



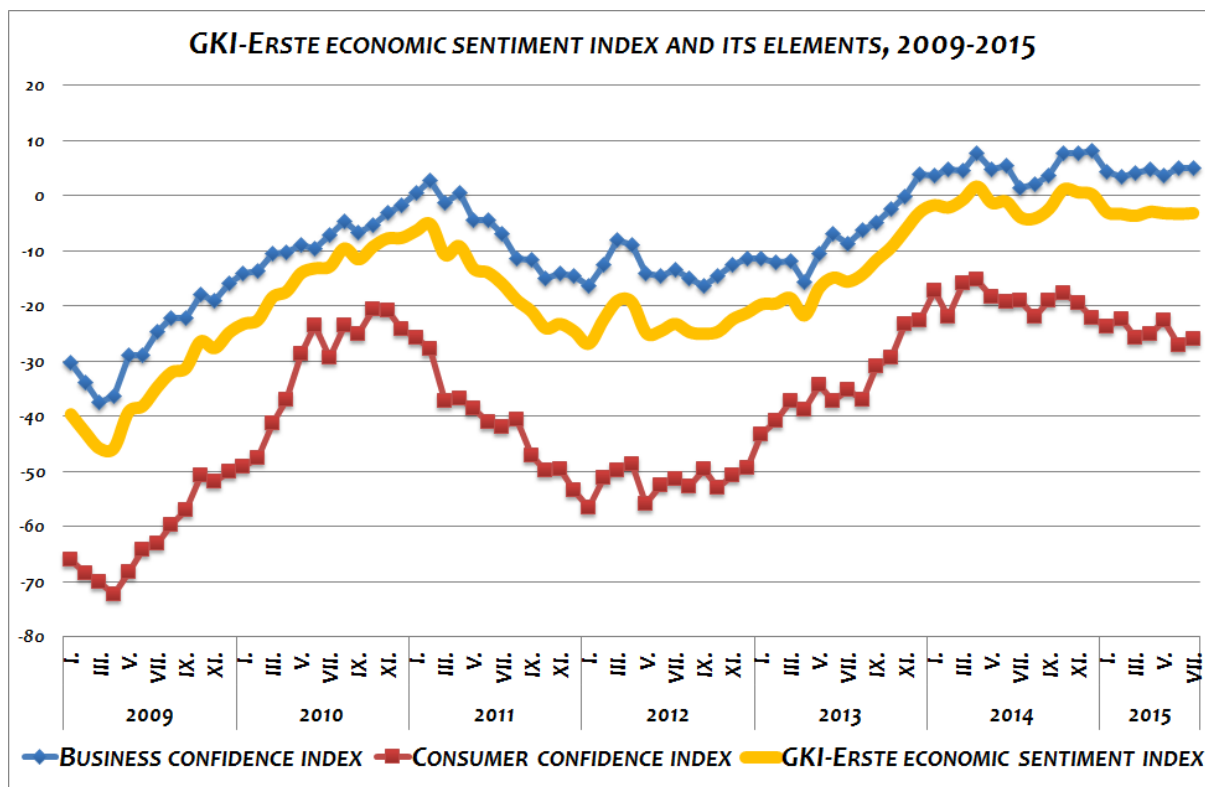
GKI-ERSTE ECONOMIC CONFIDENCE INDEX UNCHANGED FOR SEVEN MONTHS

The GKI-Erste economic sentiment index adjusted for seasonal effects remained unchanged in July, reflecting a relatively optimistic mood. According to the empirical survey conducted by GKI (www.gki.hu) with the support of the EU, expectations remained unchanged in the business sector, whereas they improved slightly among consumers.

In July expectations of trade and service companies in the **business sector** were slightly more optimistic than in June. However, after its increase in the previous month, the construction confidence index fell to its level in May. With the exception of construction, the number of companies expecting improvement still slightly exceeds those anticipating deterioration. In July the **industrial** confidence index remained at the level of the previous month (it decreased within the statistical margin of error). The evaluation of the production level of the past and next periods improved, that of the stocks also got a little better, whereas that of orders (including export orders) deteriorated. Expectations in **construction** decreased significantly, to their level of May. The assessment of production in the preceding quarter and that of orders indicates significant decline. The **trade** confidence index rose in June and slightly in July, too; however, it remained within the relatively narrow band in which it fluctuated in the past one and a half years. The assessment of sales positions declined somewhat, though respondents considered the level of stocks slightly improving. However, expectations concerning new orders were characterized by greater optimism than in June. In July the improvement in the confidence index of **services** was attributed to the favourable evaluation of the general business climate as opinions on turnover in the preceding and the subsequent period deteriorated.

The intentions of **employment** in industry and construction slightly declined, whereas they did not change in trade, and they improved in services. The fear of unemployment among households decreased slightly. Intentions to **raise prices** in industry declined. In construction and services the share of firms anticipating price rises was almost the same as that of firms expecting price reductions. In trade the share of firms anticipating price rises was larger than that of firms expecting price reductions, but their relative proportion remained unchanged compared with June. The inflationary expectations of consumers slightly increased. Respondents assessed the **perspectives of the Hungarian economy** less favourable than in June in every segment, with the exception of trade and households.

Following its decline in June, the **GKI consumer confidence index** improved slightly in July. Consumers evaluated their financial situation in the next 12 months better than in the previous month, whereas they assessed their savings capacity slightly worse. Although households considered the current conditions of purchasing high-value durables markedly deteriorating, their expectations for the next 12 months were slightly improving in this respect.



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
	II.	-12.0	-40.9	-19.5

Year	Month	Business confidence index	Consumer confidence index	GKI-Erste economic sentiment index	
	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	
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	
	IV.	4.9	-25.0	-2.9	
	V.	3.7	-22.6	-3.1	
	VI.	5.1	-27.0	-3.2	
	VII.	5.0	-26.0	-3.1	

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