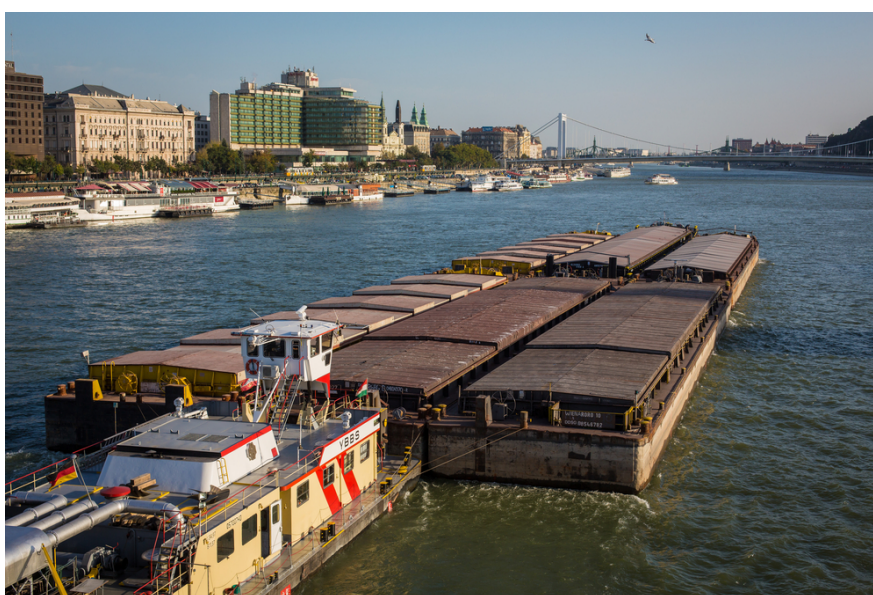


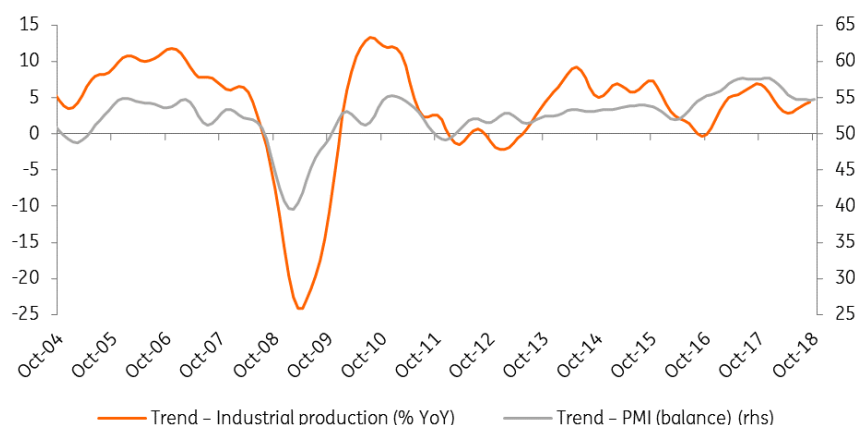
## Hungary: The worst performance for industry in 2018

Industrial production in Hungary has suffered from reduced output by car manufacturers



Industrial production has put in its worst performance so far this year with a 2.2% year-on-year increase in September. This follows weak data from the retail sector- another key segment of the economy. On a monthly basis IP fell 2.1%, the second-worst reading since mid-2016. However, this is hardly surprising given the disappointing German figures and the emission test related issues for car manufacturers.

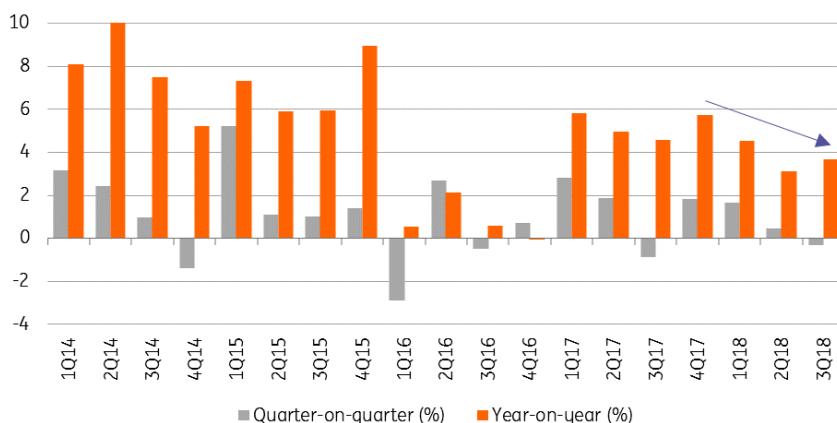
## Manufacturing PMI and industrial production trends



Source: Bloomberg, ING

We don't know the details behind the poor performance but as we highlighted above, we believe this is about car manufacturers, the main subsector of Hungary's industry. If trends in previous months continued, we think low-weight industries probably performed well while the food industry likely suffered as adverse weather affected the agricultural sector.

## Real growth rates of industrial production (seasonally and working-day adjusted)



Source: HCSO, ING

Today's release caps a bad 3Q18 performance overall, with a fall in the volume of production compared to the second quarter. Along with yesterday's retail sales data, this suggests a deceleration in GDP growth in 3Q.

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