

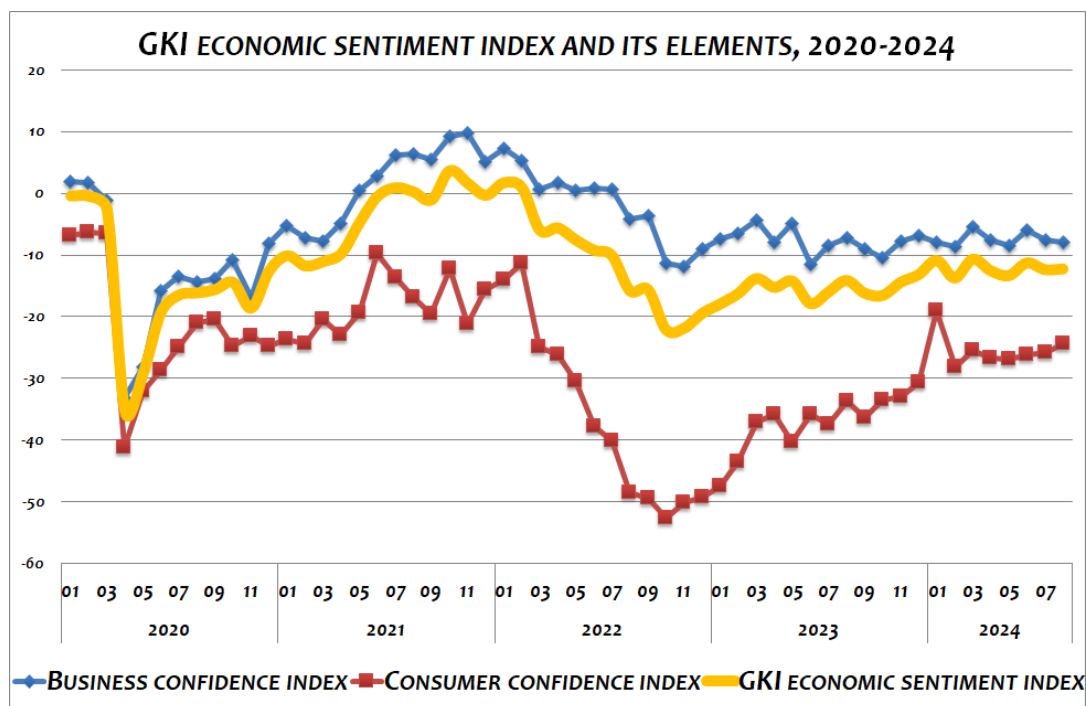
## GKI'S ECONOMIC SENTIMENT INDEX WAS UNCHANGED IN AUGUST

According to a survey conducted by the GKI Economic Research Co. - with the support of the EU - the prospects of the business sector deteriorated only within a statistical margin of error in August compared to July, but the households became slightly more optimistic. Thus, GKI's economic sentiment index remained essentially unchanged compared to July. The companies' employment intentions deteriorated slightly, but their plans to raise prices have not changed significantly. The predictability of the business environment has eased noticeably compared to the previous month.

**GKI's economic sentiment index**, a composite indicator of business and household sentiment, was virtually unchanged in August compared to the previous month. **GKI's business confidence index**, an indicator of business sector outlook, has been in a rather narrow range for some time. The index fell by half a point in the current month and did not break out of this range in August, meaning that a trend reversal is still to come. In August, **sector confidence indices moved only within the statistical margin of error, with trade and construction moving upwards and industry and services down**. The most pessimistic reports continue to come from construction. In **industry**, the assessment of order books deteriorated slightly, but the assessment of stocks of own-account production and the production outlook for the next three months remained unchanged. In **construction**, the assessment of order books improved markedly, but employment expectations deteriorated. In **trade**, satisfaction with the previous three months deteriorated markedly, with a slight improvement in the assessment of inventories and a marked improvement in the outlook for orders expected over the next three months. In **services**, employment plans for the next three months became slightly less favourable, while business perceptions and turnover expectations barely changed.

Businesses' **propensity to hire** deteriorated slightly in August compared with July, but the proportion planning to expand or reduce their workforce remained roughly the same. In the business sector, the **overall price increase plans** are essentially unchanged. The **predictability of the business environment** has noticeably deteriorated markedly compared to the previous month.

The outlook for households was improving only very slightly. **GKI's consumer confidence index** rose by one and a half points in August compared to July, rising to a seven-month high. Compared to the previous month, households rated both their financial situation in the past 12 months and their outlook for the next 12 months as moderately improving, and Hungary's economic situation in the next 12 months was considered stagnant. The perception of own money to spend on high-value consumer goods improved slightly. Consumers' inflationary expectations rose slightly, whereas the outlook for unemployment was slightly more positive than in the seventh month of the year.



### EXPLANATION TO THE METHODOLOGY:

In line with the methodology used by the European Commission, GKI surveys the expectations of industry, trade, construction, service sector 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
	05	-8.5	-26.9	-13.3
06	-6.0	-26.1	-11.2	
07	-7.5	-25.9	-12.3	
08	-8,0	-24,3	-12,2	

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