

MONTHLY MONITOR

July 2021

Századvég Economic Research Institute



SZÁZADVÉG

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1. Summary

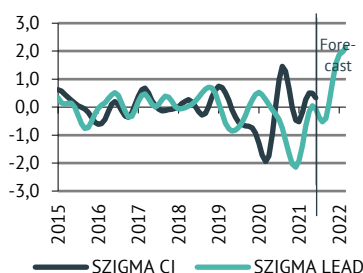
THE ECB CHANGED ITS TARGET

From July, the European Central Bank's target will be a symmetric 2% target instead of the current inflation target of below 2%, but close to it. This allows the central bank to maintain lower interest rates in the longer term.

Macroeconomic data released in July typically showed growth, with weak base period data playing a large role in several cases:

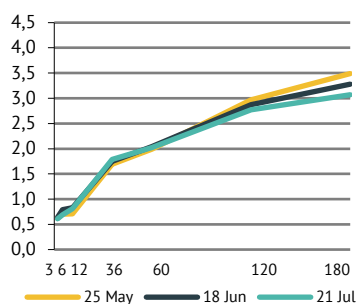
- The volume of industrial production in May was 39.1% higher than a year earlier, while compared to April, the growth rate was 3.4%.
- In May, construction output grew 2.3% month-on-month and 18.7% year-on-year.
- Retail sales in the fifth month of the year were 5.8% higher than a year earlier, while they stagnated compared to April.

SZIGMA indicators



Source: Századvég

HUF yield curve (%)



Source: Refinitiv

In June, inflation remained above the central bank target of 5.3%. Within this, the largest price increase was in spirits and tobacco products, but fuel prices also rose by more than 10%.

At its July meeting, the Monetary Council of the Magyar Nemzeti Bank tightened further, raising the base interest rate from 0.9% to 1.2%.

Forecast (22 June 2021)	2021
GDP volume change (%)	5,8
Inflation (annual average, %)	3,9
Gross wages	9,4
Exchange rate (annual average)	357

2. Economic overview

2.1. External environment

Retail sales in the European Union exceeded pre-pandemic levels.

The volume of retail sales in May in the European Union increased by 4.6% month-on-month and by 9.2% year-on-year. Within this, the sales of food and tobacco products increased by 0.3%, that of other products by 15.0% and that of fuels by 25.0%. At the same time, last spring's closures, which pushed back sales, played a significant role in this growth. It is therefore worth comparing the data to those of May 2019. Based on this, retail sales increased by 6.8%, of which sales in food and tobacco products increased by 5.0% and that in other products by 10.3%, while fuel sales decreased by 5.3%. Compared to the same period in 2019, retail sales decreased in only 3 EU Member States, Bulgaria, Spain and Luxembourg. In contrast, Belgium, Denmark, Estonia, Ireland, France, Lithuania, the Netherlands, Poland and Romania also saw increases of over 10%.

The inflation target of the European Central Bank has changed

In January 2020, the Board of Governors of the European Central Bank launched a review of its monetary policy strategy. The central bank disclosed the outcome of the review on 8 July, which led to the changing of the ECB's inflation target.

The central bank will replace its current inflation target of below 2%, but close to it, with a symmetric target of 2% from the July interest rate decision. As a result, the central bank will now tolerate inflation in excess of the target to the same extent as the rate of price inflation lagging behind. According to the current practice, the central bank intervened more softly if the inflation has been below the target, while more strongly if the inflation has been above the target; this distinction will, however, disappear with the change of strategy. The new inflation target will allow

the central bank to maintain lower interest rates and nonconventional tools in the longer term and to support the recovery of the eurozone economy, even if inflation temporarily exceeds the target.

However, there was no need for a change in the inflation target. The ECB continues to believe and (in the light of economic developments since 2003) sees that an inflation buffer is needed, which is a target other than 0%. This buffer provides an opportunity to cut interest rates in the event of negative economic developments and protects against the risk of deflation. In addition, the medium-term orientation of monetary policy has not been changed either, acknowledging that inflation may inevitably fluctuate in the short run and that monetary transmission is a time-consuming process.

As a result of the review, there was no change in the central bank's main target variable, the 2% target still refers to the Harmonized Index of Consumer Prices (HICP). Nevertheless, in response to the recent technical debate, the ECB acknowledges that the HICP is not a perfect indicator as it does not adequately reflect price changes relevant to households. In a communication related to the change in strategy, the central bank highlighted the lack of costs related to "owner-occupied dwelling" from the indicator. However, the inclusion of this item in the inflation indicator cannot be resolved in a short time. For this reason, the ECB will from now on monitor inflation rates in its interest rate decisions, which include developments in the cost of owner-occupied dwelling.

Another change in the ECB's monetary policy strategy is that the effects of climate change will from now on be taken into account. According to the central bank's assessment, the effects of climate change on the economy and the financial system also have an impact on price stability. However, tackling this is a global task, but the Board of Governors is committed to the monetary policy implications involved. Therefore, the ECB will from now on adjust its monetary policy with regard to risk analysis, the corporate sector purchase programme (CSPP) and the hedging framework to take account of climatic factors.

Overall, the ECB's new inflation target allows for a more flexible monetary policy in the eurozone. As a result, the central bank will be able to respond more effectively to inflationary developments. Furthermore, recognising the role of climate change in the evolution of exchange rates and addressing the shortcomings of inflation indicators can lead to more favorable monetary policies in terms of social welfare.

In May, the volume of industrial production fell by 1.0% in the eurozone and by 0.9% in the European Union relative to the previous month. In the European Union, energy production decreased by 2.0%, the production of intermediate goods decreased by 0.1%, that of capital goods decreased by 1.6% and that of non-durable goods decreased by 1.7% compared to April, while the production of durable consumer goods increased by 1.5%. Compared to the same period in 2020, industrial production increased by 20.5% in the eurozone and by 21.2% in the EU, in which the lockdowns last spring played a significant role. On an annual basis, primarily the production of durable consumer goods increased (by 39.1%), as well as that of capital goods (by 29.6%), while the production of non-durable consumer goods increased by only 10.1% and that of energy production by 7.1%. Despite growth above 20%, industrial production in the EU has not yet reached pre-crisis levels, it was 2.5% below its volume in May 2019, although it was 1.3% higher than in December 2019. In May 2021, among the largest Member States, the volume of industrial production was 7.9% below its May 2019 level in France, but it also fell by 7.1% in Germany, by 4.5% in Spain and by 3.8% in Italy

2.2. SZIGMA indicators

In the sixth month of 2021, the SZIGMA CI indicator, which gives a picture of the current state of the Hungarian economy, remained in the positive

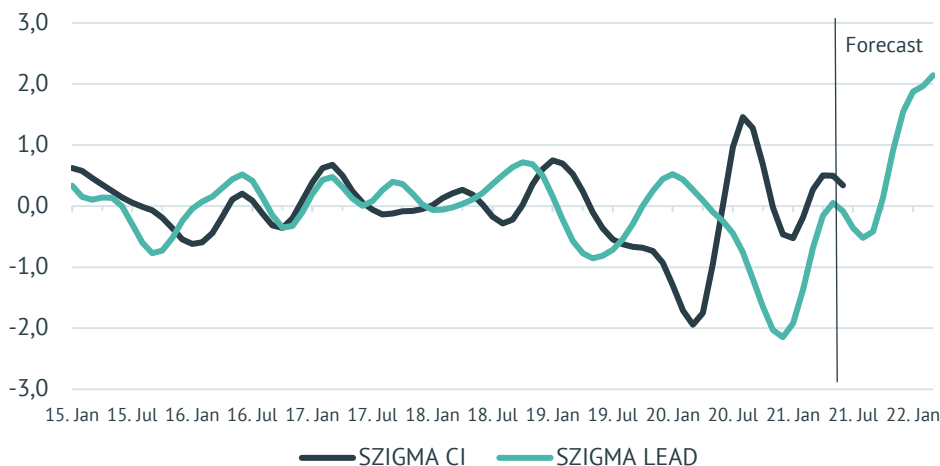
range, i.e. the Hungarian economy expanded again above trend. Both domestic and export sales of the industry expanded substantially on an annual basis in May 2021 (by 25.4% and 38.6%, respectively) due to the low base, while month-on-

The SZIGMA indicator remained in the positive range.

month the former grew by 3.0% and the latter declined slightly, by 0.5%. The same can be said for the new domestic and export orders: Compared to May 2020, there was an increase of 41.3% and 56.1%; compared to April 2021, there was an increase of 11.8% in the former and a decrease of 2.9% in the latter. As a result of the base effects, the industry's contribution to economic growth may have been positive in Q2 and for the year as a whole, but the chip shortage and the pandemic pose a risk to the output of the industry as a sector. The month-end contract volume of the construction industry was 2.3% lower in May than in the previous month, while it was 11.3% higher than in the previous year. The number of new non-residential buildings to be built increased slightly on a monthly basis (by 1.6%), while it increased substantially on an annual basis (by 53.8%).

The SZIGMA LEAD indicator, which expresses our expectations for the short-term performance of the Hungarian economy, indicates that growth will be slightly below the trend until September, while it will be above the trend until the end of the forecast period. The Ifo Business Climate Index, which reflects the change in the business sentiment of the German economy, was 2.6 index points higher in June than in May 2021, and 16.0 index points higher than in June 2020. Based on the above, the mood of German enterprises has further improved, so the external environment could make a positive contribution to economic growth. Retail sales expanded as expected as a result of the easing of restrictions and the base effect, so the role of retail sales in supporting growth may return as restrictions ease and employment expands. The consumer confidence index measured by Eurostat improved substantially on both a monthly (+9.1 index points) and annual (+17.9 index point) basis in June 2021. Based on the negative value of the index (-7.9 index points), sales in the segment could be further increased by improving confidence. Overall, economic growth could reach or even exceed 6% this year.

FIGURE 1: SZIGMA SIMULTANEOUS (CI) AND LEADING (LEAD) INDICATORS



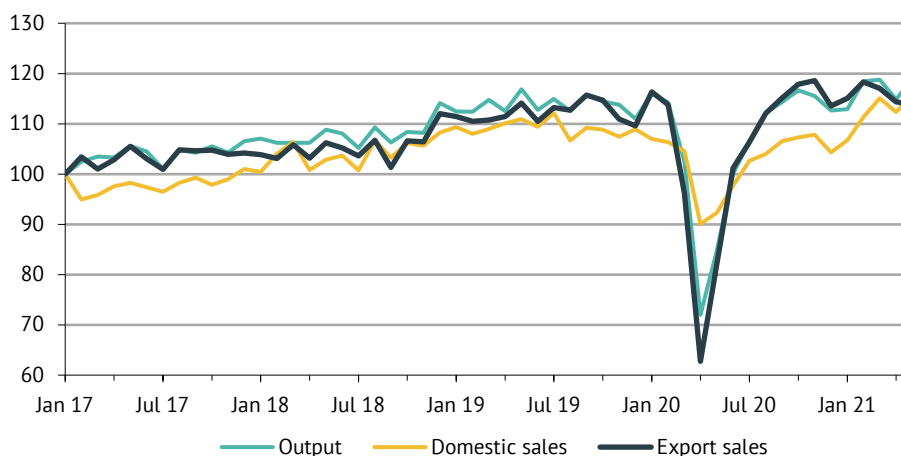
Source: Századvég

2.3. Real economy

In May, industrial production increased year-on-year by 39.1% according to raw data and by 40.2% on a working-day-adjusted basis, compared with 3.4% in April. The significant annual expansion is explained by the weak base period and the supply difficulties during the first wave of the coronavirus pandemic. Industrial sales increased by 32.3% year-on-year, with export sales up 37.0% and domestic sales up 25.0%.

Industrial production also grew on an annual and monthly basis.

FIGURE 2: INDUSTRIAL OUTPUT AND SALES (JANUARY 2017 = 100%)



Remark: Seasonally and working-day adjusted data

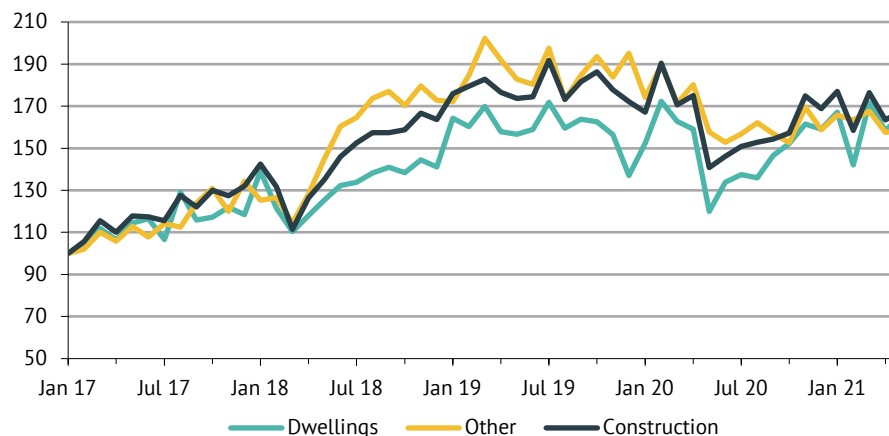
Source: HCSO, Századvég

Breaking down the May output of the entire industry as a sector, one can see that the output of mining shrank by 4.3%, while that of the manufacturing industry increased by 40.6% and that of the energy industry raised by 10.8% year-on-year. Within the manufacturing industry, the growth of each sub-sector was largely determined by the extent of the downturn in the base period. Accordingly, the largest annual expansion was in the automotive industry (81.1%), followed by a 73.3% increase in the electrical equipment manufacturing sector. The output of the coke production and oil refining sectors increased significantly, by 59.9%. The smallest increase, 1.1%, was in pharmaceutical production, which suffered the smallest downturn in the base period. The contract volume of the sectors followed up by the Hungarian Central Statistical Office increased by 11.7% after the downturn in the base period. More specifically, the volume of domestic sales orders was 1.2%, that of export sales orders was 12.5% higher than one year before. The volume of new orders was 53.4% higher than a year earlier, with domestic new orders up 41.3% and new export orders up 56.0%. Producer prices in the industry were significantly higher in May, by 11.3% from a year earlier.

In May, the production volume of the construction industry expanded on a monthly as well as annual basis. Compared to April, the growth rate was 2.3%, while the annualised growth rate was 18.7% due to weak base period data. Compared to the same period of the previous year, construction of buildings increased by 38.6%, while construction of civil engineering works decreased by 0.8%. In the case of the construction industry, both total and new contract volume increased significantly by 11.3% and 11.8%, respectively, after last year's low base. Within the total contract portfolio, the volume of contracts for buildings was 21.9%, while that for civil engineering works was 4.9% higher than a year earlier.

The output of the construction industry increased by 18.7%.

FIGURE 3: CONSTRUCTION SECTOR (JANUARY 2017 = 100%)



Remark: Seasonally and working-day adjusted data

Source: HCSO, Századvég

The volume of retail sales increased by 5.8%.

In May 2021, retail sales increased by 5.8% compared to the same period of the previous year, based on both raw and calendar-adjusted data. Adjusted data show a stagnation (an increase of only 0.1%) compared to the previous month. In May 2021, the calendar-adjusted volume of sales increased by 2.6% in specialised and non-specialised food shops, by 8.7% in nonfood shops and by 9.7% in fuel retail relative to May 2020.

In May 2021, parcel companies and web-shops continued to dynamically increase their sales: their calendar-adjusted data show a 12.8% increase on a year-on-year basis. A considerable increase in sales could be seen in second-hand shops (47.7%), shops selling books, newspapers, and stationery (31.0%), as well as textile products, clothing, and footwear (59.8%). Sales also increased in shops selling computers and other manufacturing goods (12.2%), in shops selling fragrances (19.0%), in shops selling a mixed range of manufactured goods (3.3%) and in shops selling pharmaceuticals and medicinal products (16.4%). However, the sales volume of shops selling furniture and electrical appliances decreased compared to May 2020 (by 20.9%). Calendar-adjusted data show that in May 2021, sales increased by 2.4% in non-specialised food shops and by 3.1% in shops selling food products, beverages, and tobacco products, relative to the same period of the previous year.

FIGURE 4: RETAIL SALES VOLUME (JANUARY 2017 = 100%) AND
RETAIL TRADE CONFIDENCE INDICATO



Remark: Seasonally and working-day adjusted data

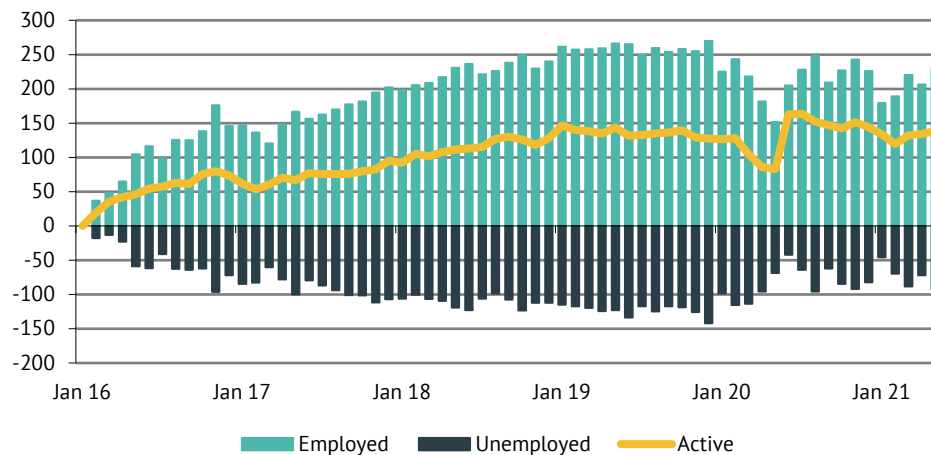
Source: HCSO, Eurostat, Századvég

In parallel with the opening of the economy, employment expanded substantially in May.

After working off the April setback, the number of employees increased by 25,000 to 4,605,000 in May, based on seasonally adjusted data. The restart of the economy and the fact that services that were rendered unavailable by the restrictions (catering and accommodation services) became available again could have played a significant role in the increase. Compared to the low point in May 2020, the number of employees increased by more than 79,000; however, it was still 35,000 below the May 2019 level. Activity also increased in May, by 4,000, so the number of the unemployed fell by 21,000 to 189,000 in one month, while the unemployment rate fell to 3.9%. Seasonally adjusted data show that the number of employees also increased in April, by almost 16,000 among enterprises having at least 5 employees, budgetary bodies and non-profit organisations significant for employment. Compared to April 2020, the number of employees increased by 175,000; however, it is still 32,000 less than in the same period of 2019. In April, employment increased mainly in the private sector, by 12,000 in one month, while the number of employees increased by 2,000 in both the public sector and at non-profit organisations. The number of people employed in public employment

schemes increased by 5,000 to 86,000 in April, which is one thousand more than in April 2020.

FIGURE 5: LABOUR MARKET TRENDS (JANUARY 2016 = 0, THOUSANDS OF PERSONS)



Remark: Seasonally and working-day adjusted data

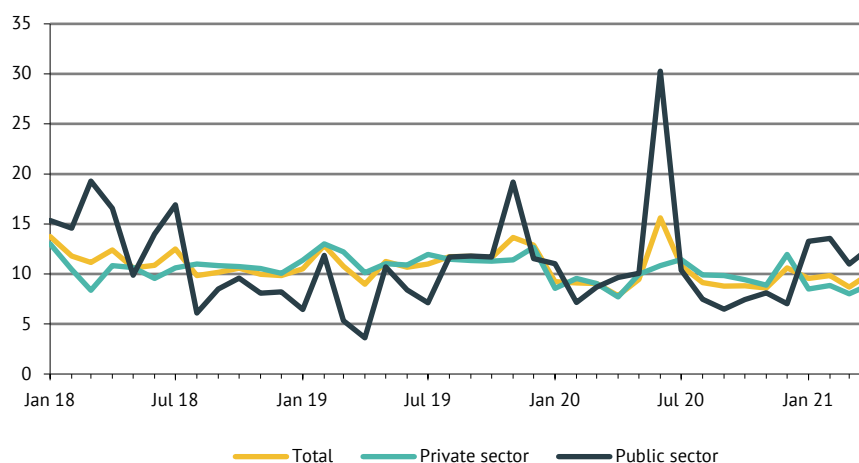
Source: HCSO, Századvég

In April, the average gross monthly wage of full-time employees increased by 10.1% to HUF 440,600, while the median wage increased by 9.5% to HUF

Taking into family tax benefits into account, the average net monthly wage rose above HUF 300,000 in April.

347,000. Within this, the average wage in the private sector, among enterprises having at least 5 employees, increased by 9.0% to HUF 457,300, while in the public sector it increased by 12.7% to HUF 408,600. Medical wage increases played a significant role in the latter increase. In April, the average net monthly wage was HUF 293,000, 10.1% more than in the same period of the previous year, while the average net monthly wage calculated taking into account discounts increased by 9.6% to HUF 301,800. Taking into account the impact of inflation rising above 5% in April, net real wages rose 4.8% in one year.

FIGURE 6: GROSS WAGES (ANNUAL CHANGE, %)



Remark: Seasonally and working-day adjusted data

Source: HCSO, Századvég

2.4. External balance

In April, the EUR value of product exports increased by 74.1%, and the EUR value of product imports increased by 52.6% year on year. This means that the foreign trade balance was EUR 347 million, which is EUR 914 million more than last year.

In April 2021, the volume of food product imports decreased by 11.8%, and food product exports increased by 8.2% year-on-year. As for energy carriers, import decreased by 7.2% and exports increased by 1.4%. As for processed products, imports increased by 25.2%, exports raised by 31.8% on a year-on-year basis. As for machinery and transport equipment, imports increased by 82.0%, and exports increased by 124.6%.

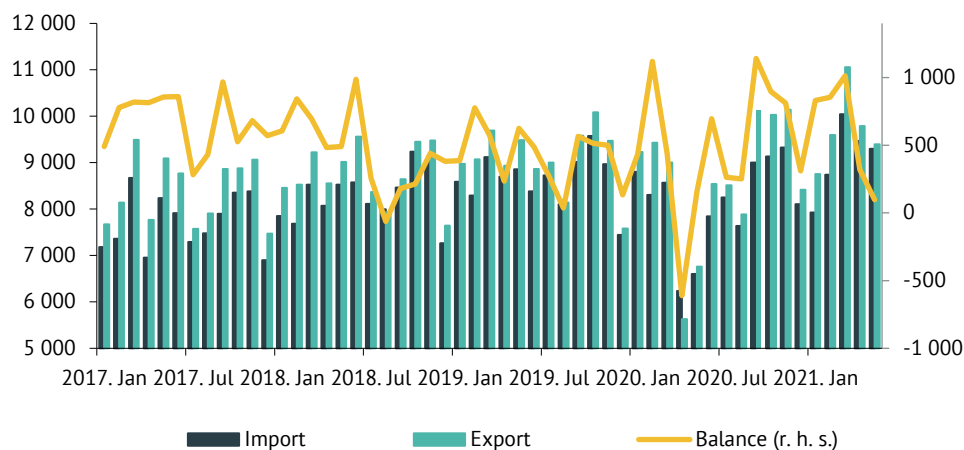
In March 2021, the EUR value of exports was 37.9% higher, while the EUR value of imports was 38.2% higher than one year before. The foreign trade balance was therefore EUR 97 million, which is EUR 10 million more than one year before.

In May 2021, the current account balance was minus EUR 424.4 million. The balance of the first four months of this year is minus EUR 179.8

After the weak base period data, foreign trade turnover increased significantly.

million, exceeding the minus EUR 1257.8 million balance of January–April 2020.

FIGURE 7: BALANCE OF TRADE (IN MILLION EUR)



Remark: The data relating to May 2021 derive from the first estimates.

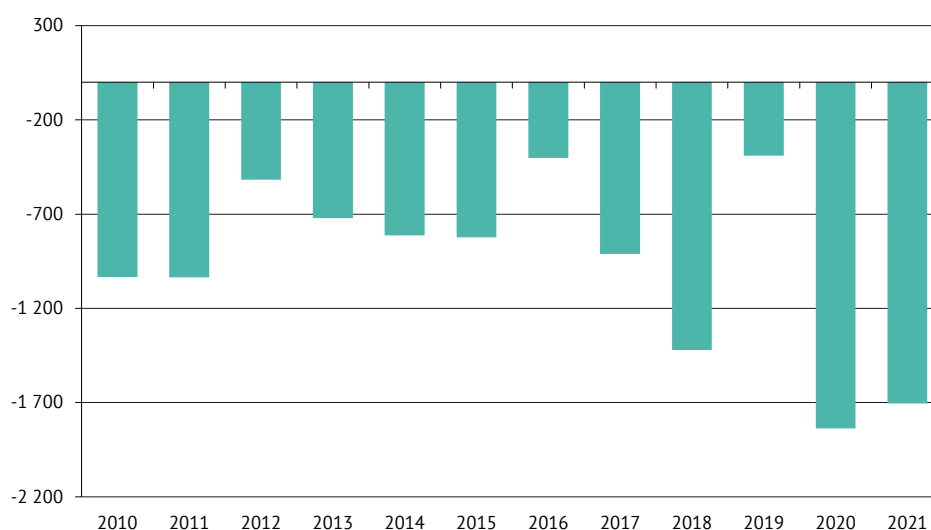
Source: HCSO

2.5. Fiscal outlook

In the first half of 2021, the central budgetary subsystem accumulated a deficit of HUF 1,704.5 billion. This consisted of a HUF 1,534.7 billion deficit of the general government budget and a HUF 198.3 billion deficit of social security funds, as well as a HUF 28.4 billion surplus of extra-budgetary funds.

The budget deficit is HUF 1,704.5 billion.

FIGURE 8: BUDGET DEFICIT IN JANUARY-JUNE (BN HUF)



Source: PM

VAT revenues were HUF 480.0 billion (23.9%) higher than in the first six months of the previous year. The increase was driven by higher VAT revenues on domestic, import and tobacco products, but was curbed by the shorter VAT refund deadline for SMEs. Revenues from excise duties were HUF 19.1 billion (3.5%) more in January–June 2021 than a year earlier. Growth was supported by higher fuel sales, higher tax rates in the first quarter, while curbed by the inventory accumulation following the tax rate increase on tobacco products. Revenues from personal income tax, social contribution tax and social security contributions also increased: they exceeded their base period value by HUF 161.3 billion (13.3%) and HUF 64.4 billion (2.4%), respectively.

The central budget received HUF 248.2 billion in relation to EU programmes, while expenses related to EU projects were HUF 986.7 billion. Among the developments financed from Hungarian state funds, road developments (HUF 172.9 billion), transport sector programmes (HUF 112.3 billion) and competitiveness-enhancing subsidies (HUF 91.6 billion) should be highlighted. The tax exemptions and wage subsidies until the end of May, as well as the supplementary pension increase due to higher-than-expected inflation, also had a significant impact on the budget.

2.6. Monetary developments

In June 2021, consumer prices increased by 5.3% on average—compared to the same period of the previous year. Over the past year, the highest price increase was recorded for alcoholic beverages, tobacco products, and fuels. In comparison with the same period of the previous year, the price of alcoholic beverages and tobacco products increased by 12.2% on average, while that of food products increased by 3.2%. Taking a closer look at alcoholic beverages and tobacco products, one can see that the excise tax increase caused the price of tobacco products to increase by 19.7% as compared to the same period of 2020.

**In June, prices rose
5.3% on average.**

The 3.2% average price increase of food products was driven mainly by the 7.8% increase in egg prices, the 7.6% increase in the prices of cafeteria products, the 25.5% increase in cooking oil prices. However, average food inflation was curbed by the decrease in domestic and tropical fruit prices (-6.2%), pork prices (-5.6%), as well as the moderate increase in coffee prices (1.3%) and non-alcoholic soft drinks (1.4%). The drop in pork prices can be associated with the Chinese import ban imposed because of the African swine fever.

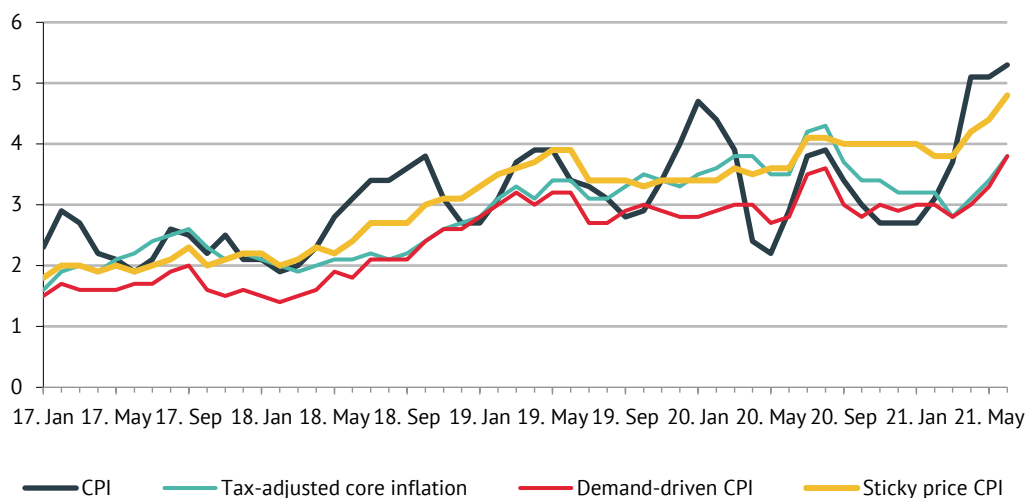
The prices of other products and fuels increased by 10.4% in June, year-on-year. Fuel prices increased by 24.2%, primarily because of the base effect. Coursebook prices decreased by 96.9%, which is attributable to the free school coursebooks from the 2020-2021 school year.

The average increase in household energy prices was 0.4% in June as compared to the same period of the previous year. Within household energy, fuelwood prices increased by 2.7%, coal prices increased by 5.3%, and bottled gas prices increased by 2.6% in a single year. The price of electricity, pipeline gas and district heating remained unchanged.

In June, prices of services increased by 3.8% on average, which was driven by the 37.0% increase in motorway tolls, vehicle renting and parking prices, the 10.1% increase in home repair and maintenance prices, the 6.8% increase in vehicle repair and maintenance prices and the 5.4% increase in the price of healthcare services. The significant increase in tolls, car rental and parking is explained by the abolition of free parking. The average price increase of services was moderated by the 1.4% increase in rents, the 0.2% increase in gambling prices, the 6.4% decrease in the prices of other long-distance travels, and the 0.7% decrease in telephony and internet prices.

Clothing prices increased by 1.2% and the prices of durable consumer goods increased by 3.7% on average in a single year. Taking a closer look at the latter, one can see that jewellery prices increased by 8.4%, new car prices increased by 9.2%, but used car prices dropped by 0.9%.

FIGURE 9: INFLATION (Y-O-Y, %)



Source: MNB

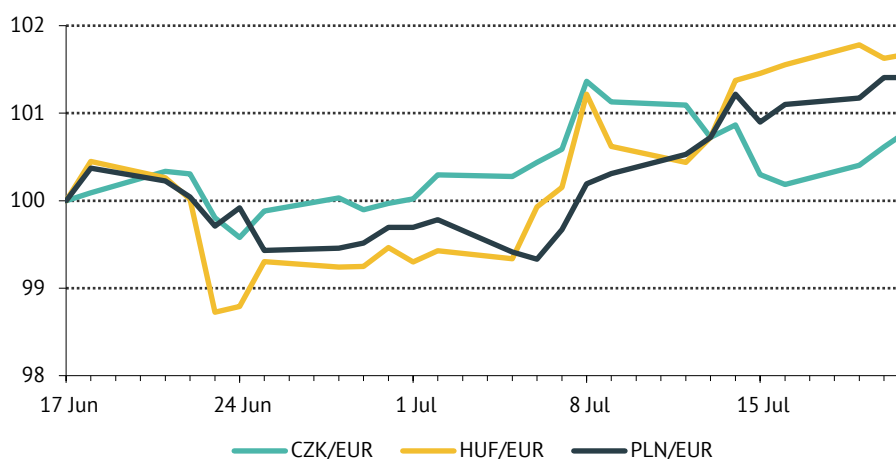
Based on the base inflation indicators disclosed by MNB, the seasonally adjusted core inflation rate was 3.9%, while both the core inflation rate excluding the effects of indirect taxes and the demand-sensitive inflation rate were 3.8% in June. The sticky price inflation rate was 4.8% in June.

Both the ECB Board of Governors and the Federal Open Market Committee met in the recent period. Eurozone interest rate conditions did not change, i.e. the reference interest rate is still 0.00%, the active and deposit rates of central bank availability are 0.25% and -0.50%, respectively. The Federal Open Market Committee did not change its base interest rate with a target range from 0% to 0.25%.

Czech and Polish government bond yields decreased.

Exchange rates in the region weakened against the euro. The Czech koruna has depreciated by 0.8% and the Polish zloty by 1.4% against the euro in the recent period. The Czech 10-year government securities yield decreased by 5 base points to 1.76%, the Polish 10-year yield increased by 19 base points, to 1.61%.

FIGURE 10: REGIONAL EXCHANGE RATES (START DATE = 100%)



Source: Refinitiv

Yields on 5-year government securities have risen.

Overall, Hungarian money and foreign currency market indicators have shown a more negative picture in the past period. The 5-year government bond yield closed at 2.04%, rising 5 basis points. The HUF weakened by 1.5% against the euro, by 1.9% against the Swiss franc and by 4.2% against the US dollar. This means that on 21 July 2021, one Euro was worth 360 Forints, one US Dollar was worth 305 Forints and one Swiss Franc was worth 332 Forints. Sovereign debt held by foreigners has recently increased by HUF 174 billion to HUF 4,589 billion.

The MNB raised interest rates again.

At its interest rate meeting in July, the Monetary Council of MNB raised its base interest rate by 30 base points; the base interest rate is, therefore, 1.2%. The MNB Monetary Council changed the interest rate corridor as well: increased the overnight deposit interest rate to 0.25% and the credit rate to 2.15%, both with 30 base points. The central bank also raised the interest rate on the one-week deposit instrument by 30 base points to 1.2%.

The Monetary Council launched two programmes on 4 May 2020: a government bond purchase programme on the secondary market to ensure the stable liquidity of the government securities market and relaunched its mortgage bond purchase programme to increase the long-term supply of funds for the banking system. In the recent period, the MNB purchased additional government securities worth HUF 143.28 billion, i.e. the central

bank's stock of secondary-market government securities increased to HUF 2,538.02 billion. In the past period, the MNB did not purchase mortgage bonds from the primary market (total value: HUF 143.8 billion). The MNB purchased mortgage bonds in the total value of HUF 2.3 billion on the secondary market, i.e. the total value of this portfolio increased to HUF 163.33 billion. The MNB's FX swap portfolio is currently HUF 1,786 billion, which did not change in comparison to the previous month.

In the last month, in the secondary market yield curve, yields on shorter maturities fell by between 2 and 10 basis points. This means that the 3-month yield was 0.61%, the 6-month yield was 0.69% and the 1-year yield was 0.81% on 21 June. The 3-year yield increased by 4 base points to 1.79%. On a month-over-previous-month basis, 5-year yields increased by 2 base points, 10-year yields decreased by 10 base points, and 15-year yields decreased by 21 base points. These three yields changed, therefore, to 2.02%, 2.77%, and 3.07%, respectively.

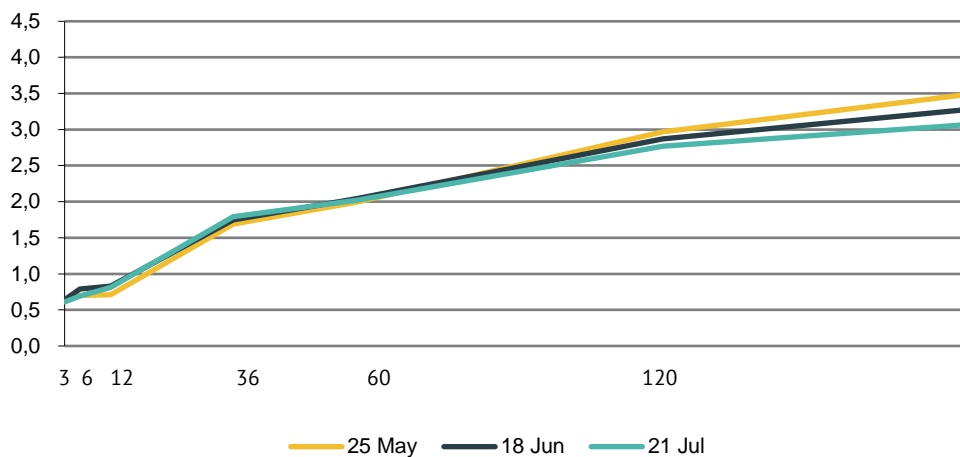
Since 3 June 2019, retail investors can buy super government bonds (MÁP+) with a relatively high interest rate that gradually increases during its term, ensuring a total annual yield of 4.95%. At the end of June 2021, the total value of government bonds held by retail investors was HUF 5,776.08 billion, which implies a HUF 31.67 billion increase compared to the HUF 5,744.41 portfolio value in May.

The share of foreign currency debt in the sovereign debt changed to 17.7% in May (corresponding to a decrease of 0.6 percentage points), which is near the upper edge of the range (10–20%) specified in the financing plan for 2021 of the Government Debt Management Agency Ltd. Foreign-currency treasury bonds neither were issued or matured in May.

None of the big international credit rating agencies had an announced rating date in the past period for changing or confirming the risk rating. The Hungarian government debt is, therefore, rated as Baa3 with a positive outlook at Moody's, BBB with a stable outlook at S&P, and BBB with a stable outlook at Fitch. This means that Moody's rates the risk of Hungarian government securities at the lowest level of the category recommended for

investment, the other two big international credit rating agencies rate it one category higher.

FIGURE 11: THE HUF YIELD CURVE (%)

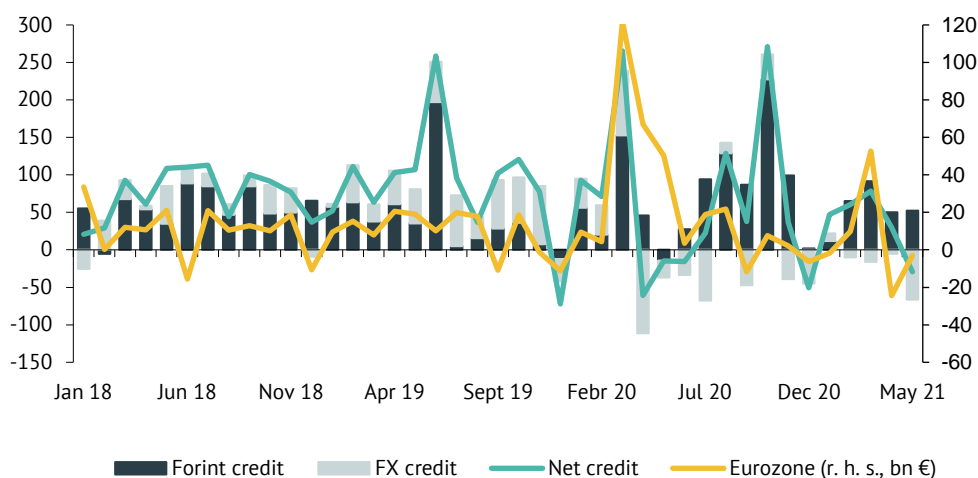


Source: ÁKK, Századvég

Corporate credits have decreased.

Seasonally adjusted data show that the net borrowing of HUF loans in the business sector was HUF 52.5 billion in May 2021. The net repayment of foreign currency debt was HUF 66.4 billion in May 2021, i.e. the aggregated value of business credits decreased. Seasonally adjusted data show that the total net loan repayment was HUF 29.1 billion in May. Corporate loan repayment in the eurozone was minus EUR 2.934 billion in May 2021.

FIGURE 12: CORPORATE BORROWING (IN BILLION HUF)



Source: MNB, ECB

In May, the value of gross loan placement in HUF over and above bank overdrafts was HUF 67.3 billion, which is HUF 4.0 billion more than the amount of the previous month. The sum of newly granted euro-loans was HUF 35.2 billion, which is HUF 22.3 billion less than the figure for April.

3. Századvég forecast ¹

TABLE 1: Q2 2021 PROJECTION

	2020	2021				2021	2022				2022
	annual	Q1	Q2	Q3	Q4	annual	Q1	Q2	Q3	Q4	annual
Gross domestic product (volume index, %)	-5,0	-2,1	15,4	5,9	4,1	5,8	5,5	3,5	4,2	5,6	4,7
Household consumption expenditure (volume index, %)	-2,5	-4,8	8,5	5,6	5,3	3,7	5,8	5,6	4,2	5,4	5,3
Gross fixed capital formation (volume index, %)	-7,3	-0,1	2,6	12,0	14,1	7,2	16,9	4,7	4,9	6,5	8,3
Export volume index (based on national accounts, %)	-6,8	3,3	34,7	5,7	3,7	11,9	3,8	7,2	6,9	7,1	6,3
Import volume index (based on national accounts, %)	-4,4	1,1	24,3	7,3	6,1	9,7	2,8	7,9	6,4	5,8	5,7
Foreign trade balance (bn EUR)	5,8	2,6	2,4	1,4	1,5	7,9	3,0	2,4	1,7	2,0	9,2
Consumer price index (%)	3,3	3,2	4,3	3,9	4,0	3,9	3,5	3,5	3,4	3,6	3,5
Central bank's base rate at the end of the period (%)	0,6	0,6	0,9	1,05	1,2	1,2	1,2	1,35	1,35	1,50	1,50
Unemployment rate (%)	4,2	4,5	4,1	3,8	3,7	4,0	3,7	3,6	3,5	3,4	3,6
Gross average earnings (year-on-year change, %)	9,7	9,4	8,0	10,1	10,2	9,4	11,8	11,1	9,6	8,6	10,3
Current account balance as a percentage of GDP	-0,1					0,6					0,8
External financing capacity as a percentage of GDP	1,9					2,5					2,9
General government ESA-balance as a percentage of GDP	-8,1					-7,9					-6,1
Government debt (% of GDP)	80,4					80,1					79,6
GDP based external demand (volume index, %)	-6,2	-1,7	3,9	7,0	7,7	4,2	5,9	4,6	3,7	3,3	4,4

Source: MNB, HCSO, Századvég-Calculation

TABLE 2: CHANGES COMPARED TO OUR PREVIOUS FORECAST

	2021			2022		
	Mar 2021	June 2021	Difference	Mar 2021	June 2021	Difference
Gross domestic product (volume index, %)	4,0	5,8	1,8	5,1	4,7	-0,4
Household consumption expenditure (volume index, %)	3,2	3,7	0,5	4,7	5,3	0,5
Gross fixed capital formation (volume index, %)	7,5	7,2	-0,3	5,8	8,3	2,5
Export volume index (based on national accounts, %)	8,7	11,9	3,2	8,1	6,3	-1,8
Import volume index (based on national accounts, %)	7,8	9,7	1,9	7,0	5,7	-1,3
Foreign trade balance (bn EUR)	6,3	7,9	1,6	8,0	9,2	1,2
Consumer price index (%)	3,5	3,9	0,0	3,2	3,5	0,0
Central bank's base rate at the end of the period (%)	0,60	1,20	0,6	0,8	1,5	0,8
Unemployment rate (%)	4,2	4,0	-0,2	3,6	3,6	0,0
Gross average earnings (year-on-year change, %)	4,7	9,4	4,7	8,1	10,3	2,2
Current account balance as a percentage of GDP	-0,3	0,6	0,9	0,4	0,8	0,4
External financing capacity as a percentage of GDP	2,8	2,5	-0,3	3,3	2,9	-0,4
General government ESA-balance as a percentage of GDP	-7,1	-7,9	-0,8	-5,0	-6,1	-1,1
Government debt (% of GDP)	80,8	80,1	-0,7	78,7	79,6	0,9
GDP based external demand (volume index, %)	3,7	4,2	0,5	3,9	4,4	0,5

Source: Századvég-calculati

¹ The forecast is valid as of 22 June 2021

