

MONTHLY MONITOR

July 2022

Századvég Economic Research Institute



SZÁZADVÉG

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1. Summary

The European Central Bank tightened its monetary conditions in July.

Given the much better-than-expected Q1 data, we have revised up our growth forecast for this year. In 2023, economic output could expand by 4.5%.

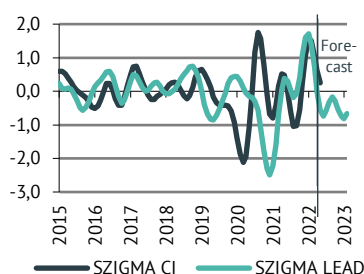
In June 2022, inflation risks continued to rise both globally and in Central and Eastern Europe. This is mainly caused by a sharp rise in energy prices, more expansionary economic policies during the coronavirus crisis, disrupted supply chains and, crucially, the consequences of the increasingly protracted Russo-Ukrainian war.

The inflation environment caused by the war is forcing central banks to raise interest rates. Hungary has the highest base rate in the region (10.75%), following the central bank's July rate hikes (200 and 100 basis points).

Against expectations of 25 basis points, the ECB started its rate hike cycle in July with 50 basis points.

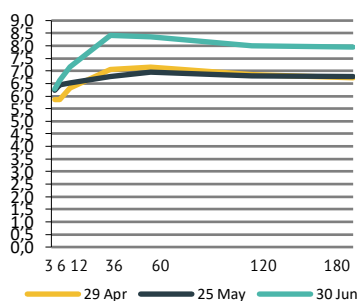
In an environment of higher interest rates and higher inflation, there is a trend towards a preference for premium Hungarian government bonds with above-inflation yields over those with fixed yields.

SZIGMA indicators



Source: Századvég

HUF yield curve (%)



Source: Refinitiv

Forecast (21 June 2022)	2022
GDP volume change (%)	5,4
Inflation (annual average, %)	10,3
Gross wages	16,5
Exchange rate (annual average)	389

2. Economic overview

2.1. External environment

The European Central Bank tightened its monetary conditions in July.

In July 2022, inflation risks continued to rise both globally and in Central and Eastern Europe. This is mainly caused by the expansive economic policies during the coronavirus pandemic, disrupted supply chains and the consequences of the increasingly protracted Russo-Ukrainian war. The lack of agricultural exports from Ukraine and restrictions on Russian energy are both hitting the European economy. Inflation was 16.6% in the Czech Republic, 14.2% in Poland and 12.6% in Slovakia. (based on HICP) Consumer price indices also rose in the region. In response to rising risks, central banks continued their rate hike cycles. At the end of June, the Czech central bank raised its base rate by 125 basis points to 7%. The Polish central bank also took strong action, raising its base rate by 50 basis points to 6.5%. The larger-than-expected increase was justified by both accelerating inflation and risks to the region, but the pace of increases is below the pace seen in Hungary. The data show that inflation in euro area countries is, on average, one percentage point lower than in all EU countries. This is partly explained by the economic strength of the core euro area countries, but the impact of exchange rate risk should not be neglected either. In the event of global turbulence, a deterioration in financial market sentiment intensifies capital outflows from emerging countries. Countries outside the euro area tend to be small open economies where the exchange rate plays a very important role in the pricing of products.

The US Federal Reserve started monetary tightening earlier than the European Central Bank, causing the dollar to strengthen against the euro. The US currency moved closer to parity during the month, reaching a 20-year high against the euro. Against expectations of 25 basis points, the ECB started its rate hike cycle in July with 50 basis points. The strong increase was supported by upside inflation risks, the weakening euro and the newly

introduced Transmission Policy Instrument (TPI). The latter is a flexible asset purchase programme to make monetary transmission more efficient. This measure will be a big help for the southern economies of the euro area, especially Italy, in the face of excessively high bond yields. In practice, TPI means that in the southern Member States of the euro area, where yields are rising because of high government debt, the European Central Bank intervenes and starts buying the bonds of the countries concerned, thereby cushioning the rise in yields.

2.2. SZIGMA indicators

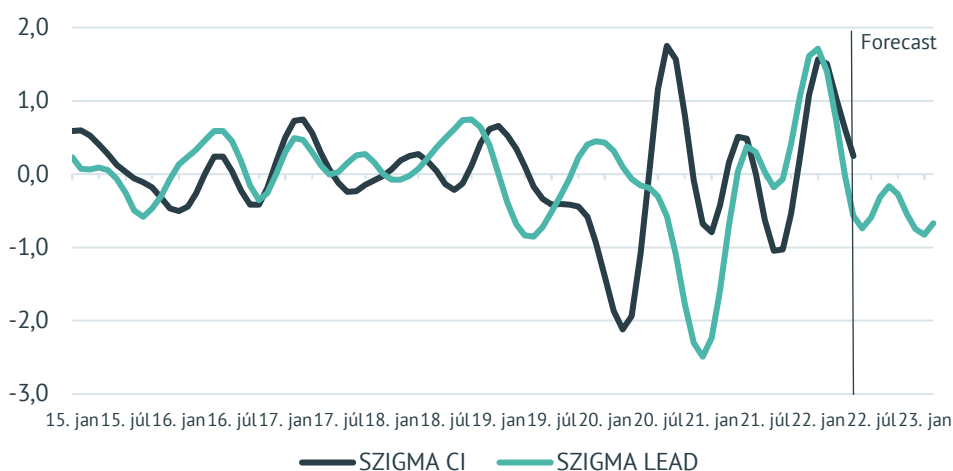
In June 2022, the SZIGMA CI indicator, which provides a snapshot of the current state of the Hungarian economy, was negative, meaning that the economy was growing below trend. In May 2022, domestic industrial sales decreased by 3.5% on a monthly basis, but increased by 5.4% on an annual basis. In contrast, industrial export sales increased both on a monthly basis (1.4%) and on an annual basis (3.5%). New domestic and export sales orders in industry showed a significant increase on a monthly basis: Domestic sales orders increased by 12.5% and export sales orders increased by 13.3% on a monthly basis. On a year-on-year basis, new domestic sales orders in industry were up 9.4% year-on-year, while new export orders in industry were up 28.7%. The overfall contribution of industry to economic growth could be positive, but the Russo-Ukrainian war, raw material and chip shortages and rising energy prices remain major risks. The month-end volume of contracts in construction continued to slightly decline on a monthly basis (by 0.5%), while it increased by 9.7% on an annual basis. In May 2022, the number of new non-residential building projects declined on a monthly as well as on an annual basis, by 14.5% on a monthly basis and by 28.5% on an annual basis.

Consumer confidence in the European Union has deteriorated.

The SZIGMA LEAD indicator, which reflects our expectations for the short-term performance of the Hungarian economy, points to below-trend growth until the end of the forecast horizon. The Ifo Business Climate index, a gauge of business

sentiment in the German economy, fell by 0.7 index points in June 2022 compared with the previous month, and was 9.4 index points lower than a year earlier. The external environment was dominated by concerns about impending gas shortages. Retail sales showed double-digit growth in May 2022, driven by government transfers and petrol tourism. This sector could make a significant contribution to economic growth again this year. The consumer confidence index measured by Eurostat decreased on both a monthly and an annual basis, falling by 7.3 index points on a monthly basis and 26.8 index points on an annual basis, to stand at -34.7 index points in June 2022. The negative value of the index suggests that the segment's turnover can be further expanded by improving confidence. In 2022, the economy is expected to grow by more than 5%.

FIGURE 1: CURRENT (CI) AND FORECASTING (LEAD) SZIGMA INDICATORS



Source: Századvég

2.3. Real economy

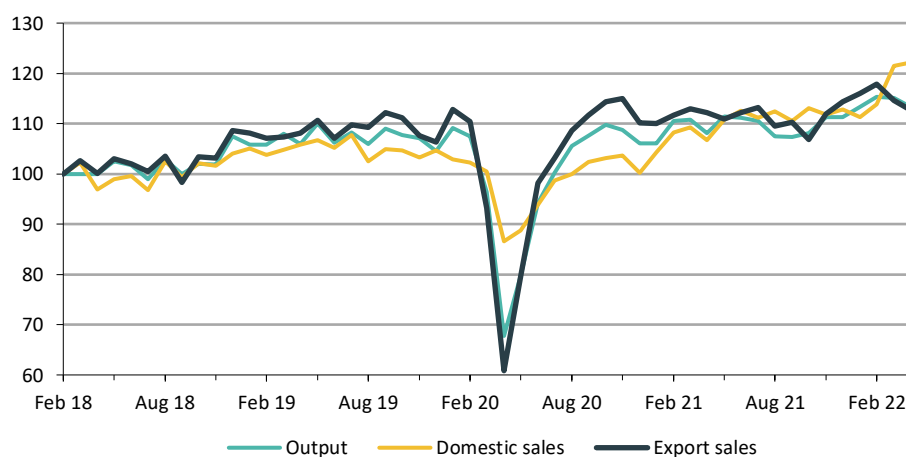
In May, industrial production was 9.4% higher in raw data and 3.4%

Industrial output increased.

higher in working-day adjusted data than in the same period a year earlier. The significant difference between raw data and working-day adjusted data is due to the fact that there

were two more working days in May 2022 than in the previous year. Seasonally and working-day adjusted industrial production in May was 1.4% higher than in April. Sales in the industrial sector were 10.8% higher in May than a year earlier. Within this, domestic sales grew by 9.5% and export sales by 11.6%.

**FIGURE 2: CHANGES IN INDUSTRIAL PRODUCTION AND SALES
(JANUARY 2017 = 100%)**



Remark: Seasonally and calendar adjusted indicies.

Source: Hungarian Statistical Office, Századvég

Among the individual sub-sectors of industry, output was 10.0% higher in mining and 9.8% higher in manufacturing than a year earlier. At the same time, output in the energy sector fell by 1.9% compared to the same period last year. Within manufacturing, the largest increase in output (37.0%) was in the manufacture of electrical equipment, followed by the manufacture of machinery and equipment (28.1%), the manufacture of computer, electronic and optical products (21.9%) and the food industry (17.1%). The largest manufacturing output, that of transport equipment, rose by 8.7% compared to the same period last year. The largest decline was in the coke and refined petroleum products sector (20.4%). Pharmaceuticals (4.2%) and chemical products (3.6%) were down slightly from the previous year. The total volume of sales orders in industry at the end of May was 29.7% percent higher than in May 2021. Within this, the volume of domestic sales orders decreased by 2.4%, while the volume of export sales orders

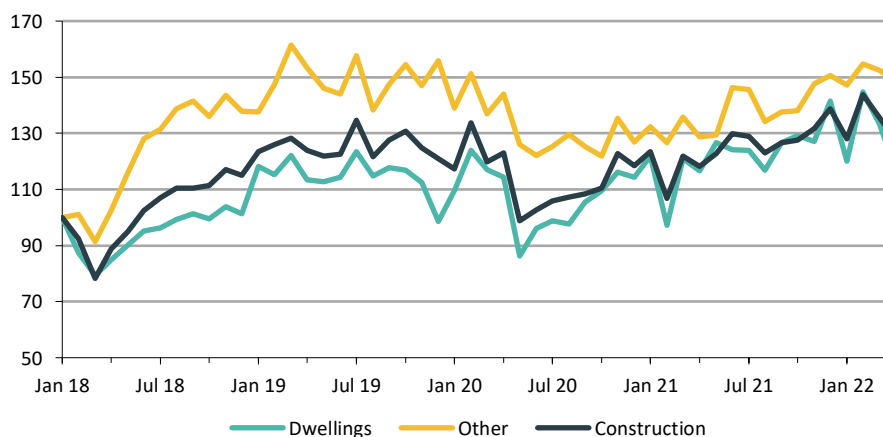
increased by 32.1%. The evolution of order books continues to confirm that demand for the sector's products is high, but that it has been difficult to meet it due to a shortage of raw materials. The volume of new sales orders in May was 25.5% higher than a year earlier. Within this, the volume of new domestic sales orders increased by 9.4%, while new export sales orders grew by 28.8%.

Significant increase in construction output.

The performance of the construction sector in May was better than in the previous month. Construction output grew by 5.8% on a monthly basis and by 9.9% on an annual basis. A recovery was observed for both groups of buildings: Buildings increased by 12.0% and civil engineering works by 7.7% compared to the same period of the previous year.

Order books in the construction sector are still high, up 9.7% on an annual basis. The increase of 9.7% year-on-year was driven by a 20.0% increase in the volume of contracts for civil engineering works and a 4.0% decrease in the volume of contracts for buildings. The volume of new orders also expanded, by 7.2% compared to a year earlier. Within this, the two main groups also saw opposite changes: while the volume of new contracts for buildings increased by 32.5%, the volume of new contracts for civil engineering works fell by 24.7%.

**FIGURE 3: CHANGES IN THE CONSTRUCTION INDUSTRY
(JANUARY 2017 = 100%)**



Remark: Seasonally and calendar adjusted data

Source: HCSO, Századvég

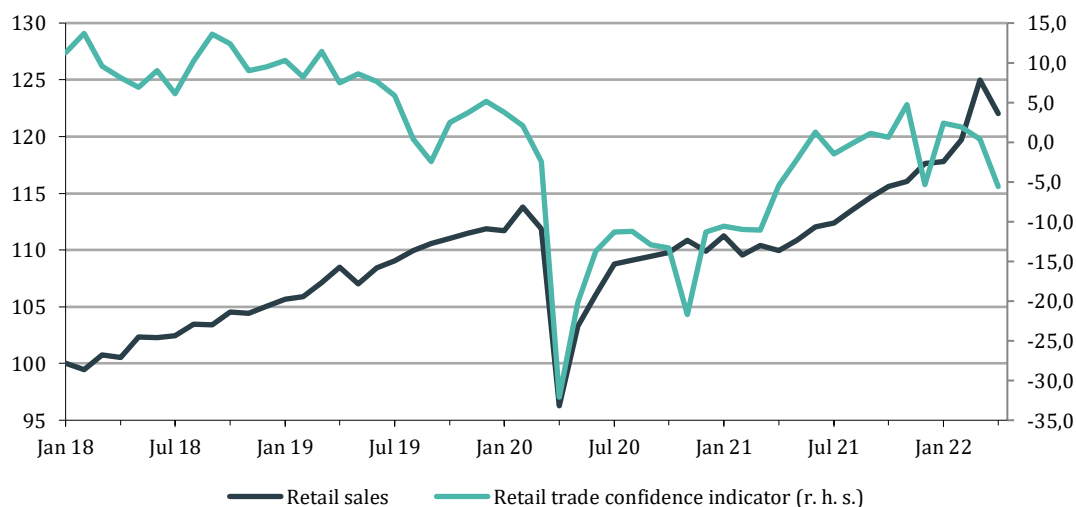
In May 2022, the volume of retail sales increased by 12.0% on a raw basis and by 11.1% on a calendar-adjusted basis compared with the same period of the previous year. Adjusted data show a decrease of 0.1% compared to the previous month. The expansion was supported by additional demand generated by the household transfers paid out at the beginning of the year, but the small month-on-month decline suggests that these factors are becoming less significant. Consumers were also negatively affected by macroeconomic factors, with rising prices encouraging households to save and cut consumption.

**Retail sales
increased by
12.0%.**

In May 2022, sales volume increased by 3.0% in specialised and non-specialised food shops, by 9.5% in non-food shops and by 37.5% in fuel retail relative to May 2021. The increase in the sales volume of petrol stations is mainly supported by the official prices, in addition to the increase in car use after the coronavirus pandemic. The emergence of petrol tourism as a result of the price cap, which was discontinued at the end of May, further boosted petrol station turnover.

On a calendar-adjusted basis, growth in books, newspapers and stationery was above average. Shops selling second-hand goods (54.0%) and shops selling textile products, clothing and footwear (35.0%) also saw particularly high increases in sales volume. The growth in the sales of second-hand goods may be supported by the worsening economic situation, which may lead households to look for cheaper solutions. Sales of foodstuffs, beverages and tobacco products grew by 3.7%. Compared to the same period of the previous year, the sales volume of computer and other manufactured goods increased by 9.5% and that of medical products by 12.5%. The only decrease was for parcel and internet services (-1.4%).

FIGURE 4: SALES VOLUME AND CONFIDENCE OF INDEX RETAIL
SALES (JANUARY 2017 = 100%)



Remark: Seasonally and calendar adjusted data

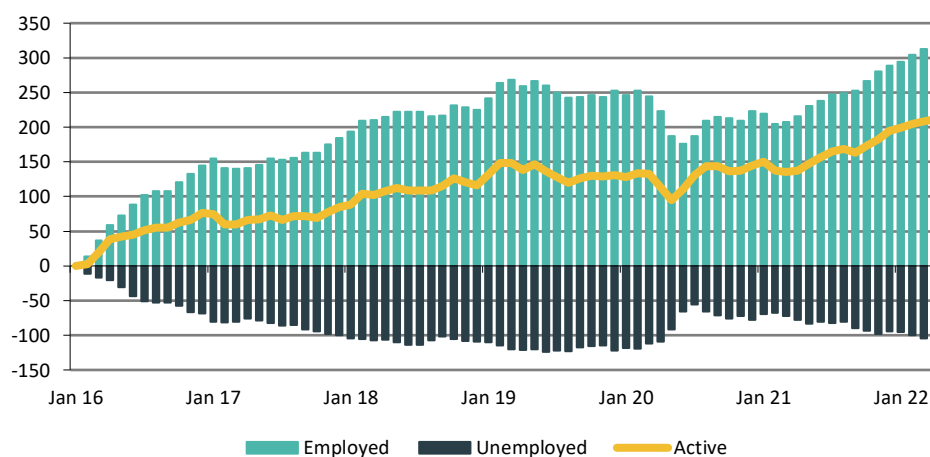
Source: HCSO, Századvég

Two in three people in the 15-74 age group are in the labour market.

In the spring months, the seasonally adjusted number of employees rose by more than 24,000 compared to the winter months to close to 4,718,000, while it exceeded the level of the same period of the previous year by nearly 99,000. Employment was accompanied by an increase in activity, up by 9,000 persons on a quarterly basis and 66,300 persons on an annual basis, with 66.6% of the 15-74 age group either unemployed or employed on the labour market in the March-May period. As a result of the two effects, the number of the unemployed fell by 15,000 in a quarter and by 33,000 in a year to 164,000, while their rate fell to 3.4%. In April, the seasonally adjusted number of employees increased by 6,000 on a monthly basis and by 69,000 on an annual basis. Within this, there was an increase of 7,000 and 82,000 respectively among enterprises with 5 or more employees. In April, the number of people employed in the public sector fell by 1,000, while the number of people employed in the non-profit sector stagnated. Nearly 77,000 people worked under Start work programmes in

April, an increase of 2,000 compared to March, but still 9,000 fewer than in the same period last year.

FIGURE 5: CHANGES IN THE LABOUR MARKET (JANUARY 2016 = 0, THOUSAND EMPLOYEES)



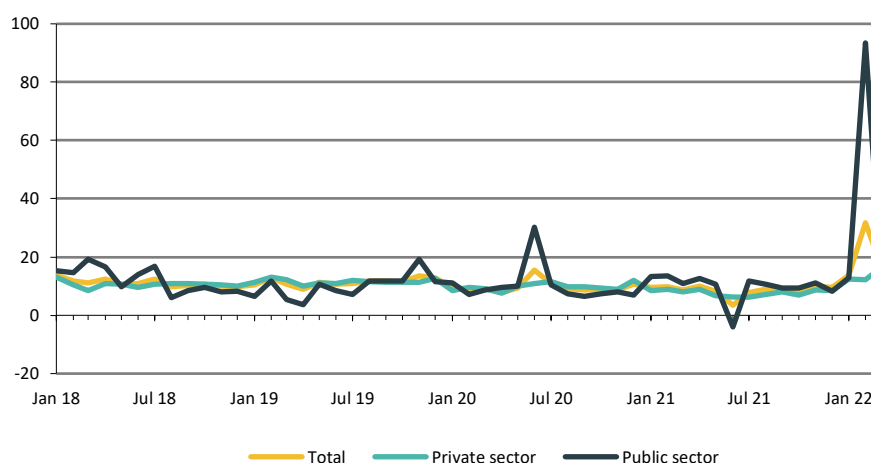
Remark: Seasonally and calendar adjusted data

Source: HCSO, Századvég

The real average monthly wage increased despite high inflation.

The gross average wage in April was HUF 507,500. This represents an increase of 15.2% over a year, while the regular average wage, i.e. wages net of bonuses and premiums, increased by 14.1%. Wage growth was 14.5% in the competitive sector and 12.0% in the public sector, although the latter figure remains distorted by the reclassification of structure-changing universities to the non-profit sector last August. The net average wage also rose by 15.2% in April to HUF 337,500. Including tax allowances, the average wage was HUF 349,700. Taking into account the impact of inflation, which accelerated to 9.5% in April, real net wages increased by 5.2%.

FIGURE 6: CHANGES IN GROSS WAGES (ANNUAL CHANGE, %)



Remark: Seasonally and calendar adjusted data

Source: HCSO, Századvég

2.4. External balance

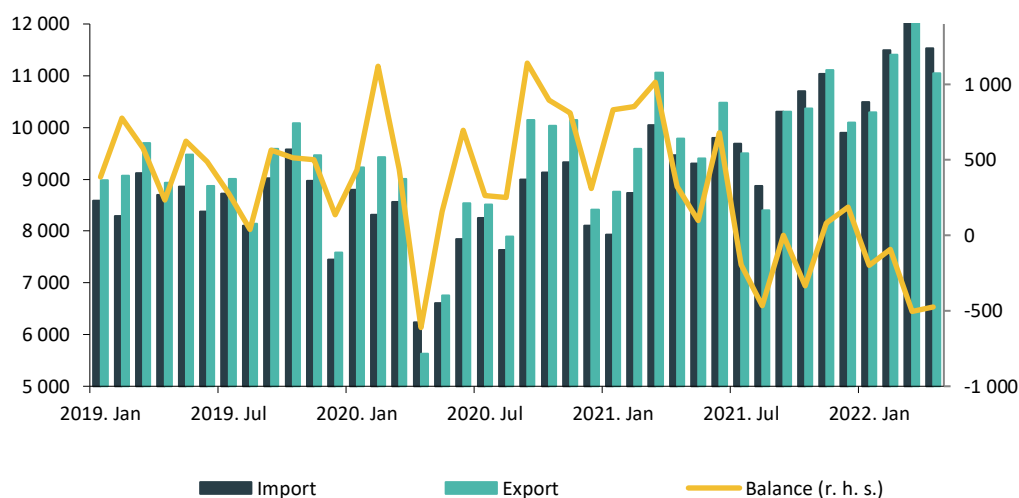
In April, the EUR value of product exports increased by 13.0%, and the EUR value of product imports increased by 22.0% year on year. The foreign trade deficit was, therefore, EUR 523 million, EUR 860 million less than in the previous year.

The trade balance deteriorated.

In April, the volume of food product imports increased by 15.0%, and food product exports increased by 0.6% year-on-year. As for energy carriers, imports increased by 10.0% and exports decreased by 16.0%. As for processed products, imports increased by 5.6%, and exports increased by 0.7% on a year-on-year basis. As for machinery and transport equipment, imports increased by 5.8%, and exports by 2.5%.

In May 2022, the EUR value of exports was 28.0% higher, while the EUR value of imports was 27.0% higher than one year before. The foreign trade surplus in goods thus amounted to EUR 135 million, which is EUR 65 million more than a year earlier.

FIGURE 7: FOREIGN TRADE BALANCE (IN MILLION EUR)



Remark: The May 2022 are from the first estimates.

Source: HCSO, Századvég

The foreign trade balance improved.

The current account balance stood at EUR -370.3 million in May 2022, so the balance in the first five months of this year (EUR -3,495.3 million) was lower than in January-May 2021, a year earlier.

2.5. Fiscal outlook

In the year to June, VAT receipts increased by almost 30%.

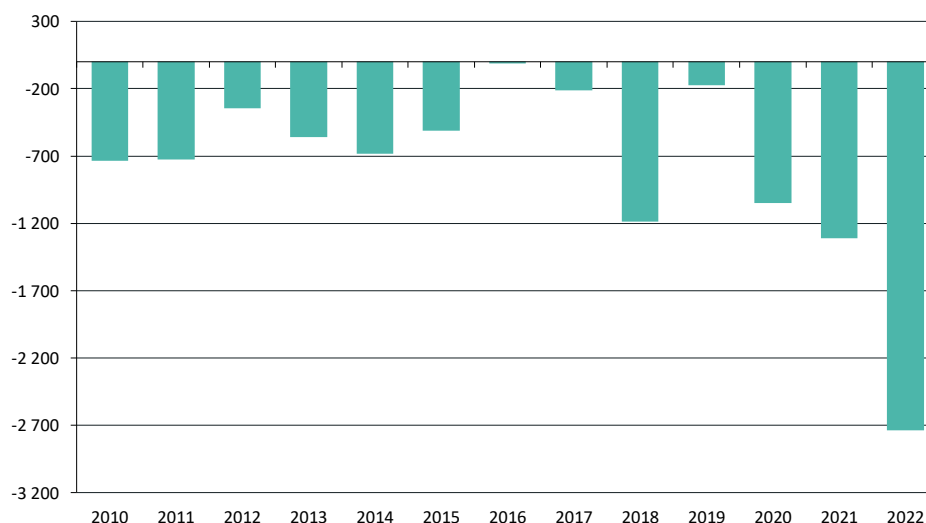
At the end of June 2022, the central budgetary subsystem closed with a cumulative deficit of HUF 2,892.3 billion. This is attributable to a general government budget deficit of HUF 3,040.6 billion, the social security funds subsector's deficit of HUF 26.8 billion, and the extra-budgetary funds' surplus of HUF 175.2 billion.

VAT receipts were HUF 764.8 billion (30.7%) higher than the cumulative outturn in the same period of the previous year, driven by an increase in VAT receipts from domestic, import and tobacco products. Excise tax receipts were HUF 19.9 billion (3.5%) higher than in the same period of the previous year, driven by the combined effect of higher fuel sales and the higher tax rate in Q1 2021. Cumulative personal income tax receipts in January-June 2022 were HUF 341.3 billion (24.9%) lower than in

the first six months of the previous year, explained by the one-off tax refund for families with children. Revenue from social contribution tax and social security contributions was HUF 366.6 billion (13.4%) higher than in the base period, partly driven by the increase in average wages. At the same time, revenue growth was moderated by the reduction in the social contribution tax rate and the abolition of the vocational training contribution.

The cumulative revenue of EU programmes in the first six months of 2022 amounted to HUF 460.7 billion, which is 19.5% of the statutory target. At the same time, cumulative expenditure on EU programmes in the first half of 2022 amounted to HUF 1,846.9 billion, which was 61.5% of the statutory target. Among domestic expenditure, the most notable are expenditure on pensions as well as on medical and preventive care. In the first half of 2022, HUF 2,360.6 billion was spent on retirement benefits and HUF 1,073.9 billion on medical and preventive care. Cumulative spending on medical and preventive care for the first six months of 2022 increased by 22.4% compared to the same period last year.

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



Source: Ministry of Finance, Századvég

2.6. Monetary developments

In June 2022, consumer prices increased by 11.7% on average—compared to the same period of the previous year. Over the past year, the prices of food and consumer durables have risen the most (22.1% and 12.4%, respectively). Consumer prices rose by 1.5% on average over a month.

Inflation rate increased to 11.7%.

The more significant contributors to the 22.1% average increase in food prices were the 37.1% increase in poultry prices, the 43.4% increase in cheese prices, and the 36.5% increase in the prices of dairy products (excl. cheese).

Mainly due to the shortage of Ukrainian grain on the world market and soaring energy prices, the price of bread rose by an average of 39.7%, the price of bakery products by 31.1% and the price of dry pasta by 39.9%. However, average food inflation was held back by the 10.1% increase in edible oil prices, the 8.6% increase in fruit and vegetable juice prices, the 6.5% rise in chocolate and cocoa prices and the 5.7% rise in sugar prices.

The prices of other products and fuels increased by 11.6% in June, year-on-year. Within this, prices of home repair and maintenance increased by 29.6% and vehicle fuel by 11.2%, the latter explained by long-standing imbalances in supply and demand. Higher price increases were held back by the government's fuel price cap.

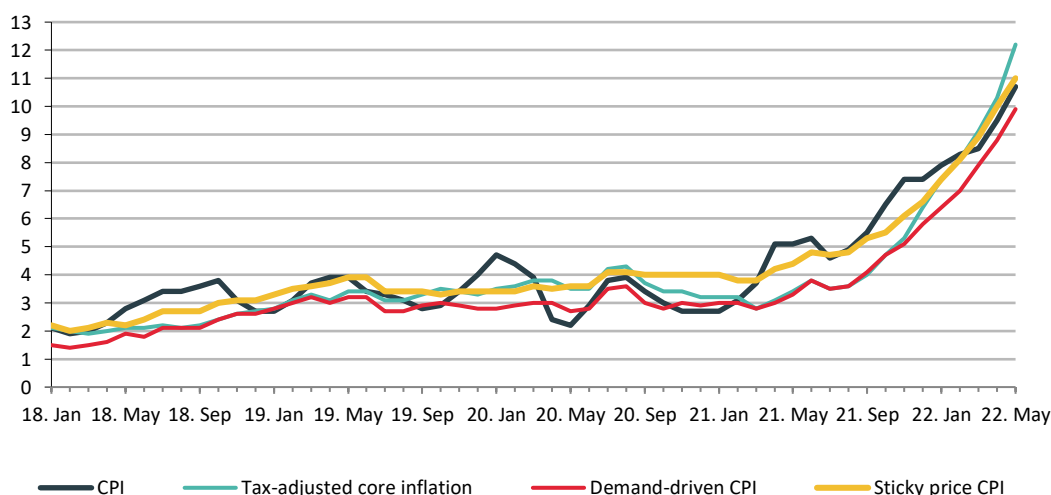
The average increase in household energy prices was 1.6% in June as compared to the same period of the previous year. Within household energy, fuelwood prices increased by 10.5% and bottled gas prices increased by 11.7% in a single year. Despite the price boom on the world market, the price of electricity, piped gas and district heating in Hungary remained unchanged thanks to the administered prices of these utility services.

In June, prices of services increased by an average of 5.6%, mostly driven by a 7.8% increase in the prices of health services, a 20.6% increase in home repair and maintenance prices, an 15.6% increase in vehicle repair

and maintenance prices, and an 10.9% increase in the prices of personal care services. The average increase in the prices of services was moderated by the 0.6% increase in gambling prices, a 5.2% increase in condominium common charges, a 3.8% decrease in the price of local public transport and a 2.6% decrease in the price of telephone and internet.

Clothing prices increased by 4.3% and the prices of durable consumer goods increased by 12.4% on average in a single year. For the latter, the price of jewellery rose by 17.3% and that of furniture by 19.7%. Price increases of 12.0% for new passenger cars and 17.6% for second-hand cars are driven by disrupted supply chains, parts shortages and the energy market situation.

FIGURE 9: THE EVOLUTION OF INFLATION (ANNUAL CHANGE, %)



Source: MNB, Századvég

Among the core inflation indicators published by the MNB, both the seasonally adjusted core inflation rate and the core inflation net of indirect taxes were 13.8% in June, while inflation for goods with the sticky price inflation rate was 12.0%. Core inflation excluding processed food was 10.9% in June 2022.

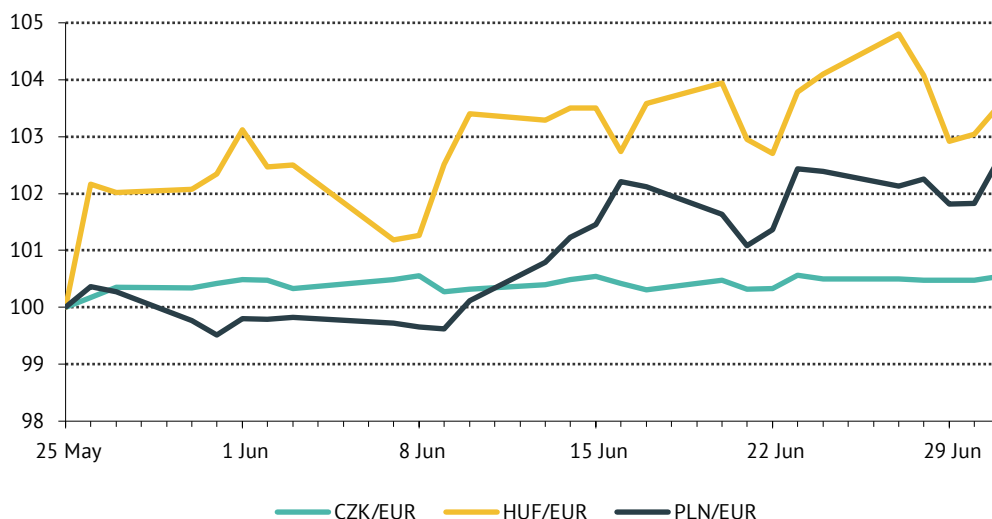
Both the ECB Board of Governors and the Federal Open Market Committee met in the recent period. Interest rate conditions in the euro area have changed, with the ECB raising the key ECB interest rate to 0.50% and the marginal lending facility rate and the deposit facility rate to 0.75% and

0.0%, respectively. The Fed's Federal Open Market Committee (FOMC), which decides on interest rates, raised its benchmark rate by 75 basis points to a target range of 2.25%-2.5%.

The Czech koruna strengthened, while the Polish zloty weakened.

Exchange rates in the region showed a mixed picture in relation to the euro. In the past period, the Czech koruna strengthened by 1.2%, while the Polish zloty weakened by 1.8% against the euro. Government bond yields fell: the Czech 10-year government bond yield was 43 basis points lower at 4.57%, while the Polish 10-year yield shrank 126 basis points to 5.68%.

**FIGURE 10: CHANGES IN EXCHANGE RATES IN THE REGION
(BASELINE VALUE = 100%)**



Source: Refinitiv, Századvég

The forint weakened again.

Overall, Hungarian money and foreign currency market indicators have shown a more negative picture in the past period. The yield of 5-year treasury securities closed at 9.49%, rising 113 basis points. The HUF weakened by 1.37% against the euro, by 4.32% against the Swiss franc and by 3.72% against the US dollar. This means that on 29 July 2022, one Euro was worth 404 Forints, one US Dollar was worth 395 Forints and one Swiss Franc was worth 415 Forints. Sovereign debt held by foreigners has recently increased by HUF 619 billion to HUF 5,253 billion.

In July, the central bank raised the base rate by 300 basis points.

At its July interest rate meeting, the Monetary Council raised its key interest rate by a larger-than-expected 300 basis points in two steps (first by 200 and then by 100), bringing the base rate to 10.75%. The Monetary Council raised the overnight deposit interest rate to 10.25% and the lending rate to 13.25%. The central bank increased the interest rate of the one-week deposit facility to 10.75%. The MNB has increased the effective interest rate by 1,000 basis points since the start of the rate hike cycle. The asymmetric interest rate corridor defines the overnight interbank market interest rate and the central bank's one-week deposit rate.

In a statement issued about its July meeting, the Monetary Council declared the objective that all monetary policy instruments of MNB should support the achievement of price stability as quickly as possible. This is why MNB stopped buying government bonds in December. Maintaining the stability of the government securities market continues, however, to remain important to the Monetary Council, which is, therefore, ready to intervene with temporary purchases of government bonds if necessary, which does not imply a change in its fundamental monetary policy stance.

Over the past month in the government bond market, yields for shorter maturities increased by between 192 basis points and 256 basis points on the secondary yield curve. This means that the 3-month yield was 8.64%, the 6-month yield was 8.54% and the 1-year yield was 9.72% on 31 June. The 3-year yield increased by 178 basis points to 10.19%. Yields are up 113 basis points over the 5-year horizon, 20 basis points over the 10-year horizon and 1 basis point over the 15-year horizon compared to the previous month. These three yields changed, therefore, to 9.49%, 8.21%, and 7.96%, respectively.

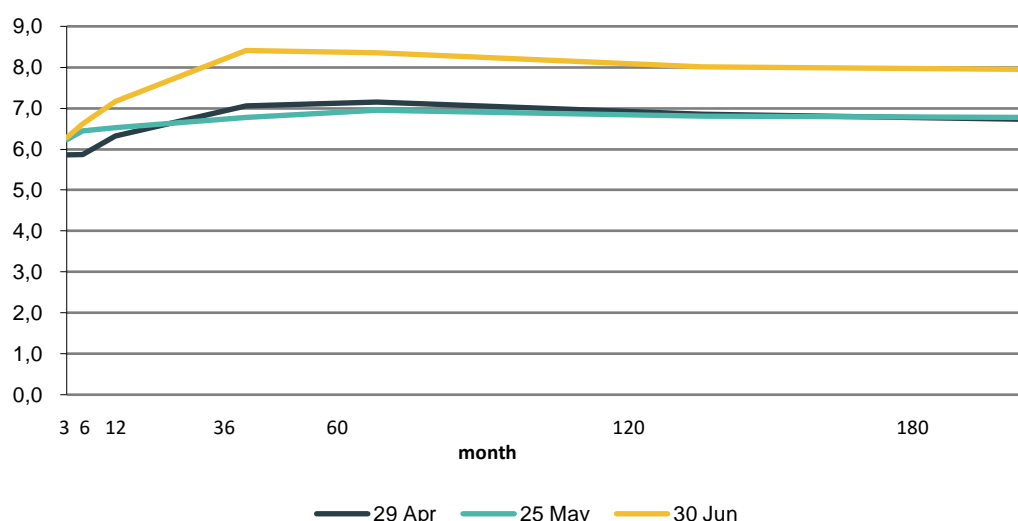
Since 3 June 2019, retail investors can buy “super government bonds” (MÁP+) with a relatively high interest rate that gradually increases during its term, ensuring a total annual yield of 4.95%. As of 30 July 2022, retail investors held HUF 4,286.6 billion worth of these government securities, down HUF 696.26 billion from HUF 4,982.86 billion in mid-June. Given the high inflationary environment, the public prefers to hold government

bonds with a fixed real interest rate, which are inflation-tracking, to the tune of HUF 3,462.1 billion (PMÁP as of 16 June: HUF 3,265.66 billion). The GDMA currently maintains the interest rate premium on the 5-year government bond at 1.5 percentage points, while the interest rate premium on the 3-year government bond at 0.75 percentage points.

The share of foreign currency debt in the sovereign debt changed to 23.1% in June (corresponding to an increase of 0.6 percentage points), which is in the range (10–25%) specified in the financing plan for 2022 of the Government Debt Management Agency Ltd.

Of the major international credit rating agencies, Fitch has recently announced a date for a change or confirmation of the risk rating of Hungarian sovereign debt. Fitch upgraded Hungary's sovereign debt risk rating. At the end of July, Hungary's sovereign debt rating remained at Baa2 with a stable outlook at Moody's, BBB with a stable outlook at S&P and BBB with a stable outlook at Fitch. Thus, all three major international credit rating agencies have a risk rating for Hungarian treasury securities that is one category above the lowest grade that is still recommended for investment.

FIGURE 11: CHANGES IN THE HUF YIELD CURVE (%)



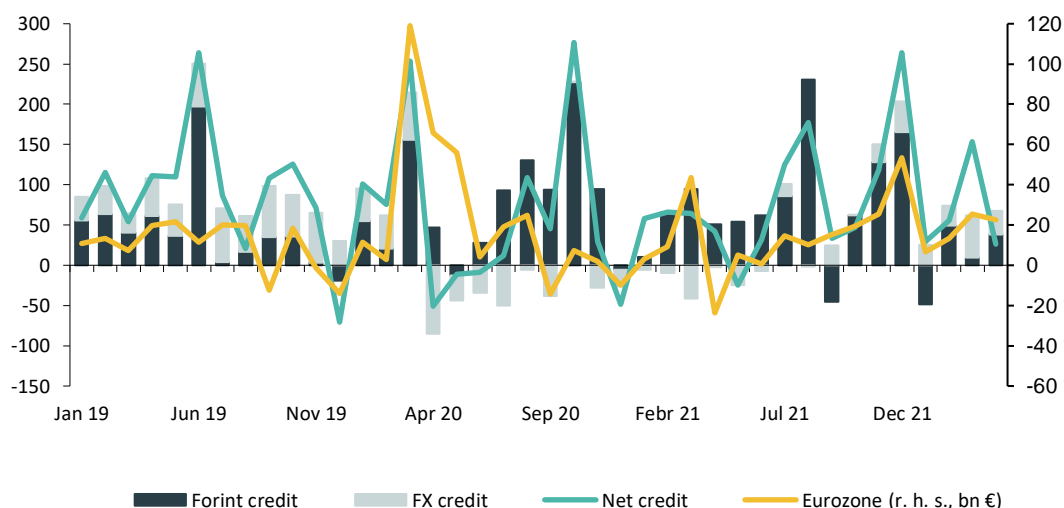
Source: GMDA, Századvég

Corporate holdings of foreign currency loans have increased substantially.

Seasonally adjusted data show that the net borrowing of HUF loans in the business sector was HUF 14.6 billion in May 2022. The net borrowing of foreign currency loans was HUF 72.2 billion in May; in other words, the aggregate value of foreign currency loans held by the business sector, i.e. exchange rate risk exposure, increased. This means that, based on seasonally adjusted data, total net borrowing was HUF 74.2 billion in May.

Corporate borrowing in the euro area was EUR 30.676 billion in May 2022.

FIGURE 12: CORPORATE BORROWING (IN BILLION HUF)



Source: MNB, ECB

3. Századvég forecast

TABLE 1: Q2 2022 PROJECTION

	2021	2022				2022	2023				2023
	annual	Q1	Q2	Q3	Q4	annual	Q1	Q2	Q3	Q4	annual
Gross domestic product (volume index, %)	7,1	8,2	5,5	4,7	3,0	5,4	2,1	3,9	5,4	6,4	4,5
Household consumption expenditure (volume index, %)	4,6	14,1	8,9	6,0	5,1	8,5	2,2	2,0	4,9	4,8	3,5
Gross fixed capital formation (volume index, %)	5,9	13,2	3,0	1,5	2,9	5,2	5,1	6,8	4,9	4,7	5,4
Export volume index (based on national accounts, %)	10,3	5,2	8,7	10,1	7,9	8,0	6,5	7,4	7,9	9,2	7,8
Import volume index (based on national accounts, %)	8,7	8,3	9,5	9,6	10,7	9,5	6,7	6,6	6,3	6,4	6,5
Foreign trade balance (bn EUR)	1,9	-1,1	-0,4	-1,8	-4,3	-7,7	-0,6	0,3	-1,3	-4,0	-5,6
Consumer price index (%)	5,1	8,2	10,5	11,6	11,0	10,3	9,8	7,1	5,9	5,6	7,1
Central bank's base rate at the end of the period (%)	2,4	4,4	6,4	7,4	8,0	8,0	8,0	7,70	7,40	7,10	7,10
Unemployment rate (%)	4,1	3,7	3,7	3,7	3,7	3,7	3,7	3,6	3,6	3,5	3,6
Gross average earnings (year-on-year change, %)	8,7	20,7	16,5	15,4	13,5	16,5	4,2	9,8	12,0	14,2	10,1
Current account balance as a percentage of GDP	-3,1					-7,3					-5,5
External financing capacity as a percentage of GDP	-0,5					-4,5					-3,4
General government ESA-balance as a percentage of GDP	-6,8					-4,4					-3,5
Government debt (% of GDP)	76,6					74,5					72,2
GDP based external demand (volume index, %)	5,6	5,6	3,2	1,8	1,4	3,0	2,0	2,4	2,7	2,9	2,5

Source: MNB, HCSO, Századvég-Calculation

TABLE 2: CHANGES COMPARED TO OUR PREVIOUS FORECAST

	2022			2023		
	March 2022	June 2022	Difference	March 2022	June 2022	változás
Gross domestic product (volume index, %)	3,9	5,4	1,4	4,7	4,5	-0,3
Household consumption expenditure (volume index, %)	3,9	8,5	4,7	3,8	3,5	-0,3
Gross fixed capital formation (volume index, %)	6,0	5,2	-0,9	5,7	5,4	-0,3
Export volume index (based on national accounts, %)	4,6	8,0	3,4	5,9	7,8	1,9
Import volume index (based on national accounts, %)	5,1	9,5	4,4	4,7	6,5	1,8
Foreign trade balance (bn EUR)	-1,5	-7,7	-6,2	-0,3	-5,6	-5,3
Consumer price index (%)	9,3	10,3	1,0	6,4	7,1	0,7
Central bank's base rate at the end of the period (%)	6,80	8,00	1,2	5,00	7,10	2,1
Unemployment rate (%)	3,8	3,7	-0,1	3,7	3,6	-0,1
Gross average earnings (year-on-year change, %)	13,8	16,5	2,8	11,2	10,1	-1,1
Current account balance as a percentage of GDP	-4,8	-7,3	-2,5	-3,2	-5,5	-2,3
External financing capacity as a percentage of GDP	-2,5	-4,5	-2,0	-1,0	-3,4	-2,4
General government ESA-balance as a percentage of GDP	-4,2	-4,4	-0,2	-3,2	-3,5	-0,3
Government debt as a percentage of GDP	72,5	74,5	2,0	67,7	72,2	4,5
GDP based external demand (volume index, %)	3,3	3,0	-0,3	2,4	2,5	0,1

