

Hungary, 1st quarter 2019





Macroeconomy

- The GDP of the European Union, our immediate economic environment – according to seasonally and working-day-adjusted data – grew by 1.5% compared to the same period of the previous year. The deceleration of the performance stopped.
- The performance of the Hungarian economy has been on a growth path since 2013. The volume of the GDP increased by 5.3% in the 1st quarter of 2019 compared to the previous year's high base. A more dynamic growth has not been seen since Q1 2000 in the Hungarian economy.
- The volume of national investments increased by 26% compared to the high base of same period of the previous year. This further strengthened the dynamic expansion specific for 2018.
- Within external trade in goods the value of exports was 5.9%, that of imports 7.6% higher than in January–March 2018. The external trade surplus amounted to 1.9 billion euros, less than a year before. Last time the 1st quarter surplus was lower than the current year's occurred in 2013.
- Regarding external trade in services – including tourism – value of imports increased by 4.5%, that of exports by 3.2% compared to the 1st quarter of 2018. The balance closed with a 1.9 billion euros surplus.



Performance of divisions

- The expansion of the industry, going on since 2013, continued at the beginning of 2019: the volume of industrial production was 6.2% higher in the 1st quarter of 2019 than a year earlier significantly contributing by this to the economic growth. The manufacture of transport equipment became once more a driver of growth and exports gathered momentum as well.
- Energy consumption surpassed the previous year's values by 5.9% in the first two months of 2019. A year-on-year colder January contributed, too, to this trend.
- Construction output at comparative prices was 48% higher compared to the high base of the previous year. Production increase has been uninterrupted since the beginning of 2017 and it was most vigorous in the 1st quarter of 2019.
- 3,661 new dwellings were built in the country, 7.9% more than in the 1st quarter of 2018, primarily as a result of dwelling-construction increase in the capital city and smaller towns. The number of dwellings to be built based on construction permits and notifications was 9,639, 2.1% less compared to the 1st quarter of 2018.
- Sales volume of retail stores grew by 6.1%, due to a 11% increase in the turnover of retail units selling non-food goods.
- The freight transport performance of the national economy, expressed in freight tonne kilometres is basically identical with the previous year. This emerged as a result of inverse influences: the weight of transported goods increased by 14%, at the same time the average transport distance diminished. The passenger-kilometre performance of the interurban passenger transport was 2.5% higher year-on-year, while local passenger transport registered a 0.4% decrease in trips.

- A total of 2.2 million tourists spent 5.1 million tourism nights at accommodation establishments. In parallel with a moderate (0.3%) growth in the number of tourists the number of tourism nights fell by 1.2% compared to the same period of the previous year.



Prices

- Agricultural producer prices grew by 8.0% compared to the same period of the previous year, this being the most robust 1st quarter increase since 2013. The price of vegetable products grew by 13%, that of animals and animal products fell by 1.2%.
- Industrial producer prices have been continuously increasing for more than two years, they were on average 3.1% higher in the 1st quarter of 2019 than in the same period of the previous year. Among the price change influencing factors the rise of wages continued, oil prices were lower on the world market than a year earlier, while the exchange rate of the forint depreciated against main currencies.
- Construction producer prices grew on average by 10% compared to the previous year's high base. Growth rate gained momentum since 2017 due to an increase in demand and in expenses.
- The dwelling-price increase going on since 2015 continued, the trend being characterised by the fact that the price increase of second-hand homes surpassed that of new homes. Second-hand homes were sold at a 8.3% higher price, new homes at a 5.1% higher price (calculated on a pure price change adjusted by composition effect) in 2018 year-on-year.
- The price level of the external trade in goods, expressed in forint increased by 2.5% for exports, by 3.3% for imports compared to the same period of the previous year. The terms of trade deteriorated by 0.8%. The average exchange rate of the forint weakened: by 2.3% against the euro, by 11% against the USD.
- Consumer price increase accelerated in the first four months of 2019. Price level was in January 2.7%, in April 3.9% higher on average than a year earlier. It was in December 2012 last time that a higher inflation occurred than what was measured in April. The acceleration of the core inflation lasting since September 2018 stopped in April 2019.



Demographic and social trends

- As a result of the decline of live births as well as the increase of deaths, natural decrease was 16,748 people, 10% more year-on-year.
- The improving labour market trends – which characterised the previous periods – continued: meaning, first of all, increasing employment and decreasing unemployment. The number and proportion of the economically active population further increased, that of the inactive ones dropped at the same time. In the 15–64 year-old age group the employment rate was 69.9%, the unemployment rate was 3.6%.

- Average gross earnings of full-time employees at the level of the national economy was 352,200 forints, which was 11.0% higher year-on-year. Net average earnings, including family tax benefits, are estimated to be 241,500 forints, while average net earnings without family tax benefits increased by 11.0% to 234,200 forints. Real earnings, parallel to a 3.2% consumer price increase – without family tax benefits – rose by 7.6% compared to the 1st quarter of 2018.
- A total of 3,063 traffic accidents with personal injuries occurred on the roads of the country, 1.1% more than in the same period of the previous year. While the number of accidents resulting in serious or minor injuries increased moderately (by 2.4% and 1.2%) the number of accidents resulting in death decreased by 12%.

Summary data

Denomination	2018	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Volume change compared to the same period of the previous year, %						
Gross domestic product (GDP)	4.9	4.6	4.9	5.1	5.1	5.3
Investment ⁺	17.0	10.5	16.0	22.1	16.9	26.4
Actual final consumption of households	4.6	5.2	4.6	4.4	4.3	4.8
Import of goods ⁺	6.3	4.5	8.4	6.3	6.3	6.5
Export of goods ⁺	4.2	4.1	6.1	2.7	4.1	5.6
Industrial production ⁺	3.6	3.2	3.9	2.3	5.1	6.2
Industrial domestic sales ⁺	6.8	6.1	5.4	6.7	8.6	5.1
Industrial export sales ⁺	1.4	0.5	2.7	-1.6	3.7	7.4
Construction output ⁺	22.3	17.6	19.3	28.7	21.0	48.2
Turnover of retail shops	6.5 ⁺	8.0	7.4 ⁺	6.0 ⁺	5.3 ⁺	6.1 ⁺
Year-on-year changes, %						
Energy consumption of the national economy	-1.2	0.8	-3.9	-3.3	0.1	5.9 ^{a)}
Tourism nights in accommodation establishments	4.2	10.6	2.3	2.9	3.9	-1.2 ⁺
Freight transport performance (in freight tonne kilometres) ⁺	-4.4	-3.5	-2.7	-5.8	-5.8	0.1
Industrial producer prices	5.5	3.6	5.2	7.7	5.4	3.1
Average gross earnings ⁺	11.3	12.4	11.6	11.1	10.5	11.0

Summary data continued

Denomination	2018	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Balance of the external trade, million euro						
Goods ⁺	5,557	2,147	1,969	391	1,051	1,853
Services	8,514	1,810	2,323	2,437	1,944	1,943
In percentage of GDP						
Balance of general government sector	-2.2	-0.8 ^R	-1.3 ^R	-0.8 ^R	-5.8	..
Thousand units						
Number of built dwellings	17.7	3.4	3.1	3.7	7.5	3.7
Within the 15-64 year-old population, %						
Unemployment rate	3.7	3.9	3.6	3.9	3.6	3.6
Employment rate	69.2	68.7	69.3	69.5	69.5	69.9
Number						
Live births ⁺	89,800	21,776	21,330	24,221	22,473	20,830
Deaths ⁺	131,100	37,000	30,038	30,485	33,577	37,578
Natural decrease ⁺	-41,300	-15,224	-8,708	-6,264	-11,104	-16,748

Denomination	2018	December 2018	January 2019	February 2019	March 2019	January-March 2019
Agricultural producer prices	2.7	5.8	8.3	7.7	7.0	8.0
Consumer prices ^{b)}	2.8	2.7	2.7	3.1	3.7	3.2

^{a)} January-February 2019

^{b)} April 2019: 3.9%, January-April: 3.4%.

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