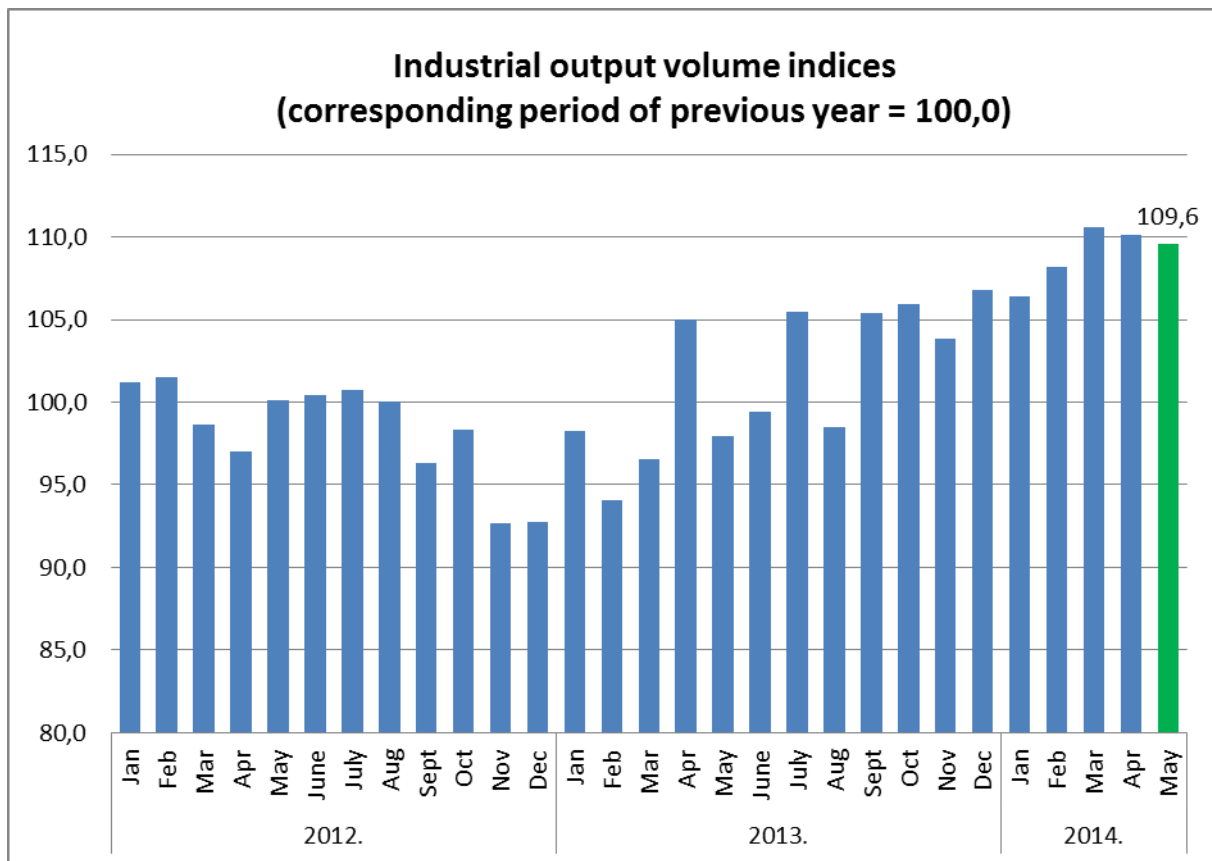




Upward industrial output trend in place for nine months in Hungary

The Hungarian industrial sector continued to excel in May 2014: according to data compiled by the Hungarian Central Statistical Office (KSH), **industrial output gained almost 10 percent, more precisely 9.6 percent, compared to May 2013.** Industrial output volume indices are up for the ninth consecutive month, since September 2013, with more than 10 percent month-on-month growth recorded occasionally this year. As a result, **industrial output increased by 9 percent in comparison to January-May 2013.** In the month of May, almost every manufacturing sector division performed better and in the initial five months of the year the industrial sector as a whole expanded in each region. Accordingly, industrial output growth was sound both from a geographical and structural aspect.



Source: Hungarian Central Statistical Office (KSH)

Out of industrial sector divisions within the national economy, **output of the manufacturing sector jumped by 10.6 percent in May 2014**, while that of the mining and quarrying sector, a



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division with minor weight, fell by 15.8 percent in comparison to May 2013. Output of the energy sector (electricity, gas, steam and air conditioning) was down by 2.9 percent year-on-year.

There are thirteen manufacturing sub sectors of which statistics are compiled, and **output at ten of these was higher year-on-year**. Besides the vehicle manufacturing sector and related supplier divisions, which are becoming a key growth engine, the food industry and the manufacturing of consumer electronics spurred growth in May. **Output of the vehicle manufacturing sector, constituting some 30 percent of total output, soared by 23.6 percent**, while that of the food industry and consumer electronics manufacturing was up by 5.3 percent and 9.0 percent, respectively.

Thanks to increased foreign market demand, output of textiles, wearing apparel, leather and related products grew by some 16 percent, while that of coke and refined petroleum products gained 27 percent. The 86.4 percent output growth regarding railway locomotives and rolling stock was also remarkable.

Higher output volumes also had a positive effect on trade statistics: **industrial exports have hitherto surged by 11.2 percent this year and they were up by 10.3 percent year-on-year**. In the observed period, the export volume of vehicles and electronics increased by 21.3 percent and 9.9 percent, respectively.

In the initial five months of the year, industrial output was higher year-on-year in every region of Hungary, ranging between 4.9 percent and 20.3 percent. The largest growth was registered in Western Transdanubia, where the performance of Győr-Moson-Sopron Country was outstanding.

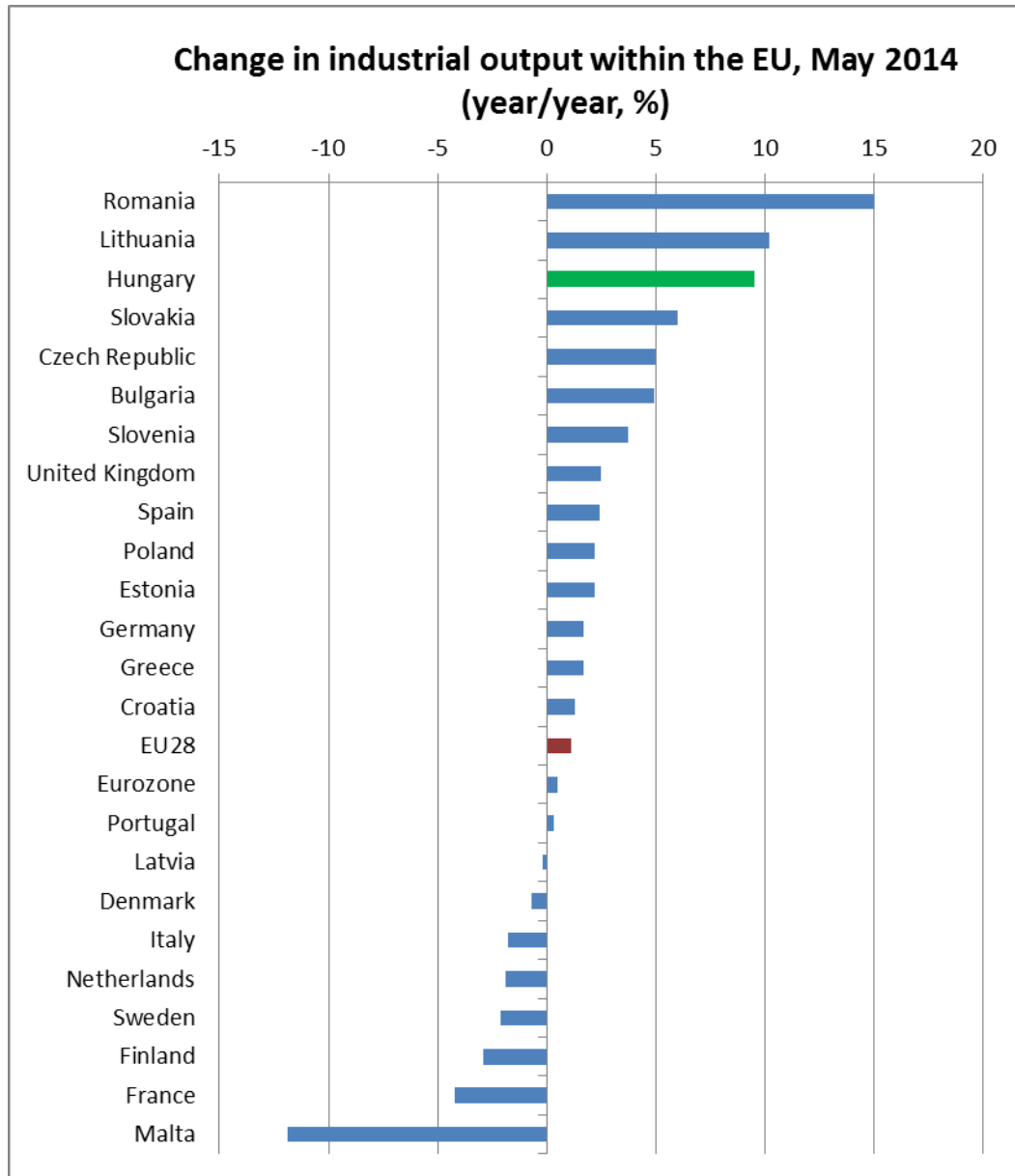
The outlook is also promising: **in May 2014, the total volume of new orders within the observed manufacturing sector divisions was 14 percent higher in comparison to the corresponding period of the previous year**. New export orders gained 13.7 percent, while new domestic orders increased by 15.6 percent. The total volume of orders soared by 19.2 percent since May last year.

The Hungarian industrial output growth figure continues to be one of the highest within the EU: in light of EU data, **in May 2014, Hungary's industrial output increase was far above the**



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EU average. The industrial sector's growth within the EU 28 averaged 1.1 percent in May, whereas it was only up by 0.5 percent within the eurozone in comparison to May 2013.



Source: Eurostat¹

¹ The latest Eurostat industrial output data include statistics from 23 EU member states. No data are available for Austria, Belgium, Cyprus, Ireland and Luxembourg.



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Hungary's industrial output growth of 9.6 percent is the third best within Europe, and the country is only behind Romania and Lithuania, with increases of 15 percent and 10.2 percent, respectively. Among the Visegrád Four, the industrial sector expanded by 6 percent in Slovakia, by 5 percent in the Czech Republic and 2.2 percent in Poland.

The steady expansion of Hungary's industrial sector has confirmed the success of the active industrial policy pursued over the past years; accordingly, the Government carries on the re-industrialization of the country.