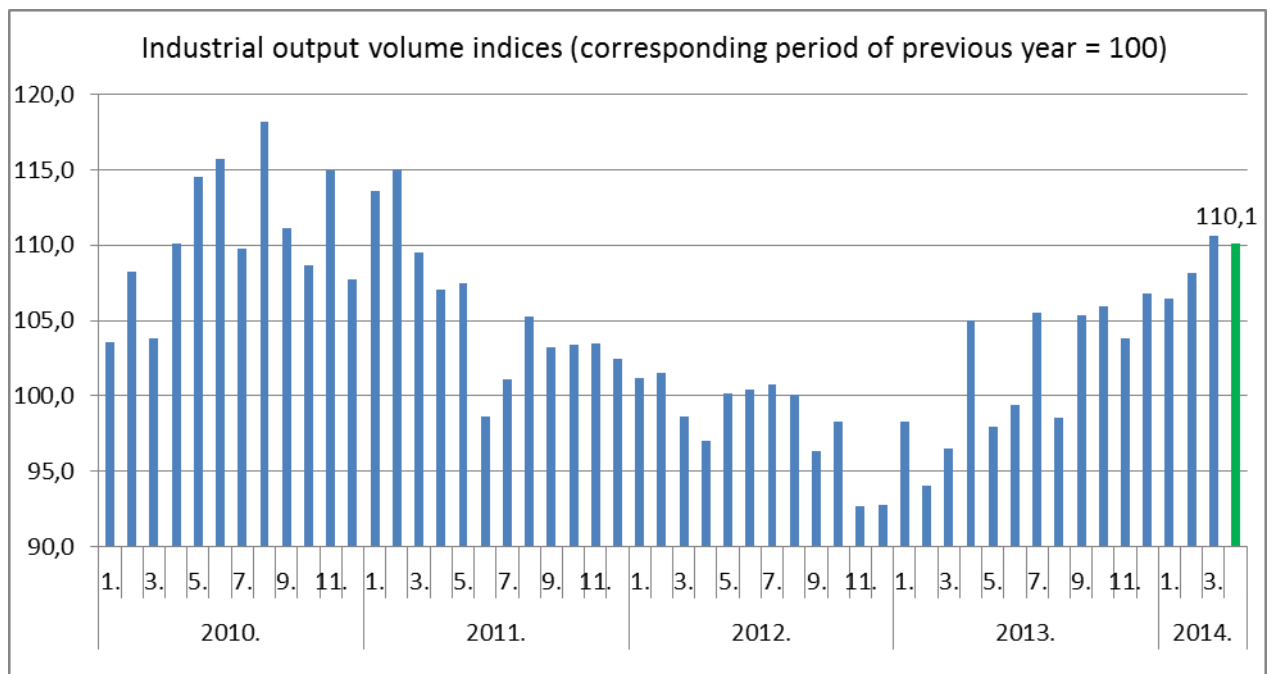




### *Industrial and construction sector continue to excel*

Following the outstanding growth of 10.6 percent registered in March, **in April 2014 industrial sector output gained 10.1 percent compared to the corresponding period of 2013.** In the month of April almost every manufacturing sector division performed better, and in the initial four months of the year industrial output was higher in each Hungarian region. Accordingly, industrial expansion was sound from both a geographical and structural aspect. **Output in the initial four months of the year was 8.9 percent higher year-on-year.**



*Source: Hungarian Central Statistical Office (KSH)*

In light of KSH data, besides the vehicle manufacturing sector, which is becoming a key growth engine, almost every other manufacturing sector division contributed to the output increase in April. The KSH observes thirteen manufacturing industry divisions, of which only one registered negative growth while **in the other twelve output was up year-on-year.** Vehicle manufacturing output, which constitutes some 30 percent of the sector's total output, soared by 21.6 percent.

Following a three-year negative trend, **output of the Hungarian electronics industry was higher for the second consecutive month.** Thanks mainly to higher output of electronic consumer goods, the electronics sector expanded by 7.8 percent year-on-year in April after it



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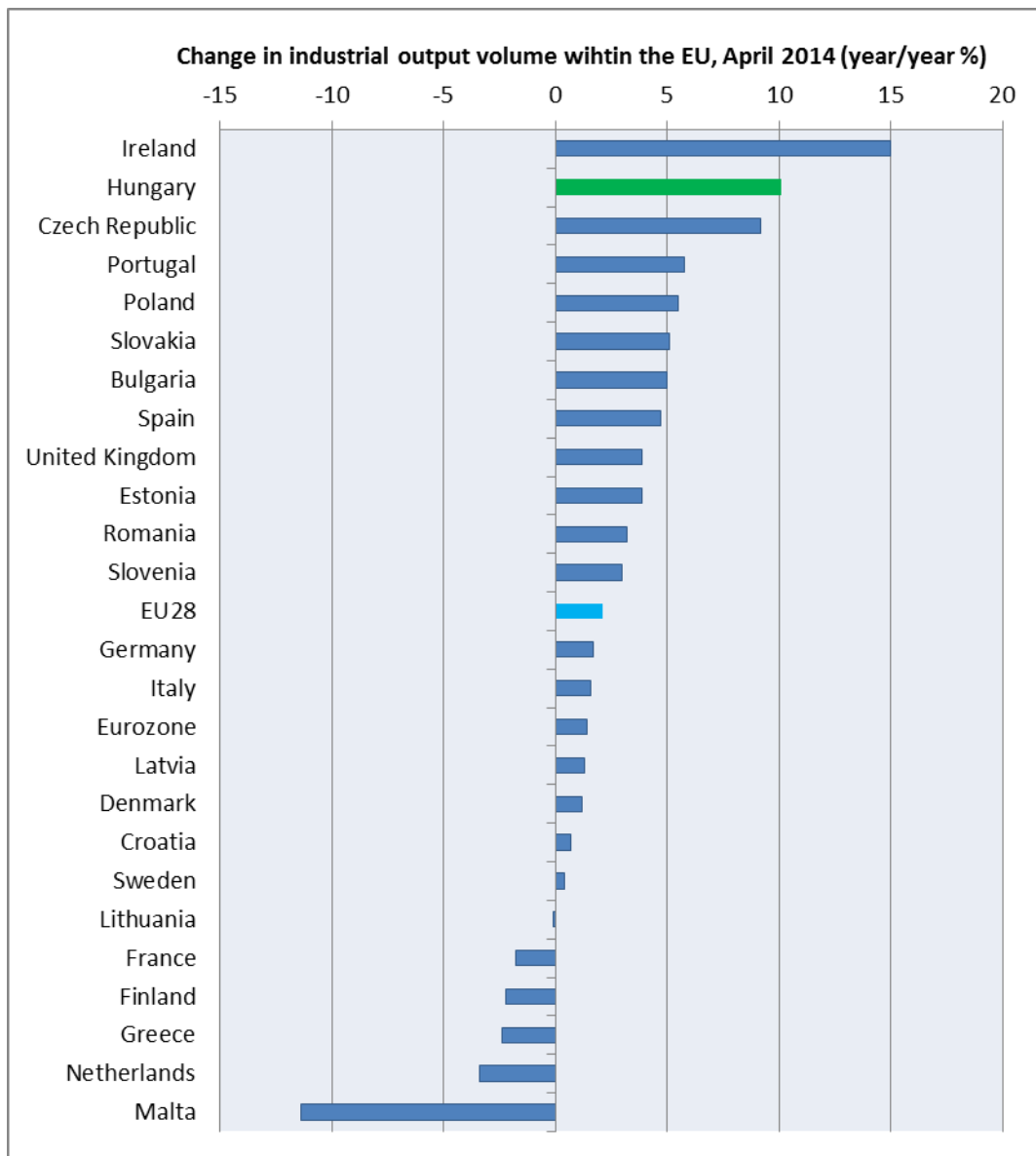
gained 1.6 percent in March. The effect of Easter holidays was a key factor behind the food industry's marked growth of 10.1 percent, as Easter happened to be in April this year, whereas it was in March last year.

The rebound of output was also reflected by trade statistics, as **industrial exports jumped by 11.4 percent in the initial four months of the year and by 9.8 percent in April, in comparison to the corresponding period of the previous year.** The vehicle manufacturing sector also contributed to this increase as it was up by 19.1 percent in the observed period. It is also highly favourable that exports of the electronics division posted growth of 5.7 percent.

**In the initial four months of the year, industrial output was higher compared to the same period of the previous year in every Hungarian region.** In this period, the largest increase was recorded in Western Transdanubia (22.5 percent), where Győr-Moson-Sopron County was the main driver of growth.

The sector's outlook appears to be also encouraging: **the stock of new orders of manufacturing industry divisions observed in April 2014 grew by 6.5 percent.** Within that, new export and domestic orders surged by 4.8 percent and 18.2 percent, respectively. The total stock of orders was 18.4 percent higher year-on-year.

The expansion of the Hungarian industrial sector is outstanding even from an EU perspective. **In April 2014 – on the basis of EU data – Hungarian industrial output growth continued to exceed the EU28 average.** While industrial output growth among the EU28 averaged 2.1 percent in April, the respective figure for the EU18 was 1.4 percent compared to April 2013.



*Source: Eurostat*

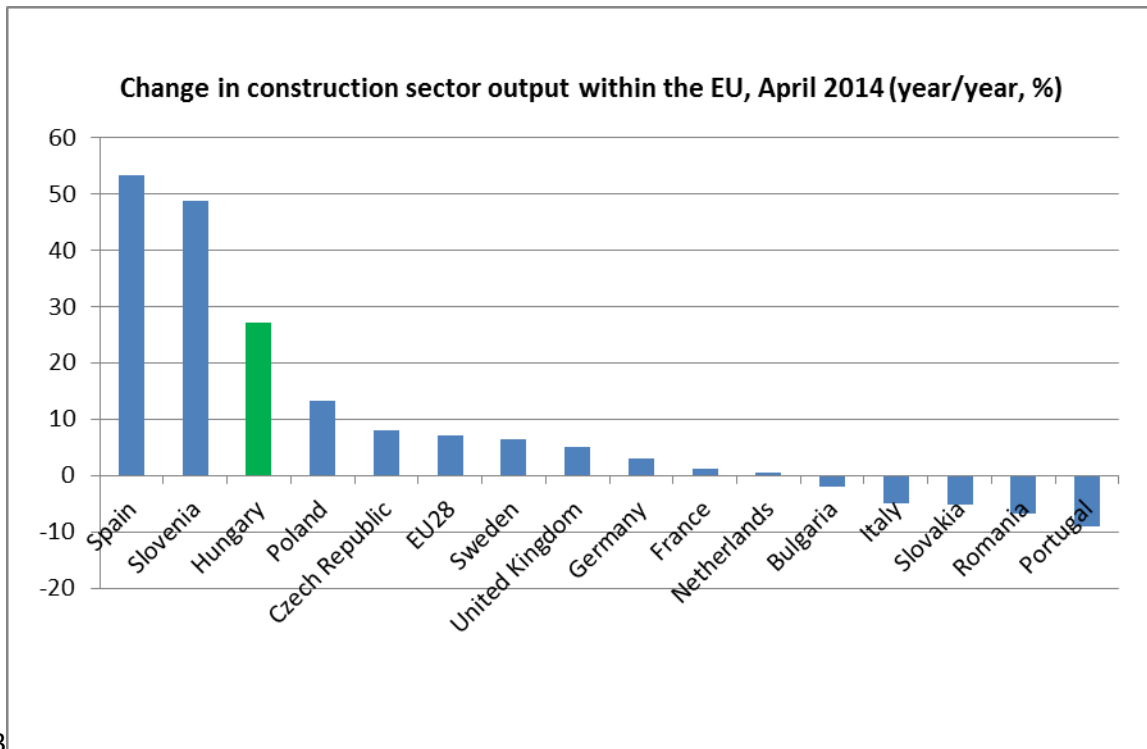
**Hungary's industrial output growth is the second best within Europe**, only Ireland is ahead of us with an increase of 15 percent. Industrial output was higher in the Visegrád Four as well: the Czech Republic, Poland and Slovakia registered increases of 9.2 percent, 5.5 percent and 5.1 percent, respectively.

As far as EU member states are concerned, year-on-year construction sector output growth was the largest in Spain and Slovenia, while Hungary comes as third in the ranking. **In April this**



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year, the volume of construction sector output jumped by 27.2 percent compared to the corresponding period of the previous year. Railway and road construction works as well as public utility development projects also contributed to this excellent result. The latest data are signalling further construction sector rebound, as the volume of contracts for the construction of buildings soared by 49.3 percent, while the volume of contracts at construction sector enterprises at the end of April gained 65.9 percent compared to the level one year ago.



Source: Eurostat