

I. THE REAL ECONOMY

Production and sales

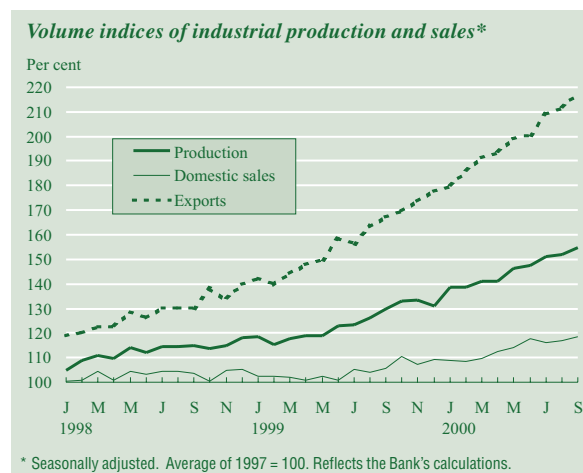
As seen in the preceding few months of the year, industrial production and sales rose robustly in September. One-month seasonally smoothed industrial output, adjusted for working-day variations, rose by 1.8%. The increase in total sales measured 2.7% in the month under review. Within the latter, the volume of domestic sales expanded by 2.9% and that of exports by 1.4% relative to August.

Industrial output grew by 16.8% in September relative to twelve months previously. Supported by increases of 10.2% and 25.9% in domestic sales and exports respectively, the volume of total sales was 18% higher than its level recorded in September 1999. The respective increases in industrial output and the volume of total sales over the year previous outturn were 20.3% and 19.8% in 2000 Q1–Q3. Exports surged by 30.2%, domestic sales rising by 10.5% in the same period.

Output grew significantly in most branches of manufacturing, but the pace of output growth was slightly slower than that seen in the preceding month. Output of the electrical equipment sub-sector continued to rise the most robustly, by 58.2% in September, relative to a year before. The engine of growth continues to be exports; however, the strong upturn in domestic sales seen since May, is playing an increasingly stronger role. Total manufacturing sales were 19.6% higher in the month than their level a year earlier. Domestic sales rose by 11% and exports by 26%.

Gross production per capita in manufacturing rose by 15.2% in a twelve-month comparison. The improvement in gross production per capita amounted to 20.4% in 2000 Q1–Q3 relative to the same period of 1999.

Indicating a prolonged upturn in industrial performance, fresh domestic and export orders for manufacturers' output in the more important branches of manufacturing were significantly higher in each of the first nine months of 2000 than in the comparable periods of 1999. The total volume of new orders was 27.6% higher



justed numbers, the volume of retail sales was down 4.5% on August.

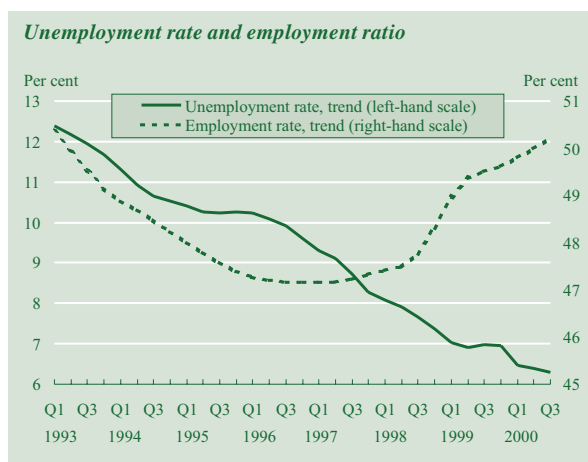
Spending on whole-economy fixed investment amounted to Ft 686.4 billion in 2000 Q3. Valued at constant prices, that was 2.2% more than in the same period of 1999. According to the seasonally adjusted numbers, third-quarter fixed investment volume was 1.3% lower than in the previous quarter.

The increase of 34.6% in the hotels and restaurants sector was dominant in fixed investment performance in 2000 Q3. Manufacturing industry fixed investment, accounting for the most important share of total fixed investment, registered a modest rise of 1.4% in the same period. On the basis of material-technical composition, there was an increase of 2.6% in machinery investment. Construction investment rose slightly less strongly, by 2%, relative to the comparable period of 1999.

The labour market

The growth in employment, seen for more than the past two years, continued in the second quarter of 2000, accompanied by a fall in unemployment.

According to the values calculated from the CSO release of quarterly Labour Force Survey by removing seasonal and random effects,¹ the number of people in employment and the employment ratio² both rose in 2000 Q3 relative to the previous quarter. The pace of this growth stabilised at a lower level in early 2000 following a short-lived pick-up in early 1999, then it gathered more strength again in the period under review. The number of employees and the employment ratio fell further in Q3 after a temporary halt in Q2. The growth in employment, the fall in unemployment and the further decline in the number of unemployed led in 2000 Q3 to an expansion in the labour market, i.e. to an increase in the population's economic activity ratio.



Number of employed persons



The seasonally adjusted number of people in employment rose only slightly in early 1998, then robustly towards end-1998 and early 1999, following stagnation in 1996–97. After seasonal adjustment, the number of people in employment was 0.6 of a percentage point higher in 2000 Q3 than in Q2, following modest increases in the previous two quarters. The employment ratio, based on the seasonally adjusted numbers, was 50.2% in the period, 0.2 of a percentage point higher than in Q2 and 0.7 of a percentage point higher than in the same period of 1999.

The seasonally adjusted gauges of employment, calculated from the number of unemployed, show that the fall in unemployment continued in 2000 Q3, following stagnation in the previous quarter. The seasonally adjusted number of registered jobless persons fell by 2.4% relative to Q2 and by 10.6% relative to the comparable period of 1999.

The unemployment rate, derived from the seasonally adjusted data, was 6.3% in 2000 Q3, reflecting a fall of 0.2 of a percentage point relative to Q2 and one of 0.8 of a percentage point relative to a year earlier. Analysis of developments in unemployment by sex shows that men's unemployment rate was 6.8% compared with women's 5.6% in 2000 Q3.

The number of economically active persons rose in 2000 Q3 relative to Q2. That reflected an increase in the number of people in employment, in addition to a further fall in the number of jobless persons. The continued decline in the number of economically inactive persons as-

¹ The time series used in the calculations take into view, with retrospective effect, the methodological changes to the CSO Labour Force Survey (broader samples, changes to the weights etc.) in 1998. Although the indicators are comparable over periods, they are not directly comparable with quarterly LFS data for the period preceding 1998.

² Employment ratio is defined as the number of people in employment expressed as a percentage of the 15–74 year olds. Activity ratio: the number of economically active people expressed as a percentage of the 15–74 year olds.

sisted in the number of economically active persons rising further, so the participation rate rose in comparison with the previous quarter.

The whole-economy activity ratio, calculated from the seasonally adjusted numbers, was 53.6% in 2000 Q3, rising by 0.2 of a percentage point in comparison with the previous quarter and by 0.3 of a percentage point year on year.

