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## GKI'S ECONOMIC SENTIMENT INDEX REACHED A NEW HISTORIC PEAK

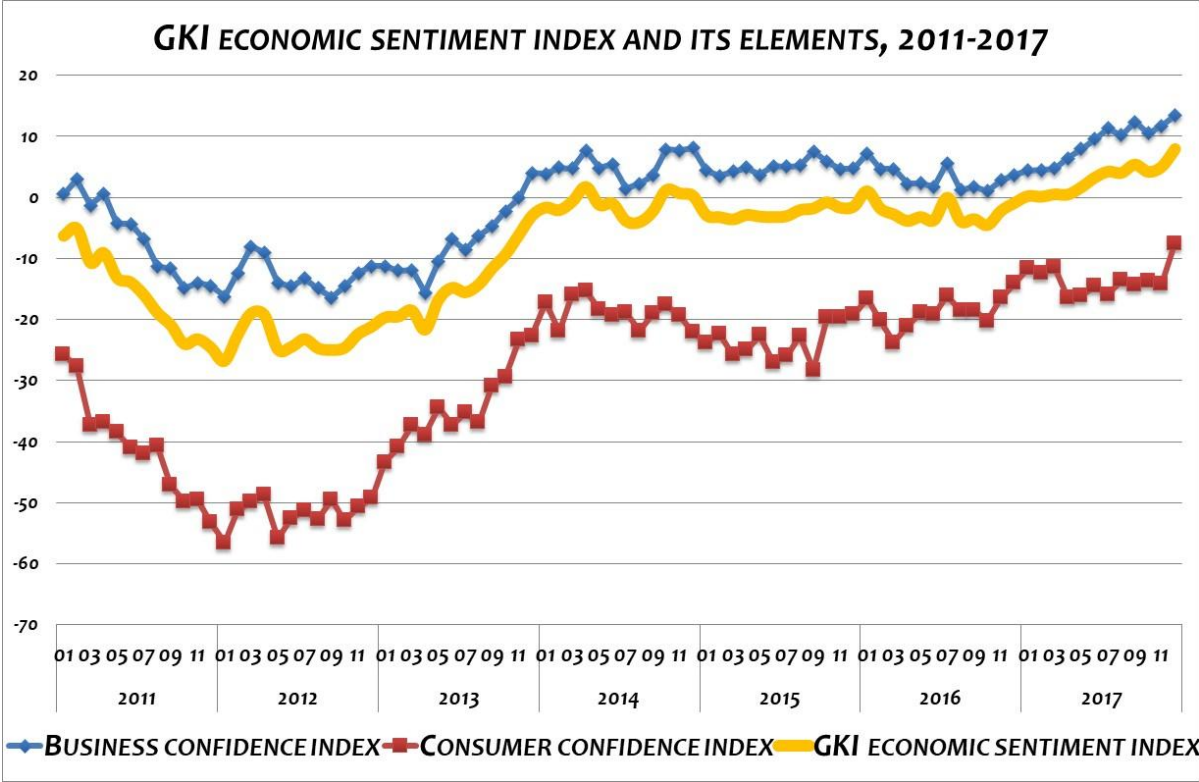
GKI's economic sentiment index reached its new historic peak in December. According to the empirical survey conducted by GKI ([www.gki.hu](http://www.gki.hu)) with the support of the EU, business expectations have never been more favourable than now, and consumer expectations were more favourable only once, during the few months of the Medgyessy government's 100-day programme in 2002.

In the **business sphere** the industrial and the construction confidence indices also reached their historic peak in December, and the commercial confidence index was slightly more favourable than now only once. Expectations of service companies deteriorated somewhat compared to November, though from a historical peak at that time. In December, the **industrial** confidence index surpassed its peak in September. The assessment of the production of the preceding period, the stock of orders (excluding exports) and production expectations became more favourable. Optimism is soaring in **construction**, the industry's confidence index has reached new peaks month after month and it jumped even higher in December. Compared to November, expectations of companies in structural and civil engineering became more favourable, too. However, the assessment of production in the preceding quarter and that of orders increased considerably in December. The **trade** confidence index reached the top of the relatively narrow band in which it had fluctuated for almost four years and it was higher only in January 2014. The assessment of sales positions and the level of stocks improved, whereas that of orders worsened slightly. The confidence index of **services** dropped slightly in December compared to the previous month. The assessment of the state of business and the sales outlook declined.

**Intentions to employ** and **to increase prices** went up in all sectors. The fear of unemployment of households eased further. Nearly half of the companies in construction and 40 per cent of those in trade planned to raise prices, whereas the inflationary expectations of consumers eased. The assessment of the perspectives of the **Hungarian economy** was more optimistic in construction and especially in trade than in November, whereas it deteriorated in industry and services.

Following its slight decrease in November, **GKI's consumer confidence index** rose exceptionally sharply in December. Both the assessment of households' own financial position and their savings capacity turned better for the next 12 months than in November. The assessment of households' own financial position, their savings capacity and the perspec-

tives of the Hungarian economy was only better in one of the months of the first half of 2006. However, the fear of unemployment has never been lower than now.



**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, 2011-2017

Year	Month	Business confidence index	Consumer confidence index	GKI economic sentiment index
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
	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

Year	Month	Business confidence index	Consumer confidence index	GKI economic sentiment index
2015	12	8.1	-22.1	0.2
	01	4.4	-23.8	-2.9
	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
2016	12	4.7	-19.2	-1.5
	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
2017	12	3.7	-14.1	-0.9
	01	4.4	-11.7	0.2
	02	4.5	-12.4	0.1
	03	4.7	-11.5	0.5
	04	6.4	-16.4	0.5
	05	7.9	-16.1	1.7
	06	9.5	-14.6	3.2
	07	11.3	-15.9	4.2
	08	10.2	-13.6	4.0
	09	12.3	-14.3	5.4
	10	10.5	-13.8	4.2
	11	11.7	-14.2	5.0
12	13.4	-7.7	7.9	

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