

MONTHLY MONITOR

October 2021

Századvég Economic Research Institute



SZÁZADVÉG

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1. Summary

CONSUMER PRICES INCREASED BY 5.5% IN SEPTEMBER

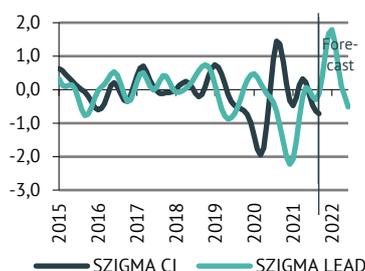
The rate of price increases accelerated from 4.9% in August to 5.5% in September. However, inflation is not only rising in Hungary, but also in the Eurozone, where it increased from 3.0% to 3.4%.

Several specific factors have contributed to the rise in inflation, such as the rise in oil prices, the increase in excise duties on tobacco products at the beginning of the year, high demand and price increases following the reopening of the economy. Given the regulated prices, the increase in energy prices is not directly reflected in consumer prices.

The annual increase in food prices accelerated from 3.7% in the previous month to 4.4%, in spirits and tobacco from 10.5% to 11.2%, in durable consumer goods from 4.4% to 5.1%, in energy from 0.4% to 0.6%, in other goods and fuels from 9.2% to 9.8%, and in services from 2.8% to 3.2%. The inflation rate for clothing was also 0.5% this month. To bring inflation back in line with the central bank's target, the Monetary Council of the Magyar Nemzeti Bank raised the base rate again by 15 basis points to 1.8% at its October meeting.

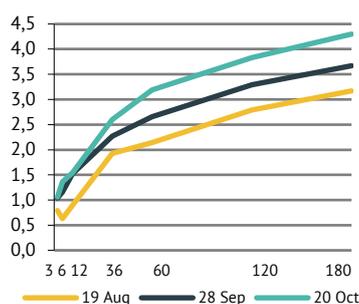
In August 2021, retail sales increased by 4.1% compared to the same period of the previous year, while it increased by 0.5% relative to the previous month. Within this, sales increased by 1.7% in specialised and non-specialised food shops, by 7.8% in non-food shops, while fuel sales increased by 2.3% on a year-on-year basis.

SZIGMA indicators



Source: Századvég

HUF yield curve (%)



Source: Refinitiv

Forecast (10 Sep 2021)	2021
GDP volume change (%)	7,8
Inflation (annual average, %)	4,7
Gross wages	8,4
Exchange rate (annual average)	353

2. Economic overview

2.1. External environment

Inflation accelerated in the Eurozone.

In September, inflation in the Eurozone accelerated from 3.0% in August to 3.4%, compared with the 0.3% deflation recorded in the area a year earlier. Similarly, the inflation rate in the EU rose by 0.4 percentage points in a month to 3.6%. Energy prices were again the main driver of inflation in September, rising by 17.6% over a year and 1.4% over a month, accounting for almost half of the increase, or 1.63 percentage points. Prices of other manufactured goods also rose at a rapid pace, by 2.3% compared with August, but annual growth was still moderate at 2.1%. In contrast, food, alcoholic beverages and tobacco were 2.0% and services 1.7% more expensive than a year earlier. Among the members of the Eurozone, Lithuania and Estonia recorded the fastest price increases (6.4% in both countries), followed by Poland (5.6%) and Hungary (5.5%). By contrast, the inflation rate in Malta was below 1% (0.7%), while in Portugal and Greece it was below 2% (1.3% and 1.9%, respectively).

Inflation also accelerated in the USA in September to 5.4%, the highest in 13 years in the world's largest economy. This is the seventh month in a row that the inflation rate is above the Fed's 2% target. The main reason for the rapid price increase is energy prices. In September, the price of fuel increased by 42.1% and that of heating oil by 42.6% compared to the same period of the previous year, but the prices of energy services also rose by 8.5%. Food prices also rose rapidly, but more slowly than the general inflation rate, by 4.6%. In contrast, the rise in the prices of other goods (7.3%) also pushed up inflation, mainly due to a 24.4% increase in the price of second-hand vehicles. Prices for services, however, rose at a moderate rate of 2.9%, primarily due to a 4.4% increase in transport costs.

On the 2021 Laureates of the Nobel Memorial Prize in Economic Sciences

This year, the Royal Swedish Academy of Sciences awarded the Nobel Memorial Prize in Economic Sciences to three scientists: the Canadian David Card, the American Joshua D. Angrist and the Dutch Guido W. Imbens. All three work in the US and have been awarded this high distinction for their “methodological contributions to the analysis of causality”.

In fact, this prize is not one of the “original” Nobel Prizes, as it was “only” created in 1968 by the Swedish central bank, in the year that it celebrated its 300th anniversary. The official name of the prize is the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel, awarded by the Royal Swedish Academy of Sciences. The prize carries an honorarium of ten million Swedish kronor (approximately HUF 356 million) in 2021. This is the 53rd time that the prize has been awarded, and so far, as this year, it has been split, with 89 laureates in its history.

This year’s laureates, D. Card, J.D. Angrist and G.W. Imbens, received this distinguished award for their work in the field of labour market and education, which has sought to answer the question of how to draw conclusions from the available data without experimentation. The increased importance of this topic is also underlined by the fact that in the case of economics there is no real way of carrying out experiments (as it is the case with laboratory experiments in physics or chemistry, for example); however, of course, if classical experiments cannot be carried out, a methodology must be developed that will allow the results of the studies to be described in a scientifically sound way.

Among this year’s laureates, D. Card excelled in analysing labour market processes, creating a method to study how changes in the minimum wage, migration and education policy affect labour market processes in a country. He found that an increase in the minimum wage does not necessarily lead to a reduction in the demand for labour and the number of

jobs. His research has also shown that the income of a country's inhabitants could increase if many immigrants move there, and that financial support for schools is even more of a determinant of students' chances in the labour market than it had been scientifically assumed.

The other two laureates, J.D. Angrist and G.W. Imbens, have shown through their academic research, among other things, that once a large social change has no control group, how to select data from a vast dataset to draw good conclusions.

2.2. SZIGMA indicators

The SZIGMA CI indicator, which provides a picture of the current state of the Hungarian economy, remained negative in September 2021, meaning

that the Hungarian economy continued to expand at a below-trend rate. The volume index for industry's domestic sales increased on both an annual and monthly basis in the eighth month of this year (by 13.1% and 1.1%, respectively), while export sales fell in both cases (by 1.6% and 4.0%, respectively).

New domestic orders were down substantially from the high level of the previous month (by 14.7%), but up 6.5% on the previous year. New export sales orders declined, however, on both an annual and monthly basis, by 15.7% and 18.3%, respectively. Risks to the industry's contribution to economic growth include shortages of raw materials, including the shortage of chips, and transport difficulties. The end-of-month volume of contracts in the construction industry increased on both a monthly and annual basis, by 1.7% compared to July 2021 and by 22.1% compared to August 2020. The number of new non-residential building projects was down 7.4% on the previous month, but up 22.1% on a year earlier in August 2021.

The SIGMA LEAD indicator, which reflects our expectations for the short-term performance of the Hungarian economy, indicates an above-trend expansion in the coming months, with economic growth rate only slightly below trend again at the end of the forecast period. The Ifo Business Climate index, which measures the business climate in the German

The SIGMA CI indicator remains negative.

economy, decreased by 0.8 index points compared with the previous month, while it was 6.4 index points higher in September 2021 than in the same month last year. As for the external environment, shortages of raw materials and transport difficulties are the main risks. Retail sales continued to expand in August 2021, suggesting that the sector could make a positive contribution to growth. Eurostat's consumer confidence index continued to fall in September 2021 on a monthly basis, by 2.6 index points, but remained slightly above its level of a year earlier (by 0.9 index points). Based on the negative value of the index (-18.5 index points), sales in the segment could be further increased by improving confidence. Overall, we expect the rate of economic growth this year to be close to 8%.

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



Source: Századvég

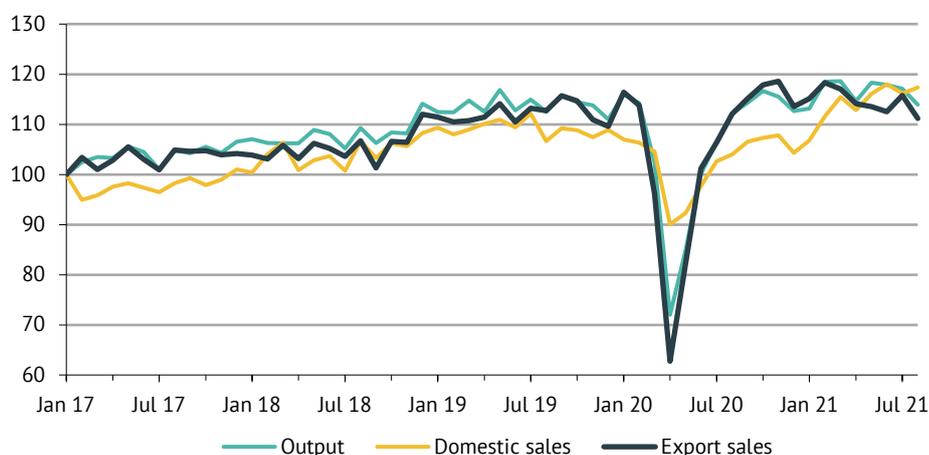
2.3. Real economy

Industrial production in August was 2.6% higher than a year earlier, according to raw data, and 0.6% higher after adjusting for working-day effects. However, compared to the previous month, the volume of production fell by 2.7%. The downturn was caused by a shortage of raw materials in the sector, particularly in the automotive industry. In August 2021, industrial sales were 5.8% higher than a year earlier. Within

The shortage of chips is hampering automotive production.

this, domestic and export sales showed different trends, with the former growing by 15.8% and the latter stagnating.

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



Remark: Seasonally and working-day adjusted data

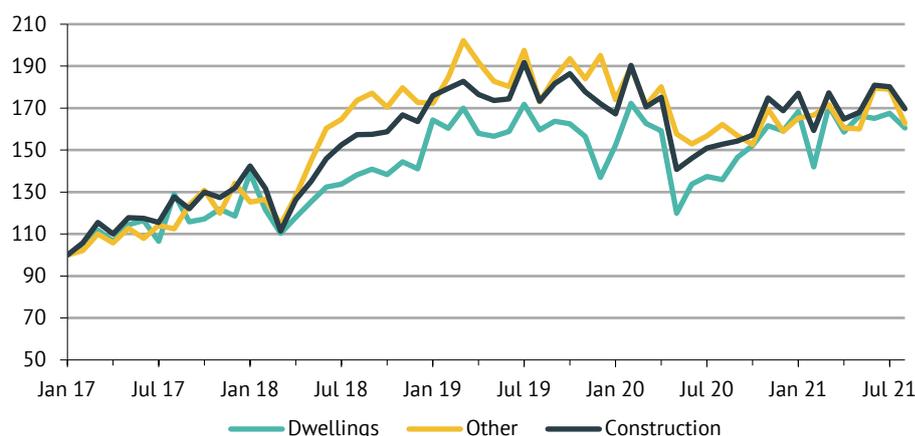
Source: HCSO, Századvég

Looking at the individual sectors of the industry, output in mining rose by 39.8%, manufacturing by 1.5% and energy by 10.1%. In 10 of the 13 manufacturing sub-sectors, output was up on the same period last year. The largest increase (40.5%) was in electrical equipment manufacturing, followed by the chemical industry (32.0%) and the metals industry (23.3%). At the same time, output in the automotive sector, the largest contributor to manufacturing, fell by a third as a result of the chip shortages. In the future, industrial output will be determined by shortages of raw materials and transport difficulties, as demand remains high. Total orders in the sector were 10.8% higher than a year earlier, with export sales orders up 11.9% and domestic sales orders down 2.5%. The volume of new orders was down 12.5% from a year earlier, with new domestic orders up 6.5%, but new export orders down 15.7% from last year's high base.

Construction output rose on an annual basis and fell on a monthly basis.

In August, construction output showed a mixed picture, up 10.2% from the low base of the same period last year and down 5.8% from the high of the previous month. The shortage of construction materials in the sector could have played a large role in the downturn compared to July. Compared with a year earlier, the construction of buildings rose by 16.3% and that of civil engineering works by 2.4%. On the demand side, the outlook for the sector is positive, with the total contract volume 22.1% higher than a year earlier, including a 24.0% increase in the volume of contracts for buildings and a 20.8% increase in the volume for civil engineering works. In August, the volume of new contracts was 39.9% higher than a year earlier, with new contracts for the construction of buildings down by 23.3% and those for civil engineering works up by 138.4%.

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



Remark: Seasonally and working-day adjusted data

Source: HCSO, Századvég

The volume of retail sales increased by 4.1%.

In August 2021, the volume of retail sales increased by 4.6% on a raw basis and by 4.1% on a calendar-adjusted basis compared with the same period of the previous year. Adjusted data show an increase of 0.5% compared to the previous month. In August 2021, the calendar-adjusted volume of sales increased by 1.7% in specialised and non-specialised food shops, by 7.8% in non-food shops and by 2.3% in fuel retail, relative to August 2020.

The turnover of parcel companies and internet shops continued its years of dynamic growth in August, up 21.2% year-on-year on a calendar-adjusted basis. More significant increases were also seen in the turnover of shops selling second-hand goods (12.8%) and shops selling textile products, clothing and footwear (19.9%). In addition, there was a higher increase in turnover in specialised shops selling a mixed range of manufactured goods (5.5%), pharmaceuticals and medicinal products (7.8%) and perfumes (7.4%). The sales of shops selling books, newspapers and stationery (3.1%) and of shops selling computers and other manufacturing goods (1.4%) also increased, although less than the turnover of retail shops. The sales volume of shops selling furniture and electric goods fell compared to August 2020 (by 4.4%). Calendar-adjusted data show that in August 2021, sales increased by 3.0% in non-specialised food shops and decreased by 2.5% 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

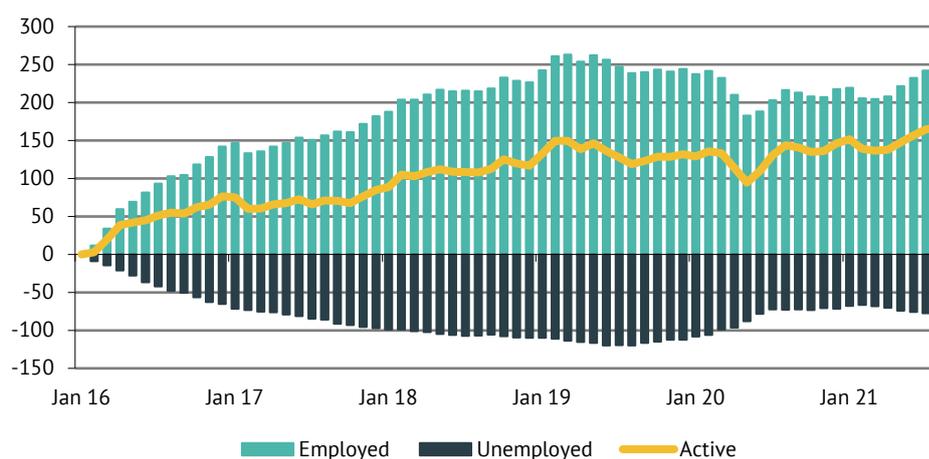
Source: HCSO, Eurostat, Századvég

The number of persons employed exceeded 4,635,000 in the summer months. This represents an increase of 22,800 compared to the spring months, while employment grew by 27,800 compared to the summer of 2020. In the summer months, the number of people employed was already

In the summer months, the number of employees was at the same level as before the crisis.

the same as in the last quarter before the crisis (Q4 2019). Activity also increased in the summer months, by 20,500 compared to the 3 months ending in May and by 24,500 compared to the same period last year. The activity rate stood then at 65.8% in the population aged 15–74. As a result of these two effects, unemployment fell only marginally, by 2,200 on a quarterly basis and by only 3,300 on an annual basis, to 201,000, according to seasonally adjusted data. This means an unemployment rate of 4.2%. In July, the number of employees rose by a further 7,000 to close to 2,864,000, according to seasonally adjusted data. Compared to a year earlier, the number of employees increased by 264,000. The increase was more significant in the business sector, which recorded a monthly increase of 11,000 and an annual increase of 258,800. In contrast, the number of employees in the public sector decreased by 4,200 compared to the previous month and by 9,500 compared to the same period of the previous year, based on seasonally adjusted data. This was mainly due to public employment, where the number of employees fell by 2,000 in a month and by 6,000 in a year to below 84,000.

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



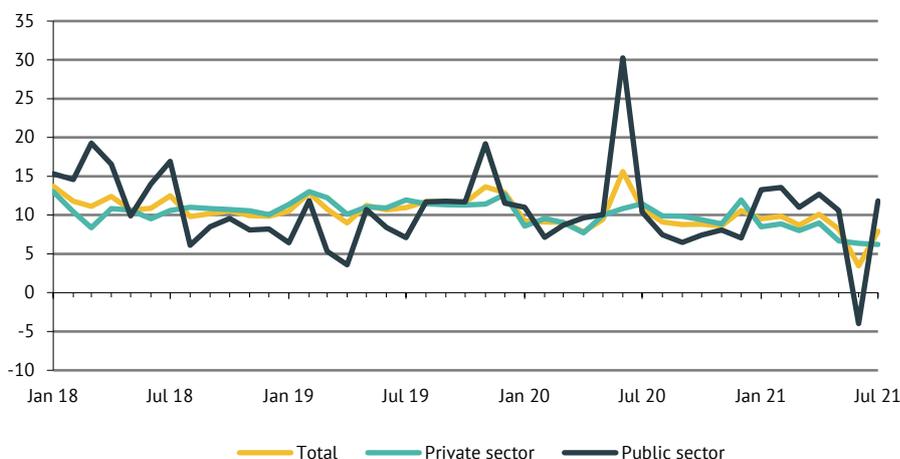
Remark: Seasonally and working-day adjusted data

Source: HCSO, Századvég

The average net monthly wage with discounts was close to HUF 300,000.

In the seventh month of the year, the average gross monthly wage increased by 7.9% to HUF 433,700, while the median wage rose by 7.5% to HUF 350,000 over a year. In the business sector, wage dynamics remain subdued in companies with 5 or more employees, with average earnings up 6.2% over a year. However, the composition effect also played a role, because the accommodation and catering industry, which resumed during the summer, continues to have the lowest average wages in the business sector, meaning that the increase in the number of employees there is holding back wage dynamics. In the public sector in contrast, average wages increased by 11.8% as a result of the wage decompressions. The average net monthly wage rose by 7.9% to HUF 288,400, and by 7.7% to HUF 297,100, if benefits are taken into account. Taking into account the impact of inflation, which fell to 4.6% in July, the former represents a 3.2% increase in real wages over a year.

FIGURE 6: GROSS WAGES (ANNUAL CHANGE, %)



Remark: Seasonally and working-day adjusted data

Source: HCSO, Századvég

2.4. External balance

The foreign trade balance remained in deficit in July and August.

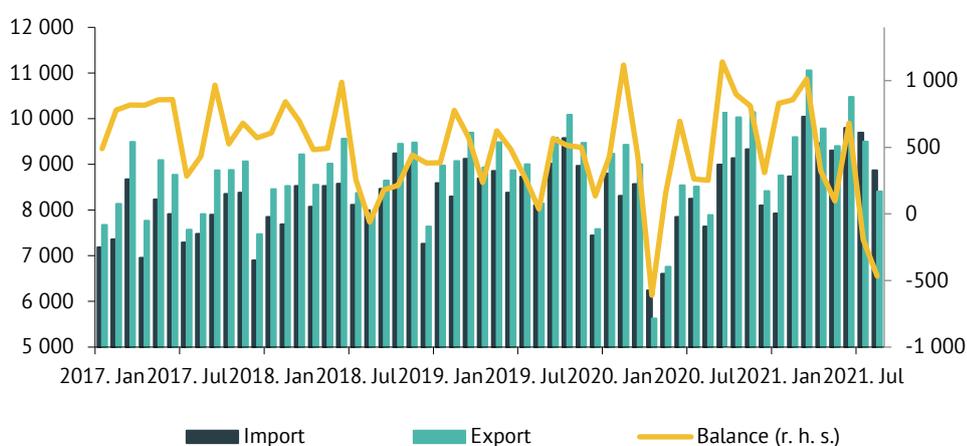
In July, the EUR value of product exports increased by 11%, and the EUR value of product imports increased by 15% year-on-year. The foreign trade deficit was, therefore, EUR 210 million, EUR 396 million less than in the previous year.

In July 2021, the volume of food product imports decreased by 0.6%, and food product exports increased by 4.5% year-on-year. As for energy carriers, imports decreased by 4.3% and exports increased by 12.7%. As for processed products, imports increased by 6.1%, exports increased by 3.4% on a year-on-year basis. As for machinery and transport equipment, imports increased by 5.9%, and exports by 5.4%.

in August 2021, the EUR value of exports was 5.2% higher, while the EUR value of imports was 16% higher than one year before. The foreign trade balance was minus EUR 467 million, which is 811 million less than one year before.

In August 2021, the current account balance was minus EUR 1034.9 million. The balance of the first eight months of this year is minus EUR 1147.4 million, better than the minus EUR 1488.1 million balance of January–August 2020.

FIGURE 7: BALANCE OF TRADE (IN MILLION EUR)



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

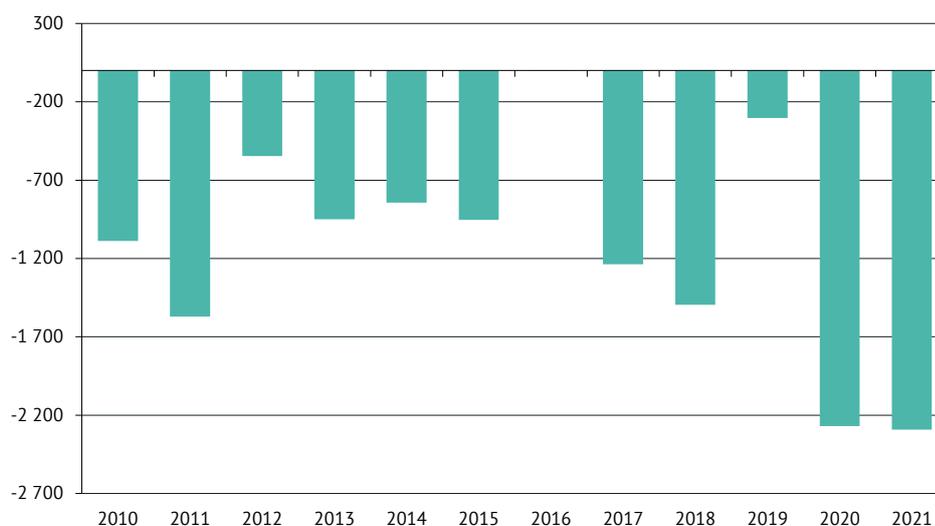
Source: HCSO

2.5. Fiscal outlook

The general government deficit is HUF 2,292 billion.

The central budgetary subsystem closed with a deficit of HUF 2,292.0 billion at the end of September 2021. This is attributable to the general government deficit of HUF 2,066.7 billion, the social security funds subsector's deficit of HUF 253.9 billion, and the extra-budgetary funds' surplus of HUF 28.6 billion.

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



Source: PM

Value-added tax revenues in January-September 2021 were HUF 615.9 billion (18.9%) higher than in the same period of the previous year. This was driven by increases in VAT paid on domestic, import and tobacco products, while the rise in refunds held back growth somewhat. Excise duty revenues also increased on an annual basis, by HUF 36.2 billion (4.1%) compared to the same period in 2020. This was typically driven by higher sales of fuel, spirits and other products, while demand for tobacco products declined due to stockpiling following the tax rate increase. Revenues from personal income tax exceeded their cumulative amount in January-September 2020 by HUF 270.4 billion (14.6%), while revenues from social contribution tax and social insurance contributions exceeded their cumulative amounts in January-September 2020 HUF 188.5 billion (4.7%).

Revenues from EU programmes amounted to HUF 776.0 billion and expenditure to HUF 1,408.0 billion in the first nine months of 2021. The most significant development projects financed from domestic resources are road development (HUF 172.9 billion), followed by transport sector programmes (HUF 143.5 billion) and the Hungarian Village Programme (HUF 134.5 billion).

2.6. Monetary developments

In September 2021, consumer prices increased by 5.5% 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 11.2% on average, while that of food products increased by 4.4%. 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 17.8% as compared to the same period of 2020.

The inflation rate increased to 5.5%.

More significant drivers of the 4.4% average increase in food prices were the 9.2% increase in poultry prices, the 15.1% increase in the prices of fresh vegetables, the 7.3% increase in the prices of restaurant meals, the 9.4% increase in pre-ordered menu meals at workplaces, the 17.4% increase in potato prices and the 32.6% increase in cooking oil prices. The latter was driven by the record high price of rapeseed, which is due to the fact that China has bought Ukrainian rapeseed and products made from it; not enough rapeseed enters, therefore, the Hungarian and European markets. Average food inflation was, however, held back by a fall in the prices of fresh Hungarian and southern fruits (1.8%), salami, dry sausages and ham (1.1%), pork (1.7%) and the rise of just 0.2% in the prices of Extrawurst, cold cuts, sausages.

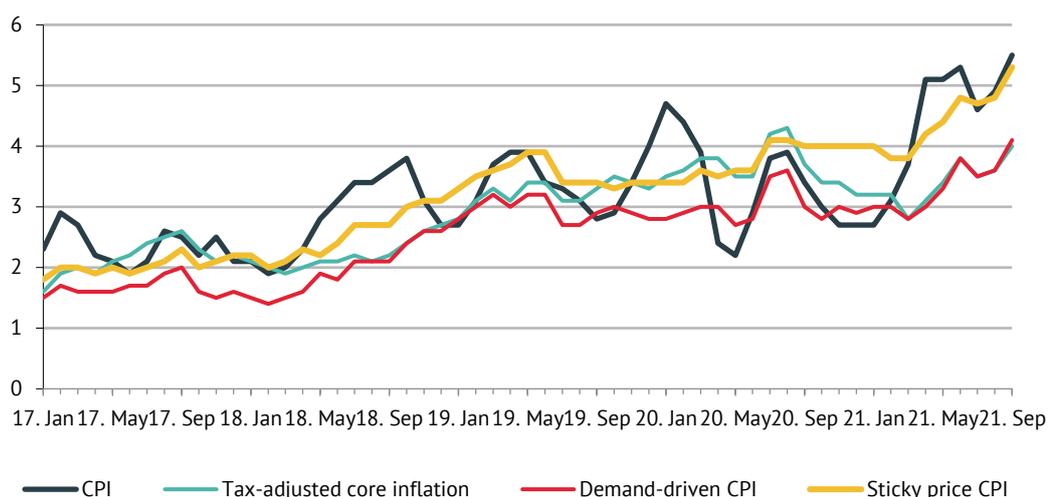
The prices of other products and fuels increased by 9.8% in September, year-on-year. Within this, the price of vehicle fuels increased by 21.6%, explained by the base effect and supply-demand imbalances.

The average increase in household energy prices was 0.6% in September, compared to the same period of the previous year. Within household energy, fuelwood prices increased by 4.0%, coal prices increased by 5.5%, and bottled gas prices increased by 3.3% in a single year. The price of electricity, pipeline gas and district heating remained unchanged.

In September, prices of services increased by an average of 3.2%, driven by a 4.0% increase of rents, a 5.7% increase in the prices of healthcare services, a 13.5% increase in the prices of home repair and maintenance, an 8.3% increase in the prices of vehicle repair and maintenance, and a 7.5% increase in the prices of personal care services. The average price increase of services was moderated by the 0.2% increase in gambling prices, the 6.4% decrease in the prices of other long-distance travels, and the 1.6% decrease in telephony and internet prices.

Clothing prices increased by 0.5% and the prices of durable consumer goods increased by 5.1% on average in a single year. Taking a closer look at the latter, one can see that jewellery prices increased by 12.9%, home furniture prices increased by 11.6%, new car prices increased by 7.9% and used car prices increased by 0.6%.

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



Source: MNB

Among the core inflation indicators published by the MNB, seasonally adjusted core inflation and core inflation net of indirect taxes both stood

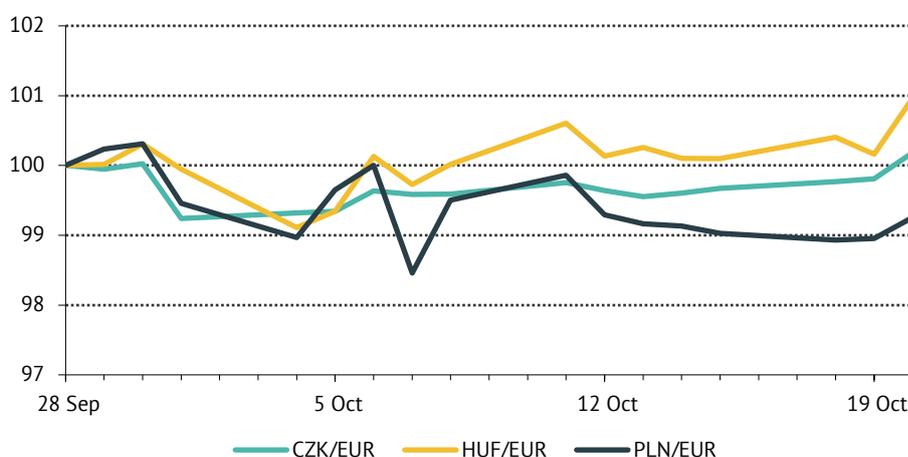
at 4.0% in September, while demand-sensitive inflation was 4.1%. The sticky price inflation rate was 5.3% in September.

Neither the ECB Governing Council nor the Federal Open Market Committee has met in the recent period. Eurozone interest rate conditions did, therefore, 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. Furthermore, the Fed's Federal Open Market Committee (FOMC), which decides on interest rates, has not changed its target range of 0%–0.25%.

Czech and Polish government bond yields continued to increase.

Exchange rates in the region showed a mixed picture in relation to the euro. The Czech koruna weakened by 0.2% and the Polish zloty strengthened by 0.7% against the euro over the past period. The Czech 10-year treasury securities' yields increased by 53 base points to 2.58%, the Polish 10-year yield increased by 62 base points, to 2.72%.

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



Source: Refinitiv

The Hungarian 5-year yield also increased.

Overall, indicators of the Hungarian financial and foreign currency markets have shown a mixed picture in the past period. The yield of 5-year treasury securities closed at 3.19%, rising 53 basis points. The HUF weakened by 1.0% against the euro, by 1.8% against the Swiss franc and by 1.4% against the US dollar. This means that on 20 October 2021, one euro was worth 363 forints, one US dollar was

worth 312 Forints and one Swiss franc was worth 337 forints. Sovereign debt held by foreigners has recently increased by HUF 86 billion to HUF 4,845 billion.

The MNB raised the interest rate again by 15 base points.

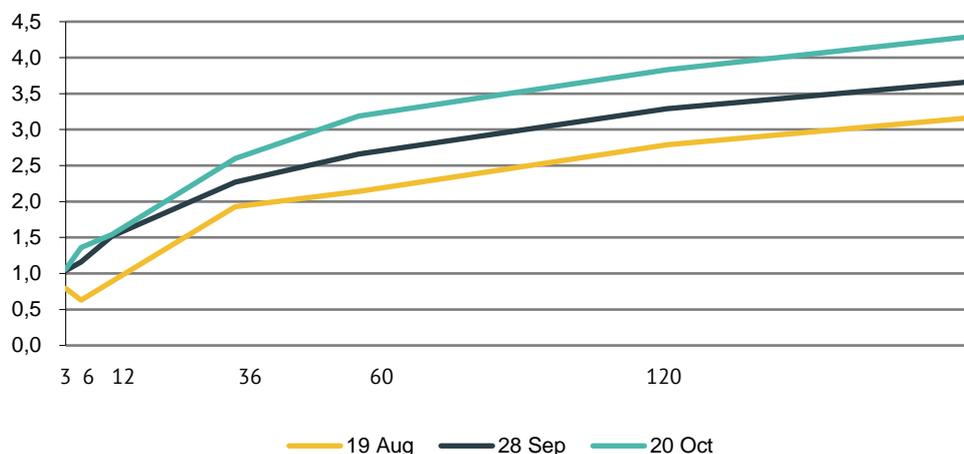
At its interest rate meeting in October, the Monetary Council of MNB raised its base interest rate by 15 base points; the base interest rate is, therefore, 1.8%. The MNB Monetary Council also moved the edges of the interest rate corridor symmetrically upwards by 15 base points, increasing the overnight deposit interest rate to 0.85% and the credit rate to 2.75%. The central bank also raised the interest rate on the one-week deposit instrument by 15 base points to 1.8%.

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. At its meeting in September 2021, the Monetary Council of the Hungarian central bank decided to lower the weekly purchase limit from HUF 50 billion to HUF 40 billion, with the possibility to deviate from it flexibly, as the central bank's holdings of treasury securities had risen close to the HUF 3,000 billion ceiling. The next time it decides to change the target amount of weekly purchases for the next quarter is at the December interest rate meeting. Furthermore, the central bank does not sell its treasury securities, but holds them until maturity. The Monetary Council also aims to keep short-term interest rates around the optimal level for the central bank in all segments. Taking this into account, the central bank is gradually phasing out its swap facility providing liquidity in forint.

Over the past month, yields on the secondary yield curve in the treasury securities market have risen by between 2 and 20 base points for shorter maturities. This means that the 3-month yield was 1.04%, the 6-month yield was 1.36% and the 1-year yield was 1.54% on 20 October. The 3-year yield increased by 33 base points to 2.6%. On a month-over-previous-month basis, 5-year yields increased by 53 base points, 10-year yields

increased by 54 base points, and 15-year yields increased by 50 base points. These three yields changed, therefore, to 3.19%, 3.83%, and 4.3%, respectively.

FIGURE 1: THE HUF YIELD CURVE (%)



Source: ÁKK, Századvég

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%. On 30 September 2021, the total value of treasury securities held by retail investors was HUF 6,108.18 billion after a HUF 190.68 billion increase from the HUF 5,917.5 billion level at the end of August 2021.

The share of foreign currency debt in the sovereign debt changed to 20.8% in September (corresponding to an increase of 2.5 percentage points), which is above the upper edge of the range (10–20%) specified in the financing plan for 2021 of the Government Debt Management Agency Ltd. On 21 September, 10-year bonds in the total value of USD 2.25 billion and 30-year bonds in the total value of USD 2 billion were issued, the former at 2.125% interest and the latter at 3.125% interest, and 7-year foreign currency treasury bonds in the total value of EUR 1 billion and at 0.125% interest were also issued by the Government Debt Management Agency Ltd.

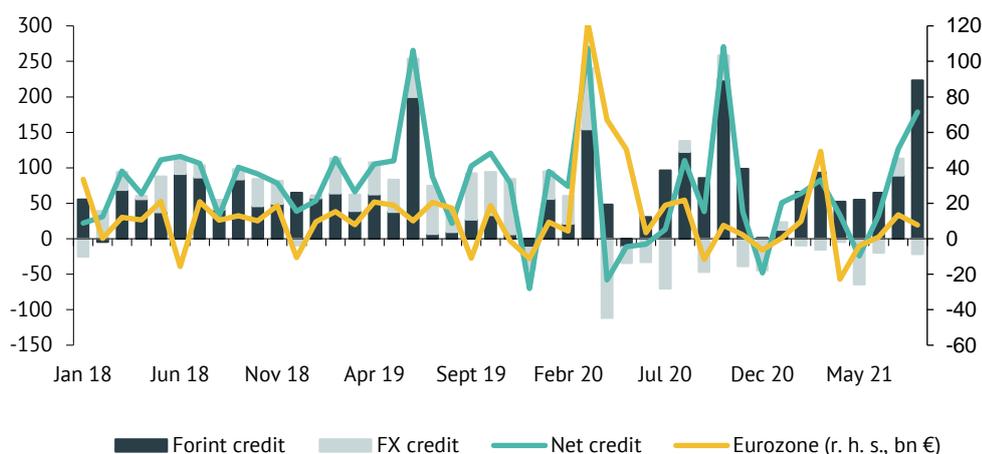
No major international credit rating agency has recently announced a date for a change or confirmation of the risk rating of Hungarian sovereign debt.

The rating of Hungary's sovereign debt is currently unchanged at Baa2 with stable outlook with Moody's, BBB with S&P and BBB with 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.

Seasonally adjusted data show that the net borrowing of HUF loans in the business sector was HUF 223.3 billion in August 2021. The net repayment of foreign currency debt was HUF 21.7 billion in August 2021, i.e. the aggregated value of business credits decreased. This means that, based on seasonally adjusted data, total net borrowing was HUF 178.8 billion in August. Corporate borrowing in the eurozone was EUR 7.814 billion in August 2021.

The net HUF borrowing of companies exceeded HUF 200 billion.

FIGURE 2: CORPORATE BORROWING (IN BILLION HUF)



Source: MNB, ECB

In August, the value of gross loan placement in Hungarian forints over and above bank overdrafts was HUF 88.7 billion, which is HUF 28.9 billion less than the amount of the previous month. The sum of newly granted euro-loans was HUF 30.7 billion, which is HUF 4.3 billion more than the figure for July.

3. Századvég forecast ¹

TABLE 1: Q3 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	17,9	7,7	7,5	7,8	6,8	5,3	5,0	4,9	5,5
Household consumption expenditure (volume index, %)	-2,5	-4,8	10,6	8,7	6,2	5,2	8,8	4,7	3,7	4,1	5,3
Gross fixed capital formation (volume index, %)	-7,3	-0,1	8,3	16,2	15,3	9,9	12,7	2,2	3,1	3,6	5,4
Export volume index (based on national accounts, %)	-6,8	3,3	33,0	5,6	5,5	11,9	5,2	7,9	7,2	5,9	6,6
Import volume index (based on national accounts, %)	-4,4	1,1	23,4	5,9	5,4	9,0	5,2	5,3	5,1	4,0	4,9
Foreign trade balance (bn EUR)	5,8	2,6	1,0	1,8	2,0	7,5	3,0	1,9	2,6	2,7	10,2
Consumer price index (%)	3,3	3,2	5,2	4,9	5,4	4,7	4,4	3,9	3,6	3,4	3,8
Central bank's base rate at the end of the period (%)	0,6	0,6	0,9	1,8	2,1	2,1	2,1	2,1	2,4	2,4	2,4
Unemployment rate (%)	4,2	4,5	4,1	3,8	3,7	4,0	3,8	3,7	3,5	3,5	3,6
Gross average earnings (year-on-year change, %)	9,7	9,3	7,2	8,8	8,1	8,4	9,6	10,9	10,7	11,3	10,6
Current account balance as a percentage of GDP	-0,1					1,0					2,1
External financing capacity as a percentage of GDP	1,9					2,7					3,9
General government ESA-balance as a percentage of GDP	-8,1					-7,2					-5,4
Government debt (% of GDP)	80,4					77,2					73,6
GDP based external demand (volume index, %)	-5,0	-2,1	17,9	7,7	7,5	7,8	6,8	5,3	5,0	4,9	5,5

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, %)	5,8	7,8	1,9	4,7	5,5	0,8
Household consumption expenditure (volume index, %)	3,7	5,2	1,5	5,3	5,3	0,1
Gross fixed capital formation (volume index, %)	7,2	9,9	2,8	8,3	5,4	-2,9
Export volume index (based on national accounts, %)	11,9	11,9	0,0	6,3	6,6	0,3
Import volume index (based on national accounts, %)	9,7	9,0	-0,8	5,7	4,9	-0,8
Foreign trade balance (bn EUR)	7,9	7,5	-0,4	9,2	10,2	1,0
Consumer price index (%)	3,9	4,7	0,8	3,5	3,8	0,3
Central bank's base rate at the end of the period (%)	1,20	2,10	0,9	1,5	2,40	0,9
Unemployment rate (%)	4,0	4,0	0,0	3,6	3,6	0,1
Gross average earnings (year-on-year change, %)	9,4	8,4	-1,1	10,3	10,6	0,4
Current account balance as a percentage of GDP	0,6	1,0	0,4	0,8	2,1	1,3
External financing capacity as a percentage of GDP	2,5	2,7	0,2	2,9	3,9	1,0
General government ESA-balance as a percentage of GDP	-7,9	-7,2	0,7	-6,1	-5,4	0,7
Government debt (% of GDP)	80,1	77,2	-2,9	79,6	73,6	-6,0
GDP based external demand (volume index, %)	4,2	5,1	0,9	4,4	4,6	0,2

Source: Századvég-calculati

¹ The forecast is valid as of 10 September 2021

