

# *Hungary, 1st semester 2019*





## Macroeconomy

- The GDP of the European Union, our immediate economic environment, grew by 1.6% in the first quarter of 2019 and by 1.3% in the second quarter compared to the same period of the previous year, according to seasonally and working day adjusted data. Newly it occurred in the 4th quarter of 2013 that the growth rate of the EU economy was lower than the most recent one.
- The performance of the Hungarian economy is on a growth path since 2013. The volume of the GDP increased by 5.1% in the 1st semester of 2019 compared to the previous year's high base.
- The national investments' dynamic expansion lasting since 2017 continued, this being a significant pillar of the economic performance's increase. The volume of developments in the 1st semester surpassed by 19% the high base of the same period of the previous year.
- Within external trade in goods the increase in the value of imports (5.5%), was higher than that of exports (3.2%). The external trade surplus lessened to EUR 3.1 billion year-on-year. In contrast in external trade in services – including tourism – the surplus value increased to EUR 4.3 billion. The import value of services grew by 2.5%, their export value increased by 2.9% compared to the 1st semester of 2018.
- In the first quarter of 2019 the balance of the general government sector improved, the surplus corresponding to 0.1% of GDP. The increase of revenues was higher (7.4%) than that of expenses (5.2%).



## Performance of divisions

- At 1 June 2019 the size of the agricultural area was slightly smaller – by 34.3 thousand hectares – year-on-year, basically due to the phase-out of arable land from production. The composition of crop land by land use did not change significantly year-on-year.
- At 1 June 2019 out of the main livestock there were more cattle and chicken and fewer hog and sheep compared to the previous year. The increase of the cattle stock lasting since December 2010 continued.
- The volume of industrial production further increased in the 1st semester of 2019: output surpassed by 5.4% the one of the same period of the previous year. The manufacture of transport equipment, stagnating in 2018, became once more a driver of growth and exports – partly due to this trend - gathered greater momentum as well.
- The energy consumption of the country<sup>1)</sup> varied in the first five months of 2019. Overall energy consumption surpassed the previous year's level by 5.4%.
- The value of construction output in the first half of 2019 was 35% higher at comparative prices compared to the high base of the previous year. Production increase has been uninterrupted since the beginning of 2017.
- 6,472 new dwellings were built in the country in the 1st semester of 2019, 0.7% less than in the 1st semester of 2018. Dwelling-constructions increased in towns

<sup>1)</sup> Source: Hungarian Energy and Public Utility Regulatory Authority.

of county rank and municipalities, while their number decreased in Budapest and smaller towns compared to the 1st semester of 2018. The number of dwellings to be built based on construction permits and notifications was 0.9% higher compared to the 1st semester of 2018.

- Sales volume of retail stores grew by 5.6% in the 1st semester of 2019. The turnover of retail units selling non-food goods contributed mostly to this growth.
- The freight transport performance of the national economy, expressed in freight tonne kilometres increased by 1.6% compared to the previous year. While the domestic performance grew by 9.2% the international one diminished by 1.3%. The passenger-kilometre performance of the interurban passenger transport in the 1st semester of 2019 was 2.9% higher year-on-year, while local passenger transport registered a 0.5% decrease in trips.
- A total of 5.6 million tourists spent 13.0 million tourism nights at accommodation establishments. The number of guests increased by 1.3% that of tourism nights grew in a lesser degree by 0.4% year-on-year. Gross revenue of accommodation establishments increased surpassing that of tourist traffic, by 8.9% at current prices.
- The number of mobile phone subscriptions at the end of the 1st quarter of 2019 – including M2M cards – was 12.2 million; that of fixed main lines was 3.2 million. The drive back of the latter continued. Internet market continues to expand dynamically, the number of internet subscriptions was 4.0% higher year-on-year. In contrast with the previous quarters the number of fixed line internet subscriptions grew at a faster pace than the wireless segment.



## Prices

- Producer prices grew in all major fields of the commodity production sector: in agriculture – mainly due to the price hike of vegetable products – they grew by 8.9%, in industry by 2.7%, in construction by 10% year-on-year. In the case of industry one had to pay on average 5.2% more for items sold domestically. High demand forced prices up in construction.
- Dwelling prices continued to increase during the first quarter of 2019, average price per square metre for second-hand homes in the capital and county-seat towns grew significantly – by 15% and 16% year-on-year.
- Compared to the commodity producing divisions prices for the observed services increased overall moderately (by 2.3%) in the 1st quarter of 2019 compared to the same period of the previous year. Price changes were mainly influenced by freight transport by road becoming more expensive and the fall in telecommunication prices.
- In the 1st semester of 2019 the price level of the external trade in goods, expressed in HUF increased by 2.1% for exports, by 2.5% for imports compared to the same period of the previous year. The terms of trade worsened.

- Consumer prices increased overall by 3.4% in January-July 2019 compared to the same period of 2018. Prices of alcoholic beverages, tobacco products grew in the largest extent, and food prices increased above average, too.



### Demographic and social trends

- In the 1st semester of 2019 there were fewer live births and more deaths year-on-year, in consequence the natural decrease (25,839 people) was 7.9% higher. The number of marriages significantly increased: 7.9% more couple married.
- The labour market trends – which characterised the previous quarters – continued: more people worked and there were fewer without a job compared to the previous year, while the number and proportion of the economically active population slightly increased, that of the inactive ones lessened.
- Average gross earnings of full-time employees at the level of the national economy was HUF 359,500 in the 1st semester of 2019, 10.6% higher year-on-year. Net average earnings, including benefits, are estimated to be HUF 246,400. Beside inflation real earnings were 6.9% higher compared to the 1st semester of 2018.
- In the 1st semester of 2019 there were 3.9% less road traffic accidents with personal injuries in the country. There was an improvement in accident outcome as the number of accidents resulting in death decreased by almost one-fifth.



### Summary data

Denomination	2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q1-Q2 2019
<b>Volume change compared to the same period of the previous year, %</b>						
Gross domestic product (GDP)	4.9	5.1	5.1	5.3	4.9	5.1
Investment <sup>+</sup>	19.2	21.6	19.0	20.1	18.8	19.3
Actual final consumption of households	4.6	4.4	4.3	4.8	4.3	4.5
Import of goods	6.4	6.4	6.4	7.1 <sup>+</sup>	3.1 <sup>+</sup>	5.1 <sup>+</sup>
Export of goods	4.3	2.7	4.0	5.7 <sup>+</sup>	0.6 <sup>+</sup>	3.1 <sup>+</sup>
Industrial production	3.5	2.1	5.1	6.3 <sup>+</sup>	4.6 <sup>+</sup>	5.4 <sup>+</sup>
Industrial domestic sales	5.9	4.9	7.5	5.3 <sup>+</sup>	7.6 <sup>+</sup>	6.4 <sup>+</sup>
Industrial export sales	1.6	-1.0	4.1	7.2 <sup>+</sup>	4.6 <sup>+</sup>	5.8 <sup>+</sup>
Construction output	21.3	27.0	21.6	47.6 <sup>+</sup>	27.5 <sup>+</sup>	35.1 <sup>+</sup>
Sales of retail stores	6.5 <sup>+</sup>	6.1	5.3 <sup>+</sup>	6.1 <sup>+</sup>	5.2 <sup>+</sup>	5.6 <sup>+</sup>

## Summary data (continued)

Denomination	2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q1-Q2 2019
<b>Year-on-year changes, %</b>						
Energy consumption of the national economy	-1.2	-3.3	0.1	0.8	15.5 <sup>a)</sup>	5.4 <sup>b)</sup>
Tourism nights of accommodation establishments	4.2	2.9	3.9	-1.2 <sup>+</sup>	1.5 <sup>+</sup>	0.4 <sup>+</sup>
Freight traffic performance (in freight tonne kilometres)	-4.4	-5.8	-5.8	4.0 <sup>+</sup>	-0.7 <sup>+</sup>	1.6 <sup>+</sup>
Industrial producer prices	5.5	7.7	5.4	3.1	2.3	2.7
Gross average earnings <sup>+</sup>	11.3	11.1	10.5	11.0	10.3	10.6
<b>Balance of the external trade, million EUR</b>						
Goods	5,520	376	1,036	1,738 <sup>+</sup>	1,347 <sup>+</sup>	3,085 <sup>+</sup>
Services	8,514	2,437	1,944	1,943	2,341	4,284
<b>In percentage of GDP</b>						
Balance of the government sector	-2.2	-0.8	-5.8	0.1	..	..
<b>Thousand units</b>						
Number of built dwellings	17.7	3.7	7.5	3.7	2.8	6.5
<b>Within the 15-64 year-old population, %</b>						
Unemployment rate	3.7	3.9	3.6	3.6	3.4	3.5
Employment rate	69.2	69.5	69.5	69.9	70.0	69.9
<b>Number</b>						
Live births	89,807	24,220	22,484	20,856 <sup>+</sup>	21,046 <sup>+</sup>	41,902 <sup>+</sup>
Deaths	131,045	30,500	33,495	37,778 <sup>+</sup>	29,963 <sup>+</sup>	67,741 <sup>+</sup>
Natural decrease	-41,238	-6,280	-11,011	-16,922 <sup>+</sup>	-8,917 <sup>+</sup>	25,839 <sup>+</sup>

Denomination	2018	March 2019	April 2019	May 2019	June 2019	January- June 2019
Agricultural producer prices	2.7	7.0	6.6	6.0	10.5	8.9
Consumer prices <sup>c)</sup>	2.8	3.7	3.9	3.9	3.4	3.5

<sup>a)</sup> April–May 2019.

<sup>b)</sup> January–May 2019.

<sup>c)</sup> July 2019: 3.3%, January–July: 3.4%.

**CONTACT DETAILS:**

[kommunikacio@ksh.hu](mailto:kommunikacio@ksh.hu)

[Contact us!](#)

Telephone: +36 1 345 6789