

The objective of the latest research of IEER was to get survey-based information on the intentions of high school students for higher education and how these intentions change by various high school and student traits. The survey was carried out by a brief self-administered questionnaire at a sample of secondary schools selected on the basis of several criteria. Nevertheless the sample design could not be proportional by some important features (e.g., high schools' ranking by admission rates, geographic location, or student composition). During the selection process high schools were classified into two groups based on admission rates – elite and non-elite high schools – and in addition to high schools from Budapest, several from rural areas were included as well.

The study took place from 23 April to 26 June 2013, using a quota method on the basis of high school rankings. Students from six selected Budapest and rural institutions completed a questionnaire on paper or online – answering questions by computer or smart phone. Our results are based on the responses of 592 high school students.

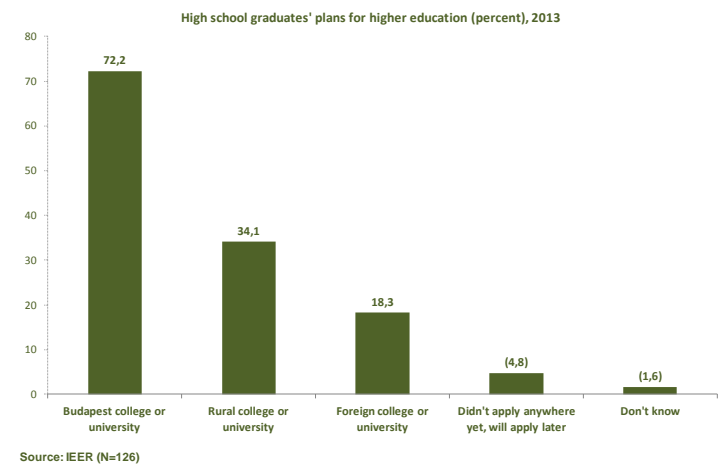
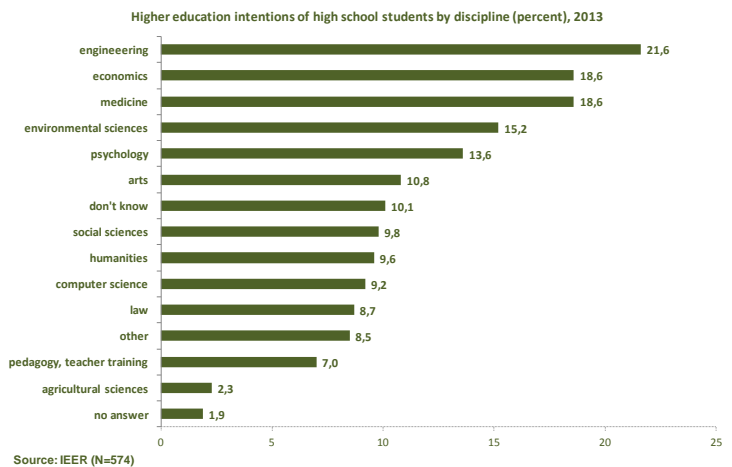
The results show that among high school graduates who wish to continue their education (126 people), the majority (72%) applied this year to a college or university in Budapest, and 34% to a rural college or university. Higher education institutions abroad were chosen by 18% of high school graduates – the most popular destination being Great Britain.

As for the further education plans of respondents in grades 9-11 (448 persons), more than half (56%) would like to continue their studies at a college or university in Budapest. The second most popular destination of those in grades 9-11 is to continue their studies abroad: 36% of these students would like to apply for a foreign higher education institution. Only 20% indicated a rural college or university, and 14% of them do not know yet where they would like to pursue their studies. Among those students in grade 9-11 who plan to study abroad, the largest proportion prepare to do so in Great Britain (38%) followed by the U.S. (19%). For nearby Austria and Germany, only 14% and 10% of respondents prepare to apply.

Of pupils in grades 9-11 from elite high schools of Budapest, 58% plan for further studies abroad. Over a third (35%) of rural elite high school pupils plan to do the same, while the figure for rural non-elite high schools students is much lower.

Those considering further studies abroad are also typically among those with the best grades.

Examining the factors influencing further education abroad, based on the data available we estimated each factor independently of the effect of other factors. According to the results of this analysis the intention to study abroad differs most by the type of school. Those from elite high schools in Budapest are planning to continue their studies abroad more likely (with a more than twice bigger odds ratio) as those from rural non-elite high schools.



According to the results of this model the chance to study abroad -- apart from any other effect -- increases along with educational achievement. Between pupils of a particular school type, above average students are more inclined to plan the continuation of their studies abroad than students in the same place but with a worse academic performance.

The results also show that girls -- excluding any other influences -- plan to study abroad more often than boys. This may be related to the Hungarian government's 2013 policy of higher education. The conditions for further studies are more favorable (lower point limits for state-supported training, higher rates of state-sponsored training) at the engineering faculties -- which are typically chosen by boys -- than those for the humanities, for which mostly girls plan their further education.

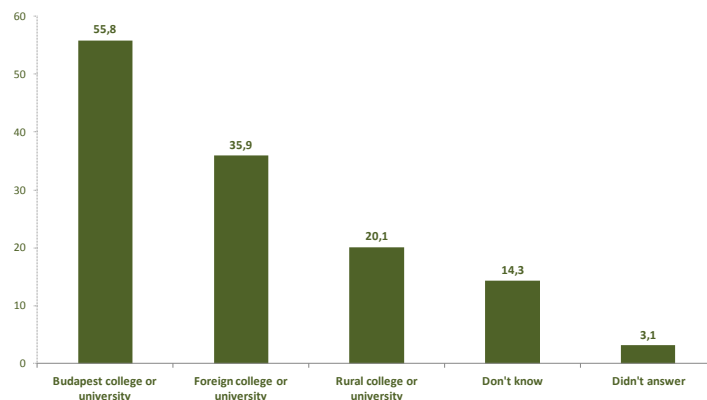
Of course, all this does not mean that those who now indicate their intention to study abroad will actually do so one, two or three years from now, but it definitely points to a phenomenon which, if we like it or not, exists, and which in any case must be measured and analysed in the future -- uncovering its reasons as well.

The results of the intentions for further studies abroad can be also interpreted as the dissatisfaction encouraging migration, a global village feeling caused by the information society, or an increasing degree of integration into the European Union -- these factors appear in our results simultaneously as a mixture.

Thus the results are definitely indicate that -- assuming no major changes to how domestic higher education institutions are run nor their funding -- to believe in a downward trend in the future for those planning their further studies abroad is baseless.

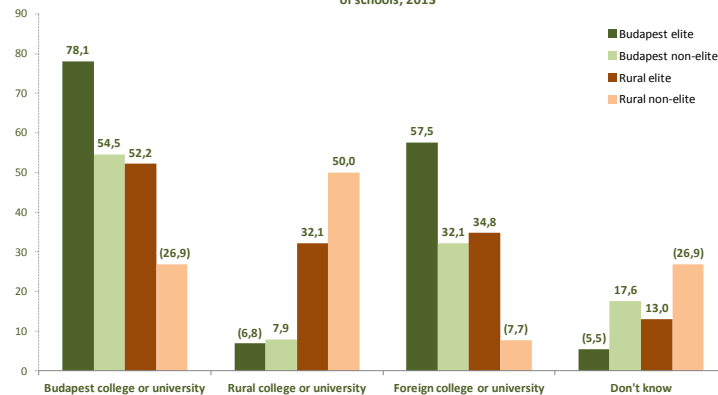
The results obtained underscore that mostly students with a good academic record, from elite high schools in Budapest and the countryside, have intention of continuing their education abroad. Those from rural non-elite high schools are less likely to want to continue their studies at a university in Budapest or in a foreign country and opt for higher education institutions in rural areas. Of particular interest are the differences between boys and girls in their intention for further studies abroad: accordingly, it shows the rational decision of students to adapt to government policy and try to get a start (even abroad) on their originally planned and desired direction for further education.

9-11 grader high school students' plans for higher education (percent), 2013



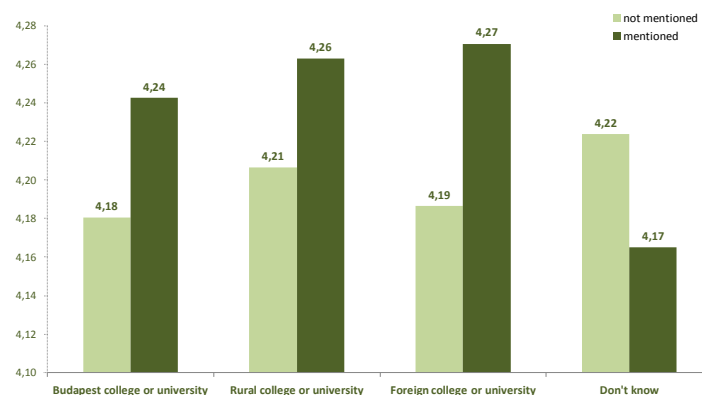
Source: IEER (N=512)

Higher education intentions among 9-11 grader students at six high schools within the four types of schools, 2013



Source: IEER (N=448)

Average performance of high school students in grades 9-11 by plans for higher education, 2013



Source: IEER (N=356)

Eurozone economic outlook: Recovery amid challenges. Quarterly forecast of Ifo, Insee, and Instat institutes

In the Eurozone, activity contracted by 0.3% in Q1 2013, falling for the sixth consecutive quarter. However, GDP growth is expected to turn slightly positive in Q2 2013 (+0.1%), with a mild acceleration over the following quarters (+0.2% in Q3 and +0.3% in Q4). The driving forces of the upturn will be a progressive improvement in exports and a marginal recovery of domestic demand in the second half of the year. Nevertheless, fiscal consolidation and ongoing deleveraging in corporate and banking sectors of several Eurozone economies will continue to weigh on economic growth. Labor market conditions will remain unfavorable, placing an additional burden on disposable income and private consumption. Due to tight credit conditions and weak prospects for internal demand, gross fixed investment is also expected to remain weak. Exports growth and the need to replace an ageing capital stock will lead to a modest investment recovery in Q3 and Q4 2013 (+0.1% and +0.4% respectively). Under the assumption that Brent oil price remains stable at USD 103 per barrel in Q3 and Q4 and the euro/dollar exchange rate fluctuates around 1.30, inflation is projected to 1,3% in Q4. This reflects diminishing pressures from global commodity prices and weak international and internal demand. This forecast assumes that financial tensions in Europe do not escalate and a gradual unwinding of the monetary policy stimulus in the United States.

Industrial production increasing

Business and consumer confidence in most Eurozone countries has improved slightly since December 2012. Therefore, after a modest expansion in Q1 2013 (+0.1%), industrial production is projected to increase over the forecast horizon. This is mainly due to the expected acceleration in external demand. In the second quarter, industrial production will benefit from inventory rebuilding and increase significantly in Q2 (+1.1%). Thereafter industrial output is expected to maintain a positive trend in Q3 (+0.3%) and Q4 (+0.6%).

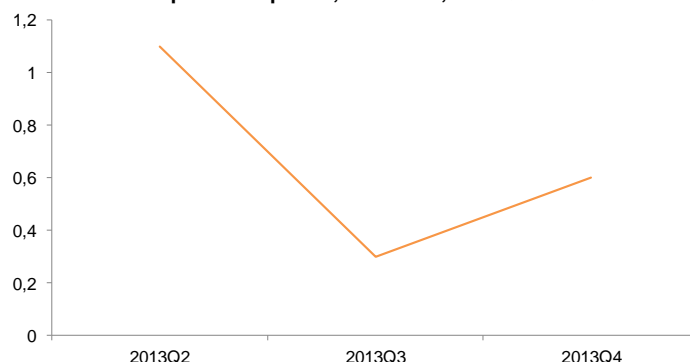
GDP recovers sluggishly

Tensions on Eurozone financial markets have progressively stabilized until mid-May when the US Federal Reserve Bank announced the future unwinding of the Quantitative Easing policy spurring a spell of market volatility and a slight increase of the bond yields. However, the average spread over German bunds remains at significantly lower level than a year ago. The improvements recorded by the survey indicators supports a moderate acceleration of GDP over the forecast horizon (+0.1% in Q2, +0.2% in Q3 and +0.3% in Q4). The end of the recession in Q2 will be mainly driven by the acceleration in external demand from the US and emerging countries.

Consumption still weak

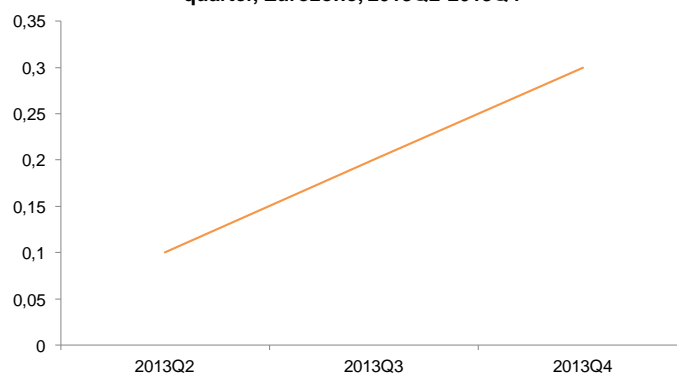
Fiscal austerity measures and labor market deterioration continue to weigh on household disposable income. Real purchasing power is projected to keep on falling, despite a decline in inflation. Accordingly, private consumption is expected to stagnate in Q2 and Q3 and to increase marginally in Q4 (+0.1%). The growth rate of gross fixed investments is

Percentage increase in industrial production compared to the previous quarter, Eurozone, 2013Q2-2013Q4



Source: Ifo

Percentage GDP growth compared to the previous quarter, Eurozone, 2013Q2-2013Q4



Source: Ifo

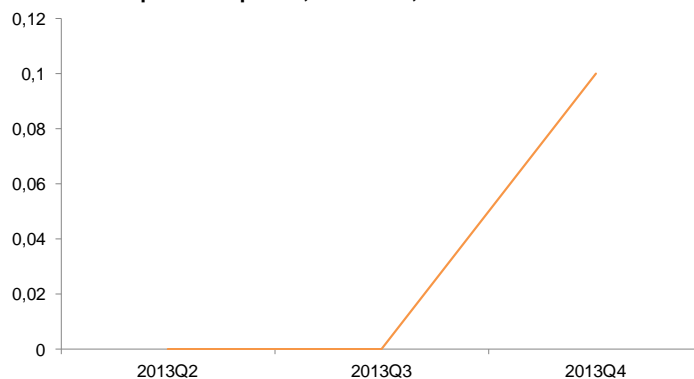
projected to remain negative in Q2 (-0.3%). However, the expected acceleration in external demand and the need to renew production capacity after the crisis-related marked adjustment phase should help investment. Furthermore, although financing conditions remain tight in some Eurozone countries, they are expected to improve gradually due to the easing of tensions on the sovereign debt market. Overall, investment will modestly rebound in Q3 (+0.1%) and recover more rapidly in Q4 2013 (+0.4%).

Inflation easing

Source: Eurostat and Ifo-INSEE-Istat forecasts In Q2, headline inflation continued to moderate to 1.4%, down from 1.9% in Q1. This reflects diminishing pressures from global commodity prices and weak international and internal demand. Due to subdued demand conditions, core inflation is projected to fall from 1.3% in Q1 to 1.0% in Q4. Under the assumption that oil price stabilizes at USD 103 per barrel for Brent in Q3 and Q4 and that the euro/dollar exchange rate fluctuates around 1.30, headline inflation is projected to fall to 1.3% in Q4. Furthermore, the base effect of relatively high energy prices in H1 2012, as well as of past increases in indirect taxes are also expected to contribute to the slowdown in inflation.

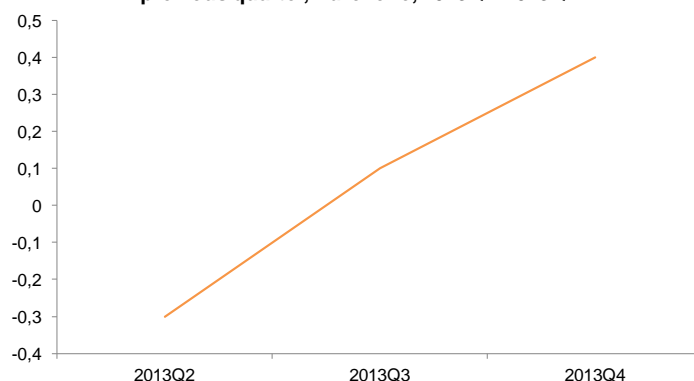
Source: Eurozone Economic Outlook, 4th July 2013, ifo.de – insee.fr – instat.it (<http://www.cesifo-group.de/ifoHome/facts/Forecasts/Euro-zone-Economic-Outlook/Archive/2013/eeo-20130704.html>)

Percentage increase in consumption compared to the previous quarter, Eurozone, 2013Q2-2013Q4



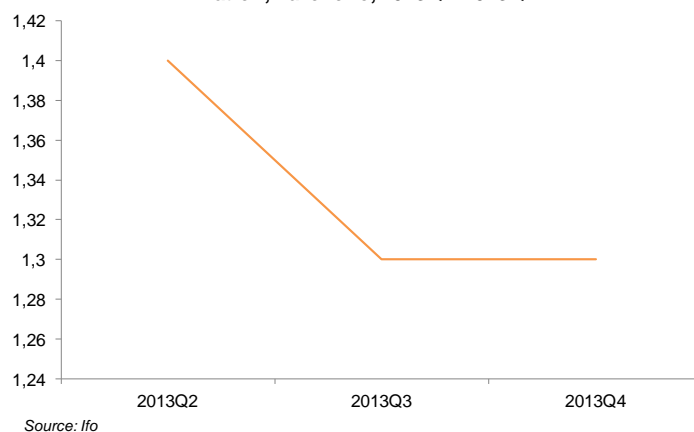
Source: Ifo

Percentage increase in investments compared to the previous quarter, Eurozone, 2013Q2-2013Q4



Source: Ifo

Inflation, Eurozone, 2013Q2-2013Q4

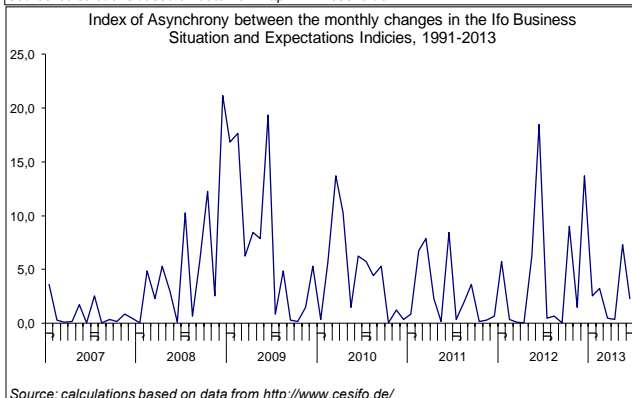
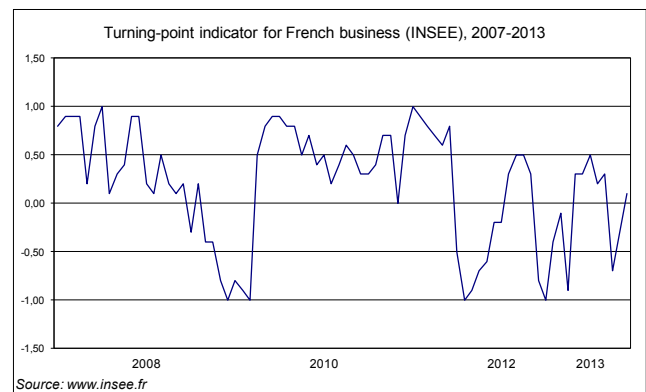
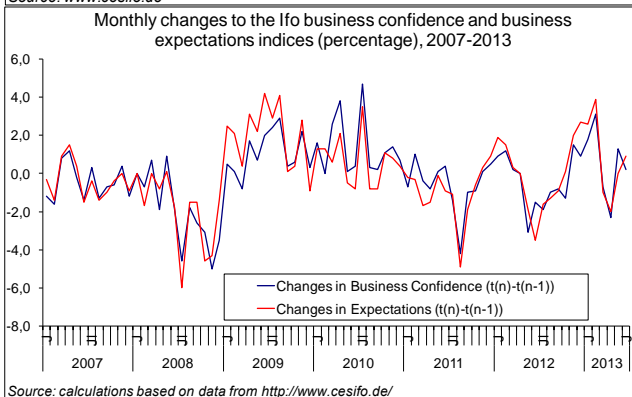
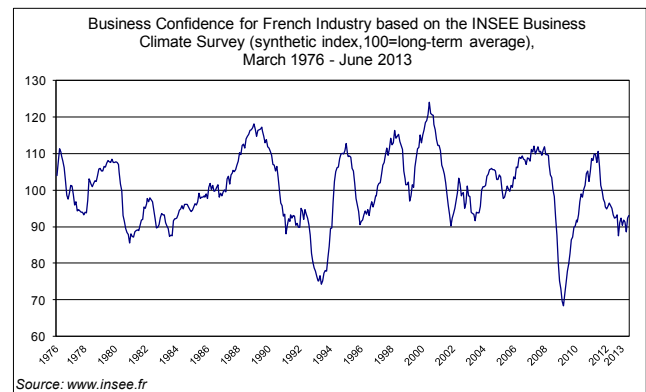
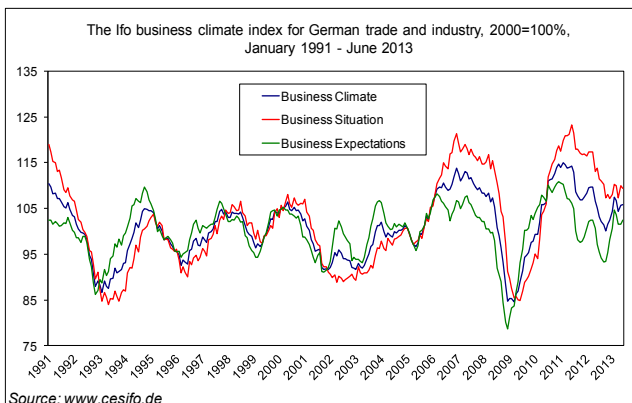


Source: Ifo

International trends

The Ifo Business Climate Index for German industry and trade showed an increase again in June 2013. Although the companies surveyed were slightly less satisfied with their current business situation as in the previous month, the expectations for the next six months were more optimistic. The gap between the current business situation and expected developments, as calculated by the IEER Index of Asynchrony, fell in June, so the business confidence index was less uncertain than in the previous month. Ifo analysts see the German economy continuing to grow. (Source: Ifo, <http://www.cesifo-group.de>)

The French statistical office (INSEE) survey of business leaders interviewed in June finds that the position of French business climate has changed very little. The INSEE business confidence index rose one point compared with the levels in May, but is still well below its long term average. The turning point indicator remained in the uncertain business climate zone. The balance indicator of the individual business forecast of company managers remained unchanged, so it is still below average. The overall outlook index -- which represents a summary of respondent opinions on French industrial activity as a whole -- rose slightly in June from the previous month's value, but the balance indicator remains at very low levels. (Source: INSEE, <http://www.insee.fr>)



Written by: Ágnes Makó (analyst, IEER)
Gergely Túrei (intern, IEER)
Emília Kompaktor

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