



## Spring 2007 Economic Outlook for Hungary: Answers from MGYOSZ

### MAIN FORECAST

	2006	2007	2008
Real GDP growth	4,1	2,2	2,6
Consumer price inflation	3,5	6,2	3,3
Unemployment rate	7,3	7,5	7,4
Employment growth	0,3	0,0	0,3

### Components of aggregate demand

Annual % change	2006	2007	2008
Private consumption	3,0	-0,7	0,6
Public consumption	1,7	-1,8	-3,8
Investment (Gross fixed capital formation)	6,6	2,1	3,7
Exports	12,0	10,9	9,9
Imports	9,5	8,5	8,0

### ECONOMIC SENTIMENT

<b>Question 1</b>	<b>Positive</b>	<b>Negative</b>	<b>Unchanged</b>		
Trend in business climate over the next 6 months			Industry	Services	
<b>Question 2</b>	<b>Positive</b>	<b>Negative</b>	<b>Unchanged</b>		
Trend in profitability over the next 6 months			Industry	Services	
<b>Question 3</b>	<b>Increase (faster pace)</b>	<b>Increase (slower pace)</b>	<b>Unchanged</b>	<b>Decrease (slower pace)</b>	<b>Decrease (faster pace)</b>
Trend in investment over the next 6 months (compared to the last 12 months)		Industry			
		Services			
<b>Question 4</b>	<b>Replacement</b>	<b>Extension</b>	<b>Rationalisation</b>	<b>Innovation</b>	
Driving force behind investment decisions in the next six months	Down	Down	Up	Up	
<b>Question 5</b>	<b>Positive</b>	<b>Negative</b>	<b>Unchanged</b>		
Trend in consumer confidence over the next 6 months		yes			
<b>Question 6</b>	<b>Industry: past 6 months</b>	<b>Industry: next 6 months</b>	<b>Services: past 6 months</b>	<b>Services: next 6 months</b>	
Overall trend in employment	Same	Same	Same	Same	
<b>Question 7</b>	<b>Higher / more difficult</b>	<b>Same</b>	<b>Lower / less difficult</b>		
Compared to 6 months ago, SME's cost/access to capital for business development		Cost			
		Access			

### MAIN RISKS

<b>Question 8</b>	<b>Dollar per euro</b>
Above which level of dollar / euro will the European economy be significantly hurt ?	na
<b>Question 9</b>	<b>Dollar per euro</b>
Where will the dollar / euro stand in October 2007 ?	na

### POLICY MIX

<b>Question 10</b>	<b>Excellent</b>	<b>Satisfactory</b>	<b>Neither satisfactory nor unsatisfactory</b>	<b>Unsatisfactory</b>	<b>Deteriorating</b>	
Fiscal policy: Progress towards the medium-term budgetary objective?			yes			
<b>Question 11</b>	<b>Tight, appropriate for the euro area</b>	<b>Tight</b>	<b>Appropriate</b>	<b>Loose</b>	<b>Loose, appropriate for the euro area</b>	
Monetary policy is...		yes				
<b>Question 12</b>	<b>Robust growth and above-target inflation</b>	<b>Downside risks to growth</b>	<b>Risks to price stability from high oil prices</b>	<b>Risks to price stability from indirect tax increases</b>	<b>Risks from money supply growth</b>	<b>Risks of euro appreciation</b>
ECB policy: Focus on elements of the ECB analysis underlying its current policy stance is...						
<b>Question 13</b>	<b>Adequate</b>	<b>Inadequate</b>				
Consistency between the fiscal and the monetary policies	yes					