



TO BE PUBLISHED: 24 OCTOBER 2023 (TUESDAY)

GKI ECONOMIC SENTIMENT INDEX STAGNATED IN OCTOBER

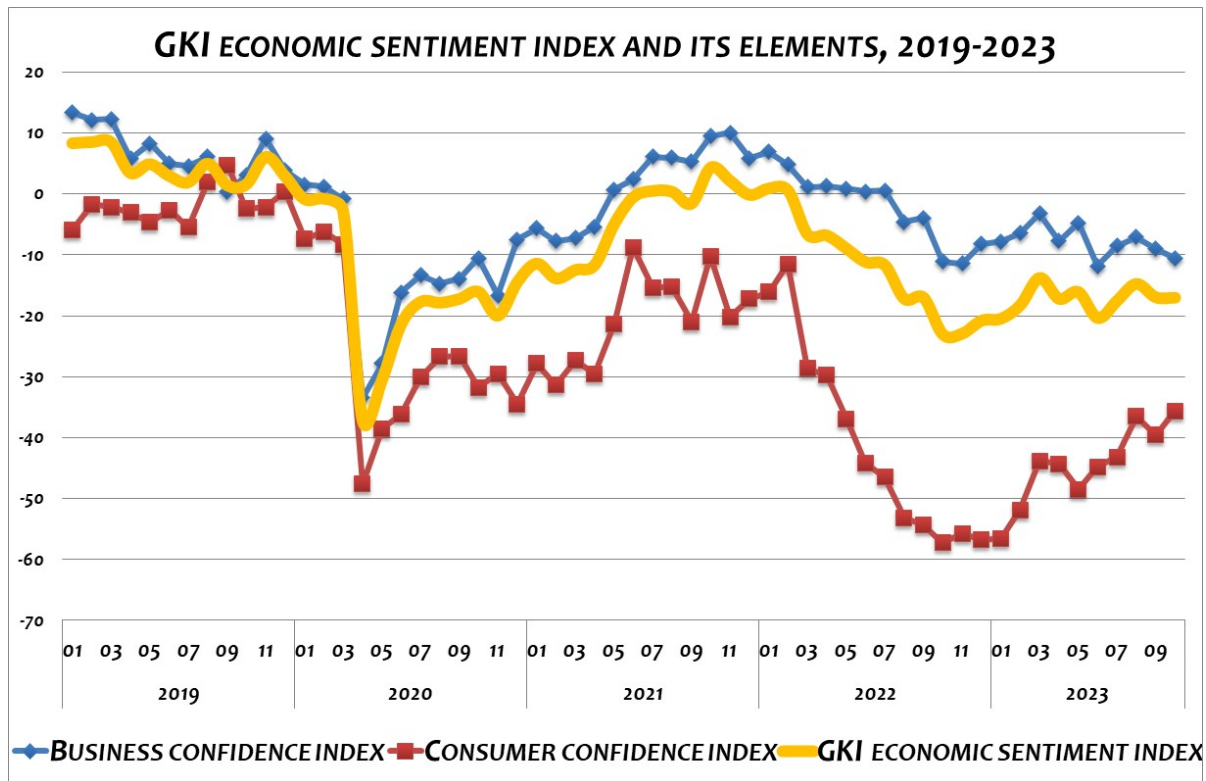
In October, consumer expectations noticeably improved, while business outlooks slightly deteriorated according to a survey conducted by GKI Economic Research Co. with the support of the EU. The GKI economic sentiment index remained unchanged compared to September. Companies' relatively favourable expectations regarding employment and prices did not change significantly compared to the previous month.

The **GKI business confidence index** decreased in October (by 1.5 points) following September. Although the change remained within the statistical margin of error, the business confidence index approached its lowest point for the year. In the second autumn month, sectoral outlooks deteriorated in industry, improved in construction, while there were no significant changes in trade and services. In **industry**, the evaluation of the total order book and in-house production stocks noticeably worsened compared to September, while production expectations for the next three months remained virtually unchanged. In **construction**, the evaluation of the order book significantly improved, while employment expectations stagnated. In **trade**, the evaluation of business performance over the past three months became slightly more favourable, and there was no change in the stock level or expected orders for the next three months. In **services**, the evaluation of business performance in the past three months and turnover expectations did not change significantly from September.

The deterioration of the public mood in September proved to be temporary. The **GKI consumer confidence index** rose by 4 points on a monthly basis in October, reaching an 18-month record high. Households' perception on their financial situation for both the past and the upcoming 12 months improved markedly, while the evaluation of money spendable on high-value consumer goods became slightly more favourable.

In October, businesses' **willingness to employ** did not change from the previous month, with the ratio of those planning layoffs and those planning to expand staff being virtually equal. Pessimists were in the majority in construction, while optimists dominated services. In industry and trade, these two ratios were equal. Households' fear of unemployment noticeably decreased compared to September.

The overall **price increase plans** of the business sphere in the tenth month of the year remained unchanged (with slight decreases in industry and some increases in construction), while consumers' inflation expectations strengthened somewhat compared to September. Businesses and households also saw the expected future situation of the **Hungarian economy** differently: while the former's opinion slightly deteriorated, the latter's further improved.



EXPLANATION TO THE METHODOLOGY:

In line with the methodology used by the European Commission, GKI surveys the expectations of industry, trade, construction, services (the latter, as in the EU, excludes financial and public services) and households in the calculation of its business confidence index. GKI’s economic sentiment index is the weighted average of the consumer confidence index and the business confidence index.

The business confidence index is the weighted average of the industrial, trade, construction and services confidence indices. The industrial confidence index is derived from the responses to questions on business perceptions of incoming orders and inventories, and on production expectations. The construction confidence index is the average of the perception of incoming orders and employment expectations. The trade confidence index is the average of business and inventory level perceptions and turnover expectations. The services confidence index is the average of business confidence, turnover and employment expectations. GKI publishes seasonally adjusted data by using appropriate mathematical method (the Tramo Seats method) 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 compiled from responses to questions concerning the past and expected financial position of households, the expected economic situation of the country, and the prospects for purchasing consumer durables.

GKI ECONOMIC SENTIMENT INDEX AND ITS ELEMENTS, 2019-2023

Year	Month	Business confidence	Consumer confidence index	GKI economic sentiment
2019	01	13.4	-5.9	8.4
	02	12.2	-1.7	8.6
	03	12.3	-2.2	8.6
	04	5.8	-3.0	3.5
	05	8.3	-4.7	4.9
	06	5.0	-2.7	3.0
	07	4.6	-5.5	1.9
	08	6.1	2.1	5.0
	09	0.3	4.7	1.5
	10	3.0	-2.4	1.6
	11	9.1	-2.1	6.1
	12	3.9	0.4	3.0
2020	01	1.5	-7.4	-0.8
	02	1.2	-6.2	-0.7
	03	-0.8	-8.3	-2.7
	04	-33.5	-47.6	-37.2
	05	-27.8	-38.5	-30.6
	06	-16.2	-36.2	-21.4
	07	-13.4	-30.1	-17.7
	08	-14.7	-26.7	-17.9
	09	-13.9	-26.6	-17.2
	10	-10.5	-31.8	-16.0
	11	-16.6	-29.5	-20.0
	12	-7.4	-34.5	-14.5
2021	01	-5.6	-27.8	-11.4
	02	-7.7	-31.4	-13.9
	03	-7.3	-27.3	-12.5
	04	-5.4	-29.5	-11.7
	05	0.7	-21.3	-5.0
	06	2.4	-8.7	-0.5
	07	6.1	-15.3	0.5
	08	5.9	-15.3	0.4
	09	5.3	-21.0	-1.6
	10	9.5	-10.2	4.4

Year	Month	Business confidence	Consumer confidence index	GKI economic sentiment
	11	10.0	-20.1	2.2
	12	5.9	-17.2	-0.1
2022	01	6.9	-16.0	0.9
	02	4.8	-11.5	0.6
	03	1.1	-28.6	-6.6
	04	1.3	-29.7	-6.8
	05	0.9	-36.9	-8.9
	06	0.4	-44.2	-11.2
	07	0.6	-46.5	-11.7
	08	-4.5	-53.2	-17.2
	09	-3.9	-54.4	-17.0
	10	-11.1	-57.3	-23.1
	11	-11.4	-55.7	-22.9
	12	-8.2	-56.7	-20.8
2023	01	-7.8	-56.6	-20.5
	02	-6.4	-51.9	-18.2
	03	-3.2	-43.8	-13.8
	04	-7.7	-44.3	-17.2
	05	-4.7	-48.5	-16.1
	06	-11.8	-44.8	-20.4
	07	-8.5	-43.2	-17.5
	08	-7.1	-36.5	-14.7
	09	9.0	-39.6	-17.0
	10	-10.5	-35.6	-17.0

GKI ECONOMIC RESEARCH CO.

1056 Budapest. Váci utca 84. fszt.2.

Phone: +36-30-014-7848 E-mail: gki@gki.hu

For more information:

Gábor Karsai (karsai.gabor@gki.hu);
Raymund Petz (petz.raymund@gki.hu)