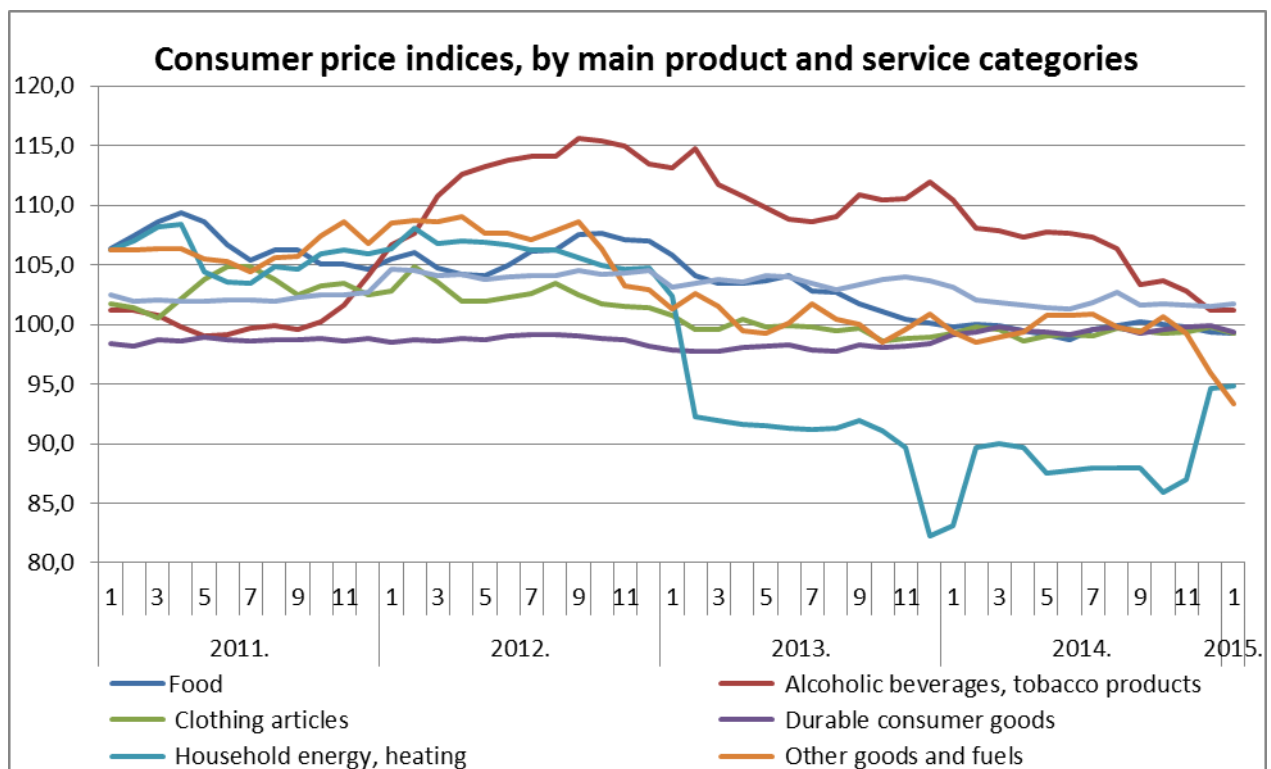




Consumer prices continue to decline in Hungary

In the month of January 2015, consumer prices were on average 1.4 percent lower in comparison to the corresponding period of the previous year. In this period, prices of automotive fuel and household energy fell significantly. The former drop was caused by declining crude oil prices on global markets, while the latter was the result of the Government-mandated public utility price cuts that had been aimed to ease the financial burden on families.



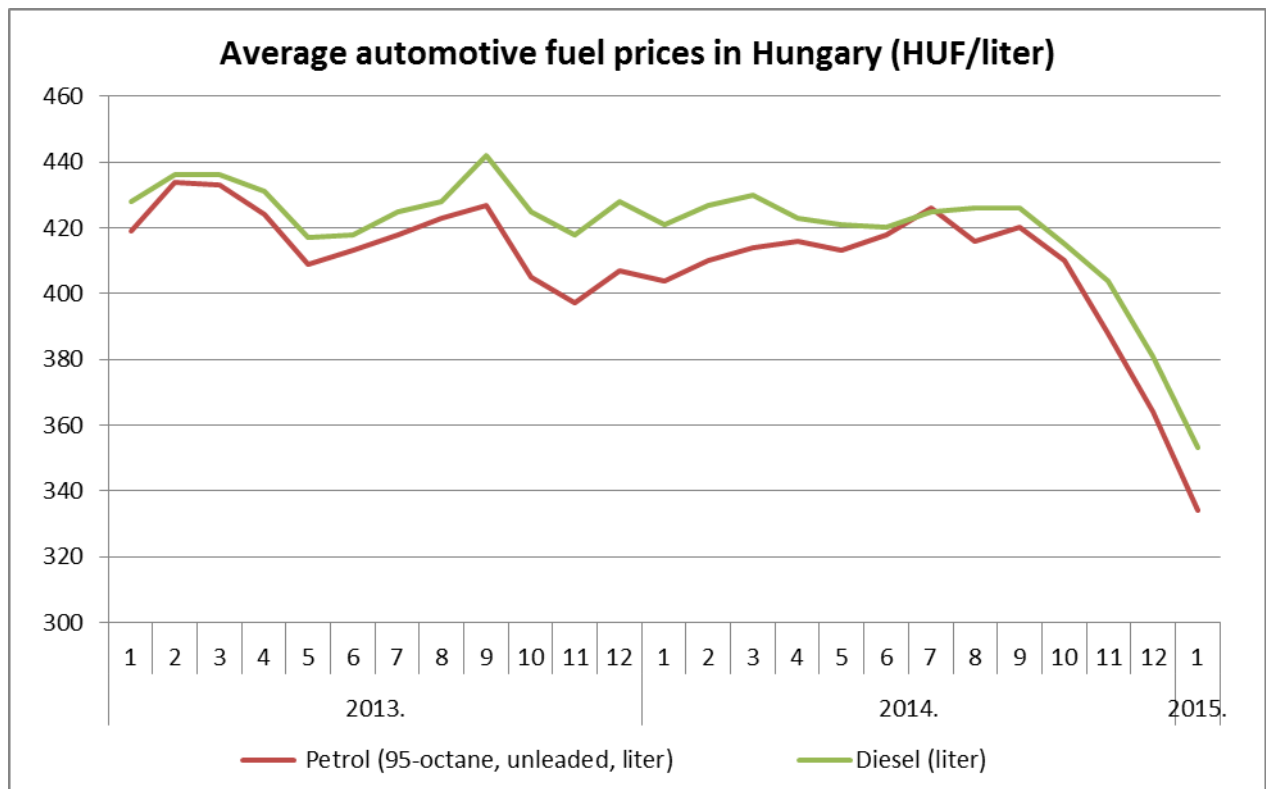
Source: Hungarian Central Statistical Office (KSH)

The prices of food, clothing articles and durable consumer goods edged also lower, while those of services, alcoholic beverages and tobacco products increased. Over the past one month – in comparison to December 2014 – consumer prices were on average 0.2 percent points lower. Buyers of food paid on average 1.3 percent more for purchases. Alcoholic beverages and tobacco products saw a month-on-month price increase of 1.2 percent, while the price of services increased by 0.4 percent. As of January 2015, the county motorway stickers were introduced and that lifted the prices of motorway tolls, vehicle renting and parking by 6.3 percent on average. The decrease in the prices of clothing articles was above average, at 3.3 percent. The prices of



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other articles and fuels also declined, by 3.1 percent, while within this category the price of automotive fuels fell by 7.7 percent in the month of January. Over the past twelve months, the price of automotive fuels plummeted by 16.5 percent.



Source: Hungarian Central Statistical Office (KSH)

The most powerful among anti-inflationary effects was the drop in fuel prices which also caused negative inflation throughout Europe. The prices of durable consumer goods eased by 0.2 percent. Household energy prices remained unchanged; however, they were down in 2013 and 2014. The prices of household energy were on average 5.2 percent lower; within that, the prices of household gas, electricity and district heating decreased by 6.5 percent, 5.7 percent and 3.4 percent, respectively.

Over the past twelve months, in comparison to January 2014, average prices for services, and alcoholic beverages and tobacco products edged higher by 1.7 percent and 1.2 percent, respectively. Within the category of services, transport services became 3.3 percent more expensive. On the other hand, the average prices of clothing articles and durable consumer goods fell by 0.7 percent and 0.6 percent, respectively. According to the latest data compiled by the



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Hungarian Central Statistical Office (KSH), the 0.7 percent core inflation rate signals that deflation is not posing a risk in Hungary and muted price dynamics are set to continue. Thanks to the deflationary environment prevalent in Europe, the Government is expecting price increases to remain subdued in the entire year of 2015, while the prices of products least affected by external factors may rise.