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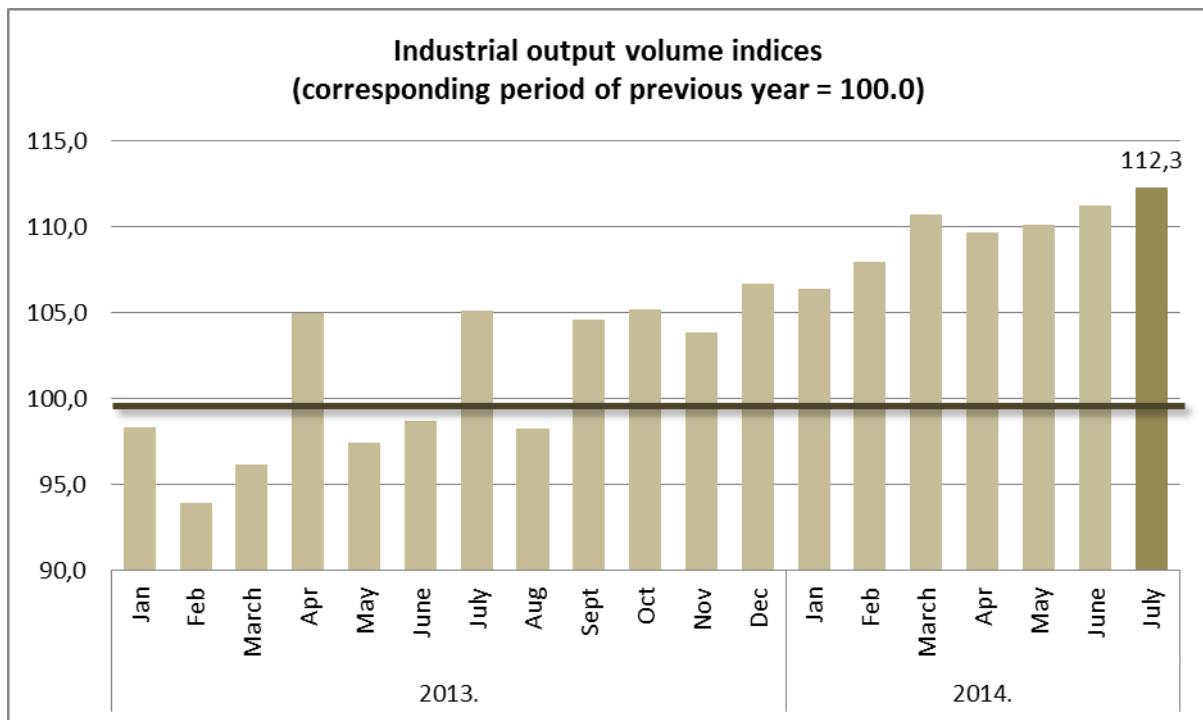
## *Hungary's industrial performance keeps up with EU frontrunners*

**In July 2014 – in line with preliminary data – the volume of industrial output jumped by 12.3 percent compared to the corresponding period of 2013.** Hungary's industrial sector showed an even larger increase only in February 2011, accordingly, **the current figure is a three-year record high.** The excellent result has been attributable to the vehicle manufacturing and related supplier sectors, but output growth recorded in July – and in the previous months within the food industry and the electronic consumer goods manufacturing sector have also significantly contributed to the increase in industrial output volume. **Rebounding industrial output has been increasingly adding to economic growth** and this development is in line with the Government's aim to elevate the industrial output-to-GDP ratio to the highest level within Europe.

**In the initial seven months of the year, output was up by 9.8 percent year-on-year,** while in light of data adjusted for seasonal and workday-effects this indicator was 1.6 percent higher in comparison to the previous month. **The volume of industrial output has been on the rise for the eleventh consecutive month** and this performance has been fuelling not only exports but the creation of new jobs and the implementation of new investment projects.



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*Source: Hungarian Central Statistical Office (KSH)*

According to data compiled by the Hungarian Central Statistical Office (KSH), in July this year the volume of industrial output was 12.3 percent higher year-on-year, mainly due to the 13 percent expansion within the manufacturing sector. **The fact that output growth was registered in twelve out of the altogether thirteen industrial sub sectors is an indicator of the sound structure of this expansion.** Within these sectors, growth was ranging between 3.4 percent and 31.9 percent in comparison to the same month of the previous year. **The 17.5 percent year-on-year increase in the total volume of manufacturing sector orders is signalling steady future growth of the industrial sector:** the volume of new export orders and new domestic orders jumped by 18.3 percent and 12.5 percent, respectively, compared to July last year. The total volume of orders was 19.2 percent higher than in July last year which fact is also pointing to further output gains within the manufacturing sector.

**In July 2014, output at one of Hungary's most significant industrial sub sectors -- vehicle manufacturing -- skyrocketed with an increase of 31.9 percent.** 6.2 percent growth was registered in the output of the manufacturing of food, beverages and tobacco products, a sub sector constituting some one-ninth of total manufacturing sector output. Besides higher sales



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volume abroad, this increase was also the result of rebounding domestic demand. Output at the third largest manufacturing sub sector, the manufacturing of computers, electronic and optical products, soared by 9.9 percent, while within this sub sector output of electronic consumer goods increased outstandingly, gaining 34.4 percent.

As far as regions are concerned, **in January-July 2014 industrial output was up in each region.** The largest increase was registered in Western Transdanubia with 19.7 percent, while in the other regions growth was between 2.9 percent and 16.6 percent. Among counties, industrial output was the highest in Győr-Moson-Sopron, where year-on-year growth reached 25.3 percent in January-July 2014.

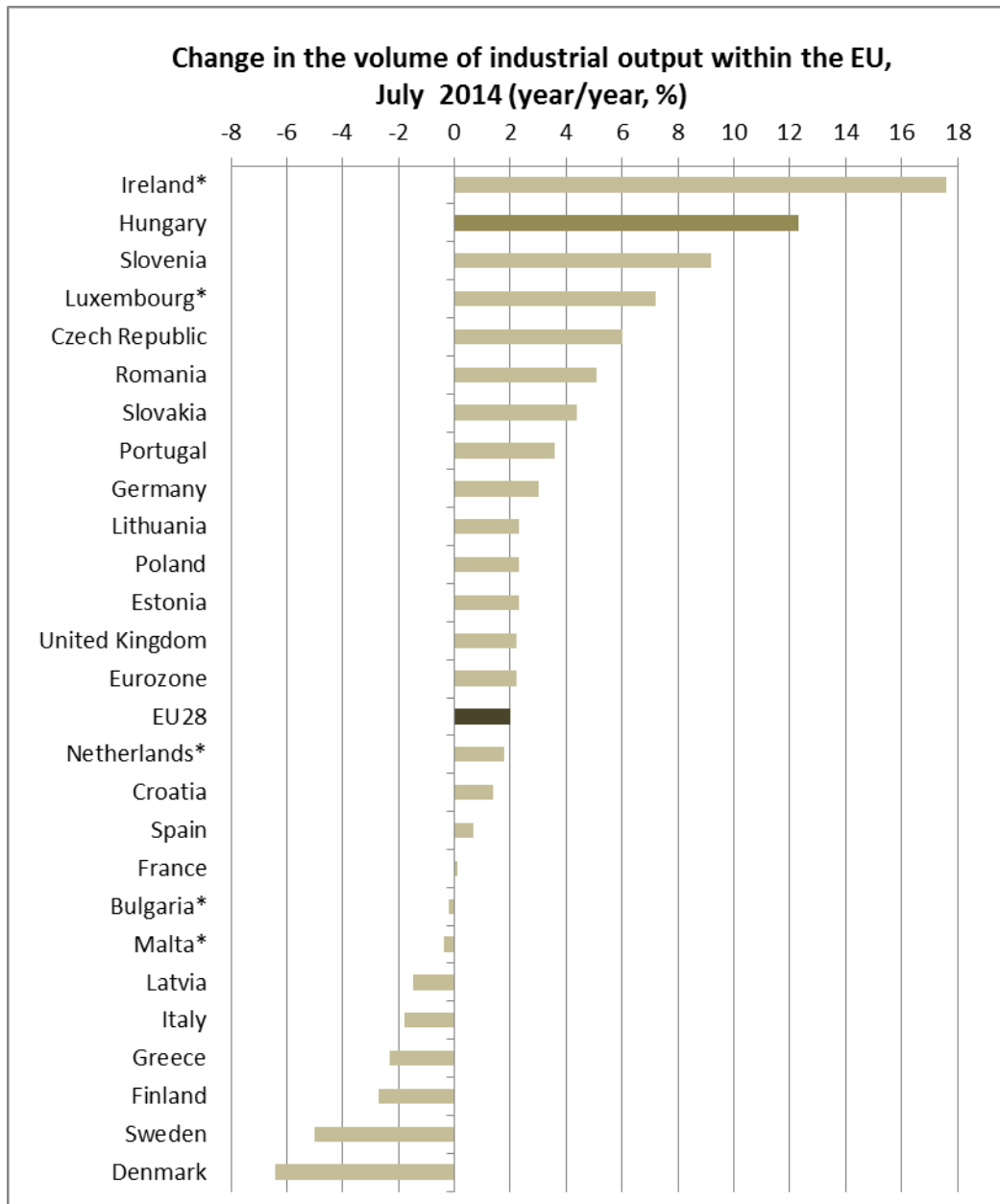
Domestic sales of industrial products were up by 1.5 percent in the initial seven months of the year and by 4.8 percent in July, in comparison to the corresponding period of 2013. Industrial exports increased by 12.6 percent in January-July and by 15.3 percent in July, year-on-year.

#### **Industrial expansion within the European Union**

Eurostat has recently published industrial data from the EU for the month of July: industrial output increased month-on-month by 1.0 percent in the eurozone and by 0.7 percent in the EU28. Year-on-year, output volume was 2.2 percent and 2.0 percent higher in the eurozone and the EU28, respectively. **Within the European Union, the largest year-on-year increase in the volume of industrial output was recorded in Ireland (17.6 percent), while Hungary is ranked second with growth of 12.3 percent.** Denmark suffered the most significant slump, as the sector's output fell by 6.4 percent.



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*\*preliminary data*

*Source: Eurostat*

**Industrial output growth is attributable to the increase of both exports and domestic consumption**, but factors such as the improved utilization of existing industrial production capacities and the construction of new industrial facilities were also among the drivers of expansion. Recent data show that **the Government's active industrialization policy is bearing fruits: industrial output grew by more than 23 percent between January 2010 and**



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**July 2014.** Consequently, the Government aims to maintain the solid economic performance through the bolstering of productive sectors and an active industrial policy.