



Summary

World economy has been impacted by less turbulent processes in 2023 than a year earlier, geopolitical tensions, however, still overshadowed the global mood. Economic growth came almost to a standstill in our narrower economic environment, the European Union; in Germany, our most significant export partner GDP lessened compared to 2022. The war in Ukraine, ongoing since 2022, changed the economic environment and this, in turn, held the Hungarian economic drive back, which just started moving on a growth track after the Covid pandemic.

Still, in spite of the economic hardship labour market stood fast, both employee numbers and their ratio within the population reaching record-high levels. Unemployment rate grew as well, however it was more favourable than the EU average, Hungary belonging within the EU member states, as in the case of employment rate, to the most favourable values reaching third.

The performance of the Hungarian economy lessened in 2023 by 0.9%. Inflation related pressure eased in 2023, as energy and crude material prices resettled, the growth rate of consumer prices slowed by October to the one-digit range. High inflation and interest had a negative impact on consumption and investment decisions. Significantly growing consumer prices led to the decline of real earnings, household consumption, and in consequence to a setback in retail trade.

The volume of investments lagged behind the previous year's level, owing in part to high interest rates and in part to arrears of EU funds. Fallback in construction investments left a mark on construction performance

and on construction on dwellings, too. The debt-to-GDP ratio continued to decrease in 2023. The major improvement of the external trade balance significantly lessened the negative impact of consumption and accumulation processes. This trend was primarily due to the consolidation of energy carriers' import prices, as well as to the import volume decrease and an increase of the export one, owing to a subdued domestic demand.

A good performance of export-oriented industrial fields had a major role in the expansion of export. Nevertheless, an increase in vehicle production and the manufacture of electrical equipment, including production of batteries could only lessen the remission of the total industrial output. As industry, the overwhelming majority of sections also lagged behind the previous year's values. A favourable agricultural output slowed the most the economic setback as yields greatly surpassed the extremely low bases of the previous year, caused by a severe drought.

Hungary's energy consumption continued to decrease in 2023, same as in 2022; high energy prices, economic setbacks on many fields and a milder weather at the beginning of the year all played a part in the trend.

Mortality continued to decrease in 2023, the number of births was also below the previous year's value, along with a lessening in the number of women of childbearing potential. Total fertility rate, indicating the willingness to have children slightly decreased, remaining still above 1.5. International migration surplus slowed this time, too, the population decline rate.

Summary table

Denomination	2015	2019	2020	2022	2023
Macroeconomic environment					
Volume index of gross domestic product (GDP), 2015 = 100.0	100.0	117.7	112.5	125.9	124.8 ⁺
GDP per capita, EU27_2020 average = 100.0 ^{a)}	70.0	73.0	74.4	76.1	76.4 ⁺
Volume index of investments, 2015 = 100.0 ^{b)}	100.0	144.8	140.9	151.6	138.8 ⁺
Balance of external trade in goods, billions of euros	8.6	4.3	5.6	-9.1	9.2 ⁺
Balance of general government sector, as a percentage of the GDP	-2.0	-2.0	-7.6	-6.2	-6.7 ⁺
Share of small- and medium sized enterprises in the value added of businesses, %	43.2	45.6	44.6	43.9	..
R&D expenditures, as % of GDP	1.34	1.47	1.59	1.39	..
Consumer price index, 2015 = 100.0	100.0	109.3	112.9	135.8	159.8
Labour market state of affairs					
Employment rate, % ^{c)}	65.9	72.2	71.9	74.4	74.8
Unemployment rate, % ^{d)}	6.6	3.3	4.1	3.6	4.1
Share of job vacancies, %	1.5	2.5	2.0	2.7	2.4
Performance of branches					
Volume index of industrial production, 2015 = 100.0	100.0	115.5	108.8	126.0	119.2 ⁺
Freight transport performance index, 2015 = 100.0 ^{e)}	100.0	105.7	94.8	99.5	89.9 ⁺
Volume index of turnover of retail shops, 2015 = 100.0 ^{f)}	100.0	125.7	125.4	136.6	125.9 ⁺
Volume index of sales of catering units, 2015 = 100.0 ^{g)}	100.0	136.9	93.7	132.3	129.1 ⁺
Volume index of construction output, 2015 = 100.0	100.0	153.9	138.9	158.2	150.3 ⁺
Volume index of agricultural output, 2015 = 100.0 ^{h)}	100.0	107.5	105.0	86.7	108.5 ⁺
The digital world					
Fixed-line internet subscriptions, 2015 = 100.0	100.0	119.1	122.6	131.1	132.9
Share of e-commerce in sales revenue of enterprises, % ⁱ⁾	19	24	23	20	23
Share of households with Internet access, %	76	86	88	91	93
Demographic snapshot					
Number of live births, thousand	91.7	89.2	92.3	88.5	85.2 ⁺
Number of deaths, thousand	131.7	129.6	141.0	136.4	128.2 ⁺
Total fertility rate	1.44	1.49	1.56	1.52	1.51 ⁺
Living conditions					
Index of change in real earnings, 2018=100.0 ^{j)}	..	107.6	114.4	121.6	118.4
Share of people at risk of poverty or social exclusion, %	28.6	19.4	19.4	19.6	..
Average life expectancy at birth, years	75.44	76.16	75.52	75.84	76.60 ⁺
Number of students in tertiary education, thousand students	295.3	285.1	287.5	290.0	310.4
Environment and energy management					
Greenhouse gas emission index 2015=100.0 ^{k)}	100.0	102.5	97.1	97.0	..
Total energy consumption of the national economy, PJ	1 049	1 100	1 095	1 056	1 001

^{a)} Calculated at purchasing power parity. – ^{b)} Data for 2023 is calculated based on quarterly data, for other years calculation is based on annual data collections. – ^{c)} Within the population aged 15–64. – ^{d)} Within the population aged 15–74. – ^{e)} Based on freight-tonne kilometres. – ^{f)} Calendar adjusted volume index. – ^{g)} Seasonally and calendar adjusted volume index. – ^{h)} At basic prices. – ⁱ⁾ At enterprises employing at least 10 persons, excluding financial organisations. – ^{j)} Calculated from net earnings. Data regarding the full scale of employers available since 2019. – ^{k)} Based on Eurostat data.



Trends in world economy

→ Geo-political tensions were determining elements of the world economy in 2023, too. Though inflationary pressure – with a reversion in energy and raw material prices – eased in 2023, the impact of the consumer price level significantly rising compared to 2020 accompanied the trends all through 2023. The performance of the world economy was 3.1% higher than a year earlier. Out of the major centres of economic power, economic growth accelerated in the United States and China, in turn, almost stopped in the European Union, being our tighter economic environment.



Performance of Hungary's economy

→ The performance of Hungary's economy was 0.9% lower in 2023 than one year earlier. The volume of final domestic use fell by 5.6%, in parallel with a narrowing in the consumption and capital formation opportunities and willingness of economic actors. Significantly rising consumer prices led to a decrease in real earnings and a reduction in household consumption. The decline in household consumption was also due to the high base in 2022. The volume of investments was lower, too, than in the previous year, which resulted partly from a context of high interest rates and partly from missing EU funds and the thus also decreasing public orders. The negative impact of the trends of consumption and capital formation was substantially reduced by a considerable improvement in the balance of external trade. This was caused primarily by the consolidation of energy carrier import prices, but contributors were as well the volume of imports decreasing – consistently with a more moderate internal demand – and that of exports rising. The growth of exports was largely due to the good performance of export-oriented industrial areas (especially the manufacture of transport equipment and of accumulators).



Investments

→ The volume of investments of the national economy was 8.5% lower in 2023 than a year earlier. The decline was influenced by high costs of funds and the generally unfavourable economic environment as well as uncertainties about EU funds. The volume of construction investments went down, however, that of machinery and equipment investments was higher than one year earlier. Out of the sections considered as the largest investors, the investments of manufacturing increased, first of all through the developments of the manufacture of transport equipment and of accumulators, at the same time the investments of real estate activities as well as transportation and storage were substantially reduced by a fall in dwelling constructions and renovations, the closure of office building construction projects and a reduction in funds spent on the renewal of transport infrastructure.



External trade

→ In external trade in goods, the volume of exports grew by 2.5% and that of imports lessened by 3.5% in 2023 compared to 2022. Exports reached an unprecedented level. A surplus of 9.2 billion euros was generated over the year, which was an improvement of 18.3 billion euros in the balance compared to 2022. An improvement in the balance of as large an amount as this has been unprecedented since 1999 – the beginning of the time series kept in euros –, and compared to the generated surplus, only in 2016 was a higher one registered. The euro value of service exports expanded by 12% and that of service imports by 6.7% in 2023 compared to 2022, and the surplus was up by 2.1 billion euros, to 11.0 billion euros.



Prices

→ Consumer prices rose by 17.6% on average in Hungary in 2023 compared to a year earlier. A higher price rise than this was last recorded for 1997. Inflationary pressure gradually eased during the year: following the peak of 25.7% in January, the rate of price rise decelerated to 5.5% by the end of the year. A contributor to the decrease in inflation was the reversion in the world market prices of energy carriers and raw materials, which, together with a strengthening of the forint in the first half of the year, made goods imports cheaper. This also had a part in input and producer prices lessening in agriculture, and, after an extreme drought in 2022, the procurement price of cereals significantly fell, along with favourable harvest results in total in 2023. Consistently with decreasing real earnings, households cut down on their consumption, which slowed down inflation, too. The consumer prices of certain products were influenced by measures taken over the year: the introduction of mandatory promotions and amendments to administrative price control. The inflationary paths of household energy and motor fuels were determined primarily by legislative changes in 2022.



World of enterprises

→ The number of domestic registered enterprises stagnated as a whole in 2023. The number of entrepreneurs, within which especially that of private entrepreneurs rose, while the number of business partnerships decreased. Small- and medium-sized enterprises accounted for 44% of the value added by all enterprises in 2022. The weight of foreign affiliates was 50% within domestic investments in 2022.



Science and technology

- The amount of the national economy's expenditure on research and development, at current prices, has grown since 2017, and it was 920 billion forints in 2022. The expenditure as a proportion of GDP has more than doubled since the turn of the millennium, being 1.39% in 2022 according to preliminary data. The number of people engaged in research and development has continuously increased for over a decade.



General government sector

- Hungary's budget deficit was high in 2023, too, corresponding to 6.7% of GDP. All the same, government debt as a proportion of GDP went on lessening, the debt ratio going down to 73.5% by the end of the year. High inflation left an imprint on both budget revenues and expenditures. With the decline in consumption, VAT revenues were lower than appropriations laid down by law, while payments considerably depending on inflation, first of all interest expenditures and social transfers in cash, significantly increased among budget expenditures.



Labour market

- Favourable employment indicators reached a new record in 2023, with the number of employed persons aged 15–74 reaching an annual average of 4 million 724 thousand, and their employment rate rising to 74.8% among persons aged 15–64, the highest in the history of the Labour Force Survey¹⁾. The recovery this year was again driven by the domestic primary labour market, with the average number of people working abroad also rising again, while the number of public workers continued to fall.
- The number of unemployed persons aged 15–74 was 203 thousand, and the unemployment rate was 4.1%, 27 thousand or 0.5 percentage points higher than a year earlier.
- Many alternative forms of employment were used to retain workers during the pandemic. Of these, teleworking has proved to be effective in several areas, and its higher take-up is therefore likely to be sustained.
- As a result of the economic difficulties affecting the labour market, the potential labour reserve of 15–74 year olds increased by an average of 15 thousand to 300 thousand in 2023, while the number of vacancies decreased by 10 thousand to 79 thousand. Businesses accounted for 66% of the labour demand, the public sector for 30% and there were 2.9 thousand vacancies in the non-profit sector.
- Hungary's employment and unemployment rates were also better than the EU average in 2023, and we ranked in the top third of Member States for both indicators.

¹⁾ The Hungarian Central Statistical Office introduced the Labour Force Survey in 1992 to examine the economic activity of the population - employment and unemployment.



Industry

→ The volume of industrial production in 2023 was 5.5% below the high base of a year earlier. Only three manufacturing sub-sectors managed to increase their production volumes. Again, the largest expansion was in the manufacture of electrical equipment, which included battery production. With the easing of parts supply problems, the recovery in the most important area, the manufacture of motor vehicles, which started in 2022, continued, with output reaching a record high in 2023. The demand-squeezing effect of high food inflation set back the performance of the food industry.



Transport

→ In 2023, performance fell by 9.6% for freight transport and rose for local and interurban passenger transport compared with a year earlier, but all fell short of the pre-pandemic performance in 2019, with freight transport having the largest decrease. The number of passenger cars registered for the first time fell by 10% in 2023 compared to the previous year and was 32% lower than in 2019.



Real estate market

→ In 2023, the continued double-digit increases in the cost of materials and labour and the increased interest costs of housing loans significantly reduced the propensity to build housing, and the number of new dwellings brought into use was also down from a year earlier. In addition to the capital, the decline also extended to the vast majority of counties. The largest falls were recorded in the large cities, but the trend was similar in smaller towns and villages. Compared to the previous year, house price growth has slowed down significantly. The number and amount of loans disbursed also declined sharply, with loans for the purchase of second-hand dwellings continuing to dominate.



Retail trade

→ The volume of retail sales was 7.9% down on the previous year. Within this, sales volumes fell by 4.6% in specialized and non-specialized food shops, by 6.2% in non-food stores and by 20% in petrol stations compared to a year earlier. The number of retail shops has been steadily declining since 2013, with 7 thousand fewer shops at the end of June 2023 than a year earlier.



Tourism and food services

→ In 2023, spending by foreign citizens in Hungary and Hungarians' expenditure abroad both increased significantly compared to the previous year. Hungarians made more domestic trips and on average longer ones. Overall, domestic

tourism in accommodation establishments picked up, with weaker domestic demand being offset by inbound tourism from abroad. Gross sales volume in food service establishments decreased by 2.4% compared to 2022.



Infocommunications

- Infocommunications was one of the economic sectors whose performance increased in 2023. The market for mobile phone subscriptions continued to expand, driven by the proliferation of M2M cards for device-to-device communications, whose number grew by 30% in a year.



Construction

- The value of construction output in 2023 at comparable prices fell by 5.0% compared with a year earlier, after two years of growth. Volume declines of 5.6% and 3.8% in building construction and civil engineering respectively caused the fall in production. Year-end order backlog volumes were 24% below December 2022, mainly due to a decrease in agreements for the construction of civil engineering works.



Agriculture

- In 2023, total agricultural output volumes increased by 25% compared to the severely drought-affected 2022. Improved weather conditions led to good yields, with wheat and rapeseed yields at their second-highest levels in about a hundred years and maize yields at their fourth-highest average in about a hundred years. On 1 December 2023, livestock included more pigs and sheep and fewer cattle and chickens than a year earlier.



Internet network

→ The number of fixed line internet subscriptions moderately grew in 2023, at the same time optical network based subscriptions took the lead within connection types. Mobile network data traffic increased by 27% year-on-year.



Digital economy

→ Advanced technologies, like resource management software or cloud-based services are spreading at domestic enterprises, however only 3.7% of enterprises employing at least 10 people used artificial intelligence in 2023, lagging behind the European Union average. The proportion of businesses selling online pulled up, at the same time, to the EU average. The number of enterprises operating in the infocommunication system – forming the basis of the digital economy – is growing constantly, being 49 thousand in 2022.



Digital society

→ Internet degree of supply at households is expanding, being 92.7% in 2023, coming close to the EU average. The 16–74 age group used the internet in a proportion of 88% on a daily basis, 79% of them purchased goods or services online. Among online buyers most people (60%) purchased clothing in January–March 2023, food and beverage from catering units (41%), ordered tickets for cultural and other events (38%).



Population number, age structure

- Hungary's population on 1 January 2024 was 9,584 thousand people, 16 thousand fewer than a year earlier. In 2023, natural population flows resulted in a decrease of 43 thousand persons, mitigated by an international immigration surplus of 27 thousand persons. The age structure of the population continued to age.



Natural population change

- In 2023, a total of 85.2 thousand children were born, 3.7% fewer than a year earlier. The total fertility rate fell from 1.52 a year earlier to 1.51, in addition to a decline in the number of women of childbearing age.
- In 2023, 128.2 thousand people died. The number of deaths decreased by 8.2 thousand persons, or by 6.0% compared to 2022.
- The number of births declined to a smaller extent than the number of deaths, and the resulting natural decrease of 43.0 thousand people was 10%, or 5 thousand people lower than in the previous year.



Marriages, divorces

- In 2023, 50.2 thousand couples concluded a marriage. This number was 22%, or some 14 thousand lower than in 2022.
- The courts dissolved 16.7 thousand marriages in 2023. Apart from 2020, the number of divorces fell to the lowest value of the past 60 years.



Migration

- In 2023, a total of 221 thousand people changed their permanent and 282 thousand people their temporary residences, which represents a 14% decrease of nearly 82 thousand people in total domestic migration, compared to the previous year. This was mainly due to the decline in the number of permanent migrants.
- International immigration and emigration incidents resulted in a population increase of 27.3 thousand people, which was about 10 thousand people fewer than in 2022. During the year, 33.7 thousand Hungarian citizens moved abroad, and 21.8 thousand Hungarian citizens born in Hungary returned home.



Household income

→ The net monthly household income per capita amounted to HUF 187 thousand in 2022; it increased by 44% in real terms, compared to 2015. The increase in the purchasing power of pensions exceeded that of earnings in 2023. The state spent 1.2% of GDP on family support benefits in 2022. The distribution of the amount of benefits was reversed compared to the past: 53% of them were subject to a previous employment relationship, and 47% were benefits based on subjective rights. In Hungary, the share of people exposed to the risk of poverty or social exclusion was 19.6% in 2022.



Earnings

→ In 2023, the average gross earnings of full-time employees – for the full circle of employers¹⁾ - amounted to HUF 571,200, while the average net earnings including tax and contribution benefits and exemptions were HUF 393,700, with both indicators 14.2 % higher than in the previous year. The real value of earnings fell by 2.9%. With the exception of public administration and defence, the average net earnings in all sections of the national economy²⁾ increased nominally (by between 11.2% and 21.3%). The rise in average wages exceeded that of Budapest in all counties, so regional differences narrowed to some extent.



Social care

→ Since the organisational transformation of young children's day care, the number of places increased by 30% between 2017 and 2023. Simultaneously, the number of young children who do not have access to any form of day care at their place of residence is decreasing year by year. Almost 87,000 people in care lived in social institutions providing long-term residential or temporary accommodation, and nearly 29,000 children taken into protection were registered in 2022.



Health care

→ Between 2020 and 2022, the country's medical coverage improved, but the number of general practitioners and family paediatricians continued to decrease. In 2022, the number of consultations in inpatient and outpatient care did not reach the pre-pandemic frequency of 2019. Nearly two-thirds of the population were satisfied with their state of health in 2022. This perception is greatly influenced by educational attainment and income status.

¹⁾ Full circle of employers: enterprises with employees, budgetary institutions as a whole and non-profit organisations.

²⁾ Excluding fostered workers.



Road traffic accidents

→ In 2023, a total of 14,452 road traffic accidents involving personal injury occurred on the roads, 2.0% less than in the previous year. The number of fatal accidents decreased by 7.8%, those with serious injuries by 3.0%, and those with slight injuries by 1.3%. In 7.2% of the accidents, the influence of alcohol was detected; their number fell by 13% to 1,039. The number of accidents on highways and motorways was 13% lower than in the previous year, totalling 654.



Initial education, vocational education and tertiary education

→ In the 2023/2024 school year, 2.5% more people participated in formal education in Hungary – including full-time and part-time courses of initial education, vocational education and tertiary education – than a year earlier. In 2023, a total of 324 thousand children attended kindergartens, 716 thousand studied in primary schools, and 546 thousand students received secondary education. 2.6 thousand children with severe and multiple disabilities fulfilled their compulsory education in the framework of developmental education. 310 thousand people studied in tertiary education, 69% of them participating in full-time courses.



Cultural consumption and leisure time

→ Cultural expenditures in the budget accounted for 1.0% of GDP in 2022. Attendance at cinemas, theatres and museums was below the pre-pandemic levels, with cinemas suffering the biggest drop in attendance. Although the number of books published in 2023 fell short of the outstanding value of the previous two years, it was still higher than in earlier years.



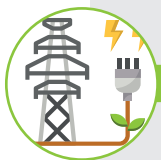
Subjective well-being

→ Life satisfaction among the population aged 16 years and older, measured on a scale from 0 to 10, received a rating of 7.2 points in 2023. Compared to the previous year, subjective well-being improved both in terms of individual dimensions of satisfaction and individual social groups. At the same time, satisfaction with the financial situation of the household was 1.1 points lower than overall satisfaction, while trust in people received the lowest score (5.3).



Environment

- The quantity of greenhouse gas emissions in quarters 1–3 was lower in 2023 than in any year from 2010, the beginning of the availability of the relevant data. Pollution by energy industry, the section with the largest emissions, showed a decreasing trend already previously, independently of the sudden stop in the economy.
- The growth in drinking water consumption per inhabitant continued in 2022. The public sewerage network is increasingly available; sewage water could be drained into public sewers from more than 68% of settlements and from 83% of the dwelling stock by the end of 2022.
- As an effect of the new funding cycle, the number of producers in ecological farming (nearly 6,200) and the size of land area cultivated this way (321 thousand hectares) grew in 2022.
- Similarly to 2021, the area of forests newly planted in the growing year ending in 2022 (nearly 9.0 thousand hectares) was several times, too, the values in earlier years. However, the state of health of forests further worsened.



Energy management

- Domestic economic actors used up 5.2% less energy in 2023 than in the previous year.
- Based on the distribution of energy produced from basic energy sources, the weight of fossil sources (natural gas, petroleum and coal) was down from 33% in 2015 to 29% by 2023.
- Although the value of energy import dependency improved in 2023 compared to 2022, the ratio was lower than the values in earlier years.