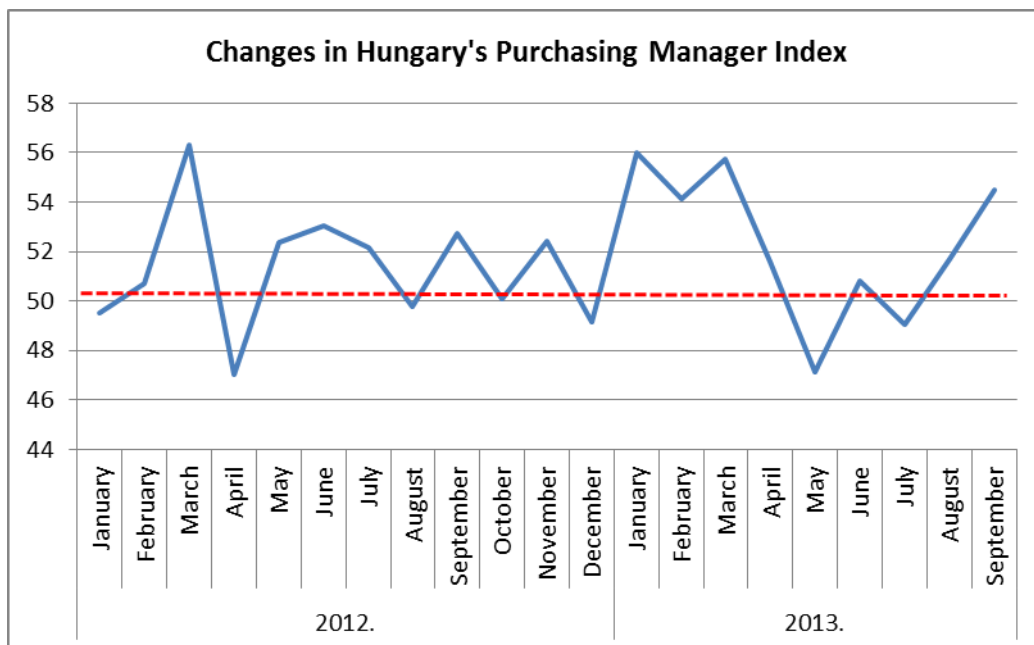




### *Positive outlook persists within the manufacturing sector*

According to the press release of the Hungarian Association of Logistics, Purchasing and Inventory Management (HALPIM), **the seasonally adjusted Purchasing Manager Index (PMI) increased to 54.5 points in September. This figure is 2.7 percentage points higher than that of August, which signals a significant improvement in the outlook of manufacturing sector enterprises.** In the second quarter of this year, the index showed an unclear trend, but since August the indicator has been prognosticating manufacturing sector expansion.



*Source: HALPIM*

**The survey follows the methodology of the USA's Institute for Supply Management** which is based on a monthly research conducted among managers responsible for purchasing at manufacturing companies. Respondents compare current business conditions to those of the previous month (potential responses: "better", "worse" or "unchanged") in five fields: new orders, production, suppliers' delivery time, inventories and employment. For all these components an individual index is calculated which is composed of the half of "unchanged" responses in percentage and the proportion of "better" responses. The final PMI is the weighted average of the five individual indices. In light of international experiences, the survey conducted



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among high-ranking purchasing managers **can effectively predict an economic downturn or upturn, as enterprises usually react to a change in market conditions by modifying purchases first.** A reading above 50 points shows expansion in the sector, while a figure below that signals contraction.

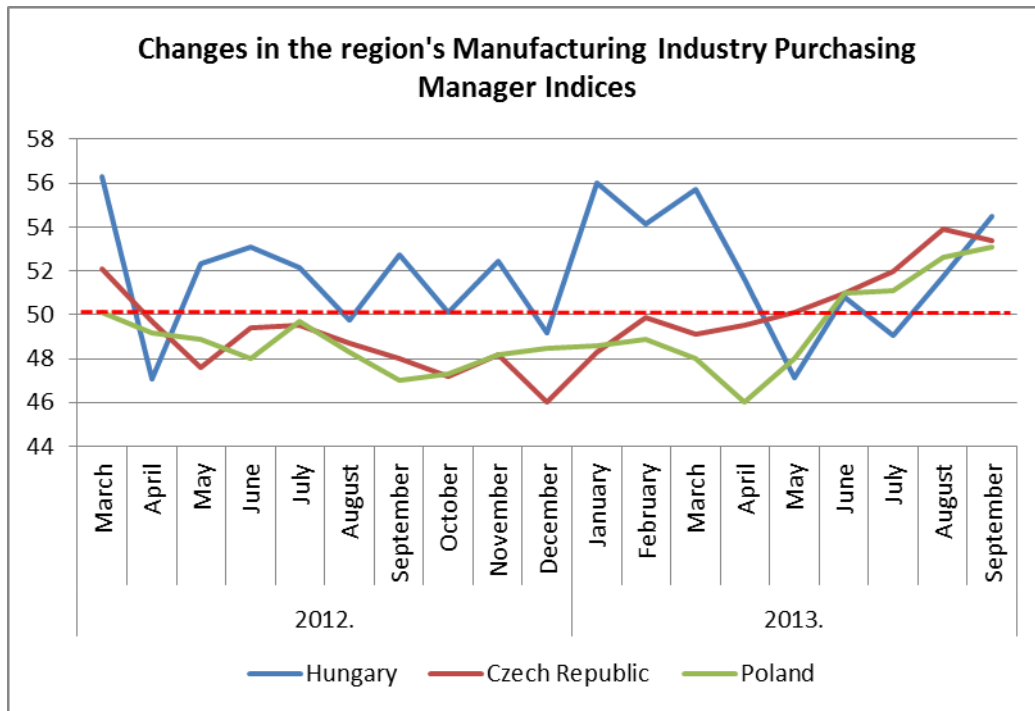
As a result of the survey polling some 100 Hungarian manufacturing enterprises, **the 54.5 points recorded by the index in September is an extraordinarily high figure,** given the fact that **over the past three years the September reading of the index averaged 50.9 points, while the long-term average is 51.6 points.**

Among the PMI components, the **Production index increased in comparison to the level in August,** thus the indicator predicts output growth for the fourth month in a row. **In comparison to the readings of the past seventeen years, the September score of the sub index is excellent,** as in this period the indicator was only three times better than this. The **New orders index continued to rise and the September reading has been the second best figure since 1995.** The stock of **Purchases** also well exceeded the high level registered in 2012. Although **Suppliers' delivery time** has become longer compared to the previous month the score shows moderation. **The stock of Purchases was also higher** after the decline observed in August: **in light of data over the past fourteen years the September reading is above-average and the sixth best figure.** This sub index signalled growth already seven times this year. The **Employment** index had registered growth from January to April 2013, after that there had been a pullback for four months which trend was stopped already in August. **The Employment index was up again in the eighth month of the year.**

**From a regional perspective, Hungary's PMI of 54.5 points is ahead of the indices for the Czech Republic and Poland.** The HSBC/Markit Institution publishes a Purchasing Manager Index calculated by a method similar to Hungary's for Poland and the Czech Republic from among Visegrád countries. In September this year, **although manufacturing sector PMI in the Czech Republic indicated growth (53.1 points), this is below the level of August.** In Poland, manufacturing sector PMI improved from 52.6 points in August to 53.1 points, **but this figure is still far behind the score of the Hungarian manufacturing sector.**



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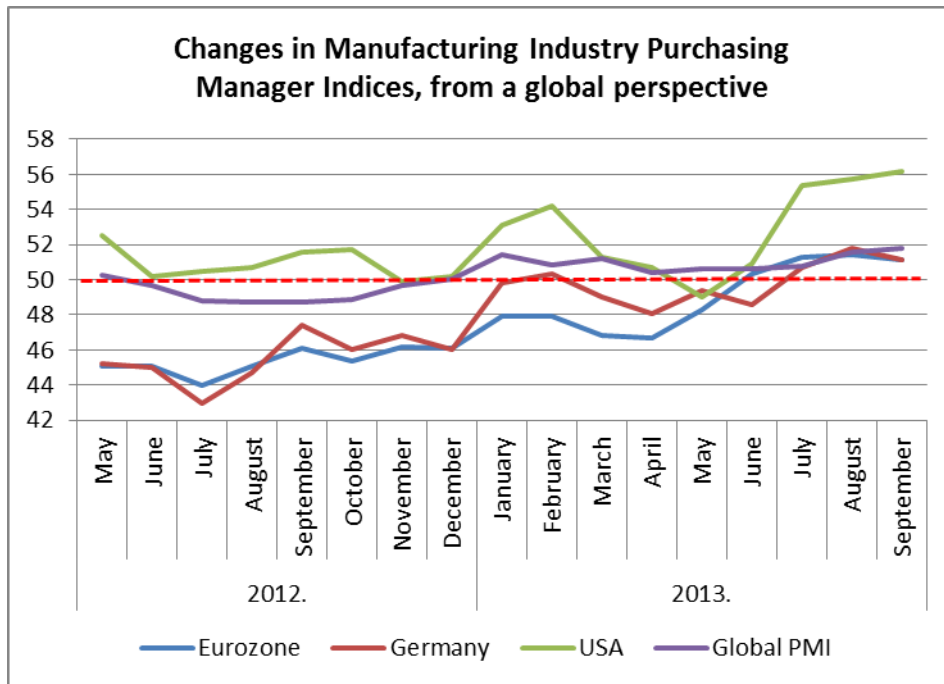


*Source: HSBC/Markit, HALPIM*

**Hungary's Purchasing Manager Index for the manufacturing sector in September appears remarkably positive not only from a regional but also from a larger, European or even global perspective.** The manufacturing sector of the eurozone had contracted for more than one year before returning to a figure above the 50-point mark for the first time in June. Although after that the index had signalled accelerating growth in July and August, the September reading was below the level of the previous month. **Germany's PMI in July and August also prognosticated accelerating growth, but even there the index was off the figure of August in September.** PMI in Italy was 0.8 percentage points above the 50-point mark, while that of France reached a 19-month high of 49.8 points.



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*Source: Markit, Institute for Supply Management (ISM), JPMorgan*

In comparison to the largest eurozone economies, PMI in the USA – as calculated by the Institute for Supply Management – has been steadily and continuously predicting expansion of the manufacturing sector. Over the past one year – except for the 49.9-point score in November last year -- the indicator was above 50 points in each month and it recorded 56.2 points in September. JPMorgan’s global PMI has been forecasting the sector’s world-wide growth with readings above 50 points. All these factors are indicating that **the Hungarian PMI in September predicts that manufacturing sector expansion in the future will be much more favourable than in the eurozone or the region.**