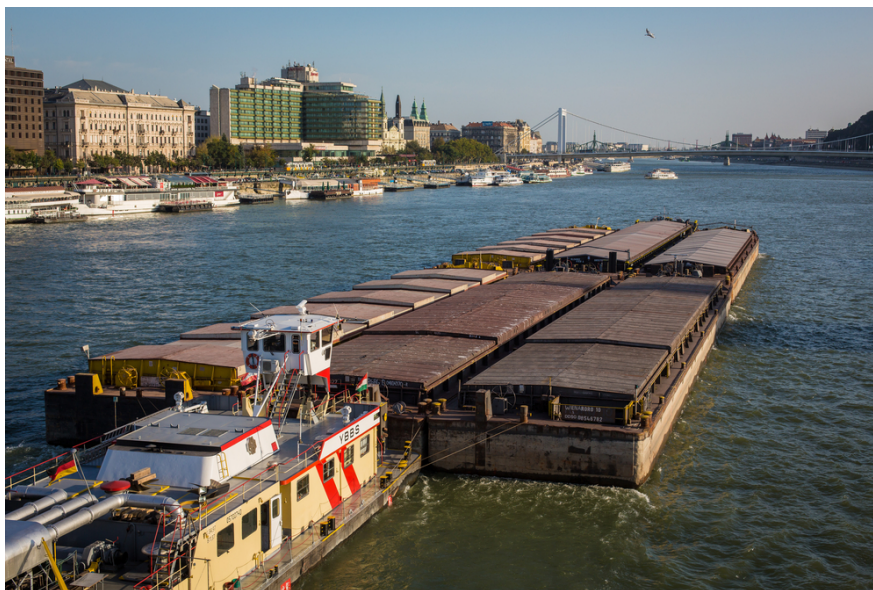


Hungary: Industry slightly recovers

Industrial production increased by 4.5% year on year in December, showing a correction after the disappointing November data (3.4% YoY)



4.5%

Industrial production (YoY)

Consensus (5.1%) / Previous (3.4%)

Worse than expected

Industrial production came in at 4.5% YoY, below the 5.1% market consensus. On a yearly average industrial production grew by 4.8%, significantly exceeding the average production performance of 2016.

After the better reading in December it is fair to say that the disappointing performance was mainly due to temporary factors.

Regarding the HCSO's previous statement, it hasn't shared any detailed data, so we could only

guess what the main drivers are behind the data. There is probably a recovery in vehicle production after the drop last month. Since the base effect was weak, and the weight of vehicle industry in production is large, it could contribute significantly to the growth.

As regards the big picture, worse than expected December retail sales and industrial production readings have reduced the probability of reaching 4% YoY GDP growth in 2017 as a whole.

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