

The volume of industrial output continued to rise in Hungary

According to the latest report by the Hungarian Central Statistical Office (KSH), the industrial sector continued to expand in June 2018: the volume of output increased by 4.2 percent year-on-year. Working day-adjusted data show growth of 3.1 percent.

In the first half of the year, the volume of Hungary's industrial output was higher compared to the year 2015 and 2017. In June 2018, data adjusted for seasonal and working day effects showed that output growth exceeded 10 percent compared to the monthly average registered in 2015. The volume of sales has also been rising in recent years: according to data adjusted for seasonal and working day effects, domestic sales and exports (which account for three-quarters of the total sales volume) increased by 8.5 percent and 8 percent, respectively, in comparison to the levels seen 2015.

Volume indices of industrial production and sales

115 100 95 90 June 2014 June 2015 June 2016 June 2017 June 2018 Second States Second S

(monthly average of 2015 = 100.0%)

Source: Hungarian Central Statistical Office (KSH)

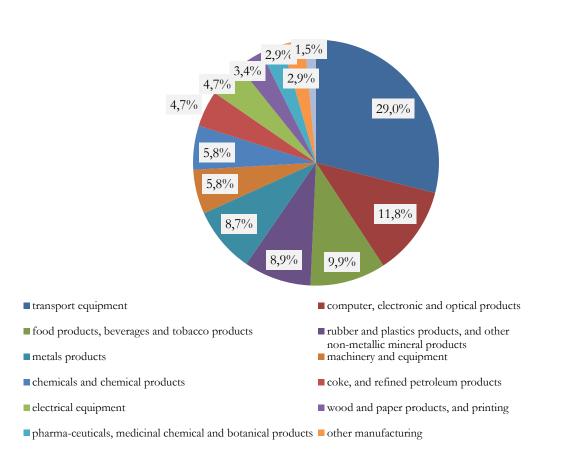


MINISTRY OF FINANCE

Compared to June 2017, the sector with the highest output growth rate, 35 percent, was mining and quarrying within the industrial sector. Output in the energy sector, which includes electricity, gas, steam and air-conditioning supply, was up by 8.3 percent. 97 percent of industrial output is generated by the manufacturing sector, which registered output growth of 4.3 percent. The largest manufacturing industry sub sector, the automotive industry, reported output growth of 2 percent. Within that, the output volume of parts and accessories for motor vehicles increased by 7.6 percent year-on-year; however, that of motor vehicles was down by 4.9 percent year-on-year. The volume of output at manufactures of computers, electric and optical products, which account for 12 percent of total manufacturing sector output, increased by 6.6 percent. Within this sector, the output of communication equipment jumped by 44 percent. Output growth of above 10 percent was also registered in the sub sectors rubber, plastics and non-metallic mineral products manufacturing as well as basic metals and fabricated metal products manufacturing.

Share of manufacturing sub-sectors of total manufacturing

at current prices in June 2018 (%)

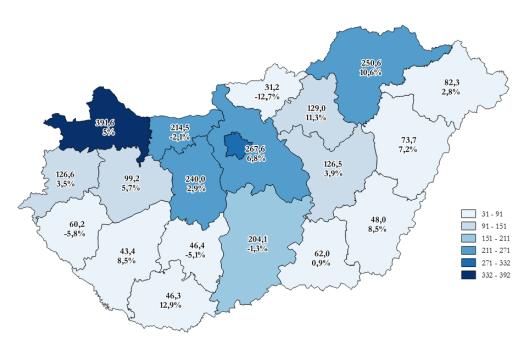


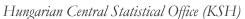
Source: Hungarian Central Statistical Office (KSH)



A region-by-region analysis of industrial performance shows that output was higher in every region both in the month of June and the first half of the year. Among counties, the largest growth rates were seen in Baranya (12.9 percent), Heves (11.3 percent) and Borsod-Abaúj-Zemplén (10.6 percent). Slight decreases were registered only in certain counties where the industrial sector has a smaller weight (Nógrád, Zala and Tolna).

Industrial production value (bn HUF) and volume index (%) (Same period of previous year = 100.0%)





Source:

According to data published by the Eurostat on 14 August, industrial output growth in comparison to June 2017 was below Hungary's rate of growth both within the euro-zone and the EU 28. Within the Visegrad Four, the only country which registered a higher industrial output growth rate than Hungary was Poland.

Investment growth, predominantly in the motor vehicle sector, presages further expansion, also underpinned by favourable business sentiment. The latest survey by GKI Economic Research shows that business expectations hit an all-time high and the industrial confidence index also broke a historic record in July 2018. Sentiment regarding future output and the volume of orders has also improved within the industrial sector.