

Press Release

Hungary



September 2002

Photo market in Hungary 2002

General economic situation 2002

The international circumstances have – to some extent – also affected Hungary. The BUX (Hungarian stock-exchange) lost its ability to reflect the state of economic affairs.

In the FMCG sector the situation is somewhat different. Although, the first half-year is traditionally rather flat, it is not the case of this year and total growth in this sector is still predicted at around 15% in real terms.

The new Medgyessy Government presented a very ambitious plan for the first 100 days. Main characteristics of this plan:

- Better outlooks for official purchasing power
- Injection of total 60 billion HUF for people in pension
- Reduction of taxes for small enterprises
- Reduction of bureaucratic hindrances
- Substantial raise of salaries for people employed by the state.

The growth of GDP (based on expert estimates) is for 2002 + 3,2 % and then over proportionally growing from 3 to 6 % in 2006. The climate of „positive consumption“ will continue although the boom in the building industry slowed down. The outlooks for both industry and trade in the sector of goods of daily consumption are still optimistic.

The rate of **inflation** has to come down if only to fulfil the criteria for entering the EU. The inflation rate for 2001 was finally estimated at 9 %. In the middle of 2002 we had 5 % with a slight tendency of increase. The aim is to put the inflation rate at around 2 % by the year 2004-2005. The chances to achieve these ambitious figures seem realistic, however, difficult.

The **economic outlook** as presented by the Government and the Ministry of Finance is altogether optimistic. The new Government, composed of social democrats and liberals, is aiming towards economic growth, political stability and getting Hungary into the EU. All **financial parameters** in the plans look very positive. In this context it seems important to mention that the savings of private households increased over 20 % to an amount of 3.054,- billion HUF. The tendency of borrowing money for buying houses or flats increased. Loans of money for private consumption also increased. The level of depths in private households is far below of Western European countries. Hungary with 6 %, EU countries with 45 % related to the indices of the respective GDP.

Photo Market Hungary

Cameras: digital development is dynamically going on. Sales volumes are increasing over 100% while prices are still falling even to half of them: e.g. last year products of 79.000,- HUF or 129.000,- HUF cost in the first half year even 29.000,- and only 79.000,- HUF).

Films: Hungarian habits on using films did not changed significantly. The yearly amount is still around 7 million units. Main players are Kodak and Fuji, but Agfa and Konica are also increasing their presence on the market.

Retail structure is changing in contrary: The weight of hypermarkets is increasing as in FMCG or other Non-food product groups. In Photo market the importance of the big sales area is more and more determining, like the hypermarkets or the electrical specialist chains and superstores. For example Mediamarkt and Electro World increase their number of their outlets (3-6.000 square meters/store) and expanding, as Auchan, Cora, Interspar and Tesco do.

Buying habits: At the moment price is very important for the most of the population and the retail chains are using this "advantage". The Hungarians buy their goods mostly in promotions.

Digital photo finishing is offered more usually in the minilabs in the main towns, especially in Budapest.

The digital era in photo has reached Hungary as well, and in some social classes became part of the everyday life.