



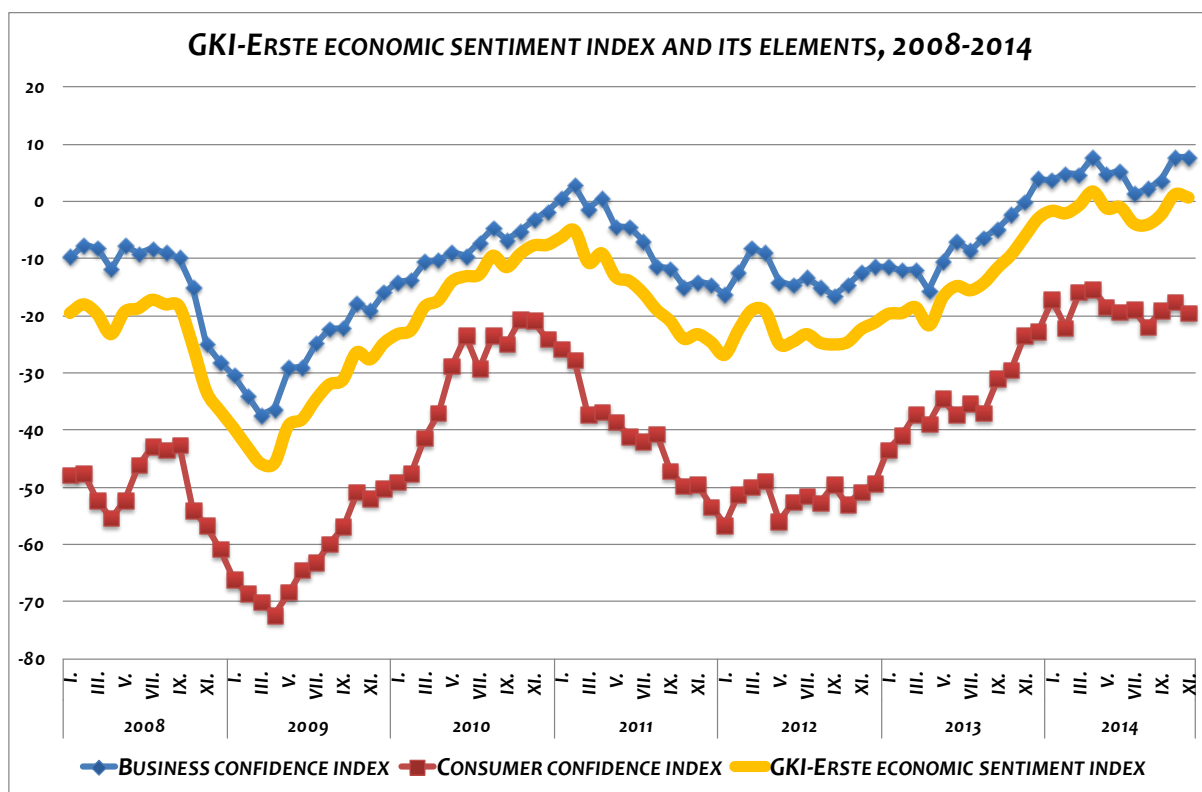
GKI-ERSTE ECONOMIC SENTIMENT INDEX DECREASED SLIGHTLY IN NOVEMBER

Compared with its very high October value, the GKI-Erste economic sentiment index adjusted for seasonal effects decreased slightly in November. According to the empirical survey conducted by GKI (www.gki.hu) with the support of the EU, compared with their October values, expectations remained unchanged in the business sector, whereas they declined among consumers.

In the **business sector** only commercial expectations improved in November. The **industrial** confidence index was essentially the same as in the previous month. The assessment of past production improved a lot, whereas that of the next production period and orders remained unchanged (except export orders, which deteriorated). In November the **construction** confidence index fell to its level in September. The assessment of production in the preceding three-month improved somewhat, whereas that of orders got better only within the statistical margin of error. **Commercial** expectations rose after their decline in October. The evaluation of the sales positions, with stagnating inventory levels, improved considerably, whereas that of expected orders picked up slightly. In November the **services** confidence index slightly corrected its sudden rise in October. Although the evaluation of the general business climate improved, that of turnover worsened.

Employment expectations stagnated in industry, they deteriorated in the construction industry (especially among civil engineering firms) and in service companies, whereas they improved in trade. The fear of unemployment of households remained unchanged. Intentions to **increase prices** dropped slightly in industry and services. In construction the proportion of companies expecting lower prices still exceeded moderately those planning to increase prices. In trade the share of those planning price rises increased last month. The average size of price increases slightly decreased. The inflationary expectations of consumers remained unchanged. The assessment of the **perspectives of the Hungarian economy** slightly deteriorated in every industry, except trade, and among consumers as well.

After two months of growth **GKI's consumer confidence index** dropped in November, to a higher extent than its rise was in October. In November households assessed their financial situation and their savings capacity for the following year, as well as the possibility of purchasing high-value durables worse 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, 2008-2014

| 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 |
| | XII. | 4.0 | -22.7 | -2.9 |
| 2014. | I. | 3.8 | -17.2 | -1.7 |
| | II. | 4.9 | -22.0 | -2.1 |
| | III. | 4.7 | -15.9 | -0.7 |
| | IV. | 7.7 | -15.3 | 1.7 |
| | V. | 4.8 | -18.4 | -1.2 |
| | VI. | 5.4 | -19.3 | -1.0 |
| | VII. | 1.4 | -18.9 | -3.9 |
| | VIII. | 2.2 | -21.9 | -4.1 |
| | IX. | 3.6 | -19.1 | -2.3 |
| | X. | 7.8 | -17.6 | 1.2 |
| | XI. | 7.7 | -19.4 | -0.7 |

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