

Latest Hungarian industrial numbers crush recovery hopes

Incoming industrial data for November shows that the positive trend of the previous two months was a glitch in the matrix. Performance fell to a new low, diminishing hopes for a positive contribution to GDP growth in the last quarter of 2025



New BMW facilities in Debrecen are yet to move Hungary's industrial production numbers

-5.4%

Industrial production (YoY, wda)

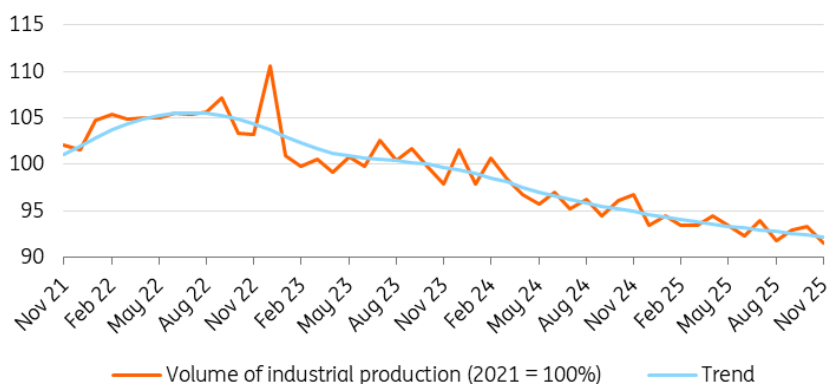
ING estimate: -1.8% / Previous: -2.7%

Hungarian industrial performance was a major disappointment once again in November. Although there had been monthly growth in the previous two months and BMW's launch of new industrial capacity had raised hopes of another positive performance, this did not materialise. Industrial performance fell by 2% on a monthly basis in November. At the same time, the year-on-year index declined by 5.4%.

The fixed-base index also paints a grim picture: the decline in November completely offset the

growth of the previous two months. Production volume is now 8.5% below the 2021 average, reaching a new low. The downward trend in industry has therefore continued.

Volume of industrial production

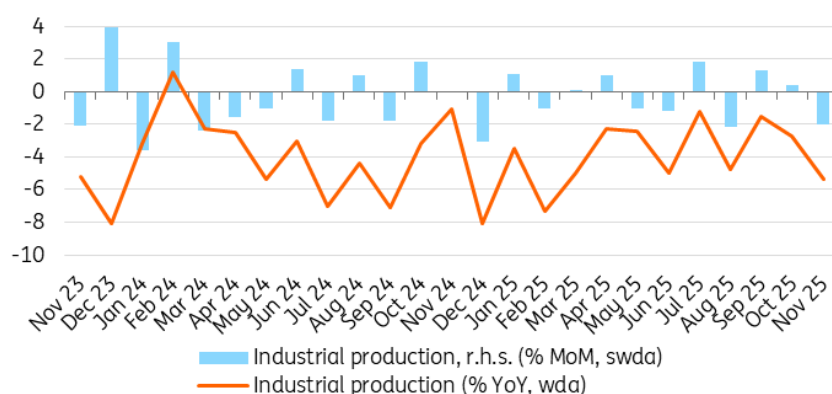


Source: HCSO, ING

Although detailed data is yet to be released, the overall picture remains unchanged based on preliminary numbers from the Hungarian Central Statistical Office (HCSO), with production declining in most sub-sectors. The electronics industry continues to be the exception and is now, presumably, temporarily joined by the food industry. In contrast, vehicle and electrical equipment manufacturing continued their negative trend.

This clearly shows that one swallow does not make a summer. Despite the start of production at the BMW plant in Debrecen, this has certainly not yet reached a level that would impact the sector's indicators. Naturally, we recognise that ramping up production takes time, but the latest data is still disappointing.

Performance of Hungarian industry



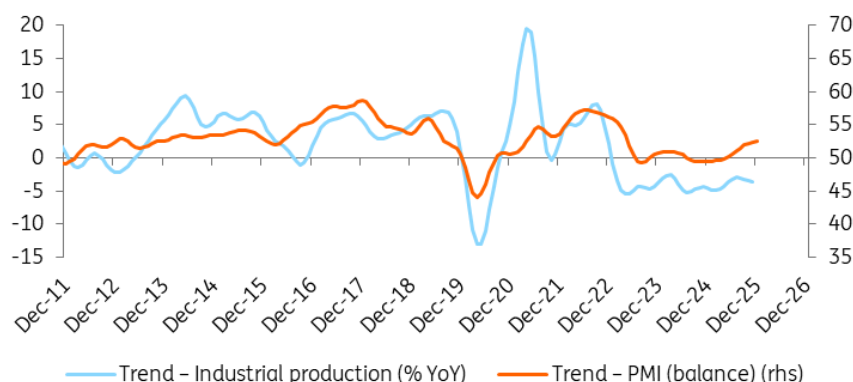
Source: HCSO, ING

Overall, our cautious optimism based on the past two months has indeed proved to be fragile, as we indicated in our article [last month](#). In general, capacity utilisation did not increase significantly, and most companies continue to complain about a lack of demand and orders. While there are

positive signs across Europe that a [cyclical upturn](#) in industrial performance has begun, it will take time for this to be reflected in the order books of Hungarian industrial companies and translate into actual performance improvements.

For the time being, therefore, indicators based on domestic surveys, such as the PMI or business confidence index, suggest some kind of treasury optimism rather than reflecting actual performance. Overall, the short-term outlook for local industrial companies producing for export remains gloomy and uncertain, with a cyclical upturn yet to materialise in Hungary.

Manufacturing PMI and industrial production trends



Source: HALPIM, HCSO, ING

In terms of the outlook for Hungarian GDP in the fourth quarter, the overall picture presented by Friday's [retail data](#) and today's industrial data is rather unfavourable. This means that our feelings may be mixed, given the positive data series in October and the negative data series in November. Of course, there is still hope for at least 0.5% average economic growth in 2025, but this would require strong year-end performances from all sectors. Furthermore, an adverse development at the end of 2025 would significantly deteriorate the GDP growth outlook for 2026 (currently expected in the range of 2.0–2.5%) due to the weaker carry-over effect.

Author

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Zoltán Homolya

Economic research trainee

zoltan.homolya@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.