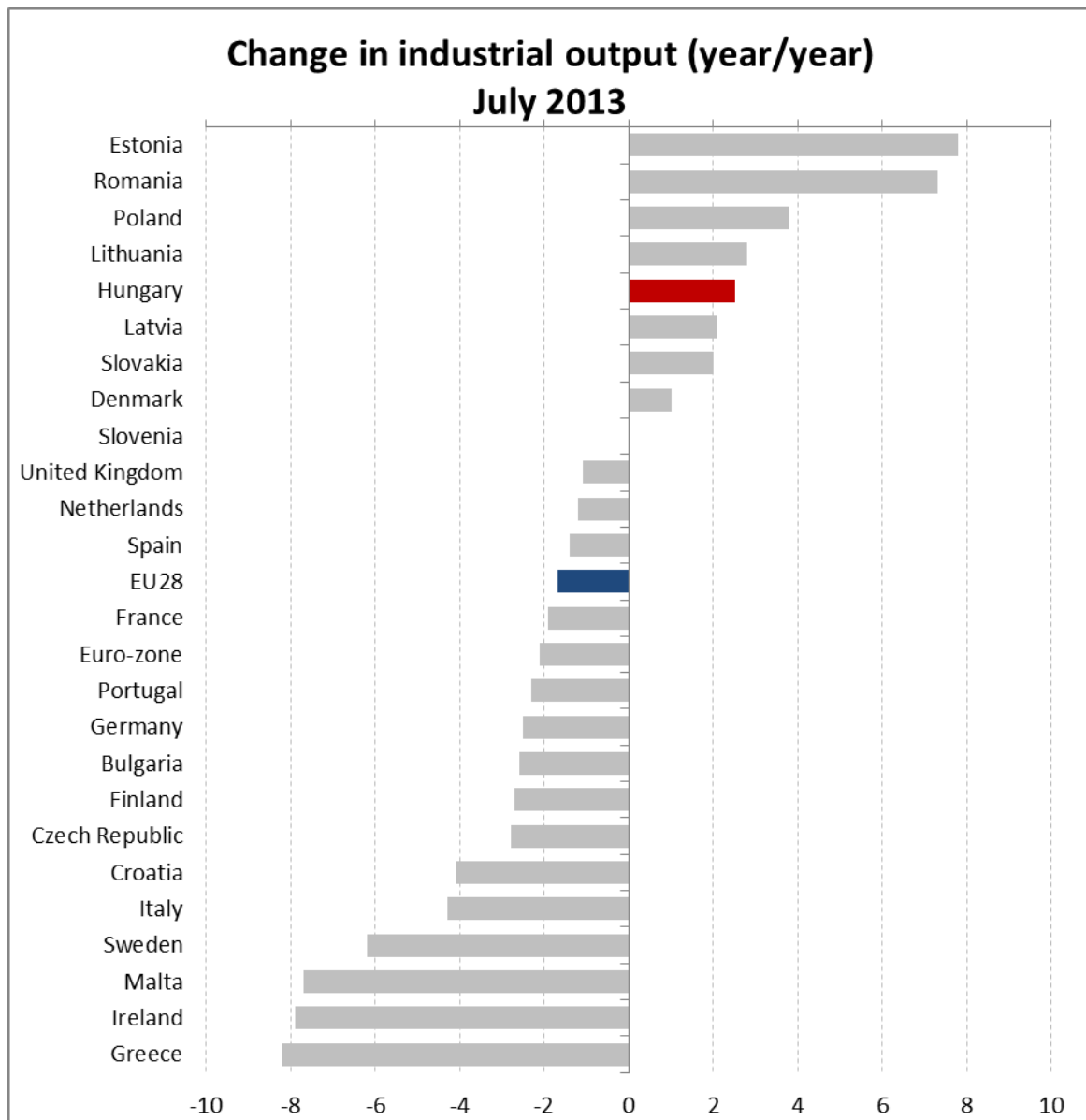
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constitute a large share – some one-third -- of total manufacturing industry exports, were up by 14.3 percent in July. In the seventh month of the year, **the volume of new orders among the manufacturing industry sectors observed by the KSH increased by 5.9 percent.** This impressive figure resulted from the 4.2 percent and 17.8 percent increase of new export- and domestic orders, respectively. **As a whole, the stock of orders was up by 9.1 percent in comparison to July 2013.**

The Eurostat published the latest industrial output data for the EU 28 last week. The Eurostat report shows that **in July 2013 output was down by 1.7 percent year-on-year in the European Union.** In the Euro-zone, the decrease was even larger at 2.1 percent; the slump was the most severe in Greece with 8.2 percent. Out of the 28 member states, industrial output increased in only eight, while it was down in fifteen of them.<sup>1</sup> **Hungary is among top performers, as only four out of twenty-eight member states recorded a better figure than Hungary within the European Union.** The rapid increase of industrial output confirms the effectiveness of Government efforts designed to turn the industrial sector into the growth engine of the Hungarian economy.

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<sup>1</sup>No data available for Austria, Belgium, Cyprus and Luxembourg



Source: Eurostat, Ministry for National Economy (NGM)