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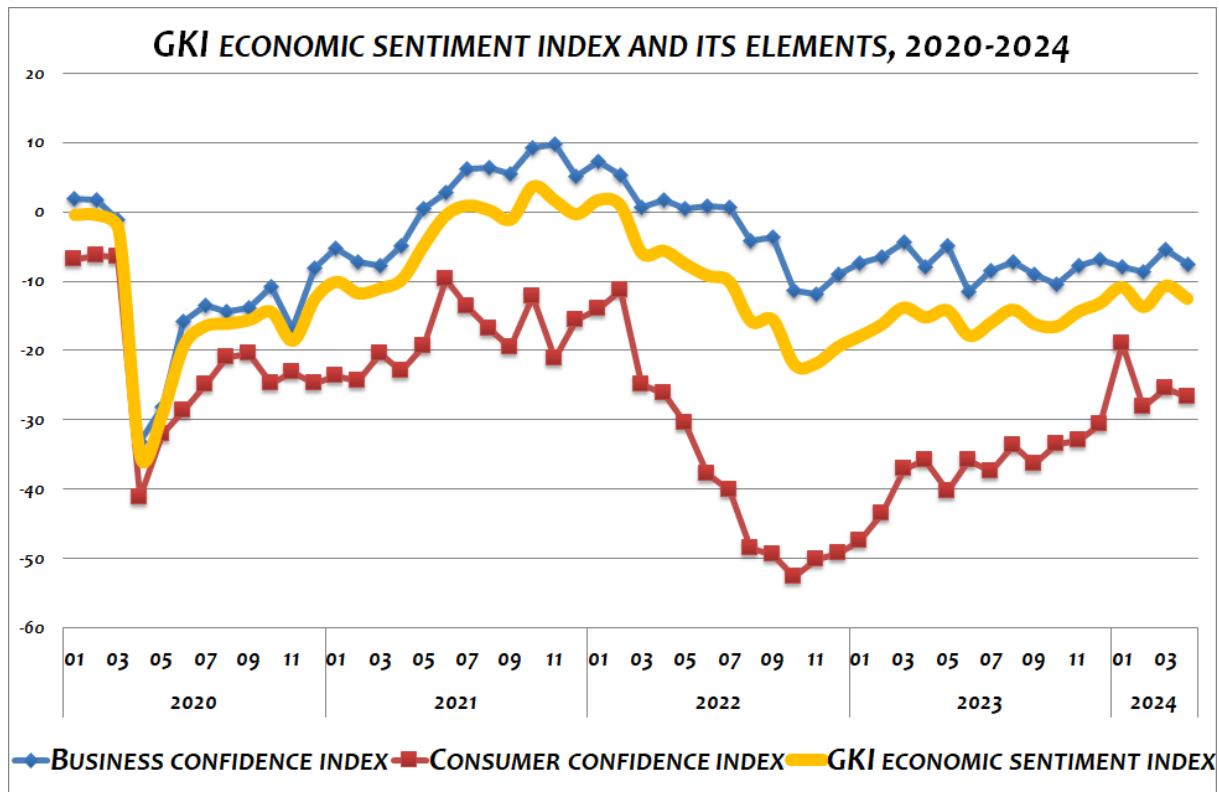
GKI'S ECONOMIC SENTIMENT INDEX CORRECTED NEGATIVELY IN APRIL

According to the empirical survey conducted by GKI Economic Research Co. with EU support, both businesses and households reported a somewhat less positive outlook in April than in March. Thus, GKI's economic sentiment index decreased by 2 points, which is slightly smaller than the improvement in March (which was 3 points). The employment intentions of companies did not change significantly, while their price increase plans strengthened slightly. The predictability of the business environment improved substantially compared to the previous month.

The **GKI economic sentiment index**, a composite indicator of business and household sentiment, corrected negatively in April, falling 2 points after a 3-point rise in March. The **GKI business confidence index** also fell by 2 points. In April, only business services showed a positive change (up by 2 points), while trade remained unchanged and expectations worsened slightly in industry and construction (down by 4 and 2 points, respectively). In **industry**, the assessment of total order books and the outlook for production over the next three months also became more pessimistic. At the same time, it is positive that the level of stocks of own production decreased substantially. In **construction**, the assessment of order books deteriorated markedly, but employment expectations improved slightly. In **trade**, while satisfaction with the previous three months' business performance increased, the assessment of expected orders in the next three months became less favourable, with the view on the level of inventories remaining broadly unchanged. In **services**, the perception of business in the previous three months improved significantly, turnover expectations for the next three months were little changed, and employment plans reflected greater optimism than before.

Businesses' **propensity to hire** did not change significantly in April, and the proportion of those planning to expand and reduce their workforce was roughly the same. Optimists were only the majority among service companies. Overall **price increase plans** in the business sector rose slightly in April, especially in trade and construction. **Predictability of the business environment** improved markedly, with this indicator reaching an eight-month high.

The **GKI consumer confidence index** rose moderately in March, after a significant swing in January and February, and then fell within the statistical margin of error in April. Households saw their own financial outlook, and also Hungary's economic situation as deteriorating for the next 12 months compared to March. At the same time, the financial situation over the past 12 months was seen as slightly improving, and the perception of own money to spend on high-value consumer goods also improved. Inflationary expectations of households rose slightly, and the fear of unemployment also became somewhat stronger than in March.



EXPLANATION TO THE METHODOLOGY:

In line with the methodology used by the European Commission, GKI surveys the expectations of industry, trade, construction, services and households (consumers) 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.

The consumer confidence index is the arithmetic average of balance indicators calculated from responses to questions on households’ perceptions of their financial situation in the past 12 months, their financial prospects for the next 12 months, the expected development of Hungary’s economic situation and their prospects for buying consumer durables.

GKI publishes seasonally adjusted data by using appropriate mathematical 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).

GKI ECONOMIC SENTIMENT INDEX AND ITS ELEMENTS, 2020-2024

<i>Year</i>	<i>Month</i>	<i>Business confidence index</i>	<i>Consumer confidence index</i>	<i>GKI economic sentiment index</i>
2020	01	1.9	-6.9	-0.4
	02	1.6	-6.3	-0.4
	03	-1.1	-6.4	-2.5
	04	-33.1	-41.2	-35.2
	05	-28.1	-32.0	-29.1
	06	-15.9	-28.7	-19.2
	07	-13.4	-24.9	-16.4
	08	-14.3	-21.0	-16.1
	09	-13.8	-20.5	-15.5
	10	-10.8	-24.7	-14.4
	11	-16.9	-23.1	-18.5
	12	-8.2	-24.7	-12.5
2021	01	-5.3	-23.7	-10.1
	02	-7.3	-24.5	-11.7
	03	-7.7	-20.4	-11.0
	04	-5.0	-23.0	-9.7
	05	0.4	-19.4	-4.7
	06	2.8	-9.7	-0.5
	07	6.1	-13.7	0.9
	08	6.3	-16.9	0.3
	09	5.5	-19.5	-1.0
	10	9.3	-12.2	3.7
	11	9.7	-21.2	1.7
	12	5.1	-15.7	-0.3
2022	01	7.3	-14.0	1.7
	02	5.3	-11.3	1.0
	03	0.7	-24.9	-5.9
	04	1.6	-26.1	-5.6
	05	0.5	-30.5	-7.5
	06	0.9	-37.8	-9.2
	07	0.6	-40.2	-10.0
	08	-4.3	-48.5	-15.8
	09	-3.7	-49.4	-15.5

Year	Month	Business confidence index	Consumer confidence index	GKI economic sentiment index
2023	10	-11.3	-52.7	-22.0
	11	-11.8	-50.2	-21.8
	12	-8.9	-49.2	-19.4
	01	-7.5	-47.5	-17.9
	02	-6.6	-43.5	-16.2
	03	-4.3	-37.0	-13.8
	04	-7.9	-35.8	-15.2
	05	-5.0	-40.3	-14.2
	06	-11.5	-35.8	-17.8
	07	-8.4	-37.4	-15.9
	08	-7.2	-33.6	-14.1
	09	-9.0	-36.4	-16.1
2024	10	-10.5	-33.5	-16.5
	11	-7.8	-33.0	-14.4
	12	-6.9	-30.7	-13.1
	01	-8.0	-19.0	-10.8
	02	-8.6	-28.1	-13.7
	03	-5,4	-25.5	-10.6
	04	-7.5	-26.7	-12.5

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