

Strengthening Investors' Confidence: The Hungarian Recipe

Investment Outlook Session – Hungary
Annual Meeting - European Bank for Reconstruction and Development

12 May 2016

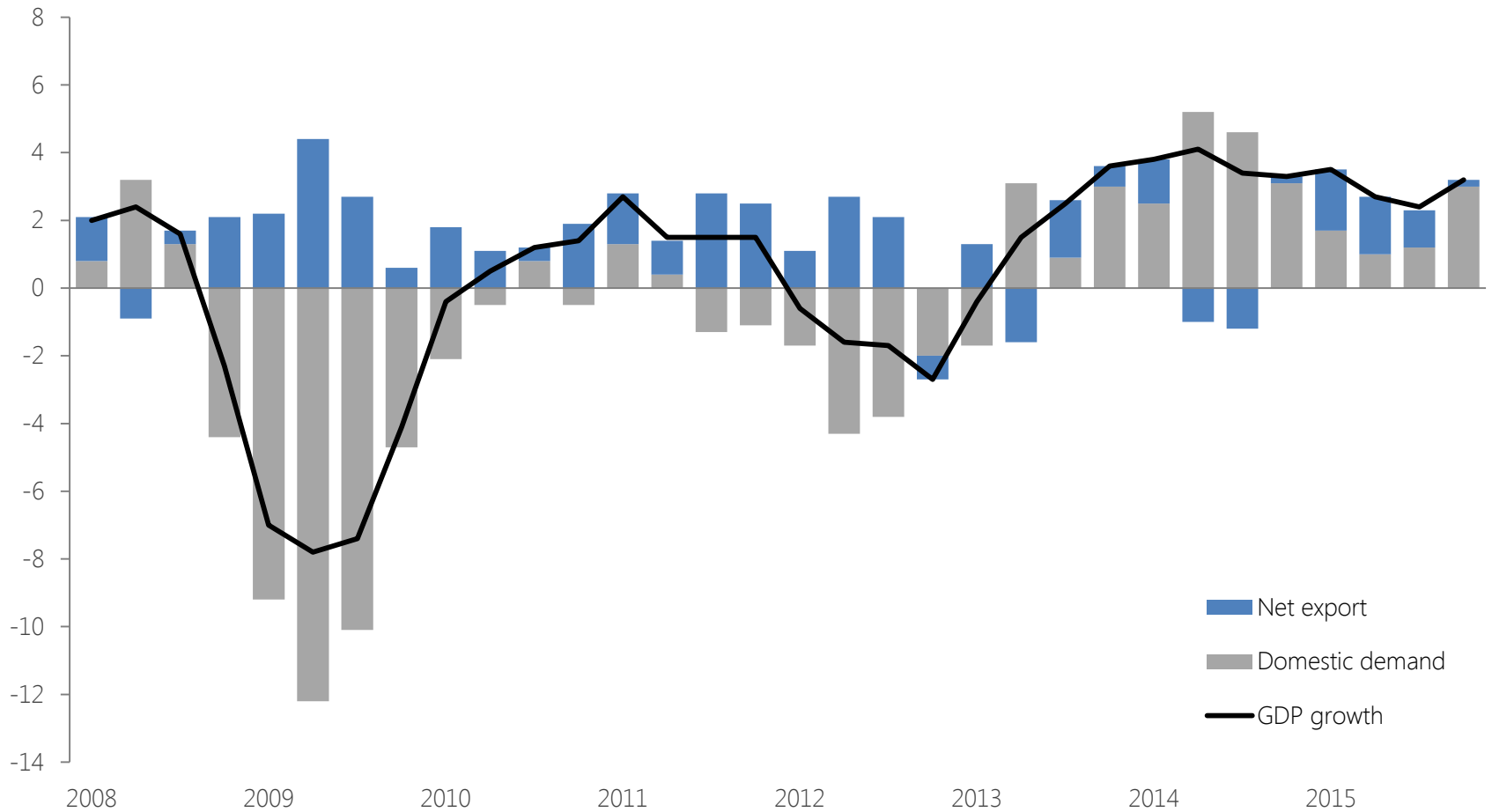


Investors' confidence and market perceptions are strengthened by

- ✓ **stable GDP growth,**
- ✓ **favourable labour market developments,**
- ✓ **massive external lending position, in line with**
- ✓ **the largely reduced external exposure of the private and public sector, as well, and**
- ✓ **an enduringly responsible fiscal policy.**

Hungarian GDP growth is stable and balanced

Demand side composition of GDP growth (year-on-year, percentage points)

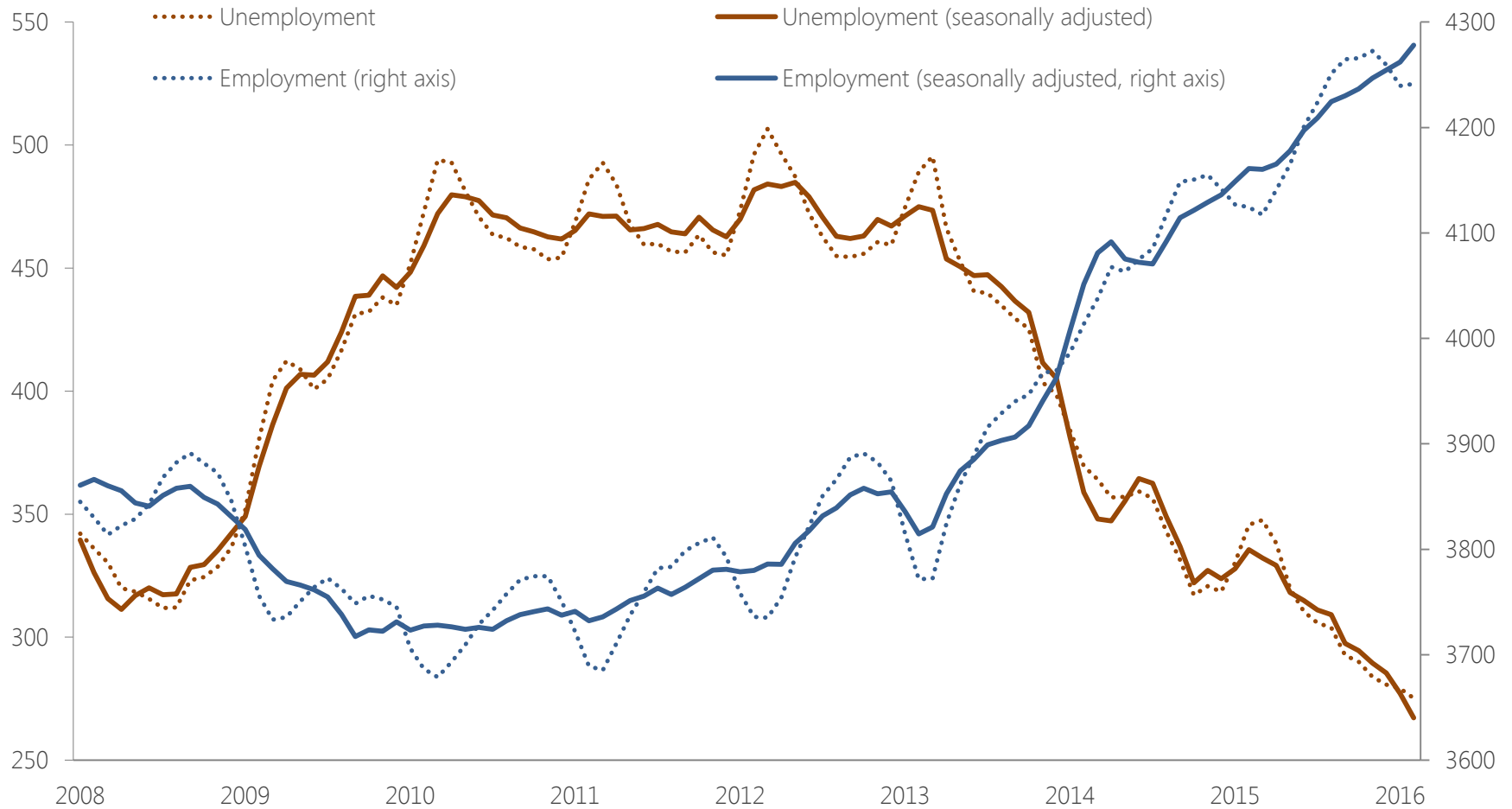


Source: HCSO



Employment expanded at a record pace

Unemployment and employment (three-month average, thousands of people)

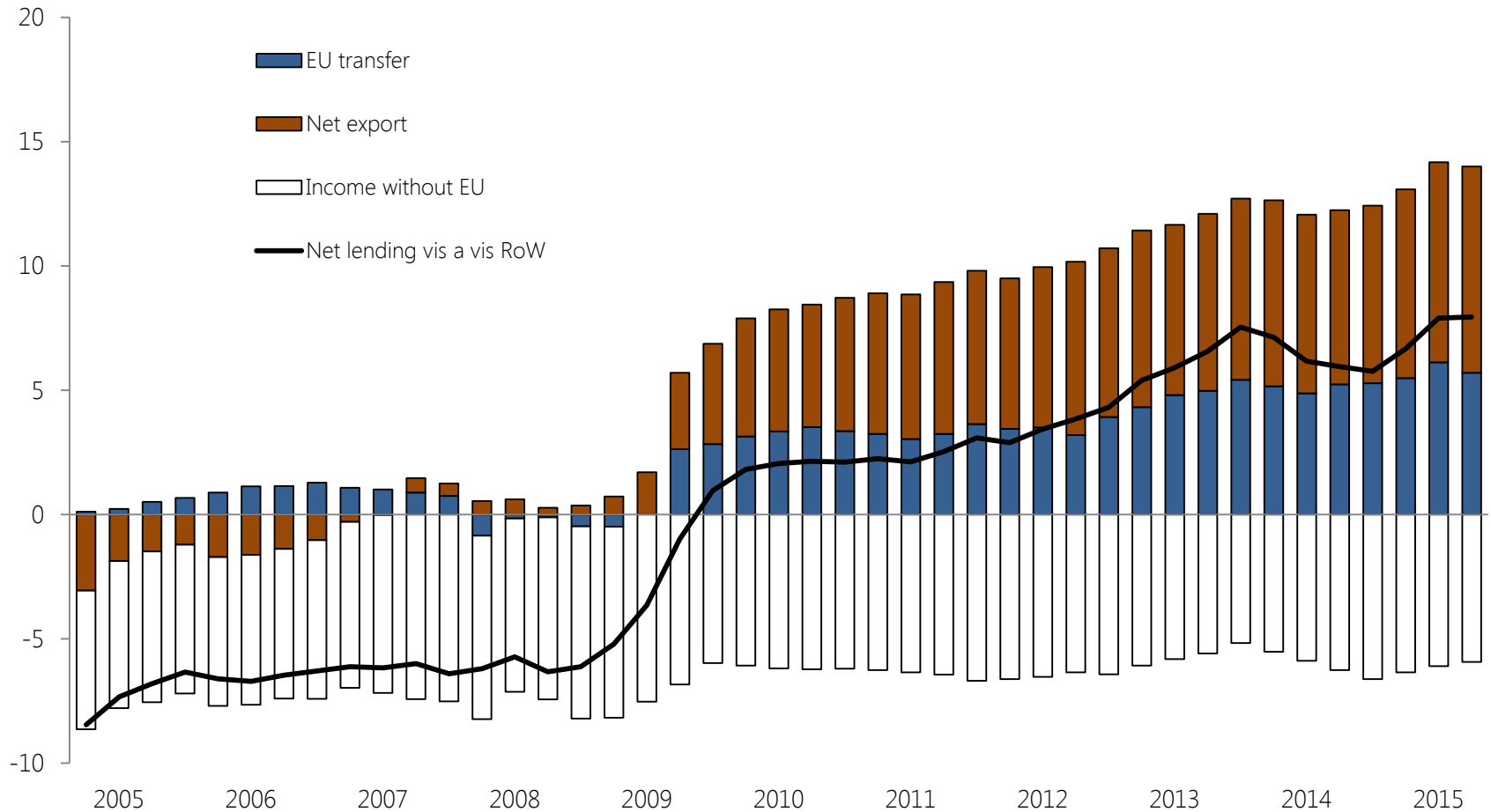


Source: Hungarian Central Statistical Office, Eurostat



Massive external lending position ensures the reduction of debt and risks associated to it

Net lending vis-a-vis RoW (four-quarter-cumulated sums, balance as % of GDP)

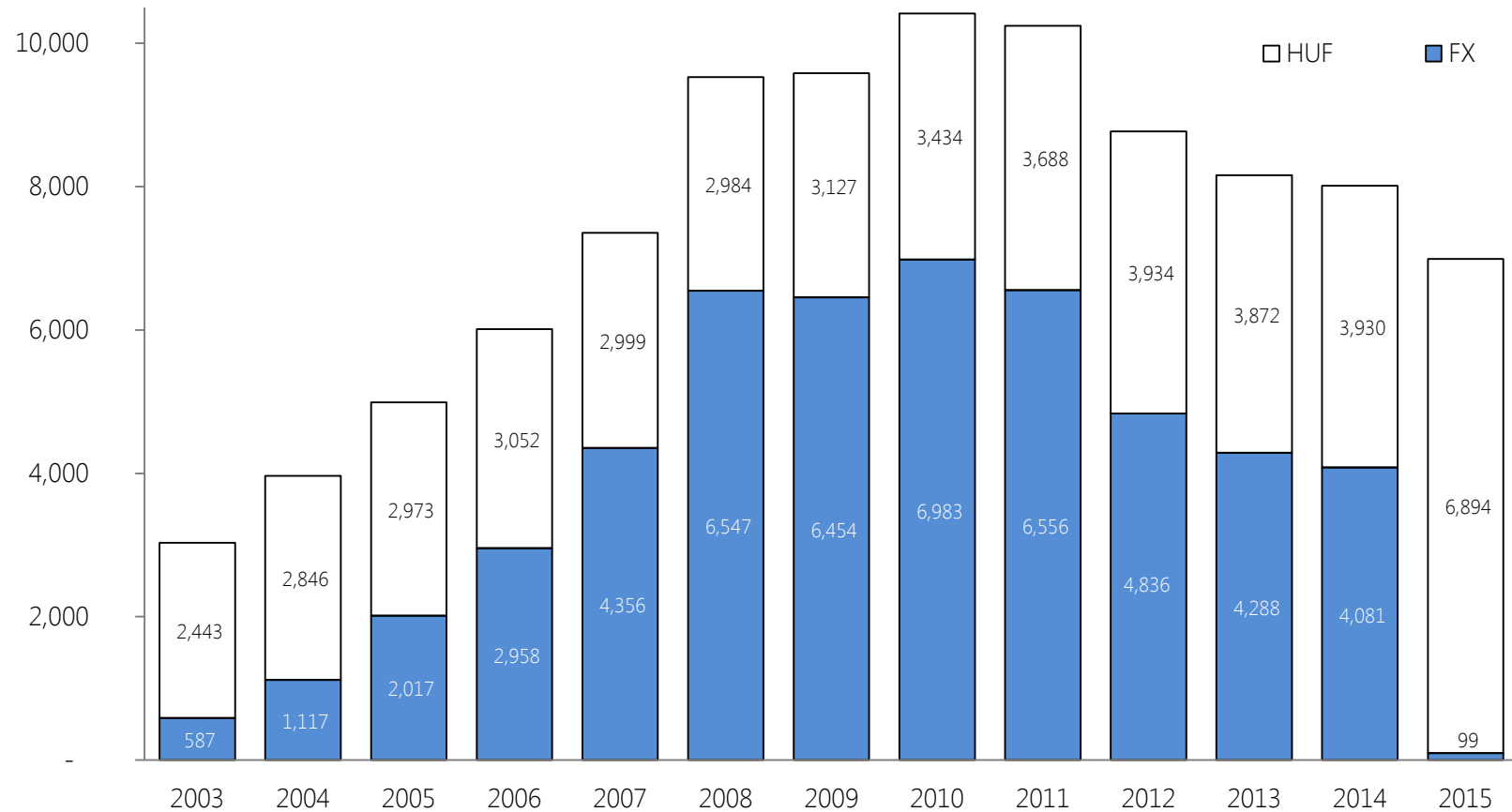


Source: Central Bank of Hungary, MfNE calculations



The households' FX risk has been practically eliminated

Currency composition of household loans (2003-2015, billion HUF)

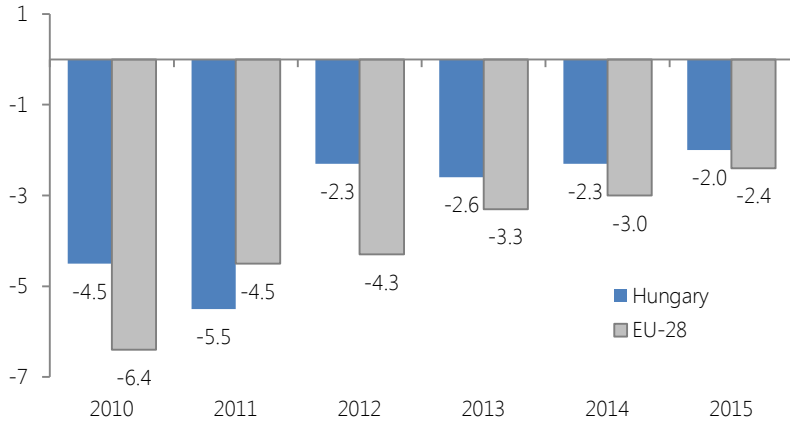


Source: MNB

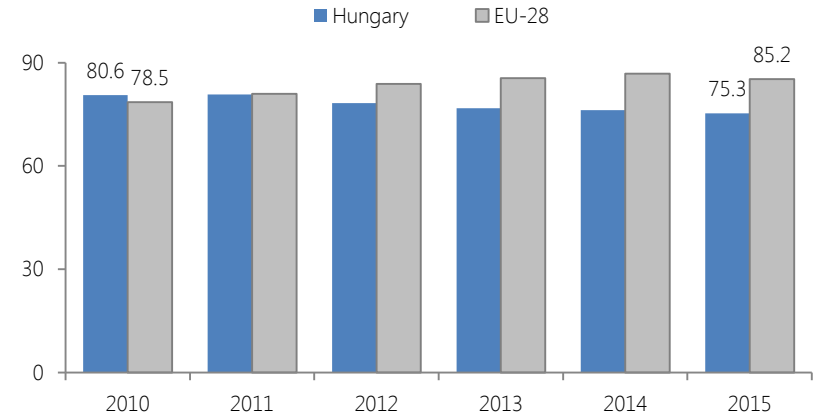


Due to responsible fiscal policy, Hungary is in the EU's „ivy league” concerning debt reduction

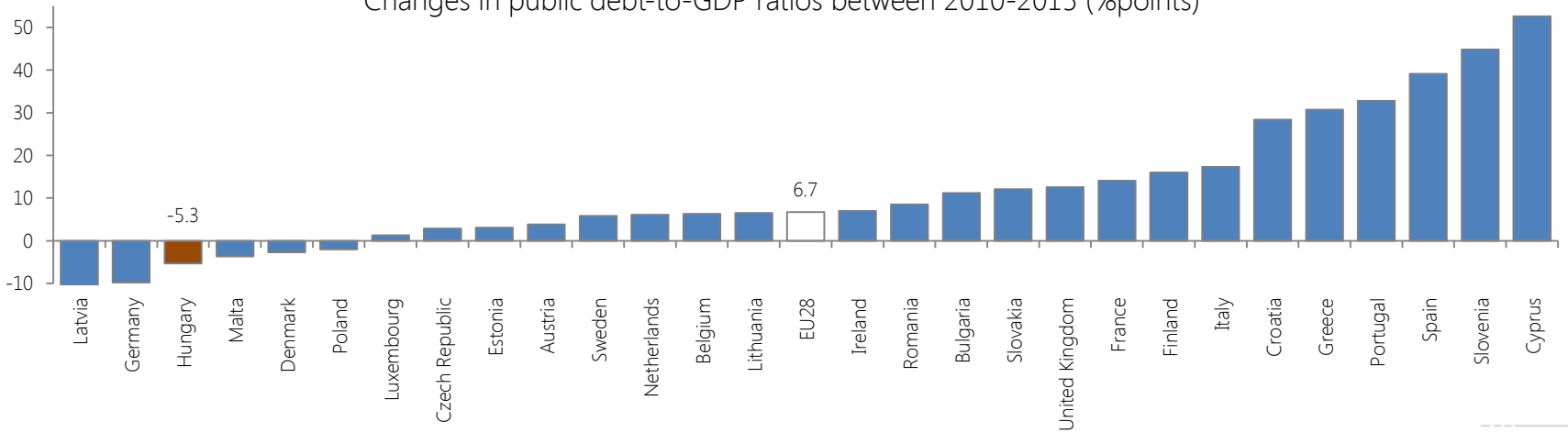
General government balance (in % of GDP)



Public debt (in % of GDP)



Changes in public debt-to-GDP ratios between 2010-2015 (%points)

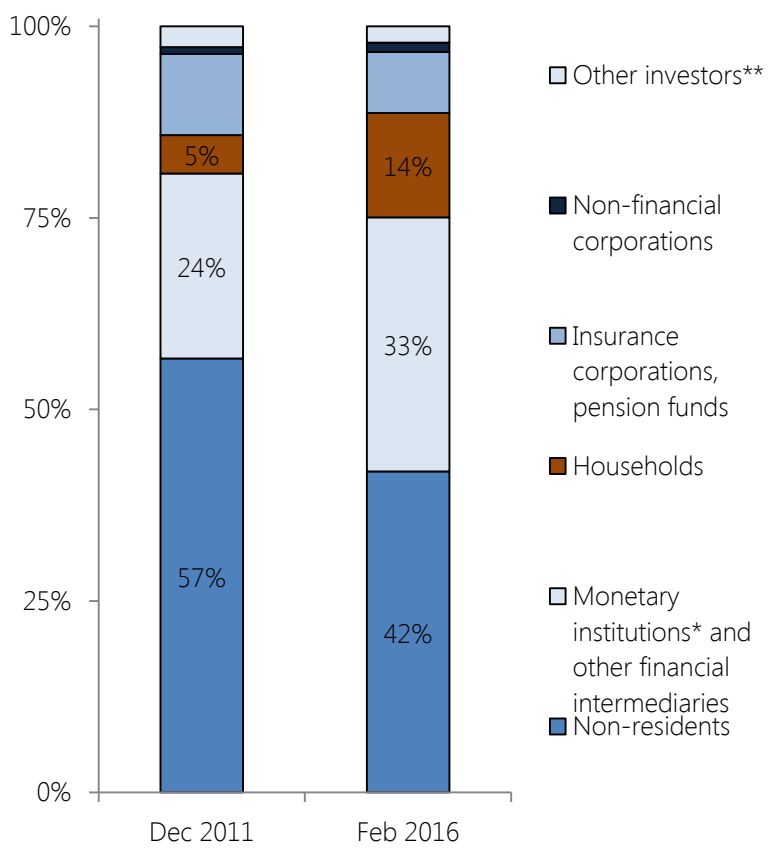


Source: Eurostat



The structure of public debt and market perceptions on Hungary have been improving

Investor composition of Hungarian government securities



	2011	2015
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FX ratio (%)	52	35
Public debt held by non-residents (%)	64	48

	2011	Jan 2016
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5-year CDS spread (bps)	610	160
5-year yield (%)	10,66	2,29
3-month yield (%)	7,55	0,94

* other than central bank
 ** incl. central bank and general government

Source: Reuters, MNB



Thank you for the attention!

