



MONTHLY BULLETIN ECONOMIC TRENDS

2025

FEBRUARY

ON THE LATEST ANALYSIS FROM THE INSTITUTE OF ECONOMIC AND ENTERPRISE RESEARCH

- » Quarterly business climate survey results
- » Factors hindering business activity
- » International trends



Prepared by

Kása Richárd, analyst
Molnár László, analyst
Szennay Áron, analyst

Research Manager
Molnár Endre Mihály,
research director

13 February 2025.

CONTENT

02 QUARTERLY BUSINESS CLIMATE SURVEY RESULTS

The indicator shows a slight decrease in the first quarter of 2025.

[LINK](#)

06 FACTORS HINDERING BUSINESS ACTIVITY

93% of companies have experienced a barrier to their operations.

[LINK](#)

10 INTERNATIONAL TRENDS

Slight improvement in the data

[LINK](#)



QUARTERLY BUSINESS CLIMATE SURVEY RESULTS



FEBRUARY, 2025

Declined
from +17
to +15

The results of the July 2024 data collection indicate that the value of the Quarterly Business Climate Survey decreased from +17 to +15 points compared to October 2024. After alternating periods of improvement and deterioration since 2023, there has been another minor decline, resulting in the current quarterly indicator value being only 5 points higher compared to the October 2022 downturn experienced during the energy crisis. The decrease in the indicator is most noticeable in the industrial sector, foreign-owned companies, and the SME category.

The GVI Business Climate Survey

In the quarterly business Climate survey conducted by the Institute for Economic and Enterprise Research (IEER), we asked the opinions of 350 company executives, each employing at least 20 people, about their company's business situation and prospects. The aim of IEER's economic survey is to map the current short-term business expectations of company executives, which relies on information available to entrepreneurs at the time of data collection and their subjective assessment of the situation.



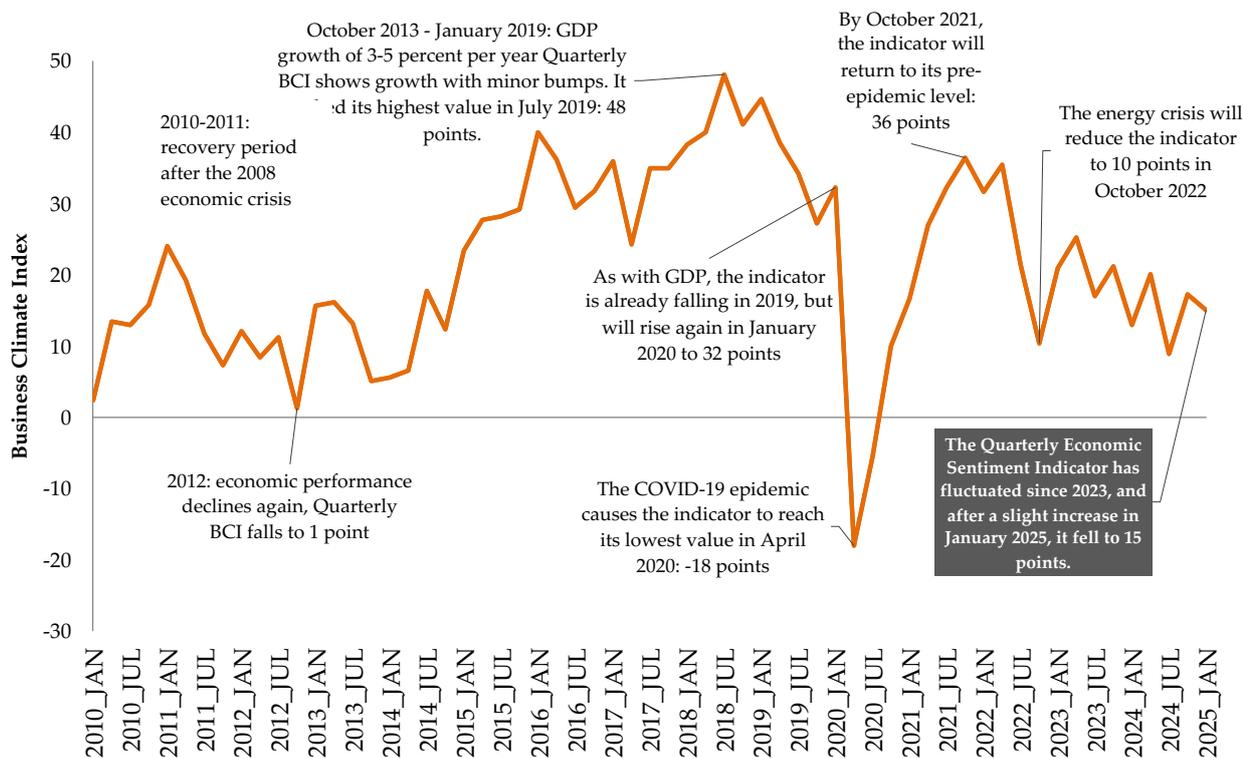
According to the results of IEER's January 2025 Quarterly Business Climate Survey, the economic expectation among Hungarian businesses remains positive, although there's a slight decline compared to the previous quarter. The Quarterly Business Climate Indicator decreased to +15 points from +17 points in October 2024, indicating that business optimism has moderated. However, the indicator remained in positive territory, reflecting a fundamentally favourable assessment of the economic situation.

The Quarterly Uncertainty Indicator rose to 43 points, a 1-point increase compared to the previous quarter. This shows that domestic companies' assessment of their situation has become slightly more uncertain, indicating divergence in market expectations. The uncertainty level remains consistent with recently observed values and does not suggest drastic market uncertainty.

Regarding companies' current business situation and future prospects, improving trends can be observed. The balance indicator for the current business situation rose to +32 points from the previous +27 points, while the assessment of the expected business situation reached +31 points, a significant improvement compared to the +24 points of October 2024. This suggests that most businesses are optimistic about the near future.



The Business Climate Indicator has been fluctuating since 2023, but the trend tends to be slightly downwards.



TRENDS IN THE BUSINESS CLIMATE INDICATOR

COMPONENTS OF THE ECONOMIC INDICATOR

The Quarterly Business Climate Survey consists of ten components:

- » current/expected business situation;
- » current/expected profitability;
- » expected development of investment activity;
- » current order backlog;
- » production level over the past six months/expected production level;
- » expected change in workforce;
- » expected development of capacity utilisation.

Fig. 1

Trends of the GVI Quarterly Business Climate Indicator, January 2010 to January 2025. The current value of the indicator is:

15 points

Source: GVI 2010 - 2025

The Business Climate Indicator by company characteristics

THE HIGHEST FOR SERVICE PROVIDERS: 01

+27

Sector

There are significant differences between sectors. The service sector showed the strongest performance with a Business Climate Indicator value of +27 points, while industry measured +9, trade +13, and construction only +3 points. This difference shows that economic recovery is not evenly distributed across different sectors.

FOR PURELY DOMESTIC COMPANIES: 02

+18

Ownership structure

The ownership structure of companies also influences economic sentiment. Purely domestic-owned companies are more optimistic (+18 points) compared to companies with foreign (part) ownership, where the Business Climate Indicator reached +13 points. This can partly be explained by the more stable situation of businesses focusing on the domestic market.

THE HIGHEST FOR NON-EXPORTING COMPANIES: 03

+22

Export activity

Non-exporting companies showed the greatest optimism (+22 points), while partially exporting companies measured +9 points, and predominantly exporting companies +14 points. This may indicate that uncertainties in international markets and the impact of external economic factors continue to pose risks for export-oriented companies.

LARGE COMPANIES ARE THE MOST OPTIMISTIC: 04

+18

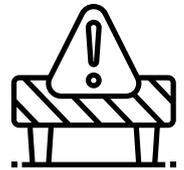
Company size

For large companies with over 250 employees was +18 points, however, it showed a 7-point decrease compared to the previous quarter. In contrast, medium-sized businesses with 100-249 employees registered a 9-point increase, closing the quarter at +16 points. Small businesses also experienced a slight increase, especially companies with 20-49 employees, where a 4-point rise was measured.

Regarding the components of the business Climate indicator, among SMEs, current profitability and expected business situation proved to be the strongest indicators (both +22 points), while the weakest was the current order backlog (-5 points). For large companies, the current business situation (+38 points) and expected business situation (+37 points) stood out, however, expected investment activity showed a significant 24-point decrease compared to the previous quarter.

Overall, based on the survey results, Hungarian businesses continue to view their economic situation positively, although the slightly increasing uncertainty and decrease in investment activity could be warning signs. The stable growth of the service sector and the optimism of companies focusing on the domestic market provide support for the economy, while caution among export-oriented companies and large enterprises may moderate economic growth in the coming quarters. To ensure further growth, it would be advisable to strengthen investment incentive programs and take economic policy steps to reduce market uncertainties.

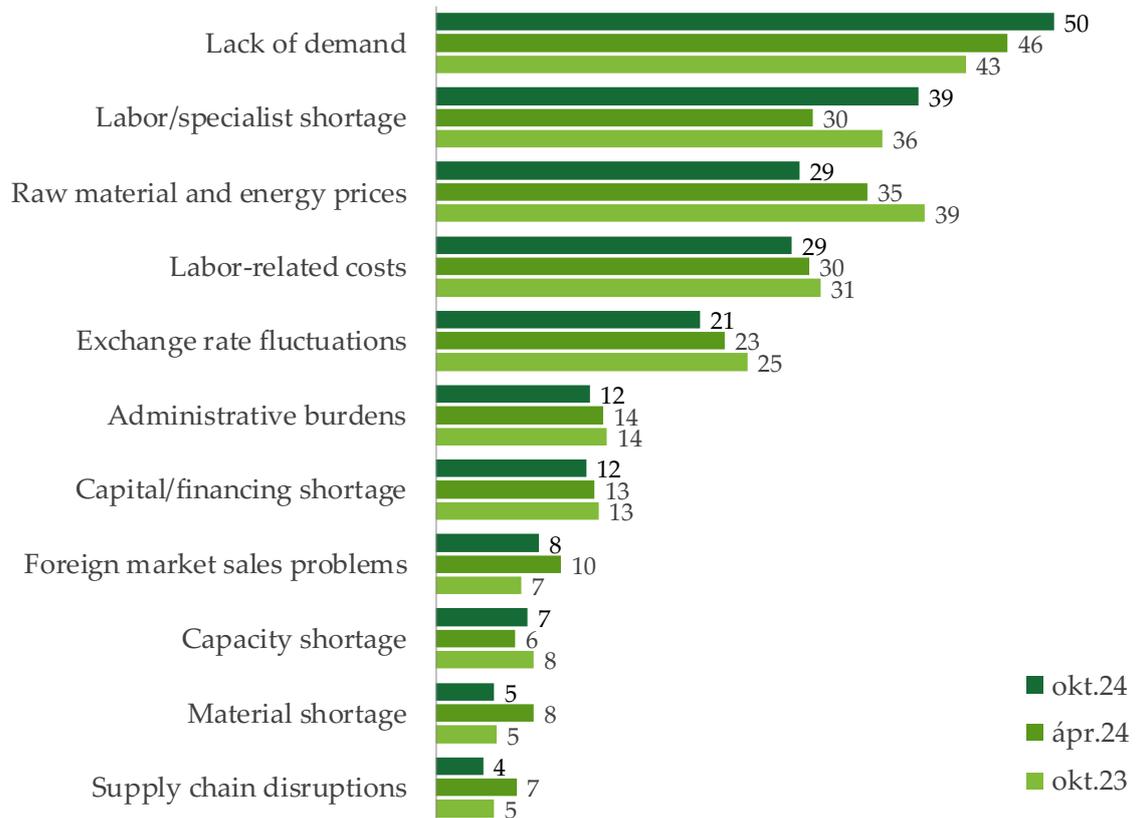
FACTORS HINDERING BUSINESS ACTIVITY



FEBRUARY, 2025

93%
of domestic businesses
experienced factors
hindering their
operations

The Hungarian Chamber of Commerce and Industry's Institute for Economic and Enterprise Research conducted a business climate survey in October 2024 to investigate how businesses employing at least two people support their employees who live in different settlements from their workplace, as well as local employees. The research covered 2,102 domestic businesses, and the results are considered representative of the distribution of businesses by economic sectors and size categories.



In the fall of 2024, 93% of domestic businesses experienced factors hindering their operations during the previous six months. Business activities were most impeded by lack of demand (46%) and shortage of labour and specialists (36%). Raw material and energy prices (30%) also caused significant difficulties for businesses, ranking third in the order of challenges. Labor-related costs (28%) and exchange rate fluctuations (18%) posed problems for roughly a quarter and a fifth of companies, respectively. Administrative burdens (13%) and lack of capital/financing (12%) were mentioned by more than a tenth of businesses. Less than a tenth of companies identified foreign market sales problems (8%), capacity shortage (8%), material shortage (6%), and supply chain disruptions (4%) as hindering factors.

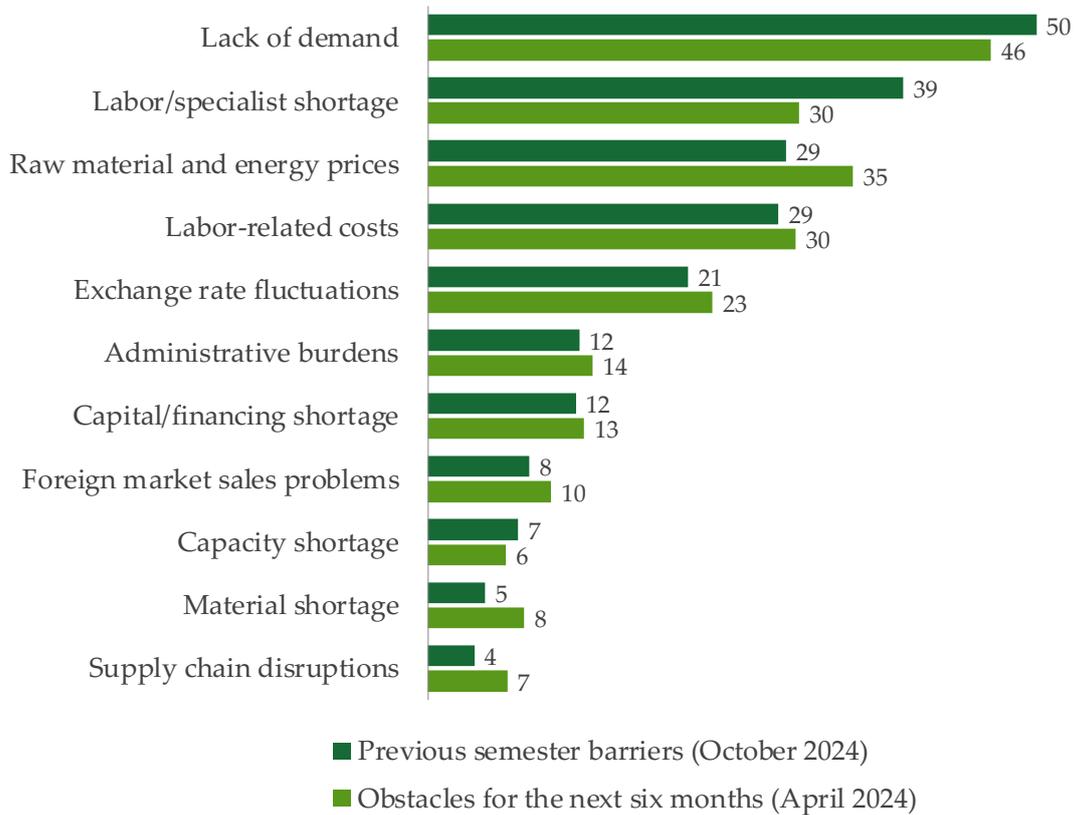
Fig. 2

Factors hindering domestic businesses' activities in the next six months, %

Source: GVI 2025



The main obstacles to doing business are a lack of demand (46%) and a shortage of labour and skills (36%).



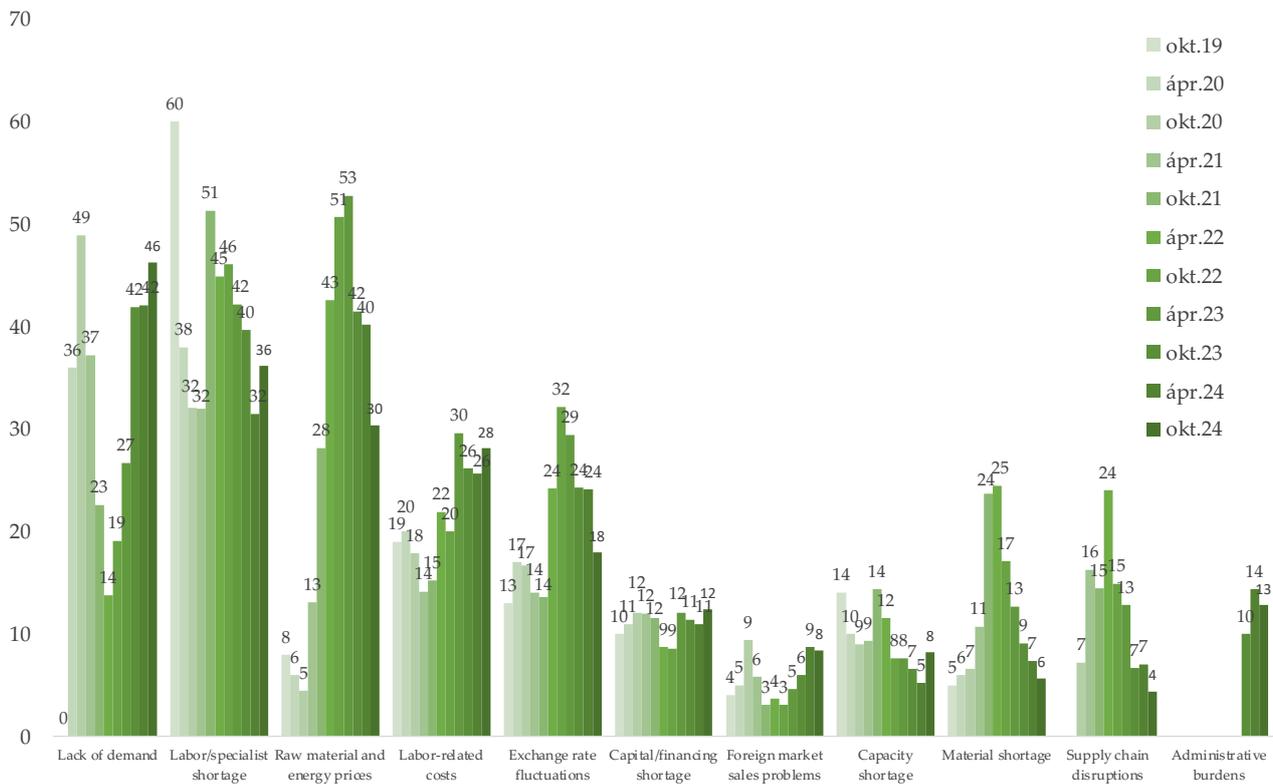
Regarding future business activities for the next six months, businesses remain similarly pessimistic as they were during the previous semi-annual survey in April 2024. In October 2024, 95% of companies anticipate some difficulty in the next six months, which is 1 percentage point higher than the value measured in the previous semester. Compared to the April 2024 economic survey results, there was a significant decrease in the proportion of business leaders concerned about raw material and energy prices (from 35% to 29%). However, there was a substantial increase in the proportion of executives who identified labour shortages (from 30% to 39%) and demand shortages (from 46% to 50%) among the three most important problems. Looking at the past year, material shortages and supply chain disruptions show a declining trend, while the frequency of other hindering factors has not changed significantly. Administrative burdens, which were first inquired about in the autumn 2023 survey, immediately ranked sixth on companies' future problem map, and this remained unchanged by autumn 2024.

Fig. 3

Comparison of hindering factors experienced in the six months prior to October 2024 and those expected for the next six months

%

Source: GVI 2025



According to IEER's semi-annual economic surveys, the biggest obstacles for businesses before the COVID-19 pandemic were labour and specialist shortages, as well as lack of demand. When the pandemic broke out, these factors changed significantly: labour shortages decreased, while demand shortages surged. After the crisis subsided, demand conditions recovered, but raw material and energy prices, as well as material shortages, became increasingly problematic. The Russia-Ukraine War further worsened the situation, particularly with supply chain disruptions and exchange rate fluctuations, while labour shortages and demand shortages remained at high levels. By 2023, raw material and energy prices had become the most significant obstacles, surpassing labour shortages and demand shortages. Supply chain problems were less dominant by this time. By spring 2024, lack of demand took the leading role, while the significance of raw material and energy prices decreased but remained a substantial problem. By autumn 2024, demand shortages and labour shortages continued to grow, while the hindering effects of energy and raw material prices, as well as exchange rate fluctuations, declined, indicating a restructuring of the economic environment.

Fig. 4

Factors hindering domestic businesses' activities in the previous six months between 2019 and 2024, %

Forrás: GVI 2025

INTERNATIONAL TRENDS

FEBRUARY, 2025



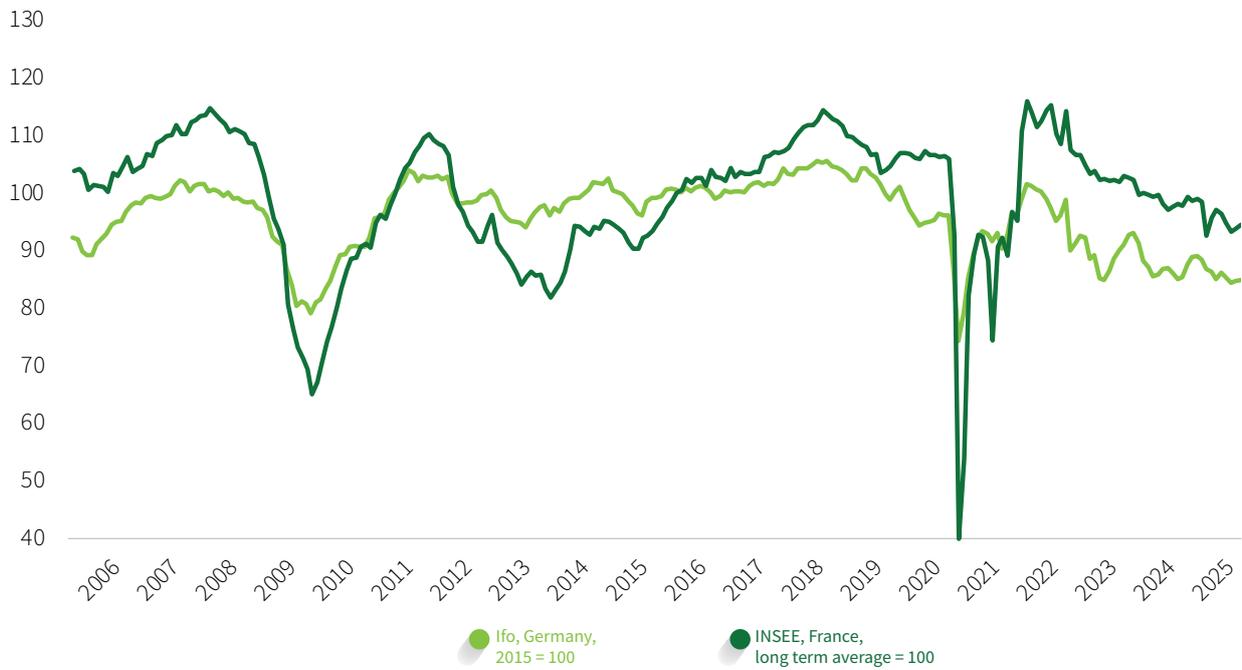
		Actual data	Expectations	Previous period
Germany	Unemployment Rate	6,2%	6,2%	6,2%
	Manufacturing Purchasing Managers Index	46,5	46,0	45
	IFO Business Climate Index ¹	85,2	85,4	85,1
France	INSEE Business Climate Index ²	95,6		96,1
EU	Economic Sentiment Indicator (ESI) ³	97,1		96,5
USA	Unemployment Rate	4,1%	4,1%	4,0%
	CB Consumer Confidence Index	98,3	102,7	104,1
	Manufacturing Purchasing Managers Index	50,3	50	50,9
China	Manufacturing Purchasing Managers Index	50,2	50,5	50,1

¹ <https://www.ifo.de/en/survey/ifo-business-climate-index-germany>

² <https://www.insee.fr/en/statistiques?debut=0&theme=30&conjoncture=23>

³ https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/business-and-consumer-surveys/latest-business-and-consumer-surveys_en

Source of more data: <https://www.bloomberg.com/markets/economic-calendar>



In Germany, the IFO business confidence index shows a slight improvement in February 2025, after a slight improvement in the previous month. The indicator shows a slight improvement in the perception of the current business situation and a slight improvement in expectations for the future business situation compared to the very beginning of 2025. The INSEE business confidence index for France has improved slightly for February 2025. Construction firms' business confidence shows a slight decline, while all other sectors show stagnation or a slight improvement. The EU's ESI economic sentiment index (aggregating business and consumer confidence indices of Member States) shows a slight improvement in January. The German manufacturing Purchasing Managers' Index (PMI) rose slightly. The unemployment rate remains essentially stagnant. The US CB consumer confidence index fell slightly in February. The manufacturing PMI in the US declined slightly, with a slight increase in China. The US unemployment rate increased by 0.1 percentage points in February.

Fig. 5

Business confidence in Germany and France, based on the Ifo and INSEE business climate survey, January 2005 – February 2025

Forrás: www.ifo.de,
www.insee.fr



CONTACT

MKIK GVI
1054 Budapest, Szabadság tér 7.
Tel: 1/235-05-84
e-mail: gvi@gvi.hu
Internet: <http://www.gvi.hu>

In case of publication please cite as follow:
HCCI IEER: *Monthly Bulletin of Economic Trends*,
13 February 2025, Budapest.