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MORNING ISSUE

PHOTO OF THE DAY

MTI/Zsolt Czeglédi

Hungarian government acquires 19th-century painter Mihály Munkácsy's Golgotha

UPCOMING EVENTS

19th Educatio international education expo opens in Budapest

Presser of the National Office of Nuclear Energy

TOP STORY

GOVT BUYS MUNKÁCSY MASTERPIECE

The Hungarian government has acquired 19th-century painter Mihály Munkácsy's monumental piece Golgotha, the head of the Prime Minister's Office said.

The government paid Hungarian-born American art collector Imre Pákh 3 billion forints (EUR 9.3m) for the painting, Gergely Gulyás told a press conference. The purchase means that all three pieces of Munkácsy's famous "Christ Trilogy" are now owned by the Hungarian state. The state had owned Ecce Homo! (1896), the third painting in the trilogy, for years and acquired Christ Before Pilate (1881), another of the three, from Canada's Art Gallery of Hamilton for 5.7 million US dollars in 2015, with funding from the central bank's programme to buy national art treasures.

That year, talks between the government and Pákh on Hungary's possible purchase of Golgotha fell through and Pákh was ready to have the painting removed from Debrecen's Déri Museum. After Hungary's heritage authority gave Golgotha protected status to prevent it from being permanently removed from the country, Pákh appealed the decision, but his claim was rejected. In 2017, the Kúria, Hungary's supreme court, ordered a retrial in the case. Last year, the government and Pákh entered into negotiations on the painting's sale.

SZIJJÁRTÓ: HUNGARY WELCOMES BRAZIL'S QUITTING UN GLOBAL MIGRATION COMPACT

Hungary welcomes the new Brazilian government's decision to change the country's vote and withdraw support from the United Nations' Global Migration Compact, Foreign Minister Péter Szijjártó said. In a statement, Szijjártó said that "more and more countries are realising the perils inherent in the compact" and insisted that the UN was "making the same mistakes as Brussels with the mandatory resettlement quotas". Szijjártó said that the compact "exclusively promotes the interests of migrants" and added that its passage would trigger further waves of migration.

REVAMP OF TWO MAJOR SQUARES IN DOWNTOWN BUDAPEST STARTS

Two major squares in downtown Budapest, Vörösmarty and Podmaniczky squares, will be completely revamped in a project supported jointly by the government and the local district council, the mayor of the fifth district said. The district council is making every effort to create a downtown for the 21st century, Péter Szentgyörgyvölgyi told a press conference. Work started on Jan. 7 and the projects are planned to be completed by the end of the summer, he added.

The over 30 year-old concrete pavement on Vörösmarty Square will be replaced with natural stone slabs, new lighting will be installed and all street furniture will be replaced, he said. The square will be able to better serve the fairs and cultural events that it often hosts, he added. The area around Vörösmarty Square will also be involved in the revamp, including a part of Deák Ferenc Street, as well as Vigadó Street and Harmincad Street, he said. Green surfaces in the square will increase by 7% and a total of 15 trees will be planted in the square and the adjoining streets, he added. Green surfaces on Podmaniczky Square will increase by 30%, 82 new trees will be planted, the trolley stop will be moved away, the square will get new lighting and the pavement will be changed to natural stone, he said. The revamp of Vörösmarty Square will cost 2.3 billion forints (EUR 7.14m) and the revamp of Podmaniczky Square 1.2 billion forints, he added.

HUNGARY POSTS EUR 496 M TRADE SURPLUS IN NOV

Hungary posted a 496 million euro trade surplus in November, down by 186 million from the same month a year earlier, the Central Statistical Office (KSH) said in a first reading of data. Exports grew by an annual 4.7% to 9.484 billion euros, while imports increased by 7.3% to 8.988 billion. Fully 82% of exports and 75% of imports were traded with other European Union member states. In January-November, exports grew by an annual 4.5 % to 97.400 billion euros and imports rose by 7% to 91.740 billion. The trade surplus for the period stood at 5.660 billion euros, narrowing by 1.846 billion euros from the same period a year earlier.

Dávid Németh of K&H Bank said import growth in 2018 was likely to exceed exports with the surplus of the foreign trade balance further declining in 2019. Strong domestic consumption will be combined with a slowdown in international economic activity with the concomitant lower export demand, he said. Gergely Suppan of Takarékbank said he expected last year's foreign trade surplus to drop by around 1.9 billion euros to 6.2 billion, down from 8,778 billion euros a year earlier. In 2019, however, slowing consumer and investment dynamics may weigh on import growth, while new industrial capacities could help to fuel export growth. The foreign trade balance may improve thanks to better terms of trade, he said.

MINISTRY: WORLD BANK PROJECTS FASTER-GROWING HUNGARIAN ECONOMY

Responding to the World Bank's latest report forecasting the rate of Hungarian economic growth in 2018 at 4.6%, 0.5 of a percentage point higher than its June projection, the finance ministry said all major international organisations had upgraded their growth estimates for Hungary. In a statement on Wednesday, the finance ministry referred to the bank's "World Economic Outlook 2019" which suggested the outlook for the global economy "has darkened". The ministry said that in contrast to a global slowdown, Hungary was likely to see a continued run of higher growth thanks to a combination of moderate inflation and low interest rates coupled with expanding consumption, growing market services and the upward investment rate trajectory. All this will ensure that the growth rate will remain above 4 percent in the coming years, the ministry said, adding that upward revisions of the "conservative" World Bank forecast were likely in the coming years. The ministry also noted the declining public debt to GDP ratio since 2011, with an almost ten percentage point debt reduction over the past seven years. Last autumn, almost all major international organisations revised their outlooks for the Hungarian economy, the ministry said, noting that the European Commission had added 0.3 of a percentage point to its 2018 forecast, while the OECD and International Monetary Fund had added 0.2 of a point. The EBRD raised its projection by 0.5 of a percentage point.

LISZT FERENC PASSENGER NUMBERS EDGE CLOSE TO 15 M IN 2018

Passenger numbers at Liszt Ferenc International rose 13.5% to 14,867,000 last year, the communications director for operator Budapest Airport said. The number of take-offs and landings increased by 12% to 115,000. Last year, 45 carriers operated flights to 134 destinations from Budapest. Low-cost airlines Wizz Air and Ryanair accounted for 49% of turnover at the airport. Long-distance flights launched during the year included American Airlines' direct flight to Philadelphia and LOT's to New York and Chicago. Budapest Airport targets capacity-boosting expenditures of 225 billion forints (EUR 701) by 2024.

NBH POLICY MAKERS SIGNAL UNCONVENTIONAL INSTRUMENTS WILL BE ADJUSTED BEFORE RATE RISE

The National Bank of Hungary's Monetary Council said that financial constraints would start with adjustments to unconventional policy tools ahead of changes to the base rate, the minutes from a monthly policy meeting in December show.

"The Monetary Council was prepared for the gradual and cautious normalisation of monetary policy, which would begin with the modification of unconventional instruments," according to the minutes released on Wednesday. Notably absent from the minutes - as well as from the Council's statement issued after the meeting on December 18 - was any remark on maintaining the current level of the base rate, as in the statements released after policy meetings in previous months.

The Council noted in the minutes that core inflation, excluding indirect tax effects, is rising, signalling "the strengthening of persistent inflationary trends". The minutes noted that the Council decided to leave the average amount of liquidity to be crowded out in the first quarter of 2019 unchanged "at least at HUF 400bn-600bn". The minutes show the Council voted unanimously to keep the central bank's key rate on hold at 0.90% at the December policy meeting. The Council has left the base rate on hold since signalling an end to an easing cycle at a policy meeting in the spring of 2016.

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