



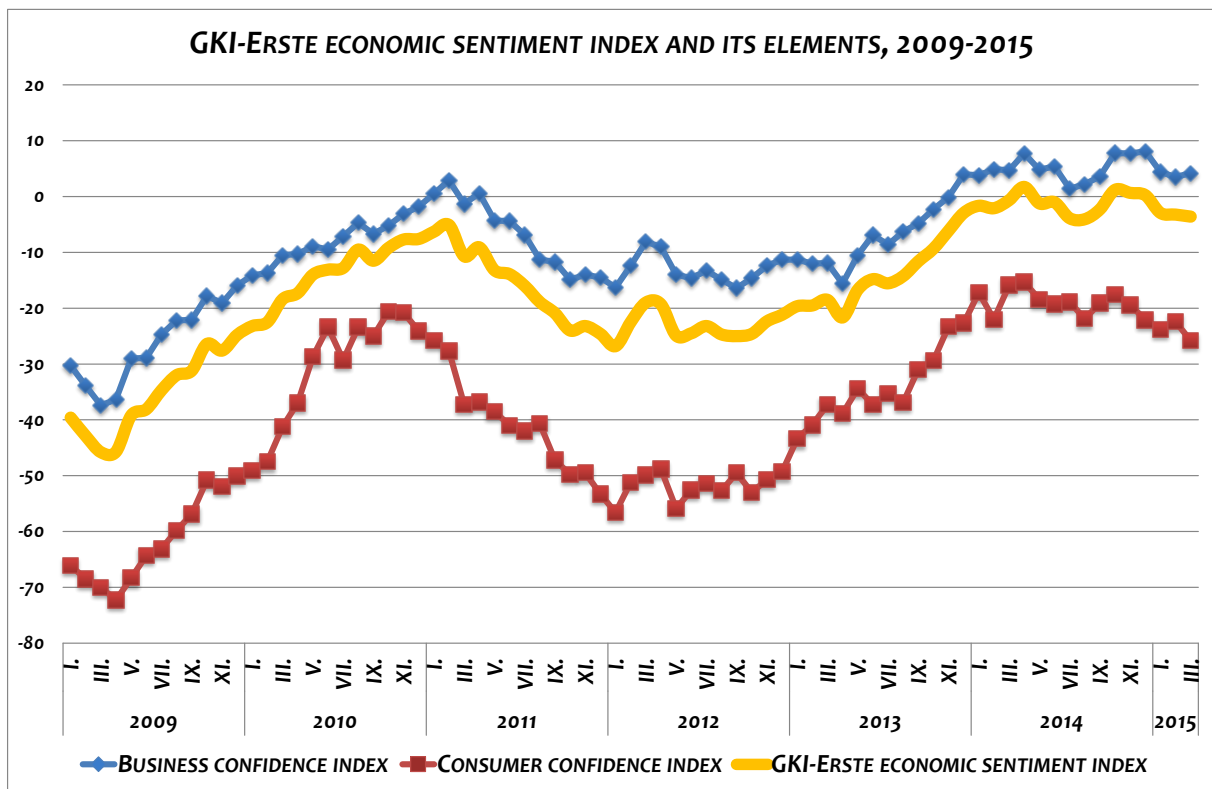
## GKI-ERSTE ECONOMIC SENTIMENT INDEX DID NOT CHANGE IN MARCH

The GKI-Erste economic sentiment index adjusted for seasonal effects was essentially unchanged in March. Although the index has been steadily deteriorating since October 2014 with small steps, its level continues to reflect a relatively optimistic mood. According to the empirical survey conducted by GKI ([www.gki.hu](http://www.gki.hu)) with the support of the EU, expectations improved slightly in the business sector in March (though they did not reach their January level), whereas they declined among consumers, falling to their level in autumn 2013.

Although in the **business sphere** only **industrial** expectations improved in March, the confidence index was below its level at the end of 2014. The assessment of the stock of orders improved, whereas that of exports deteriorated. The assessment of inventories became slightly more favourable, too; however, that of past production deteriorated, whereas that of production prospects remained unchanged. Investment intentions are weaker than last year. The confidence index in **construction** stagnated basically in March. The assessment of production in the preceding quarter got worse slightly, whereas that of orders stagnated. The **trade** confidence index decreased more in March than it increased in February, remaining within the relatively narrow band in which it had been fluctuating in the past period of more than a year. The assessment of sales positions and expected orders deteriorated, while respondents recorded slightly decreasing stock levels. The **service** confidence index fell slightly in March, mainly due to the worsening evaluation of the general business climate and sales expectations.

**Intentions to employ** improved in all sectors except construction. This was the only sector where the proportion of those expecting layoffs was higher. The fear of unemployment of households eased. The vast majority of companies continue to expect **prices remaining unchanged**, however, intentions to raise prices increased slightly in all sectors with the exception of trade. In trade, however, both the proportion of those planning price increases and the magnitude of price rises decreased, and inflationary expectations of consumers continued to decline as well. Assessment of the expected position of the **Hungarian economy** improved slightly with the exception of the service sector. However, it deteriorated somewhat among consumers.

Following its correction in February, the **GKI consumer confidence index** fell again in March. In 2014 the two peak figures were recorded in April and October – presumably in connection with the elections. Although there has been an almost continuous deterioration in recent months, the mood is still relatively optimistic. Households assessed their future financial situation in the next year and their savings capacity worse than in February, whereas they considered the possibility of purchasing high-value durables more favourable.



## 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, 2009-2015

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

Year	Month	Business confidence index	Consumer confidence index	GKI-Erste economic sentiment index
	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
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
XII.		8.1	-22.1	0.2
2015.	I.	4.4	-23.8	-2.9
	II.	3.5	-22.4	-3.2
	III.	4.2	-25.8	-3.6

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