

Hungary: Industry rebounds on electronics, cars

Industrial production rebounded in October, as electronics and manufacturing both had a good month. It follows the worst performance of the year in September



Source: Pixabay

3.3%

Industrial production (wda, YoY)

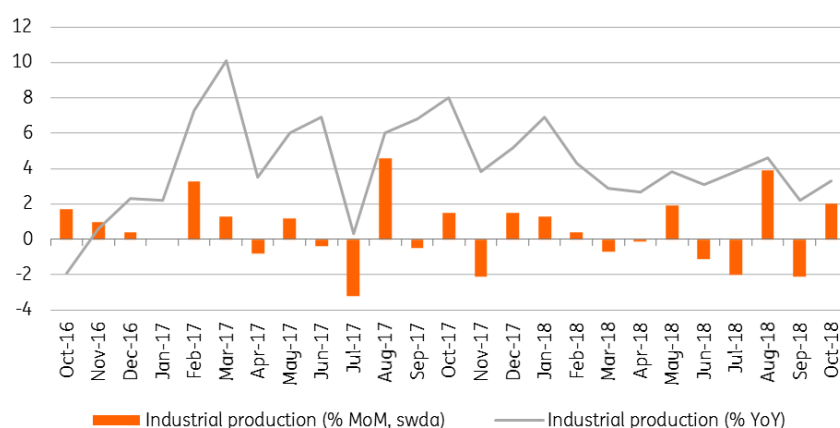
Consensus (2.3%) / Previous (2.2%)

Better than expected

Industrial production rebounded from its worst performance of the year, posting 3.3% year-on-year growth in October. On a monthly basis, the sector's production volume rose 2% on a seasonally-adjusted basis. The October performance roughly matches the 3Q18 average growth rate, but still shows a trend-like deceleration.

We don't know the details but in a separate comment, the Statistical Office highlighted that electronics manufacturing showed strong growth, and after two months of disappointments, car manufacturing also increased production. It seems that the impact from new emissions standards is coming to an end, suggesting a glimmer of hope for the industry in the remainder of the year. We see the sector closing the year with around 3.5% YoY average growth, a full percentage point lower than in the previous year.

Performance of the Hungarian industry



Source: HCSO

When it comes to the bigger picture, the start of 4Q18 is not particularly strong, but not too bad either, roughly matching the average performance we saw in the third quarter in industry and the retail sector, too. However, the decelerating trend continues to persist in the main sectors, backing our view that the Hungarian economy has passed its peak following a record 3Q18.

Author

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose

possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.