


JUNE 2010 ECONOMIC OUTLOOK FOR HUNGARY: ANSWERS FROM MGYOSZ

MAIN FORECAST						
<i>Annual % change</i>		2010	2011			
Real GDP growth		-0,6	3,0			
Consumer price inflation		3,9	2,8			
Unemployment rate		10,8	10,0			
Employment growth		-1,1	0,0			
government net lending (% of GDP)		-2,7	-2,2			
gross public debt (% of GDP)		83,0	77,0			
current account balance (% of GDP)		3,8	3,6			
Components of aggregate demand - in real terms						
<i>Annual % change</i>		2010	2011			
Private consumption		-5,3	1,2			
Public consumption		na	1,0			
Private non-residential investment (*)		0,2	4,0			
Exports		6,0	7,0			
Imports		3,0	5,6			
(*) Data refers to total gross fixed capital formation						
ECONOMIC SENTIMENT						
	Positive	Negative	Unchanged			
Trend in business climate over the next 6 months	Industry					
	Services					
	Positive	Negative	Unchanged			
Trend in profitability over the next 6 months		Industry				
		Services				
	Global demand	Domestic demand	Cost of finance	Availability of finance	Company Profitability	Capacity Utilisation
Influence on companies' investment decisions	negative	negative	negative	negative	negative	negative
	Replacement	Extension	Rationalisation	Innovation		
Driving force behind investment decisions in the next 6 months	positive	neutral	positive	neutral		
	Industry: past 6 months	Industry: next 6 months	Services: past 6 months	Services: next 6 months		
Overall trend in employment	Down	Down	Down	Down		



POLICY MIX					
	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate</i>	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>			yes		
	<i>adequate</i>	<i>inadequate</i>			
<i>Consistency between fiscal and monetary policies</i>	yes				
	<i>excellent commitment</i>	<i>satisfactory commitment</i>	<i>neither satisfactory nor unsatisfactory commitment</i>	<i>unsatisfactory commitment</i>	<i>no clear commitment creating an extremely worrying situation</i>
<i>Regarding the sustainability of public finances, government shows ...</i>		yes			
<i>Exit Strategies</i>	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Tight fiscal rules and more effective institutions</i>		yes			
<i>Greater efficiency of public administrations</i>			yes		
<i>Credible cost-cutting measures</i>		yes			
<i>Increased scope of public-private partnerships</i>			yes		
<i>Reform of pension systems</i>			yes		
<i>Improved efficiency of healthcare sector</i>			yes		
<i>Entry Strategies</i>	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>More and better-targeted education and training</i>					yes
<i>More and better targeted R&D and innovation efforts</i>					yes
<i>Prioritisation of infrastructure investments</i>					yes
<i>Growth enhancing tax reforms</i>				yes	
	<i>respect the 3% limit</i>	<i>be in balance</i>			
<i>In 2015, the government deficit will...</i>	yes	yes			



ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH				
Compared to 6 months ago, cost/access to finance has been...	sharply up / restrained	up / more difficult	same	down / easier
<i>for SMEs</i>			Cost	
			Access	
<i>for larger companies (>250 employees)</i>			Cost	
			Access	
Over the next 6 months, cost /access to finance will be...	sharply up / restrained	up / more difficult	same	down / easier
<i>for SMEs</i>			Cost	
			Access	
<i>for larger companies (>250 employees)</i>			Cost	
			Access	