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### *Favourable IMF report on Hungary*

The International Monetary Fund (IMF) has published its regular annual report on Hungary, formulated in accordance with Article IV of the IMF's Articles of Agreement. The report had been preceded by a visit of the IMF delegation to Budapest. The IMF's experts met with representatives of the Government and the National Bank of Hungary (NBH), as well as certain financial market operators. The study acknowledges the achievements of the Hungarian economy, outstanding economic growth and the success of measures aimed at creating external and internal balance and reducing the economy's vulnerability.

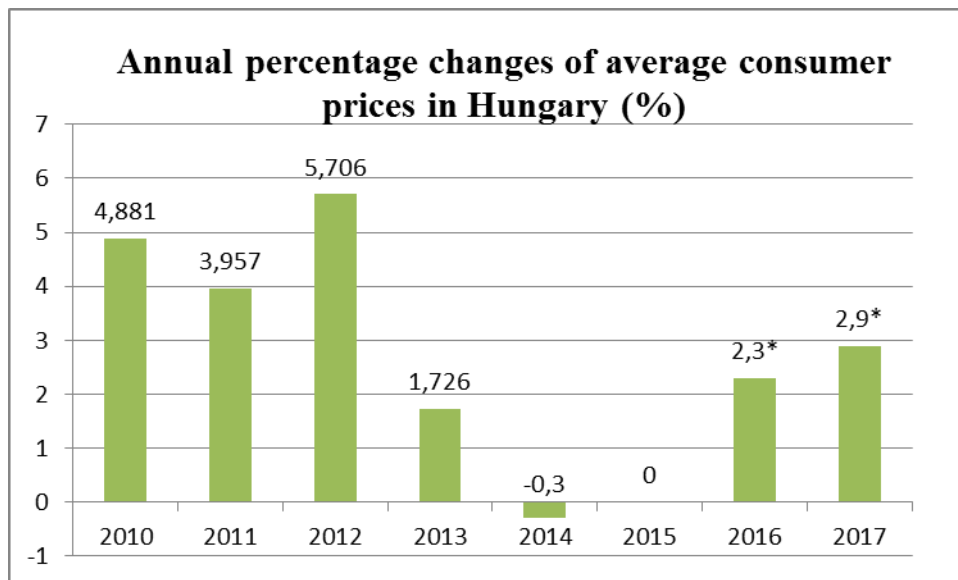
For Hungary, the most significant prediction among the report's general conclusions is that for 2015 the IMF is expecting – thanks partly to declining oil prices and the appreciation of the US dollar – a general improvement of the global economy. The institution is also forecasting better performance in developed countries that are Hungary's main trade partners, such as members of the Euro-zone. Improving international economic environment is expected to bolster the external growth determinants of the Hungarian economy and improve the sustainability of Hungary's current economic growth that has been high even in view of international standards.

The report stresses that Hungarian economic growth has been stable. Further expansion will be underpinned – in addition to the efficient utilization of EU funds -- by household consumption growth. Inflationary pressures on the Hungarian economy are modest and that had enabled the NBH to keep the base rate at a record low level. Following the 15 basis point cut of the central bank base rate by the Monetary Council on 21 April 2015, the base rate is currently 1.8 percent. The latest reduction is in line with the expectations outlined by the IMF report. Households are less vulnerable to foreign currency exchange rate fluctuations and monetary conditions in the Euro-zone are also suitable. The IMF study does not prognosticate positive inflation for this year, and in the next two years the inflation rate is expected to near the 3 percent target: in the estimate of the Washington-based institution, consumer prices will be 2.3 percent and 2.9 percent higher in 2016 and 2017, respectively.



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In light of Monetary Fund calculations, the unemployment rate is also set to decline: it is seen to fall from 7.8 percent last year to 7.6 percent this year, to 1.4 percent in 2016 and 7.2 percent in 2017.



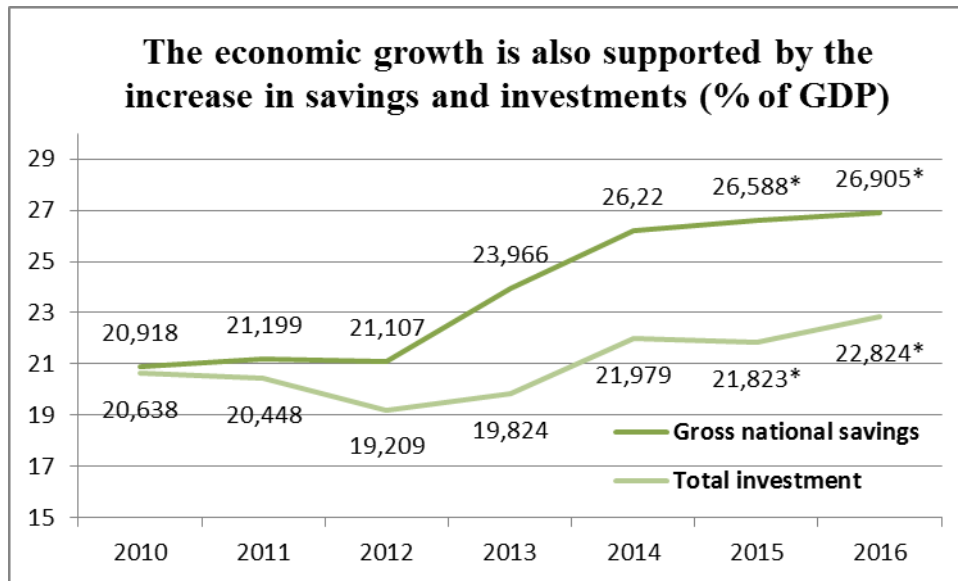
*\*estimated*

*Source: IMF*

Data published by the IMF show that the volumes of investment and savings within the national economy have increased gradually since 2012. The onset of the economic crisis in 2008 and skyrocketing loan instalments have deterred domestic households and enterprises from taking out new loans. This trend is expected to be reversed in the EU fiscal period 2014-2020, when economic operators will be given new stimulus along with the 2 percent loans of the NBH. In the coming programming period, beneficiaries will receive more refundable resources than ever before. The Economic Development and Innovation Operative Programme (EDIOP) alone provides funding of more than HUF 168bn for economic development. Recently accumulated household savings are expected to be spent on consumption in the coming years, and the propensity to borrow may also increase among SMEs and households as well.



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*\*estimated*

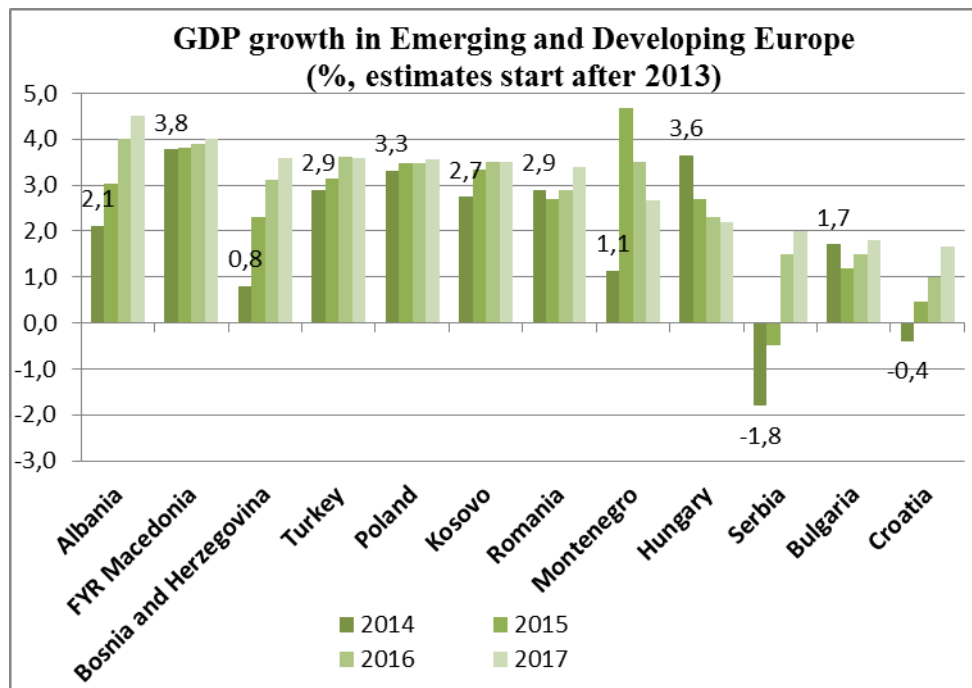
*Source: IMF*

The IMF has upwardly revised its economic growth estimate for 2015 by 0.4 percentage points to 2.7 percent in comparison to the October 2014 Outlook, while the institution prognosticates 2.3 percent economic expansion for 2016.

In the opinion of the Ministry for National Economy, the sound structure of Hungary's economic growth and favourable data prove that that expansion will remain steady at a high level over the coming years.



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Source: IMF