



19 DECEMBER 2016

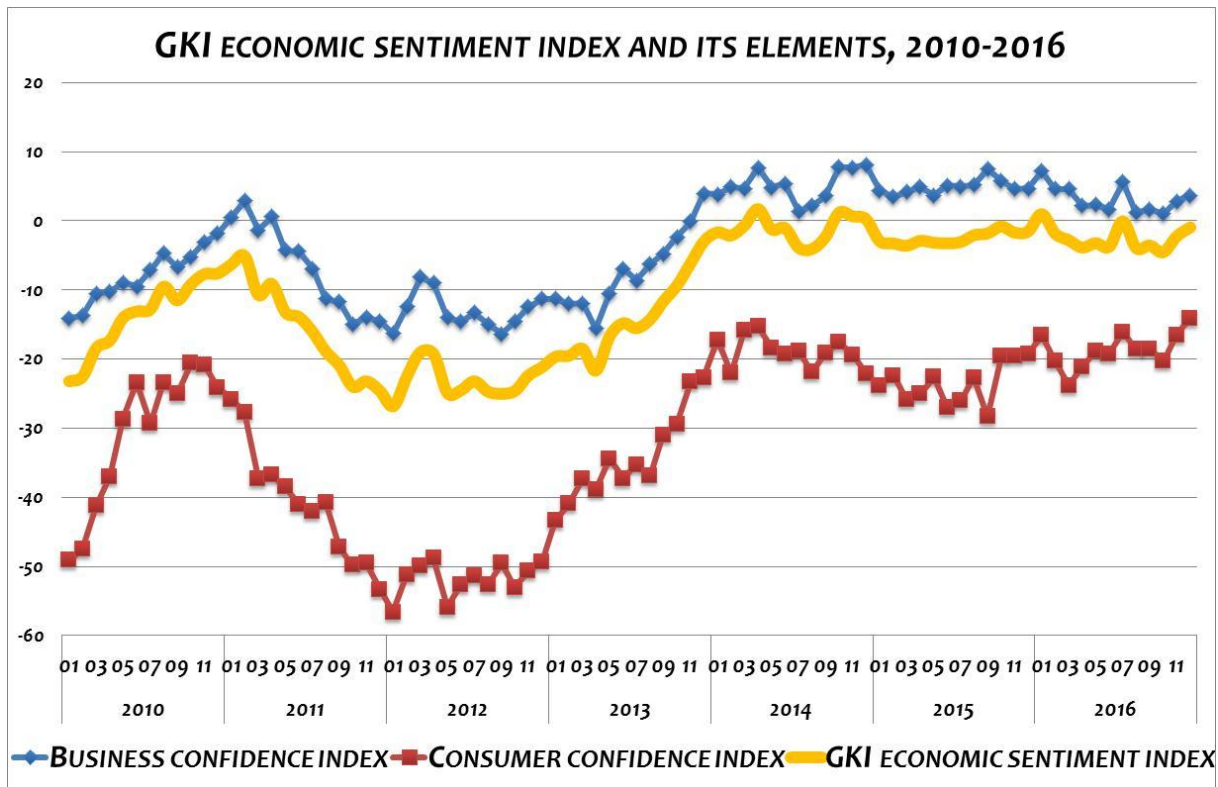
## THE GKI CONSUMER CONFIDENCE INDEX REACHED ITS TEN-YEAR PEAK

After November, the GKI economic sentiment index rose again in December. According to the empirical survey conducted by GKI ([www.gki.hu](http://www.gki.hu)) with the support of the EU, business expectations increased slightly, whereas consumer ones went up more strongly, reaching their ten-year peak (being almost at their level of April 2006). The GKI economic sentiment index has fluctuated in a relatively narrow band for three years, and now it is somewhere around the top of this band.

Expectations became more upbeat in December in all sectors of the **business sphere** over the previous month with the exception of the essentially stagnant service sector. The **industrial** confidence index rose both in November and December; however, it did not reach its summer peak. This improvement can be attributed mainly to the favourable assessment of the stock of orders (including exports). In addition, the assessment of the production of the preceding period also improved. However, the evaluation of production prospects and inventories deteriorated. The **construction** confidence index reached its highest point in the past 15 months. Expectations of structural engineering companies remained unchanged, whereas those of civil engineering companies became more favourable. However, the former ones were still more optimistic. The assessment of production in the preceding quarter remained unchanged compared to November, whereas that of the stock of orders improved. The **trade** confidence index rose noticeably. The assessment of sales positions declined slightly, whereas that of stocks and orders improved significantly. The confidence index of **services** remained unchanged (decreased within the statistical margin of error) in December compared to the previous month. Although the assessment of the turnover in the preceding period as well as the state of business improved slightly, sales prospects deteriorated markedly.

**Intentions to employ** improved in all sectors except construction. The fear of unemployment of households eased. **Intentions to raise prices** intensified in all sectors, especially in trade and construction. However, companies in the latter sector expecting the stagnation of prices have still a two-thirds majority. However, the inflationary expectations of consumers dropped a bit. The assessment of the **perspectives of the Hungarian economy** continued to improve in every industry and among consumers as well.

The **GKI consumer confidence index** continued to rise in December, though less than in November. It has not been so high since the spring of 2006. Households assessed their financial situation for the following year better and their expected saving capacity worse than in November. Households considered the possibility of purchasing high-value durables within the next 12 months improving.



**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 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 ECONOMIC SENTIMENT INDEX AND ITS ELEMENTS, 2010-2016

Year	Month	Business confidence index	Consumer confidence index	GKI economic sentiment index
2010	01	-14.1	-49.1	-23.2
	02	-13.7	-47.5	-22.5
	03	-10.5	-41.2	-18.4
	04	-10.3	-37	-17.3
	05	-8.9	-28.7	-14
	06	-9.5	-23.4	-13.1
	07	-7.1	-29.3	-12.8
	08	-4.7	-23.4	-9.5
	09	-6.7	-25	-11.5
	10	-5.2	-20.6	-9.2
	11	-3.1	-20.8	-7.7
	12	-1.8	-24.1	-7.6
2011	01	0.5	-25.8	-6.3
	02	2.9	-27.7	-5.1
	03	-1.3	-37.3	-10.7
	04	0.6	-36.8	-9.1
	05	-4.3	-38.5	-13.2
	06	-4.4	-41	-13.9
	07	-6.9	-42	-16
	08	-11.3	-40.7	-18.9
	09	-11.7	-47.2	-20.9
	10	-14.9	-49.8	-24
	11	-14	-49.5	-23.2
	12	-14.5	-53.3	-24.6
2012	01	-16.3	-56.6	-26.8
	02	-12.4	-51.2	-22.5
	03	-8.1	-49.9	-19
	04	-9	-48.8	-19.3
	05	-14	-55.9	-24.9
	06	-14.6	-52.6	-24.5
	07	-13.3	-51.4	-23.2
	08	-14.9	-52.7	-24.7
	09	-16.4	-49.5	-25
	10	-14.6	-53	-24.6
	11	-12.4	-50.7	-22.4
	12	-11.3	-49.3	-21.2
2013	01	-11.3	-43.4	-19.6
	02	-12.0	-40.9	-19.5
	03	-11.9	-37.3	-18.5
	04	-15.6	-38.9	-21.7
	05	-10.5	-34.4	-16.7
	06	-6.9	-37.3	-14.8
	07	-8.6	-35.3	-15.5
	08	-6.3	-36.9	-14.3
	09	-4.8	-31.0	-11.6
	10	-2.3	-29.4	-9.3
	11	-0.1	-23.3	-6.1
	12	4.0	-22.7	-2.9
2014	01	3.8	-17.2	-1.7

Year	Month	Business confidence index	Consumer confidence index	GKI economic sentiment index
2014	02	4.9	-22.0	-2.1
	03	4.7	-15.9	-0.7
	04	7.7	-15.3	1.7
	05	4.8	-18.4	-1.2
	06	5.4	-19.3	-1.0
	07	1.4	-18.9	-3.9
	08	2.2	-21.9	-4.1
	09	3.6	-19.1	-2.3
	10	7.8	-17.6	1.2
	11	7.7	-19.4	0.7
	12	8.1	-22.1	0.2
	2015	01	4.4	-23.8
02		3.5	-22.4	-3.2
03		4.2	-25.8	-3.6
04		4.9	-25.0	-2.9
05		3.7	-22.6	-3.1
06		5.1	-27.0	-3.2
07		5.0	-26.0	-3.1
08		5.2	-22.7	-2.1
09		7.5	-28.3	-1.8
10		5.8	-19.6	-0.8
11		4.6	-19.6	-1.7
12		4.7	-19.2	-1.5
2016	01	7.2	-16.6	1.0
	02	4.6	-20.2	-1.8
	03	4.6	-23.8	-2.8
	04	2.2	-21.1	-3.9
	05	2.3	-18.9	-3.2
	06	1.7	-19.2	-3.7
	07	5.6	-16.1	0.0
	08	1.2	-18.6	-3.9
	09	1.7	-18.5	-3.6
	10	1.0	-20.3	-4.5
	11	2.8	-16.5	-2.2
	12	3.7	-14.1	-0.9

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