



**Results of the IEER Business Climate  
Survey – April 2013**  
*– Summary in English –*

**Budapest, May 2013**

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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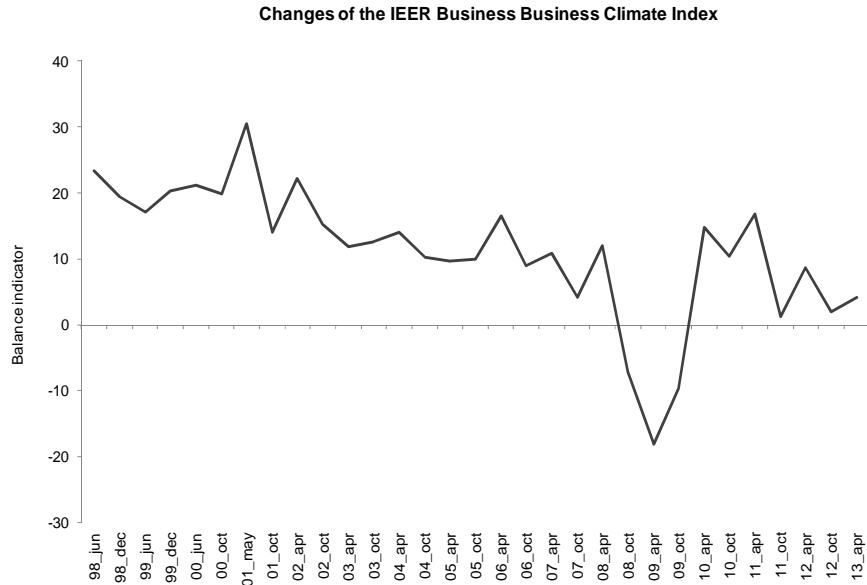
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## Results of the IEER Business Climate Survey – April 2013

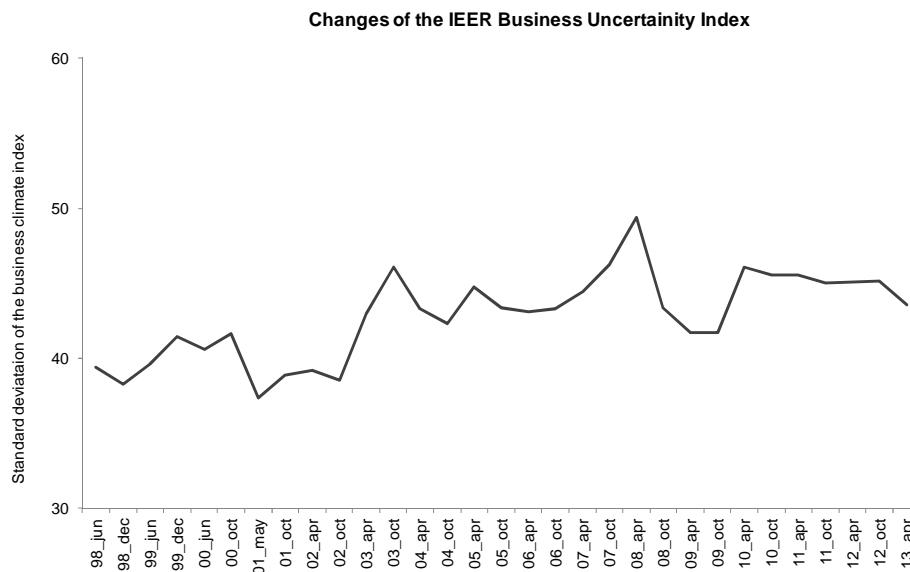
April 2013 was the thirty-first occasion of the HCCI Institute for Economic and Enterprise Research (IEER) business climate survey which is based on the cumulative response of more than 14,000 companies and conducted in April and October of each year, with the participation of regional chambers. It is the largest and most extensive business climate survey of its kind in Hungary. The research is part of the 14 million enterprise-wide Eurochambres survey of the European economy. In April this year 3,500 firms filled out our questionnaire -- our study is based on these responses.

The IEER business climate index rose 2.3 points from the October level of 1.9 points, and now stands at 4.2 points. This is still characterized as a weak positive result, which is underscored when the data is compared to the level in April of each year: this is the second lowest level since the start of the study (1998). The value of the uncertainty index is at the 43.6-point level. This suggests that within the business community there is still no clear or unanimous opinion of current trends. In addition, together with data available on the current performance of the Hungarian economy and the IEER business climate data, our attention is drawn to the slight decrease in uncertainty surrounding the current year.

The business climate index, excluding companies engaged in retail (0 points), increased in all sectors since October (construction: -13 points, services: -5 points), however a positive value was only recorded among companies in the industrial sector (17 points). Looking at companies by ownership structure, we can conclude that businesses with predominantly foreign ownership had a positive outlook (23 points), whereas companies predominantly domestically owned were unchanged (0 points), while entirely Hungarian-owned firms had a negative score (-4 points). Based on the export activity of businesses, we can conclude that firms with links abroad were optimistic (those that produce mostly for export at 24 points, those with only a part of their sales for export achieved 15 points) while companies that produced only for the domestic market had pessimistic expectations for the next six months (among them the score was only -13 points).



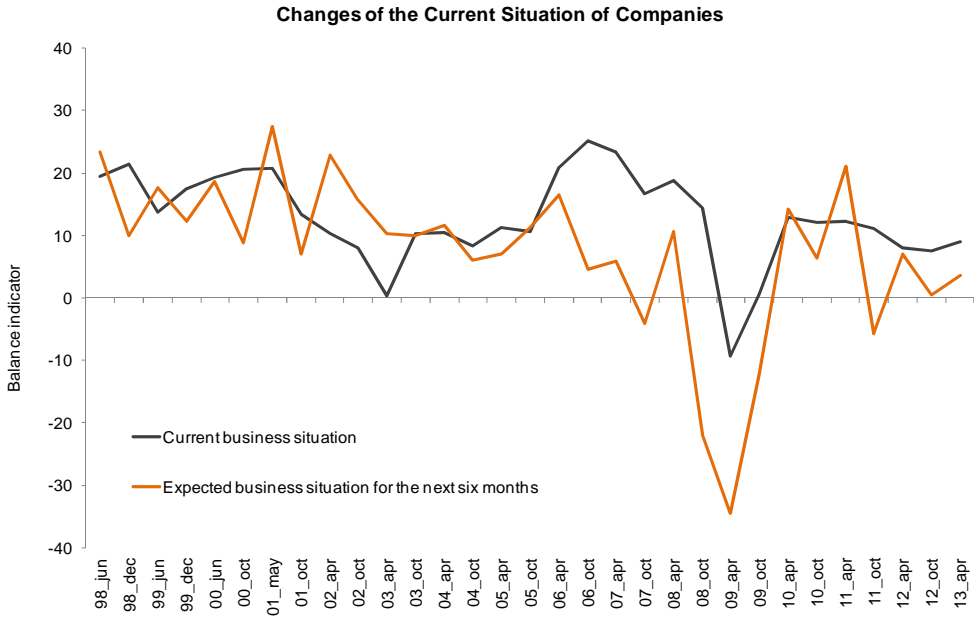
By company size, firms in categories with less than 50 people had a negative outlook (those with less than 9 employees at -31 and with those in the 10-49 range at -10), whereas those with a larger number of employees recorded a positive value (50-249: 6 points, more than 250 employees: 19 points).



### Current and expected business situation

The current business situation of companies was more favourable by 1 point compared to last year's results, with the index rising to nine points. The most favourable situation was reported by industrial companies (24 points), while construction firms reported the least favourable (-16 points). This clearly shows the positive impact of foreign relations in terms of a company's business situation: primarily exporting firms or those predominantly owned by foreigners appeared higher on the corresponding indicators than those that produced only for the domestic market as well as those that are primarily domestically owned (42 and 39 points, and -10 and -3 points respectively). Based on number of employees, there are significant differences

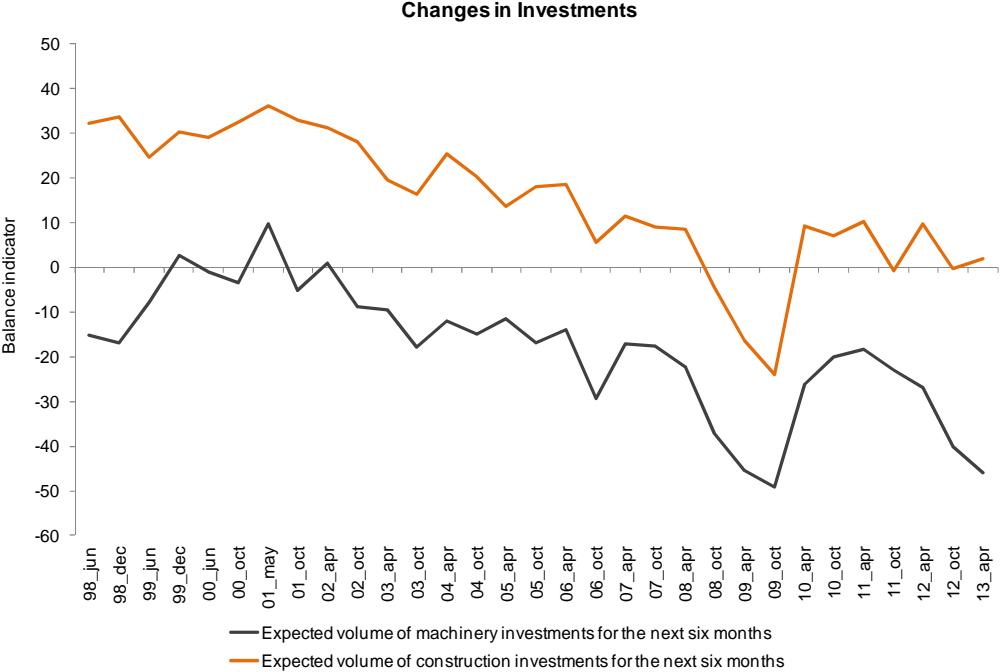
within the index, with those up to 9 employees extremely negative, characterized by a value of -35, while among companies with 10-49 people it was -12 points, companies with 50-249 employees at 10 points, and large enterprises with over 250 employees at 28 points.



Looking at business expectations in terms of economic sectors, only those among industrial companies had a positive score (18 points), whereas other sectors were characterized by pessimistic expectations (retail: -1 point, services: -4 points). The construction industry continues to be characterized by a very poor outlook (-22 points). As with the current business situation, again mostly foreign owned (28 points) and export-oriented firms (34 points) were found to have the most positive expectations due to foreign influence and ties, while the score of those companies with a minority foreign-ownership fell into the negative range at -22 points. The score of those with less than 50 employees were negative (those with less than 9 and with 10-49 employees were at -36 and -14 points respectively) while larger sized firms has a positive value (50-249 employees: 4 points, over 250 employees: 20 points).

### Investments

The indicator for planned investments over the next six months dropped to 6 points from its 24-point peak of last October, reaching a three-year low. Hence, for the next six months a decline in investment activity can be expected.



Among industrial companies, the contraction in investments was signified by a negative value of the index (-2 points), while for other sectors it was characterized by a positive value (construction: 11 points, retail: 21 points, services: 6 points). By export activity, the investment climate declined for every business segment, especially among companies characterized by foreign sales, but the index is still in the positive territory at about 6-7 points for each group. The same can also be said for the breakdown based on ownership structure, however in the case of partially foreign-owned enterprises with a minority stake the indicator fell back to a negative level (-17). In addition, with the exception of micro-enterprises (4 points), the index fell for all categories of employee numbers, but remained in the positive territory (10-49: 12 points, 50-249: 2 points, 250 or more employees: 7 points).