



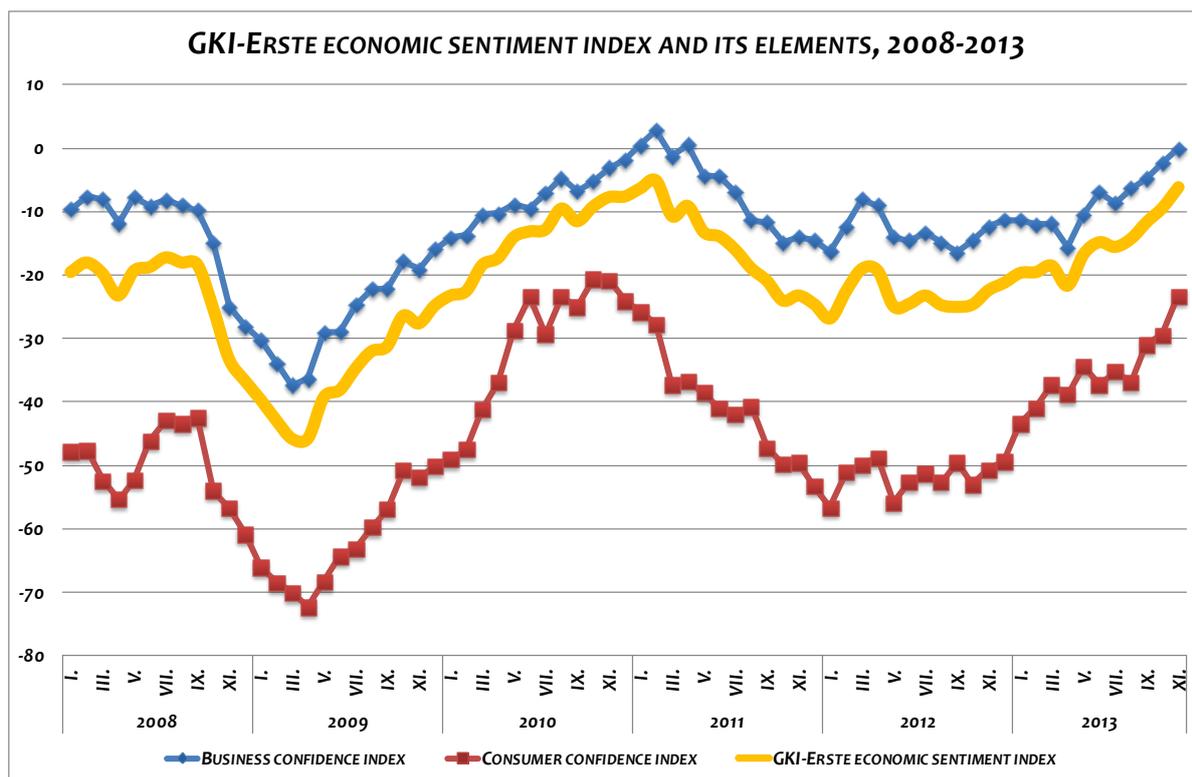
THE RISE OF GKI-ERSTE ECONOMIC SENTIMENT INDEX CONTINUED IN NOVEMBER

According to the empirical survey conducted by GKI with the support of the EU both **business and consumer expectations improved dynamically in November**. The trend of the GKI-Erste economic sentiment index adjusted for seasonal effects has been rising since the end of 2012, and the same value was reached last time in early 2011.

In the **business sphere** industrial companies became much more optimistic, whereas expectations remained virtually unchanged in other sectors. In November, the **industrial confidence index** continued its rise that had started at the end of the summer. After a long time, the proportion of those expecting improvement exceeded, if only marginally, that of those expecting deterioration. All components of the index, including production outlook and the assessment of the stock of orders, improved, and only the evaluation of export orders was slightly worse than in October. Next year's investment intentions of companies are similar to this year's. Respondents mainly planned the replacement of worn-out equipment. In **construction**, pessimism, which has decreased rapidly since the beginning of the year, barely changed in November. Although the evaluation of the production level of the past three months improved, that of orders deteriorated compared to October. The **trade confidence index** stagnated after its four-month increase. The assessment of sales positions, with strongly rising inventory levels, remained unchanged, whereas orders were expected to improve even further. Expectations in **services** did not change in November, whereas the evaluation of the general business climate and sales in the subsequent period improved.

The **intentions of employment** in construction and trade improved, whereas they weakened in services and did not change in industry. The fear of unemployment of households eased significantly. **Intentions to raise prices** became much more common in trade; however, its rate remained unchanged. The planned price increases of industrial and service companies stagnated, whereas deflationary pressures intensified in the construction industry. The inflationary expectations of consumers remained unchanged. **Expectations about the development of the Hungarian economy** improved markedly in construction and among households, they improved slightly in services, remained unchanged in industry, and declined in trade.

GKI's consumer confidence index increased in November at a rate rarely seen in a single month. Households felt their future financial situation and the possibility of purchasing high-value durables much more favourable, whereas they assessed their savings capacity slightly better than in October.



EXPLANATION TO THE METHODOLOGY:

In line with the methodology used by the EU, GKI surveys the expectations of industry, trade, construction, services and households in the calculation of its business confidence index. GKI-Erste economic sentiment index is the weighted average of the consumer confidence index and the business confidence index.

The business confidence index is calculated from the responses of enterprises in industry, trade, construction and services given to questions concerning the state of business and expectations of turnover and employment. (As far as services are concerned, similarly to the practice of the EU, companies of the financial and public sectors have not been included in the surveys yet.) GKI publishes seasonally adjusted data by using appropriate mathematical methods to filter out the discrepancies caused by seasonal effects (e.g., differences in weather conditions between winter and summer, increased demand before Christmas, lower output because of summer vacations).

The consumer confidence index is calculated from responses given to questions concerning the expected financial position of households, the expected economic and unemployment situation of the country, and the prospects for saving.

GKI-ERSTE ECONOMIC SENTIMENT INDEX AND ITS ELEMENTS, 2008-2013

| Year | Month | Business confidence index | Consumer confidence index | GKI-Erste economic sentiment index |
|-------|-------|---------------------------|---------------------------|------------------------------------|
| 2008. | I. | -9.6 | -47.8 | -19.5 |
| | II. | -7.6 | -47.6 | -18 |
| | III. | -8.1 | -52.4 | -19.7 |
| | IV. | -11.8 | -55.4 | -23.2 |
| | V. | -7.7 | -52.3 | -19.3 |
| | VI. | -9.1 | -46.1 | -18.7 |
| | VII. | -8.2 | -42.9 | -17.2 |
| | VIII. | -9 | -43.5 | -18 |
| | IX. | -9.8 | -42.5 | -18.3 |
| | X. | -15 | -54 | -25.2 |
| | XI. | -25 | -56.7 | -33.2 |
| | XII. | -28.1 | -60.8 | -36.6 |
| 2009. | I. | -30.3 | -66.1 | -39.6 |
| | II. | -33.9 | -68.5 | -42.9 |
| | III. | -37.4 | -70 | -45.8 |
| | IV. | -36.3 | -72.3 | -45.7 |
| | V. | -29 | -68.3 | -39.2 |
| | VI. | -28.9 | -64.3 | -38.1 |
| | VII. | -24.7 | -63.1 | -34.7 |
| | VIII. | -22.2 | -59.8 | -32 |
| | IX. | -22.1 | -56.9 | -31.2 |
| | X. | -17.8 | -50.8 | -26.4 |
| | XI. | -19.1 | -51.9 | -27.6 |
| | XII. | -15.9 | -50.1 | -24.8 |
| 2010. | I. | -14.1 | -49.1 | -23.2 |
| | II. | -13.7 | -47.5 | -22.5 |
| | III. | -10.5 | -41.2 | -18.4 |
| | IV. | -10.3 | -37 | -17.3 |
| | V. | -8.9 | -28.7 | -14 |
| | VI. | -9.5 | -23.4 | -13.1 |
| | VII. | -7.1 | -29.3 | -12.8 |
| | VIII. | -4.7 | -23.4 | -9.5 |
| | IX. | -6.7 | -25 | -11.5 |
| | X. | -5.2 | -20.6 | -9.2 |
| | XI. | -3.1 | -20.8 | -7.7 |
| | XII. | -1.8 | -24.1 | -7.6 |
| 2011. | I. | 0.5 | -25.8 | -6.3 |
| | II. | 2.9 | -27.7 | -5.1 |
| | III. | -1.3 | -37.3 | -10.7 |
| | IV. | 0.6 | -36.8 | -9.1 |
| | V. | -4.3 | -38.5 | -13.2 |
| | VI. | -4.4 | -41 | -13.9 |
| | VII. | -6.9 | -42 | -16 |
| | VIII. | -11.3 | -40.7 | -18.9 |
| | IX. | -11.7 | -47.2 | -20.9 |
| | X. | -14.9 | -49.8 | -24 |
| | XI. | -14 | -49.5 | -23.2 |
| | XII. | -14.5 | -53.3 | -24.6 |

| Year | Month | Business confidence index | Consumer confidence index | GKI-Erste economic sentiment index |
|-------|-------|---------------------------|---------------------------|------------------------------------|
| 2012. | I. | -16.3 | -56.6 | -26.8 |
| | II. | -12.4 | -51.2 | -22.5 |
| | III. | -8.1 | -49.9 | -19 |
| | IV. | -9 | -48.8 | -19.3 |
| | V. | -14 | -55.9 | -24.9 |
| | VI. | -14.6 | -52.6 | -24.5 |
| | VII. | -13.3 | -51.4 | -23.2 |
| | VIII. | -14.9 | -52.7 | -24.7 |
| | IX. | -16.4 | -49.5 | -25 |
| | X. | -14.6 | -53 | -24.6 |
| | XI. | -12.4 | -50.7 | -22.4 |
| | XII. | -11.3 | -49.3 | -21.2 |
| 2013. | I. | -11.3 | -43.4 | -19.6 |
| | II. | -12.0 | -40.9 | -19.5 |
| | III. | -11.9 | -37.3 | -18.5 |
| | IV. | -15.6 | -38.9 | -21.7 |
| | V. | -10.5 | -34.4 | -16.7 |
| | VI. | -6.9 | -37.3 | -14.8 |
| | VII. | -8.6 | -35.3 | -15.5 |
| | VIII. | -6.3 | -36.9 | -14.3 |
| | IX. | -4.8 | -31.0 | -11.6 |
| | X. | -2.3 | -29.4 | -9.3 |
| | XI. | -0.1 | -23.3 | -6.1 |

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