

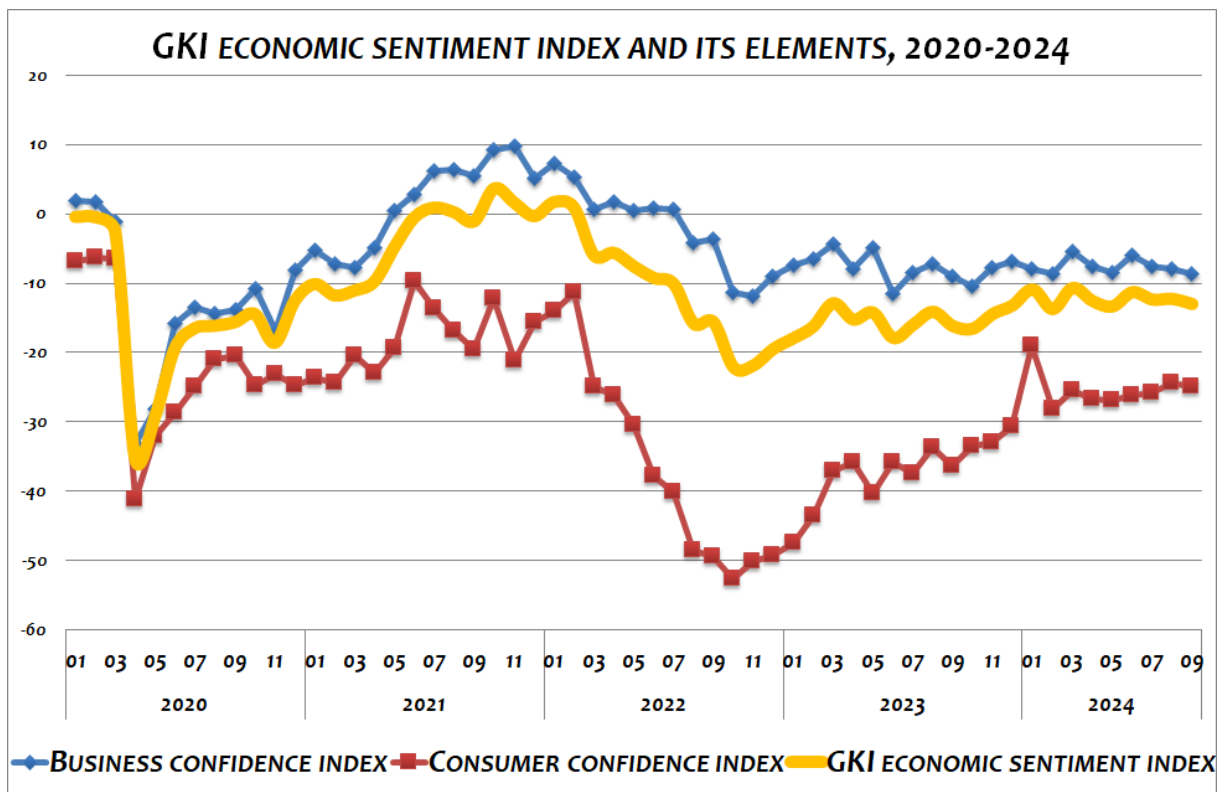
GKI'S ECONOMIC SENTIMENT INDEX DECLINED SLIGHTLY IN SEPTEMBER

According to the empirical survey conducted by GKI Economic Research Co. with the support of the EU, the outlook for both the business sector and consumers deteriorated only slightly in September compared to August. Thus, GKI's economic sentiment index decreased within the statistical margin of error. Neither companies' employment plans nor the predictability of the business environment changed. Business plans to raise prices declined modestly, while the inflationary expectations of households rose to an 18-month high.

In the first autumn month, the expectations of the business sector did not change significantly. After July and August, **GKI's business confidence index** decreased only within the statistical margin of error in September compared to the previous month. In September, **only the outlook for trade deteriorated significantly, with no significant changes in the other three sectors.** The most pessimistic reports continue to come from construction. In **industry**, the assessment of order books deteriorated markedly and the assessment of stocks of own production worsened slightly, but the production outlook for the next three months improved markedly. In **construction**, the assessment of order books deteriorated, while employment expectations improved. In **trade**, satisfaction with the business performance in the previous three months and the assessment of inventories deteriorated slightly, while the assessment of orders expected in the next three months deteriorated significantly. In **services**, there was no significant shift in any of the factors compared to the previous month.

Businesses' **propensity to hire** was essentially unchanged in September compared to August. Nor was there much change in the perception of the **predictability of the business environment.** **Plans to raise prices** decreased only very modestly.

The **GKI consumer confidence index** hardly changed in the March-September period, after a significant spike in January-February. The index for the current month fell within the statistical margin of error compared to August. The primary driver of developments in this indicator was the marked deterioration in the perception of own money that might be spent on high-value consumer goods in September compared to the previous month. However, households rated their own financial situation in the last 12 months, their financial outlook for the next 12 months and the economic situation of the country in the next one year as stagnant. Households' inflationary expectations rose to a markedly high level in September, reaching an 18-month high. The outlook for the number of unemployed rose to a 5-month high.



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

Year	Month	Business confidence index	Consumer confidence index	GKI economic sentiment index
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
	10	-11.3	-52.7	-22.0

Year	Month	Business confidence index	Consumer confidence index	GKI economic sentiment index
2023	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
	10	-10.5	-33.5	-16.5
2024	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	
09	-8.7	-25.0	-12.9	

GKI ECONOMIC RESEARCH CO.

1056 Budapest. Váci utca 84. fszt.2.
 Phone: +36 30 014 7848 E-mail: gki@gki.hu