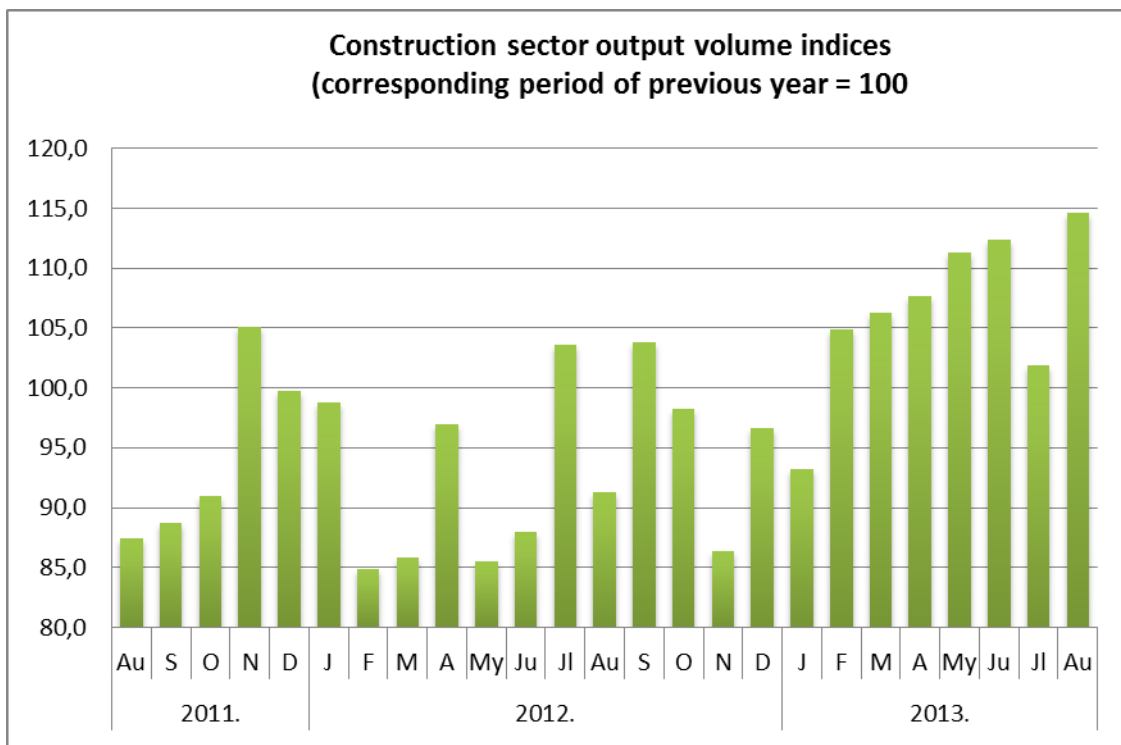




Auspicious trends within the Hungarian economy

The construction sector posted year-on-year growth

In August 2013 – in light of both unadjusted and workday-adjusted data – the **volume of construction sector output increased significantly, by 14.6 percent, in comparison to the corresponding period of the previous year.** On the basis of data adjusted for seasonal and workday-effects, output was 4.0 percent higher month-on-month. In January-August 2013, production of the construction sector improved as a whole by 7.5 percent compared to the level one year ago, thus **expansion within this national economic sector is expected to increase more than the formerly anticipated 6-8 percent growth for the whole year.**



Source: Hungarian Central Statistical Office (KSH)

Among the main groups of constructions, the construction of buildings and civil engineering works was up by 18.3 percent and 10.7 percent, respectively. As far as the former category is concerned, growth resulted from the construction of industrial buildings, while in case of the latter it was due to railway and road construction works. With regard to



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construction sectors divisions, **it has been a positive sign that output regarding the construction of buildings sub sector, which includes the organisation of building projects and the construction of structures of buildings, exceeded the year-ago level by 28.5 percent in August.** Output at the division of construction of civil engineering works continued to increase, by 29.9 percent.

The fact that the volume of new contracts concluded in the eighth month of the year gained 47.6 percent compared to August 2012 is pointing to further expansion. Within these, the volume of new contracts regarding the construction of buildings increased by 28 percent year-on-year, owing to contracts concluded for buildings in the field of healthcare, industry and education. In this category, the volume index posted accumulated growth of 4.7 percent since the beginning of the year. **The volume of new orders concerning civil engineering works gained 62.5 percent** as a result of some contracts of high value for highway construction and urban development. At the end of August 2013, the volume of contracts concluded by construction sector enterprises was 24.3 percent higher than one year ago. The stock of contracts increased for the first time this year in June (by 0.9 percent) within the division of the construction of buildings, while in August **it posted a far larger growth of 5.9 percent in comparison to the corresponding period of the previous year.** As a parallel phenomenon, the stock of orders regarding civil engineering works has been rising steadily in this period. Output volume and contract volume indices are signalling that -- along with the division of the construction of civil engineering works – **the construction of buildings sector within which the majority of construction enterprises are active also shows signs of revival.**

The tourism sector continues to expand

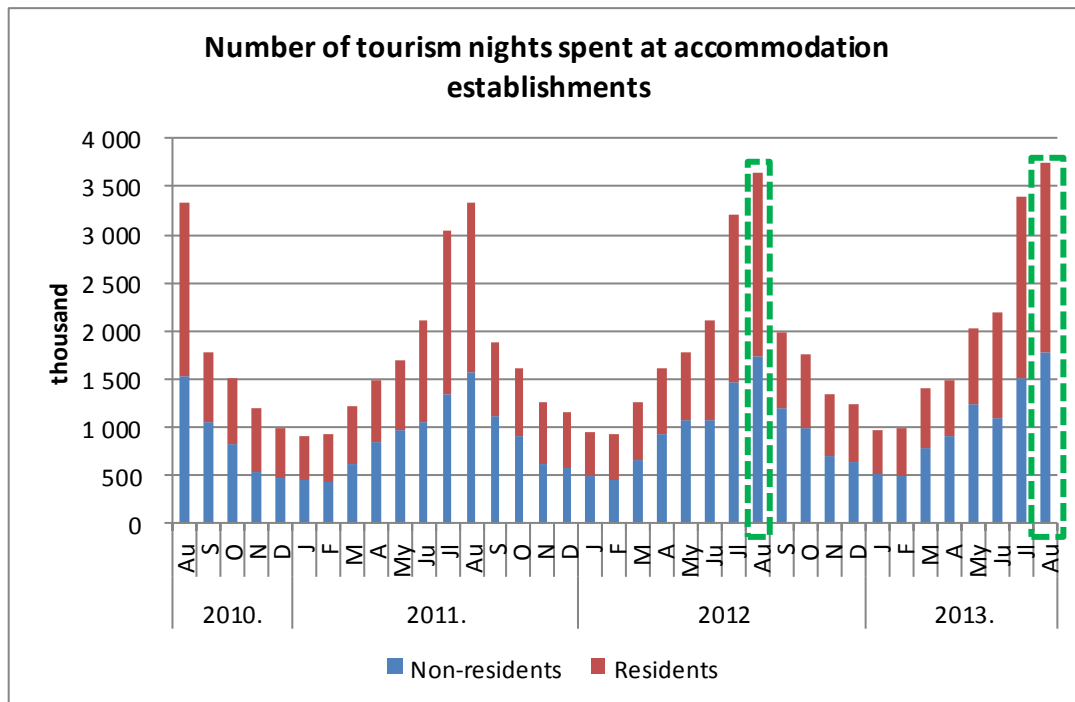
The tourism sector managed to generate further growth in August, as tourist traffic was up by 2.9 percent compared to the same period of the previous year. In the eighth month of the year, contrary to the formerly prevalent trends, the growth of tourist traffic regarding domestic guests (3.7 percent) exceeded that of foreigners (1.9 percent). **Foreign guests spent 1.8 million tourism nights at accommodation establishments in August, which corresponds to an increase of 1.9 percent year-on-year.** While tourist traffic with regard to



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Germany, Italy, Austria and the Czech Republic decreased, the number of tourism nights by guests from Great Britain, Poland and Russia increased markedly.

As far as domestic guests are concerned, they spent 2 million tourism nights at accommodation establishments, and the number of guests and related tourism nights was up by 5.3 percent and 3.7 percent, respectively, in comparison to the corresponding period of the previous year. While domestic tourist traffic declined by 2.5 percent in Budapest, it increased in other tourism regions. In the hotel division, which constitutes 60 percent of total traffic of domestic guests at accommodation establishments, the number of tourism nights was up by 8.6 percent.



Source: Hungarian Central Statistical Office (KSH)

The occupancy rate of rooms averaged 67 percent, which figure is 3.2 percent higher than the figure recorded one year ago. The occupancy rate of spa rooms was extraordinarily high, 81 percent, while that of five- and four-star hotels was also above average, with 71 percent and 78 percent, respectively.



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The Széchenyi Recreation Card (SZÉP Card) has continued to gain ground in Hungary: according to information from accommodation establishments, 2047 of them accepted SZÉP Cards in August, and in the eighth month of the year domestic guests used it as a means of payment to settle bills totalling HUF 3.1bn.

In comparison to payments by recreation vouchers in August last year and the total payments by SZÉP Cards, this amount signals growth of 13 percent. In light of these data it can be concluded that SZÉP Cards have been continuously stimulating domestic demand and the entire economy: enterprises providing accommodation services hired directly more than 33 thousand people in August, thus surpassing the year-ago level by 3 percent.