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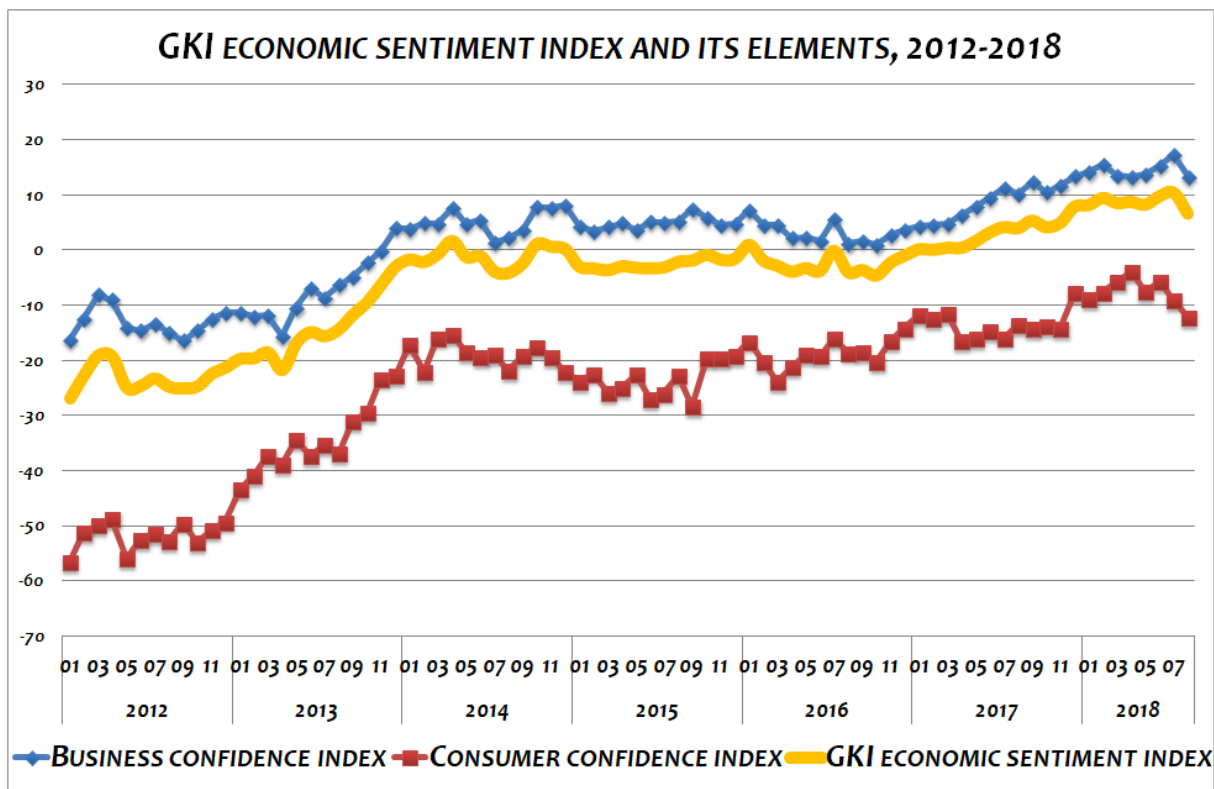
## GKI ECONOMIC SENTIMENT INDEX FELL TO ITS LOWEST POINT THIS YEAR

After reaching its historic peak in July, the GKI economic sentiment index fell to its lowest point this year. According to the empirical survey conducted by GKI ([www.gki.hu](http://www.gki.hu)) with the support of the EU both business and consumer expectations deteriorated, but they continue to reflect optimism.

The decline in the **business confidence index** is a consequence of the plummeting expectations of industrial and service companies. At the same time, optimism of construction and commercial businesses strengthened slightly. The **industrial** confidence index reached its lowest point in the past five months in August. This was primarily due to the deterioration of the stock of orders in general and that of export orders in particular. The assessment of the production of the preceding period and that of inventories dropped slightly, whereas production expectations for the near future improved within the statistical margin of error. Although the **construction** confidence index grew only slightly in August, it reached a new historical peak. The prospects of civil engineering companies improved noticeably, and those of structural engineering deteriorated slightly. Although the assessment of production in the preceding three-month period worsened somewhat, that of orders improved considerably. The latter has never been so strong in the history of construction surveys. Although the **trade** confidence index rose slightly, it remained within the relatively narrow band in which it fluctuated in the past four and a half years. The evaluation of sales positions and inventories improved slightly, whereas that of orders deteriorated. The significant decline in the **services** confidence index in August was mainly due to the deteriorating assessment of the general business climate and the sales of the preceding quarter. Respondents assessed expected sales of the subsequent period worse as well.

**Employment** expectations became more moderate, with the exception of industry, where they continued to grow. The fear of unemployment among households intensified. (True, but compared to its July level, the lowest of all times.) Intentions to **increase prices** remained essentially unchanged, with the exception of trade, where it became more moderate compared to July. However, the inflationary expectations of consumers strengthened. After its deterioration in the preceding two months, the assessment of the expected position of the **Hungarian economy** became noticeably more favourable, with the exception of service companies, where it remained unchanged. However, it deteriorated among households.

**GKI's consumer confidence index** deteriorated in July and August as well, reaching its lowest point this year. Households assessed their financial situation and especially their savings capacity for the future worse than a month ago. They considered the possibility of purchasing high-value durables to be worse as well.



### 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, 2012-2018

Year	Month	Business confidence index	Consumer confidence index	GKI economic sentiment index
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
	12	8.1	-22.1	0.2
2015	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
	12	4.7	-19.2	-1.5
2016	01	7.2	-16.6	1.0
	02	4.6	-20.2	-1.8

Year	Month	Business confidence index	Consumer confidence index	GKI economic sentiment index
2017	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
	01	4.4	-11.7	0.2
	02	4.5	-12.4	0.1
2018	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
	01	14.2	-8.9	8.2
	02	15.5	-7.6	9.5
2018	03	13.6	-5.8	8.6
	04	13.3	-3.9	8.8
	05	13.8	-7.5	8.3
	06	15.3	-5.7	9.8
	07	17.3	-9.0	10.5
	08	13.3	-12.2	6.7

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