Institute for Economic
and Enterprise Research

# Results of the IEER Quarterly Business Climate Survey

# July 2015

## *Summary in English*

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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. Business Climate Index and Uncertainty Index

The results of the latest quarterly business climate survey reveal a slightly less favourable economic condition compared to the previous quarter: the IEER Quarterly Business Climate Index decreased from 24 to 21 points. This value is still higher than the one measured in January (19 points) and also than the one in July 2014 (18 points). The Uncertainty Index is at a current level of 35 points, which is lower than in the previous quarter (it was 39 points in April 2015), and is equal to the value measured in the preceding three quarters. 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 companies.

In sum, we can assess that according to the indicators the level of business climate is lower than in April 2015, but still higher than anytime between January 2010 and January 2015.

**1.1.    Quarterly developments in the Business Climate Index and in the Uncertainty Index**
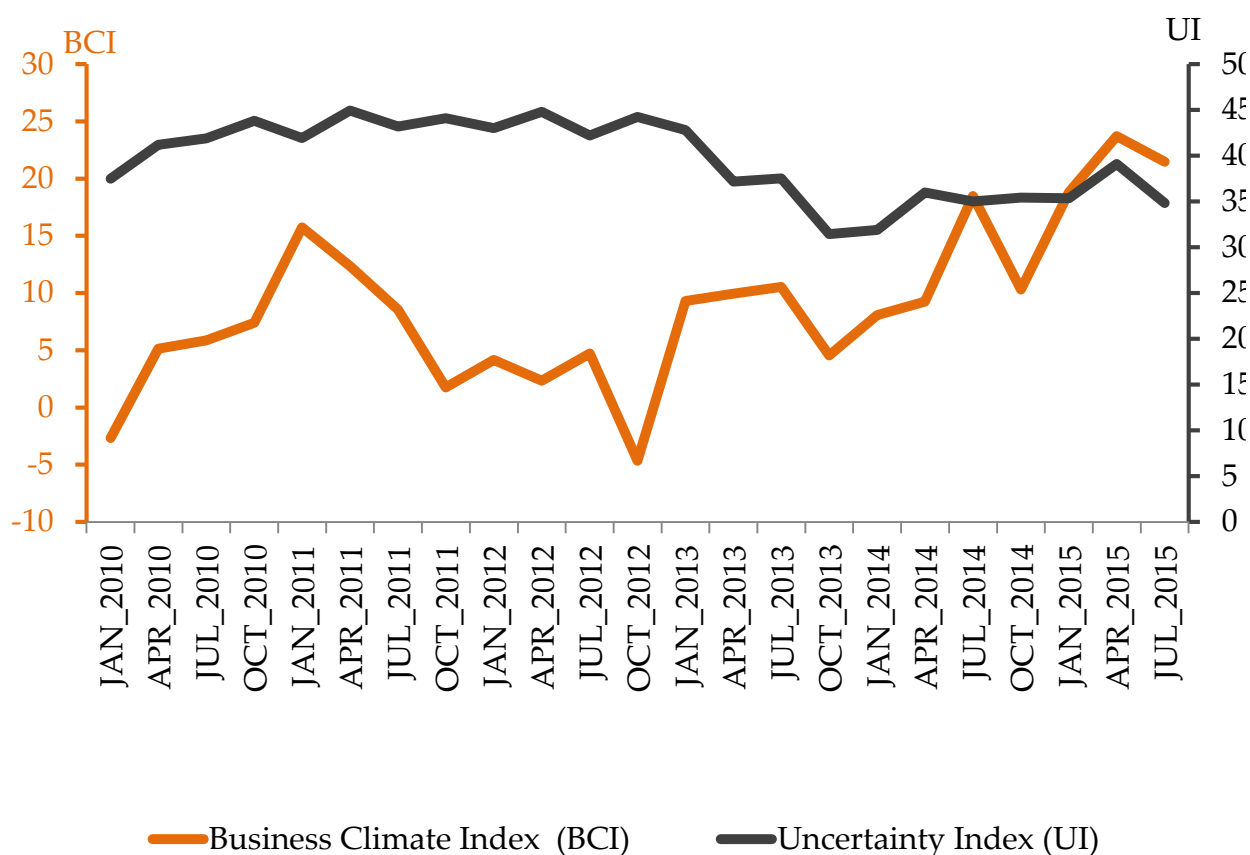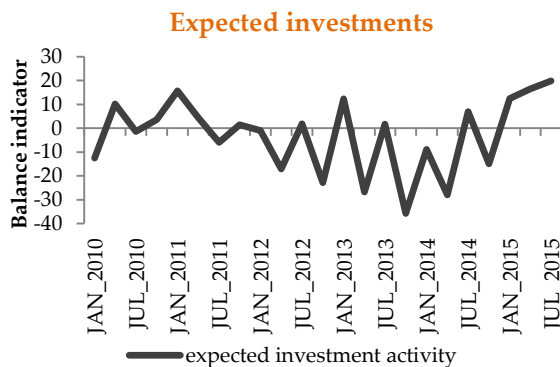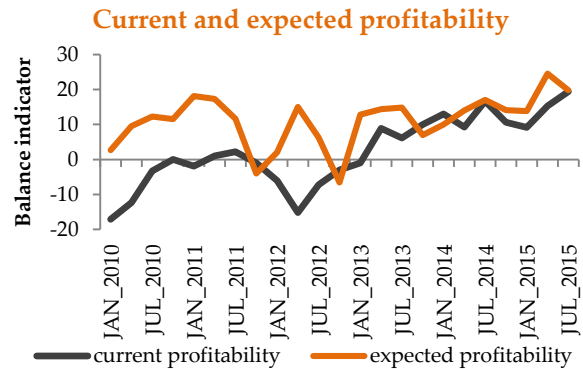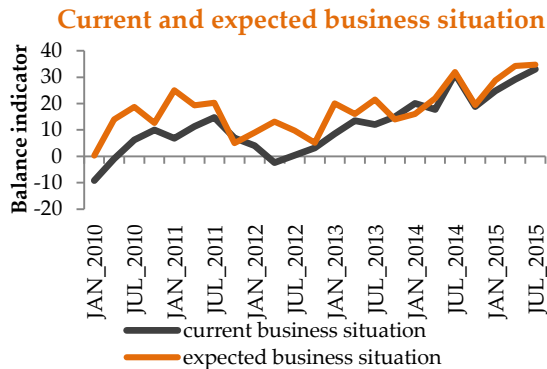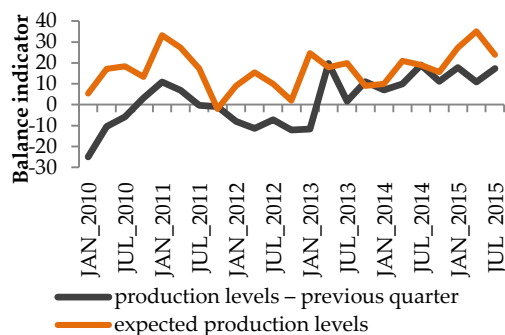


*Source:* IEER 2015

## 2. The components of the Business Climate Index

The IEER Quarterly Business Climate Index consists of ten components. The figures below demonstrate the quarterly developments of them.
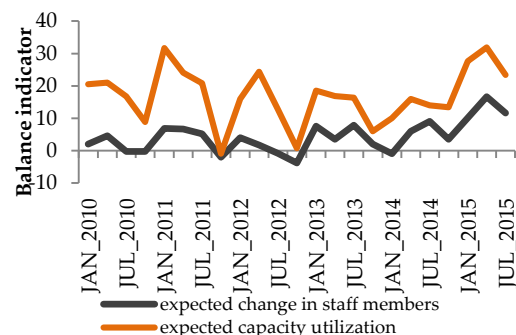
### 2.1.    Quarterly developments of the business climate indicators



**Current and expected business situation**



**Current and expected profitability**



**Expected investments**



**Current stock orders**



**Current and expected production levels**



**Expected change in staff members and capacity utilization**

*Source: IEER 2015*

We can conclude that the decrease of the IEER Quarterly Business Climate Index is due to the decrease of half of the elementary indicators, and the less notable growth of the other half compared to the previous quarter. Typically, expectations of enterprises have decreased while their opinion on current situation has slightly improved. Among the five increasing elementary indicators the greatest increase has occurred in case of the production levels of the previous quarter (6 points increase). The indicator of expected production levels decreased the most significantly (by 8 points).

# Appendix

## A1.: Distribution of firms by size in the waves of the Quarterly Business Climate Survey, Jan 2010 – Jul 2015, pcs

| | Number of staff members | | | | |
| --- | --- | --- | --- | --- | --- |
| | 20-49 people | 50-99 people | 100-249 people | Over 250 people | Total |
| JAN_2010 | 106 | 84 | 113 | 103 | 406 |
| APR_2010 | 89 | 96 | 105 | 96 | 386 |
| JUL_2010 | 97 | 90 | 116 | 98 | 401 |
| OCT_2010 | 101 | 87 | 116 | 107 | 411 |
| JAN_2011 | 100 | 88 | 117 | 105 | 410 |
| APR_2011 | 99 | 89 | 124 | 95 | 407 |
| JUL_2011 | 99 | 87 | 115 | 109 | 410 |
| OCT_2011 | 98 | 87 | 114 | 108 | 407 |
| JAN_2012 | 97 | 88 | 114 | 101 | 400 |
| APR_2012 | 99 | 87 | 114 | 128 | 428 |
| JUL_2012 | 99 | 88 | 115 | 115 | 417 |
| OCT_2012 | 99 | 87 | 114 | 104 | 404 |
| JAN_2013 | 97 | 89 | 113 | 101 | 400 |
| APR_2013 | 97 | 89 | 114 | 100 | 400 |
| JUL_2013 | 104 | 84 | 113 | 99 | 400 |
| OCT_2013 | 103 | 83 | 113 | 101 | 400 |
| JAN_2014 | 103 | 85 | 114 | 99 | 401 |
| APR_2014 | 104 | 85 | 114 | 99 | 402 |
| JUL_2014 | 106 | 83 | 113 | 99 | 401 |
| OCT_2014 | 105 | 86 | 106 | 104 | 401 |
| JAN_2015 | 99 | 88 | 110 | 103 | 400 |
| APR_2015 | 109 | 90 | 110 | 91 | 400 |
| JUL_2015 | 101 | 87 | 114 | 98 | 400 |
| Total | 2311 | 2007 | 2611 | 2363 | 9292 |

*Source: IEER 2015*

### A2.: Distribution of firms by sector in the waves of the Quarterly Business Climate Survey, Jan 2010 – Jul 2015, pcs

| | Sector | | | | |
| --- | --- | --- | --- | --- | --- |
| | Processing industry | Building industry | Commerce | Business services | Total |
| JAN_2010 | 190 | 51 | 107 | 58 | 406 |
| APR_2010 | 196 | 59 | 102 | 57 | 414 |
| JUL_2010 | 208 | 50 | 97 | 46 | 401 |
| OCT_2010 | 205 | 53 | 99 | 53 | 410 |
| JAN_2011 | 194 | 53 | 105 | 58 | 410 |
| APR_2011 | 193 | 59 | 105 | 50 | 407 |
| JUL_2011 | 207 | 50 | 94 | 59 | 410 |
| OCT_2011 | 222 | 47 | 90 | 48 | 407 |
| JAN_2012 | 195 | 49 | 98 | 58 | 400 |
| APR_2012 | 207 | 59 | 112 | 50 | 428 |
| JUL_2012 | 216 | 53 | 96 | 52 | 417 |
| OCT_2012 | 186 | 55 | 107 | 56 | 404 |
| JAN_2013 | 193 | 48 | 106 | 53 | 400 |
| APR_2013 | 191 | 49 | 106 | 54 | 400 |
| JUL_2013 | 189 | 50 | 107 | 54 | 400 |
| OCT_2013 | 196 | 51 | 102 | 51 | 400 |
| JAN_2014 | 196 | 51 | 103 | 51 | 401 |
| APR_2014 | 199 | 48 | 103 | 52 | 402 |
| JUL_2014 | 204 | 48 | 100 | 49 | 401 |
| OCT_2014 | 186 | 52 | 108 | 55 | 401 |
| JAN_2015 | 199 | 49 | 109 | 43 | 400 |
| APR_2015 | 192 | 49 | 108 | 51 | 400 |
| JUL_2015 | 187 | 52 | 110 | 51 | 400 |
| Total | 4551 | 1185 | 2374 | 1209 | 9319 |

*Source: IEER 2015*

# Annex

## The formula of the IEER Quarterly Business Climate Index (BCI)

BCI = (raj_ + uhj_ + vjj_ + tszm_ + lvv_ + uhv_ + vjv_ + cue_ + tszv_ + bvv_)/10, 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 of the IEER 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 |