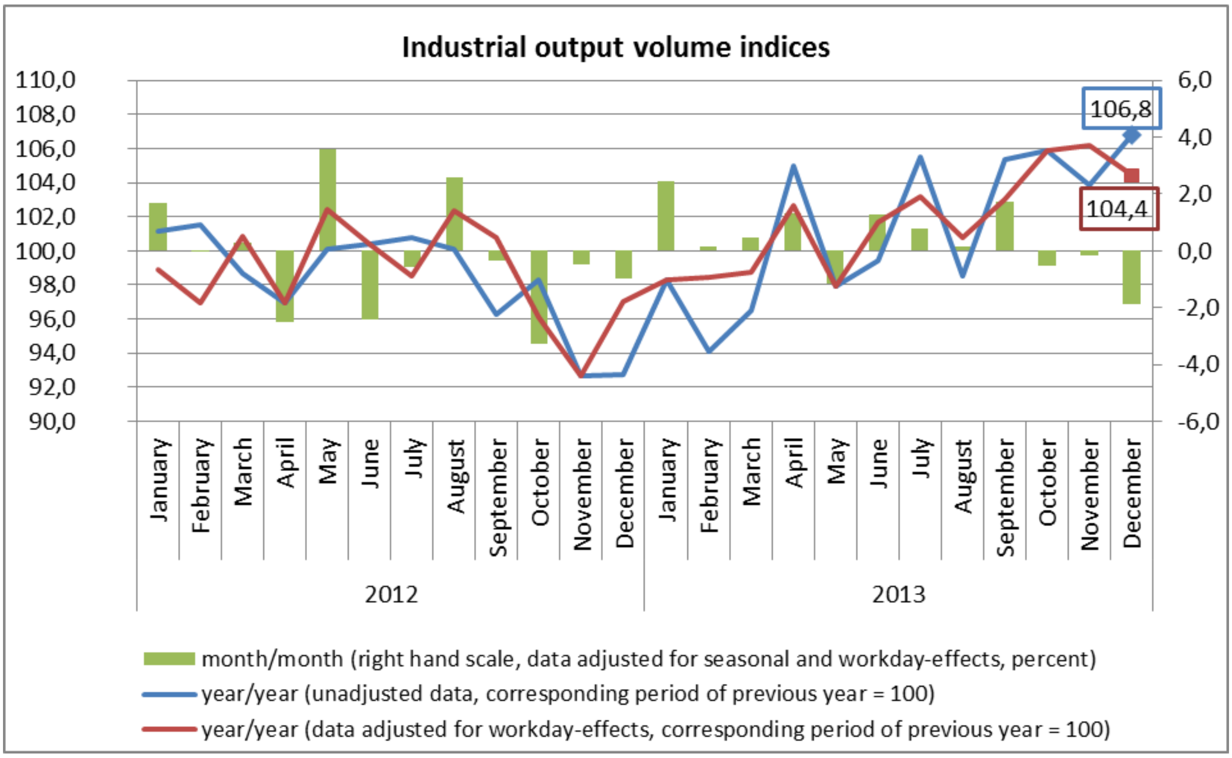
MINISTRY
FOR NATIONAL ECONOMY

Momentum unbroken for Hungary's industry upswing

The Government's active industrial policy has been bearing fruits: according to the latest report of the Hungarian Central Statistical Office (KSH), in December 2013 the volume of Hungary's industrial output increased by 6.8 percent compared to the corresponding period of 2012. Workday-adjusted data show growth of 4.4 percent. For the whole year, industrial output was up by 1.4 percent compared to 2012, driven mainly by the vehicle manufacturing sector.

In light of KSH data, industrial output was 6.8 percent higher year-on-year, another excellent result. Besides the low base of 2012, **the vehicle manufacturing sector has been the main factor contributing to growth, but sales at related supplier divisions have also underpinned output rebound.**



Source: Hungarian Central Statistical Office (KSH)

As far as the last month of 2013 is concerned, among the sectors of the national economy performance of the manufacturing industry stands out with expansion of 8.6 percent,

resulting from output growth in eight out the industry's thirteen sub sectors. Output at the vehicle manufacturing sector, which constitutes some one-fourth of total manufacturing industry output, was almost one-and-a-half times higher. **Output at the second largest sub sector, the manufacturing of food, beverages and tobacco products, was 6.4 percent higher.**

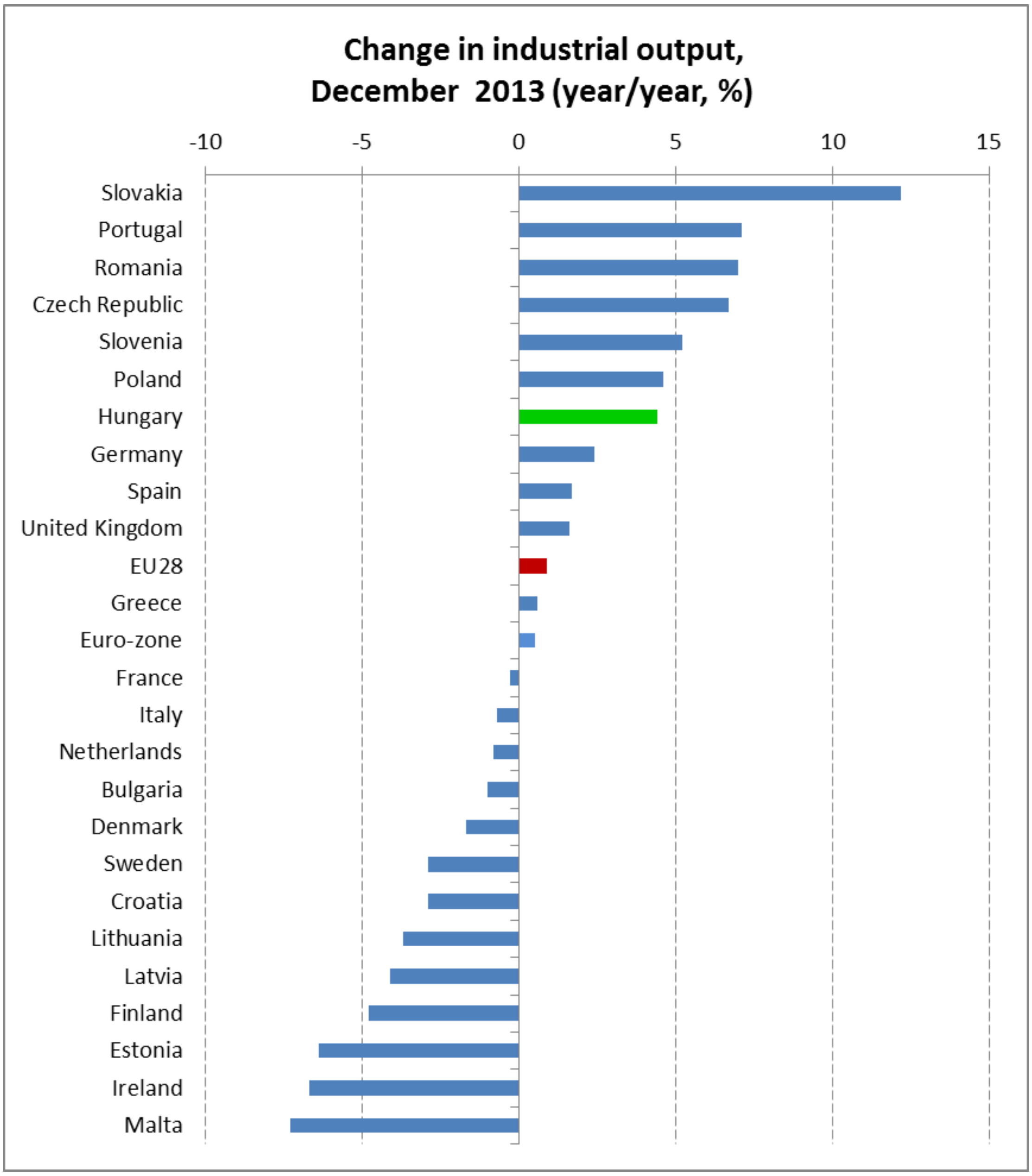
In 2013, the performance of the manufacturing sector showed an upward trend. While in the first half of the year output was still below the 2012 level, in the second half it was 5.3 percent higher than that. **For the entire year output growth of 2 percent was registered in the sector with six sub sectors recording increases**. **Output was higher in six sub sectors in 2013**, of which vehicle manufacturing sector output increased markedly, by 19 percent.

Considering the regional aspect of statistics, industrial output was up in four regions in comparison to the entire year of 2012. The largest volume growth, 21.9 percent, was registered in the Southern Great Plain region.

In the period January-December 2013, domestic industrial sales decreased by 1.8 percent, while they were down by 2 percent in December, year-on-year. **The domestic sales of the manufacturing sector improved by 6.6 percent in December compared to the level recorded one year ago**. In 2013 and in December 2013, industrial exports were up by 4.9 percent and 12.9 percent year-on-year, respectively. On an annual basis, manufacturing industry exports increased by 3.7 percent, while those of the vehicle manufacturing sector, constituting some one-third of total, soared by 18.4 percent.

In the last month of 2013, the stock of new orders at manufacturing industry sectors observed by the KSH skyrocketed, gaining 84.9 percent. New export orders contributed to the good result with an increase of 93.4 percent (thanks to one-off, long-term orders), while new domestic orders surged by 24.2 percent. **The total stock of orders was up by 12.8 percent compared to December of last year.**

In December 2013, in light of EU data, Hungary's industrial output increase remained above the average of the EU28. In comparison to December 2012, the volume of industrial output only increased by 0.5 percent in the eurozone and 0.9 percent in the EU28. In the month of December, both the eurozone and the EU28 registered negative growth of 0.7 percent, in comparison to the previous month. Month-on-month, industrial output was higher only in four EU member states: Sweden, Greece, Portugal and Great-Britain, whereas it decreased in, among others, Estonia, Sweden and the Netherlands. Year-on-year, the largest output growth figures were recorded in Slovakia, Portugal, Romania and the Czech Republic, while Malta, Ireland and Estonia saw severe contraction.



Source: Eurostat, Statistical Office of the Slovak Republic (SÚSR)

The steady increase of industrial output conforms to the approach of the Government aiming to maintain the positive performance of the Hungarian economy through bolstering the productive sectors and pursuing an active industrial policy.