



### ***Economic sentiment index at 10-year high***

On the basis of the latest data, the seasonally adjusted economic sentiment index of GKI-Erste improved further in December 2013. **According to the GKI survey, the economic sentiment index increased to -2.9 points in December, and it is the best reading in more than 10 years: the indicator exceeded this level only in October 2002. The favourable figure came by no means as a surprise, as regarding the economic sentiment index and the related sub-indices a positive trend has prevailed since October 2012 and the initial months of 2013.**

The economic sentiment index is determined in accordance with EU methodology which takes into account expectations of the industrial, trade, construction and services sector within the business sector as well as those of consumers. The final reading is the weighted average of the consumer sentiment index and the business sentiment index.

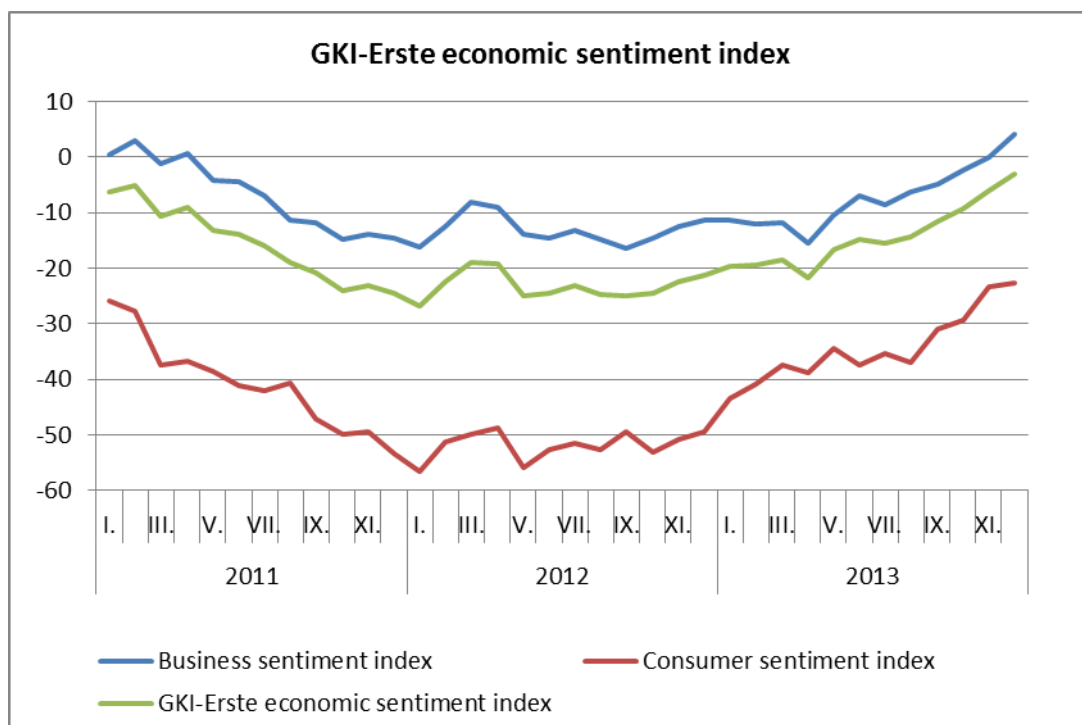
The business confidence index is calculated from the responses of enterprises in industry, trade, construction and services given to questions concerning the state of business and expectations of turnover and employment. GKI publishes seasonally adjusted data by using adequate mathematical methods to filter out the discrepancies caused by seasonal effects (such as differences in weather conditions between winter and summer, increased demand before Christmas, lower output because of summer vacations).

In light of the survey for December 2013, **expectations have significantly improved within each and every sector among businesses**, especially those of trading and service providing companies. **The business confidence index increased to 4 points, a figure last seen at the beginning of 2001.** This indicates that the number of optimistic enterprises exceeds that of pessimistic ones as a whole, which for the last time was observed back in April 2011 when the index was at 0.6 points.

The only component within the business sentiment index which could not make it into the green was that of the construction sector; within the **industrial sector** perceptions improved regarding **output** of the previous and upcoming periods as well as the **stock of orders** – within that those of exports. **The confidence index of trade increased outstandingly.** The assessment of sales positions, stock levels and expected orders all picked up. **Service companies assessed the**



**expected sales turnover and the general state of business to be especially better.** Intentions to employ improved slightly in all sectors except construction, where they remained unchanged. **The fear of unemployment of households eased.** The assessment of the perspectives of the Hungarian economy improved much in all sectors, and the confidence of households also recovered.



*Source: GKI*

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.

**The consumer confidence index improved** from -23.3 points in November to **-22.7 points** in the last month of 2013, **a three-year peak.** (Only the November 2010 figure was better than that of December 2013.) **The consumer confidence index shows an upward trend in place since October 2012 and the increase in December followed marked growth in the preceding months.** Households expect their financial situation to improve over the coming year which is **anticipated to boost consumption.**



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The constantly improving economic sentiment index has been the result of the Government's efforts since 2013 as it had laid down the foundations for balance and established preconditions for growth. **Hungary's economic expansion reached 1.8 percent already in the third quarter of 2013, and GDP growth in 2014 is expected to improve further.**