

Short note – Fixed Income Research – May 15, 2009

## Hungary: 1Q09 GDP

### GDP fell 6.4% y/y in 1Q09

According to the CSO's flash estimate, GDP fell 6.4% y/y in 1Q09, slightly exceeding our expectation of -6% y/y. Taking the calendar effect into consideration, the economy dropped by 5.8% y/y in January-March. Compared to the previous quarter, GDP fell 2.3%. The figures show that recession is strongly biting in Hungary, however, taking the bigger than expected GDP drop in Germany into consideration, the Hungarian 1Q figures could rather be seen as a positive surprise. Details of the figure have not been published yet. The CSO indicated that industrial output and the banking sector suffered the biggest fall in the period. Surprisingly, the contribution of the public sector to growth was positive. The CSO will release details of GDP figures on 9 June.

As for this year's prospects, exports could show some signs of consolidation in the coming period, while private consumption will continue to suffer in 2H, based on the ongoing fiscal adjustment.

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