



## First-quarter 2014 GDP increased by 3.5% (second estimation)

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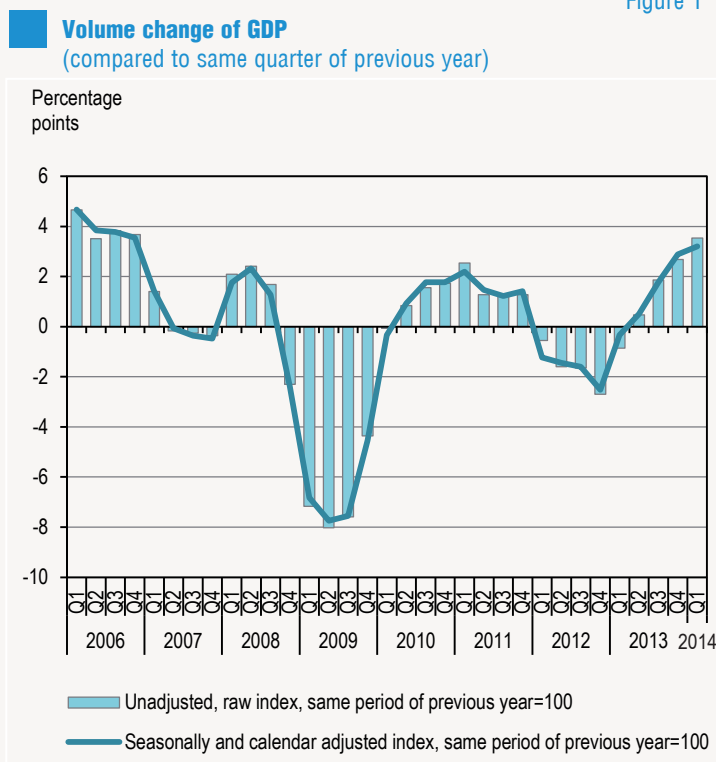
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### Introduction

The gross domestic product of Hungary increased by 3.5% in the first quarter of 2014 compared to the corresponding period of the previous year. The performance of construction and manufacturing activities increased significantly.

According to seasonally and calendar effects adjusted data, economic performance in the first quarter of 2014 was up by 3.2% compared to the corresponding quarter of the previous year and by 1.1% compared to the previous quarter.

Figure 1



### Production approach

In the first quarter the value added of **industry** was 6.7% higher, within which the value added of manufacturing was 9.6% more year on year. The manufacture of transport equipment and the related supplier branches grew significantly within manufacturing. After a decrease last year the manufacture of basic pharmaceutical products and pharmaceutical preparations increased as well, while the output of **construction** rose by 25.2%. Within construction it was primarily the construction of buildings and civil engineering works that increased. The performance of Hungary's **agriculture** decreased by 5.8% following the high level in the corresponding period of the previous year.

The gross value added of **services** grew by 1.5% in total year on year. The gross value added for wholesale and retail trade as well as accommodation and food service activities rose by 3.5% in total, of which the growth of accommodation and food service activities was significant. The performance of transportation and storage was up by 4.0%, in line with the output of industry. The performance of financial and insurance activities decreased by 2.1%, which was influenced by both companies and households remaining net loan repayers this quarter too, practically paying back more loans than borrowed. Besides, the increase of insurance technical reserves also contributed to the lower performance compared to the same period of the previous year. The total gross value added of professional, scientific, technical and administrative activities expanded by 4.4%, within which the growth of scientific

Figure 2

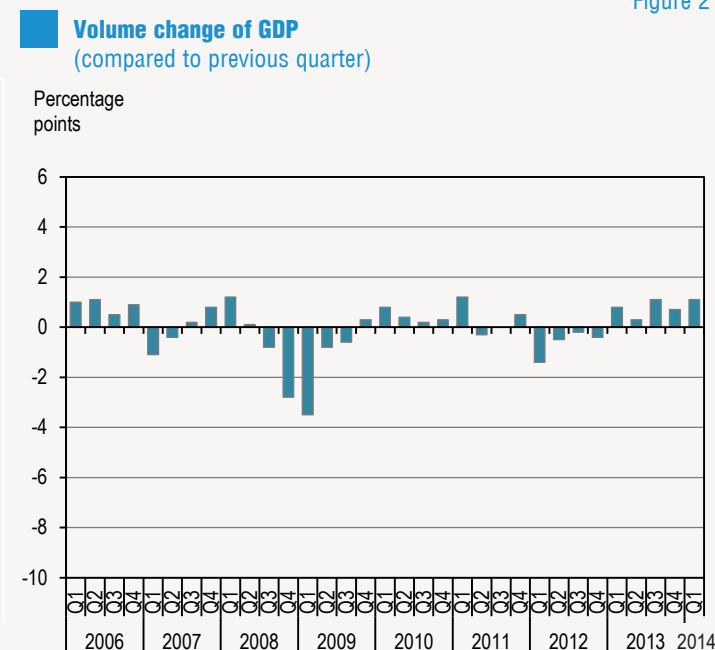


Table 1

**Volume indices of production of gross domestic product (GDP)**

NACE	Industries	(corresponding period of previous year=100.0)				2014 Q1
		2013				
		Q1	Q2	Q3	Q4	
A	Agriculture, forestry and fishing	106.3	125.9	128.1	122.3	94.2
B-E	Mining and quarrying, manufacturing and electricity	96.6	98.7	100.5	103.3	106.7
C	Of which: manufacturing	97.0	99.1	101.8	105.1	109.6
F	Construction	101.9	106.0	107.6	110.4	125.2
G-T	Services, total, of which:	99.9	99.5	100.1	101.2	101.5
G+I	wholesale and retail trade, accommodation and food service activities	98.0	97.4	100.6	102.0	103.5
H	Transportation and storage	101.8	99.6	101.2	104.2	104.0
J	Information and communication	97.3	100.8	101.3	101.7	103.0
K	Financial and insurance activities	98.7	99.1	97.8	98.3	97.9
L	Real estate activities	99.4	96.3	94.4	97.4	97.3
M-N	Professional, scientific, technical and administrative activities	98.6	100.8	101.9	101.8	104.4
O-Q	Public administration, education, health and social work activities	101.8	101.2	100.6	101.4	100.7
R-T	Arts, entertainment and other services	102.9	102.4	106.0	104.1	101.4
<b>Gross domestic product, total (at purchasers' prices)</b>		<b>99.1</b>	<b>100.5</b>	<b>101.9</b>	<b>102.7</b>	<b>103.5</b>

research and development was significant. The total output of public administration, education and health grew by 0.7%. The value added of information and communication increased by 3.0% due to the growth in computer programming, consultancy and related activities.

Industry contributed to the 3.5% growth of gross domestic product (GDP) in the first quarter of 2014 by 1.6 percentage points, construction by 0.5 and services by 0.9 percentage point. Agriculture lowered the rise of GDP by 0.2 percentage point. The change of taxes less subsidies on production increased GDP by 0.7 percentage point.

**Expenditure approach**

The actual final consumption of households increased by 1.6% in the first quarter of 2014 compared to the same period of the previous year. Household final consumption expenditure, the main component of the actual final consumption of households, went up by 1.5%. Volumes grew in transport, recreation and culture as well as housing, water, electricity, gas and other fuels out of the groups of expenditures with large weight within household final consumption expenditure. A significant decrease continued to be recorded in the group of alcoholic beverages and

Figure 3

**Contribution to GDP growth (production approach)**

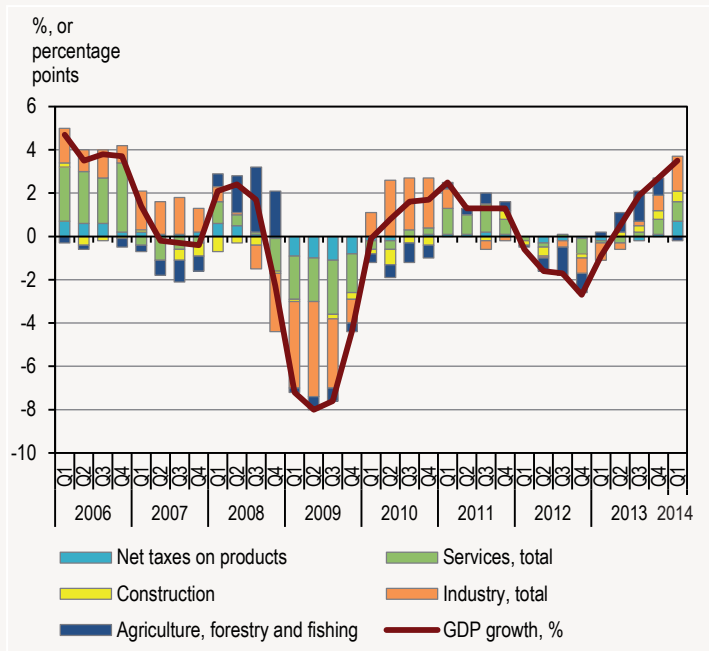


Figure 4

**Contribution to GDP growth (expenditure approach)**

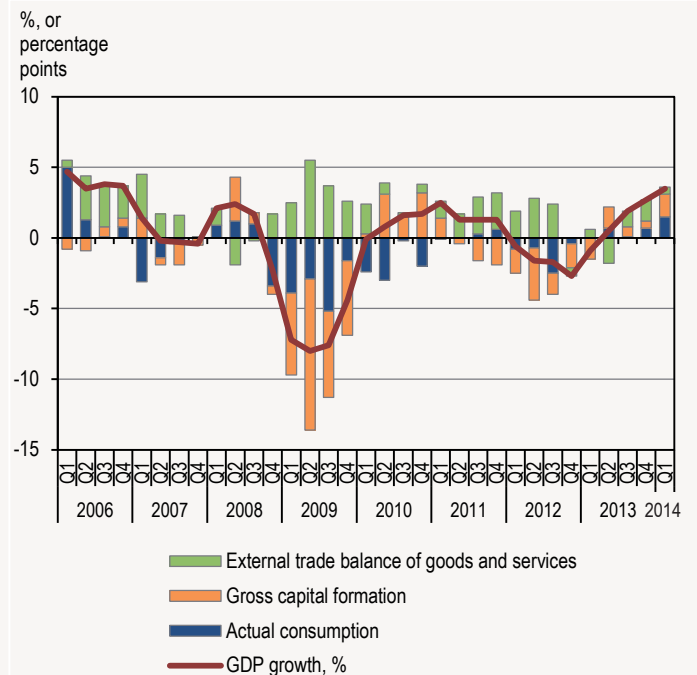


Table 2

## Volume indices of final use of gross domestic product

(corresponding period of previous year = 100.0)

Items of use	2013				2014 Q1
	Q1	Q2	Q3	Q4	
Household final consumption expenditure	99.2	100.2	100.1	101.2	101.5
Social transfers in kind from government	98.2	99.8	98.8	97.5	102.4
Social transfers in kind from NPISHs	102.0	103.5	103.1	105.1	97.6
Actual final consumption of households	99.1	100.2	100.0	100.7	101.6
Actual final consumption of government	105.7	105.6	101.7	102.9	103.5
Actual consumption, total	100.0	100.9	100.2	101.0	101.9
Gross fixed capital formation	94.5	105.4	108.3	110.5	113.3
Changes in inventories <sup>a)</sup>	x	x	x	x	x
Gross capital formation	90.0	110.1	103.4	102.0	112.0
Domestic use	98.5	102.5	100.9	101.2	103.3
Exports	102.2	103.6	106.4	108.9	107.5
Imports	101.7	106.0	105.8	107.6	107.6
External trade balance of goods and services <sup>a)</sup>	x	x	x	x	x
<b>Gross domestic product (GDP), total</b>	<b>99.1</b>	<b>100.5</b>	<b>101.9</b>	<b>102.7</b>	<b>103.5</b>

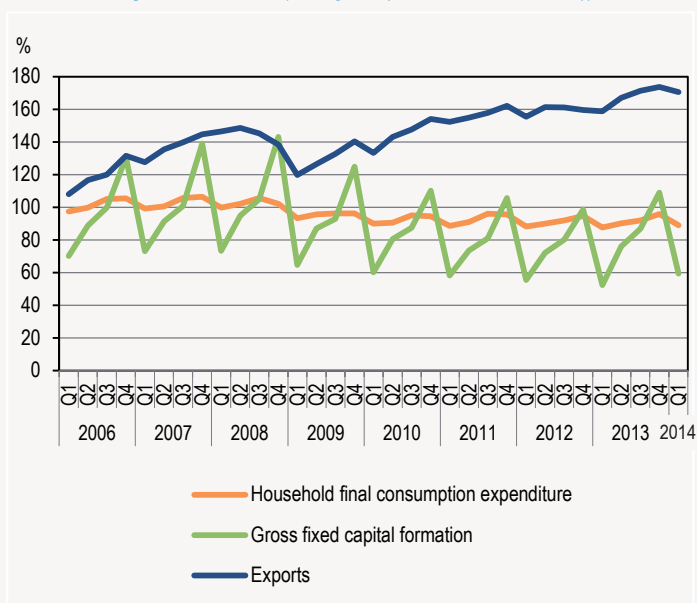
a) For these items volume indices are not applicable.

tobacco. The consumption of Hungarian tourists abroad increased at a higher rate than the consumption of foreigners in Hungary.

Social transfers in kind from the government were 2.4%, while the actual final consumption of the government was 3.5% higher year on year.

Figure 5

## Volume indices of main aggregates of gross domestic product from expenditure side (average of quarters of 2005=100%)



As a result of all these trends, actual consumption rose by 1.9% compared to the corresponding period of the previous year.

**Gross fixed capital formation** increased by 13.3%, a higher rate than in earlier quarters. Both construction investments and investments in machinery and equipment rose markedly. Investment output grew in the vast majority of industries. Substantial growths were measured in the areas of manufacturing, transportation and storage, electricity, gas and steam supply, information and communication, as well as agriculture out of industries having relatively large weight. However, investments in real estate activities slightly decreased.

**Gross capital formation** rose by 12.0% compared to one year before.

**Domestic use** increased by a total 3.3% in the first quarter.

In the balance of **external trade** a surplus of HUF 580 billion was generated at current prices. Exports and imports rose at nearly the same rates (by 7.5% and 7.6% respectively). The exports of goods increased by 8.5% and their imports by 8.4%. Within the balance of external trade the exports of services (including tourism) were 1.9%, while their imports 2.3% higher compared to a year earlier.

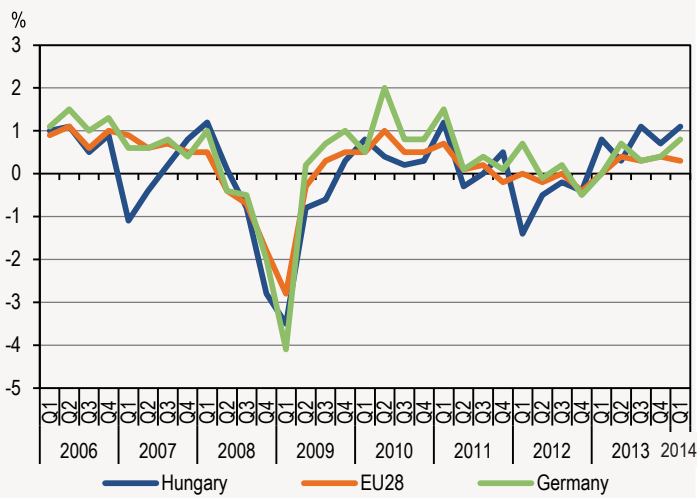
**Change of GDP compared to previous quarter**

According to seasonally and calendar effects adjusted data<sup>1</sup> economic performance increased by 1.1% in the first quarter of 2014 compared to the previous quarter, within which the gross value added of agriculture decreased by 5%, the gross value added of industry lessened by 0.1%, while gross value added was up by 8.5% in construction and by 0.4% in services. Household final consumption expenditure grew by 0.3%, social transfers in kind from the government by 0.9% and the actual final consumption of the government by 0.7%, and as an aggregate effect of these, actual consumption rose by 0.6%. Exports and imports were 1.8% and 3.2% higher respectively.

<sup>1</sup> Comparison to the previous quarter is always based on seasonally and calendar effects adjusted data.

Figure 6

**Volume change of GDP** (seasonally and calendar adjusted and reconciled data, compared to previous quarter)



According to the first release of Eurostat, the total gross domestic product of the Member States of the European Union (EU-28) increased by 0.3% and the gross domestic product of Germany was up by 0.8% in the first quarter of 2014 compared to the previous quarter.

Table 3

**Volume indices of gross domestic product (GDP)**

(%)

Period	Unadjusted, raw data, corresponding period of previous year=100.0	Adjusted for calendar effects, corresponding period of previous year=100.0	Seasonally and calendar effects adjusted and reconciled data, corresponding period of previous year=100.0	Seasonally and calendar effects adjusted and reconciled data, previous quarter=100.0
2008				
Q1	102.1	101.7	101.8	101.2
Q2	102.4	102.3	102.3	100.1
Q3	101.7	101.6	101.3	99.2
Q4	97.7	97.6	97.6	97.2
<b>Year</b>	<b>100.9</b>	<b>100.7</b>	<b>100.7</b>	
2009				
Q1	92.8	93.2	93.2	96.5
Q2	92.0	92.0	92.3	99.2
Q3	92.4	92.4	92.4	99.4
Q4	95.6	95.6	95.5	100.3
<b>Year</b>	<b>93.2</b>	<b>93.3</b>	<b>93.3</b>	
2010				
Q1	99.9	100.0	99.7	100.8
Q2	100.8	100.8	100.9	100.4
Q3	101.6	101.6	101.8	100.2
Q4	101.7	101.7	101.8	100.3
<b>Year</b>	<b>101.1</b>	<b>101.0</b>	<b>101.0</b>	
2011				
Q1	102.5	102.5	102.2	101.2
Q2	101.3	101.3	101.5	99.7
Q3	101.3	101.2	101.2	100.0
Q4	101.3	101.4	101.4	100.5
<b>Year</b>	<b>101.6</b>	<b>101.6</b>	<b>101.6</b>	
2012				
Q1	99.4	99.0	98.8	98.6
Q2	98.4	98.5	98.6	99.5
Q3	98.3	98.5	98.4	99.8
Q4	97.3	97.4	97.5	99.6
<b>Year</b>	<b>98.3</b>	<b>98.3</b>	<b>98.3</b>	
2013				
Q1	99.1	99.7	99.7	100.8
Q2	100.5	100.5	100.5	100.3
Q3	101.9	101.8	101.8	101.1
Q4	102.7	102.7	102.9	100.7
<b>Year</b>	<b>101.1</b>	<b>101.2</b>	<b>101.2</b>	
2014				
Q1	103.5	103.5	103.2	101.1

Table 4

## Contribution to growth of gross domestic product (GDP)

(percentage points)

Period	Gross domestic product (GDP), total	Production approach					Expenditure approach			
		agriculture, forestry and fishing	mining, manufacturing and other industry	construction	services, total	net taxes on products	domestic use, total	of which:		external balance of goods and services <sup>a)</sup>
								actual final consumption, total	gross capital formation, total	
2008										
Q1	2.1	0.6	0.7	-0.7	1.0	0.6	0.9	0.9	0.0	1.2
Q2	2.4	1.7	0.1	-0.3	0.5	0.5	4.3	1.2	3.1	-1.9
Q3	1.7	3.0	-1.1	-0.4	0.1	0.1	1.9	1.0	0.8	-0.2
Q4	-2.3	2.1	-2.7	-0.1	-1.5	-0.1	-4.0	-3.4	-0.6	1.7
<b>Year</b>	<b>0.9</b>	<b>1.8</b>	<b>-0.8</b>	<b>-0.4</b>	<b>0.0</b>	<b>0.3</b>	<b>0.7</b>	<b>-0.1</b>	<b>0.8</b>	<b>0.2</b>
2009										
Q1	-7.2	-0.2	-4.0	-0.1	-2.0	-0.9	-9.6	-3.9	-5.8	2.5
Q2	-8.0	-0.6	-4.4	0.0	-2.0	-1.0	-13.6	-2.9	-10.7	5.5
Q3	-7.6	-0.6	-3.2	-0.2	-2.5	-1.1	-11.3	-5.2	-6.1	3.7
Q4	-4.4	-0.4	-1.1	-0.3	-1.8	-0.8	-7.0	-1.6	-5.3	2.6
<b>Year</b>	<b>-6.8</b>	<b>-0.5</b>	<b>-3.1</b>	<b>-0.2</b>	<b>-2.1</b>	<b>-0.9</b>	<b>-10.4</b>	<b>-3.4</b>	<b>-7.0</b>	<b>3.6</b>
2010										
Q1	-0.1	-0.4	1.1	-0.2	-0.4	-0.2	-2.1	-2.4	0.3	2.1
Q2	0.8	-0.6	2.6	-0.7	-0.4	-0.2	0.1	-3.0	3.1	0.8
Q3	1.6	-0.9	2.4	-0.3	0.3	0.0	1.3	-0.2	1.6	0.2
Q4	1.7	-0.6	2.3	-0.4	0.3	0.1	1.2	-2.0	3.2	0.6
<b>Year</b>	<b>1.1</b>	<b>-0.6</b>	<b>2.2</b>	<b>-0.4</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.2</b>	<b>-1.9</b>	<b>2.1</b>	<b>0.9</b>
2011										
Q1	2.5	0.3	0.9	0.0	1.2	0.1	1.3	-0.1	1.4	1.2
Q2	1.3	0.3	0.0	0.0	0.9	0.1	-0.4	0.0	-0.4	1.7
Q3	1.3	0.5	-0.4	-0.2	1.3	0.2	-1.2	0.3	-1.6	2.6
Q4	1.3	0.4	-0.2	0.4	0.7	0.1	-1.4	0.6	-1.9	2.6
<b>Year</b>	<b>1.6</b>	<b>0.4</b>	<b>0.0</b>	<b>0.1</b>	<b>1.0</b>	<b>0.1</b>	<b>-0.5</b>	<b>0.2</b>	<b>-0.7</b>	<b>2.1</b>
2012										
Q1	-0.6	-0.1	0.0	-0.2	-0.2	0.0	-2.5	-0.8	-1.7	1.9
Q2	-1.6	-0.6	-0.1	-0.4	-0.2	-0.3	-4.4	-0.7	-3.7	2.8
Q3	-1.7	-1.3	-0.3	0.0	0.1	-0.2	-4.0	-2.5	-1.5	2.4
Q4	-2.7	-0.9	-0.7	-0.2	-0.7	-0.1	-2.1	-0.4	-1.7	-0.6
<b>Year</b>	<b>-1.7</b>	<b>-0.7</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.3</b>	<b>-0.1</b>	<b>-3.3</b>	<b>-1.1</b>	<b>-2.2</b>	<b>1.6</b>
2013										
Q1	-0.9	0.2	-0.8	0.0	-0.1	-0.2	-1.5	0.0	-1.5	0.6
Q2	0.5	0.9	-0.3	0.2	-0.3	0.0	2.2	0.7	1.5	-1.8
Q3	1.9	1.4	0.2	0.3	0.2	-0.2	0.8	0.1	0.7	1.1
Q4	2.7	0.8	0.7	0.4	0.7	0.1	1.2	0.7	0.5	1.5
<b>Year</b>	<b>1.1</b>	<b>0.9</b>	<b>0.0</b>	<b>0.2</b>	<b>0.1</b>	<b>-0.1</b>	<b>0.7</b>	<b>0.4</b>	<b>0.3</b>	<b>0.4</b>
2014										
Q1	3.5	-0.2	1.6	0.5	0.9	0.7	3.0	1.5	1.6	0.5

a) Difference between exports and imports data of contribution to growth of gross domestic product (GDP).

## Further information, data (links):

[Tables \(STADAT\)](#)[Methodology](#)[www.ksh.hu](http://www.ksh.hu)

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