Institute for Economic and Enterprise Research

Results of the IEER SME Outlook Survey January 2016

Summary in English

Budapest, February 2015

The Institute for Economic and Enterprise Research operated by the Hungarian Chamber of Commerce and Industry (IEER or GVI in Hungarian) is a non-profit economic research institute indulging in applied research in several subfields of economics. Our mission is to provide empirically and theoretically substantiated knowledge and analysis of the economic and social processes that influence the actual situation and perspectives of Hungarian economy and Hungarian companies.

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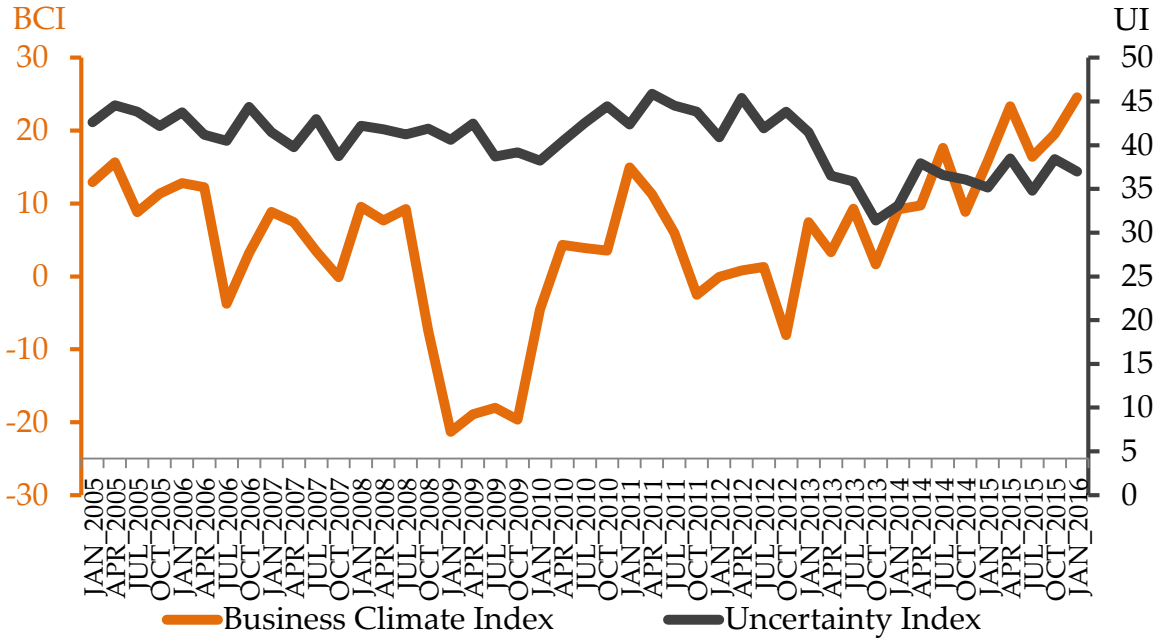
1. SME Outlook Business Climate Index and Uncertainty Index

The results of the latest IEER SME Outlook business climate survey reveal more favourable economic conditions compared to the previous quarter: the Business Climate Index increased from 20 to 25 points, which is the highest value since the beginning of the research (January 2005). This value is far higher than the one in January 2015 (16 points). The Uncertainty Index is at a current level of 37 points, which is almost the same as the value measured in the preceding quarter (it was 38 points in October 2015). The value of the Uncertainty Index indicates that the current trend is not uniform within the private sector, and that it will continue to be confined to one part of the economy and will not be felt by all small and medium sized companies.

In sum, we can assess that the business climate further increased in January 2016, and reached the highest value in the history of the survey (The level of the indicator was similarly high in April 2015, when it was 23 points.).

1.1. Quarterly developments in the SME Outlook Business Climate Index and in the SME Outlook Uncertainty Index

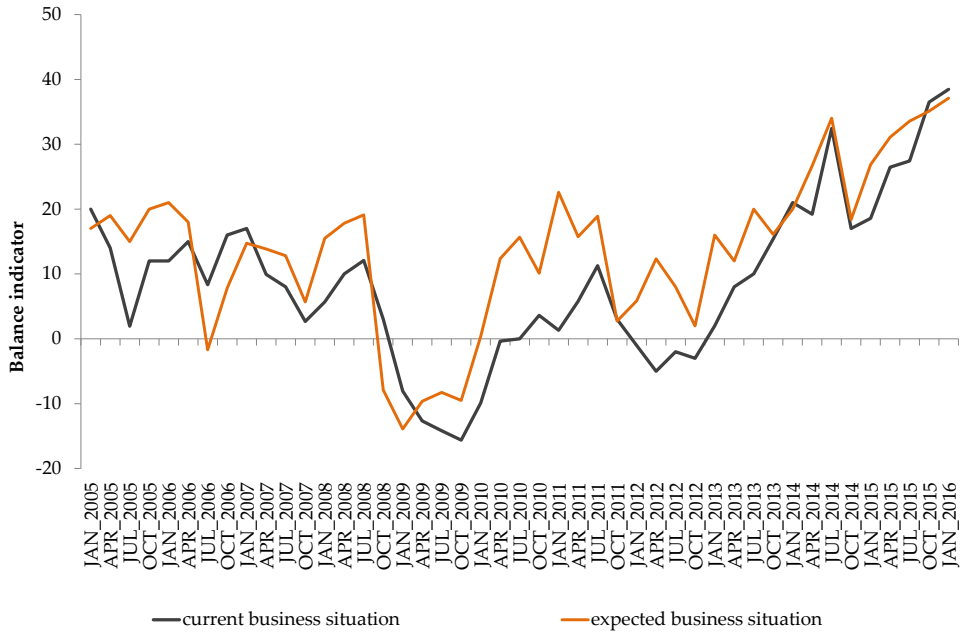


Source: IEER 2016

We can conclude that the increase of the IEER SME Outlook Business Climate Index is due to the growth of the majority of the elementary indicators compared to the previous quarter. The greatest increase has occurred in the case of the expected capacity utilization (13 points increase), the expected investment activity (10 points increase), and the expected production level (8 points increase) compared to the previous quarter. Only one indicator has decreased compared to the previous quarter: the current stock order level has dropped by one point (see Appendix 1-6).

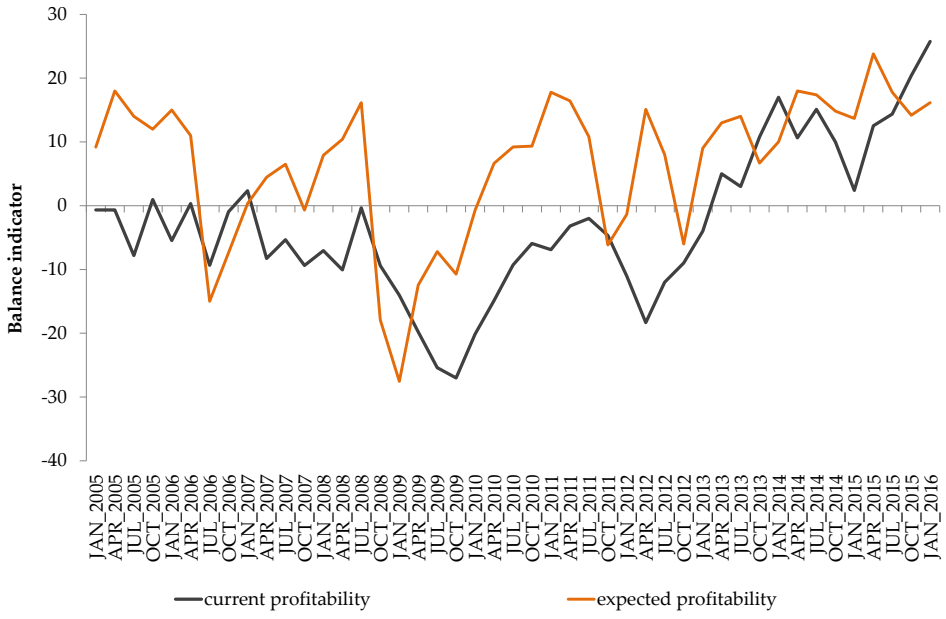
Appendix

A1: Current and expected business situation



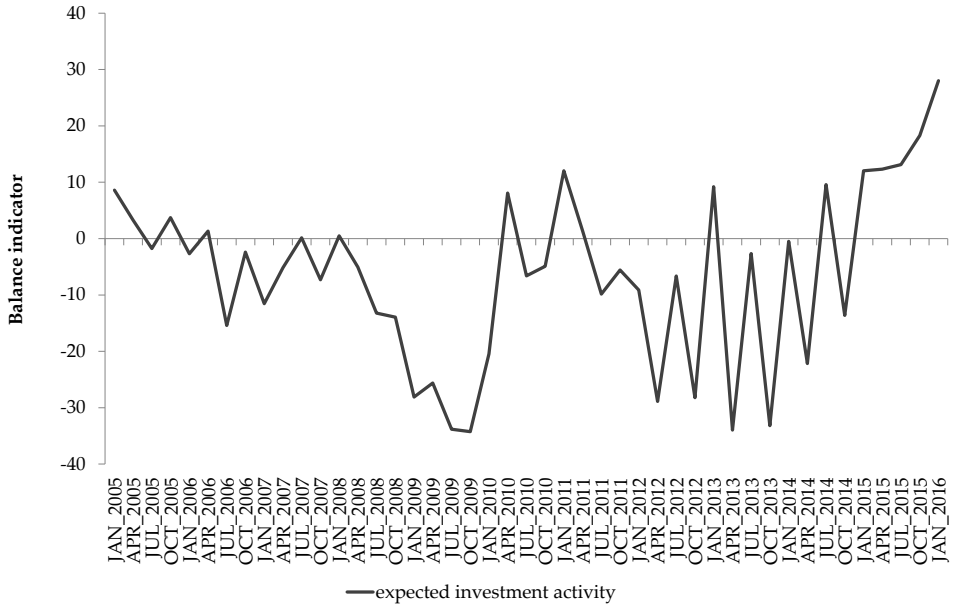
Source: IEER 2016

A2: Current and expected profitability



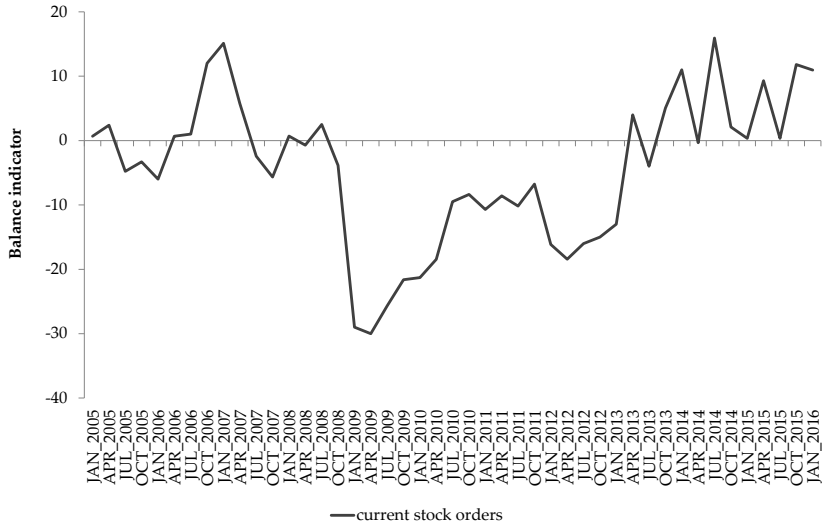
Source: IEER 2016

A3: Expected investments



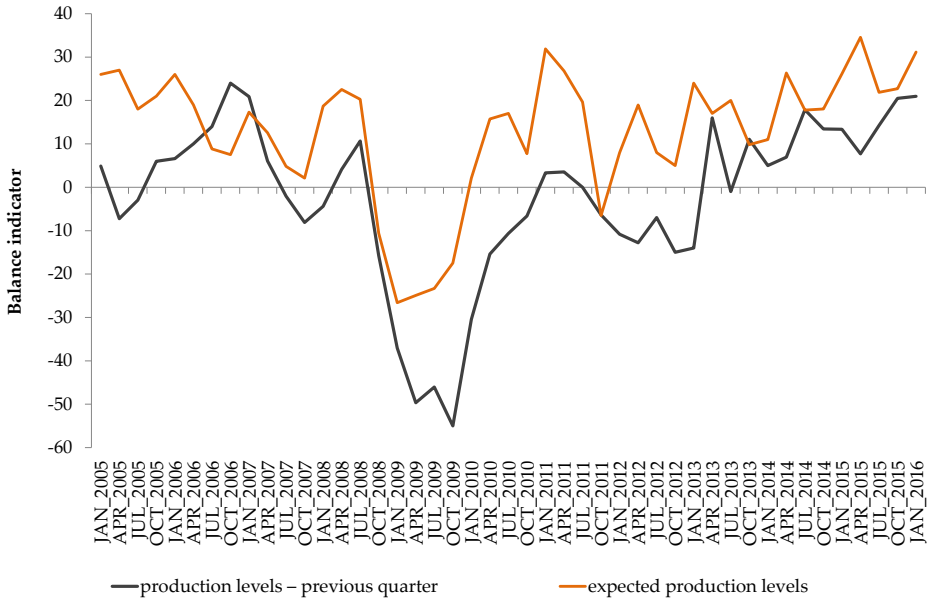
Source: IEER 2016

A4: Current stock orders



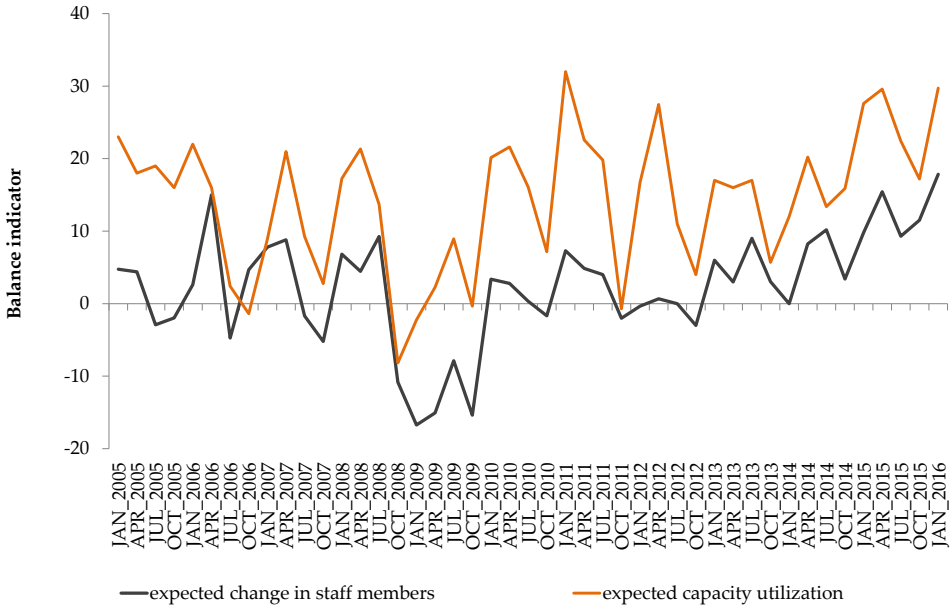
Source: IEER 2016

A5: Current and expected production levels



Source: IEER 2016

A6: Expected change in staff members and capacity utilization



Source: IEER 2016

A7: Distribution of firms by size in the waves of the SME Outlook Business Climate Survey, Jan 2005 – Jan 2016, pcs

	Number of staff members			
	20-49 people	50-99 people	100-249 people	Total
JAN_2005	102	85	114	301
APR_2005	103	84	113	300
JUL_2005	105	88	119	312
OCT_2005	107	90	114	311
JAN_2006	105	88	117	310
APR_2006	106	88	118	312
JUL_2006	103	84	114	301
OCT_2006	210	57	36	303
JAN_2007	102	87	112	301
APR_2007	102	84	116	302
JUL_2007	102	84	114	300
OCT_2007	101	85	115	301
JAN_2008	101	84	114	299
APR_2008	102	84	114	300
JUL_2008	102	84	114	300
OCT_2008	102	84	114	300
JAN_2009	103	80	118	301
APR_2009	102	84	114	300
JUL_2009	103	85	116	304
OCT_2009	101	84	114	299
JAN_2010	106	84	113	303
APR_2010	89	96	105	290
JUL_2010	97	90	116	303
OCT_2010	101	87	116	304
JAN_2011	100	88	117	305
APR_2011	99	89	124	312
JUL_2011	99	87	115	301
OCT_2011	98	87	114	299
JAN_2012	97	88	114	299
APR_2012	99	87	114	300
JUL_2012	99	88	115	302
OCT_2012	99	87	114	300
JAN_2013	97	89	113	299
APR_2013	97	89	114	300
JUL_2013	104	84	113	301
OCT_2013	103	83	113	299
JAN_2014	103	85	114	302
APR_2014	104	85	114	303
JUL_2014	106	83	113	302
OCT_2014	105	86	106	297
JAN_2015	99	88	110	297
APR_2015	109	90	110	309
JUL_2015	101	87	114	302
OCT_2015	99	87	114	300
JAN_2016	99	86	114	400
Total	4673	3853	5059	13585

Source: IEER 2016

A8: Distribution of firms by sector in the waves of the SME Outlook Business Climate Survey, Jan 2005 – Jan 2016, pcs

	Sector				
	Processing industry	Building industry	Commerce	Business services	Total
JAN_2005	136	44	82	39	301
APR_2005	134	44	83	39	300
JUL_2005	139	48	84	41	312
OCT_2005	138	47	85	41	311
JAN_2006	138	46	85	41	310
APR_2006	138	47	85	42	312
JUL_2006	135	44	82	40	301
OCT_2006	129	39	81	54	303
JAN_2007	134	47	82	38	301
APR_2007	135	44	82	41	302
JUL_2007	135	44	82	39	300
OCT_2007	135	45	83	38	301
JAN_2008	135	44	81	39	299
APR_2008	135	44	82	39	300
JUL_2008	135	44	82	39	300
OCT_2008	135	44	82	39	300
JAN_2009	135	43	82	41	301
APR_2009	135	44	82	39	300
JUL_2009	138	44	83	39	304
OCT_2009	134	45	82	38	299
JAN_2010	136	43	85	39	303
APR_2010	134	45	75	35	289
JUL_2010	145	43	80	35	303
OCT_2010	141	48	76	38	303
JAN_2011	140	45	77	43	305
APR_2011	145	51	80	36	312
JUL_2011	139	47	75	40	301
OCT_2011	137	47	75	40	299
JAN_2012	141	47	73	38	299
APR_2012	135	45	81	39	300
JUL_2012	137	45	81	39	302
OCT_2012	135	45	81	39	300
JAN_2013	134	45	81	39	299
APR_2013	135	45	81	39	300
JUL_2013	136	45	81	39	301
OCT_2013	136	44	80	39	299
JAN_2014	135	47	81	39	302
APR_2014	138	44	81	40	303
JUL_2014	142	43	80	37	302
OCT_2014	132	46	83	36	297
JAN_2015	146	43	79	29	297
APR_2015	141	42	89	37	309
JUL_2015	135	46	82	39	302
OCT_2015	135	45	81	39	300
JAN_2016	135	45	82	37	299

Total	6153	2022	3652	1756	13583

Source: IEER 2016

Annex

The formula of the SME Outlook Business Climate Index (BCI)

BCI = 0.18*raj_ + 0.04*(uhj_ + vjj_ + tszm_ + lvv_ + uhv_) + 0.18*vjv_ +0.10* cue_ + 0.18*tszv_ +0.17* bvv_, where:

RAJ_:	current stock orders
UHJ_:	current business situation
VJJ_:	current profitability
TSZM_:	production levels – previous quarter
LVV_:	expected change in staff members
UHV_:	expected business situation
VJV_:	expected profitability
CUE_:	expected capacity utilization
TSZV_:	expected production levels
BVV_:	expected investment activity

The formula for calculating the SME Outlook Business Climate Index was changed in January 2014, so the index follows the growth rates of GDP more precisely.

The formula of the SME Outlook Quarterly Uncertainty Index (UI)

UI = the variance of the BCI

The values of the indicators

The answers for the questions relating to the indicators worth the following scores:

Answer	Score
Good / Better / Growing / It will be better / It will grow	100
Satisfactory / Does not change / Will not change	0
Bad / Worse / Decreasing / It will be worse / It will decrease	-100