Monthly Bulletin of Economic Trends

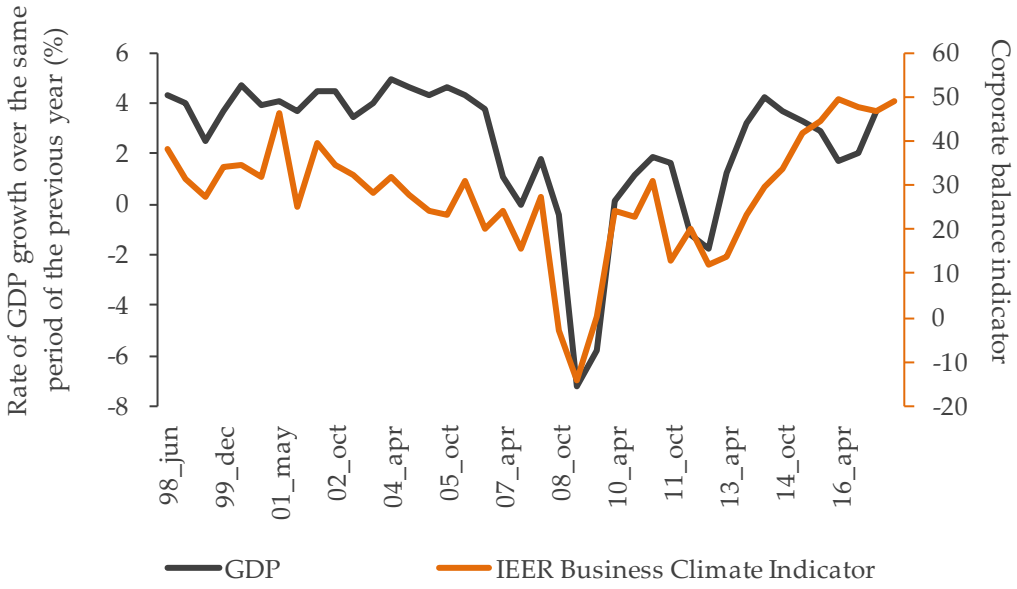
November-December 2017

Results of the IEER Business Climate Survey October 2017

The latest wave of the IEER Business Climate Survey is based on the responses of 3064 enterprises. According to the results the IEER Business Climate Index increased to +49 points in October 2017 from +47 points in April 2017. The value of the Uncertainty Index has decreased by two points (October 2017: 42 points).

According to the currently available GDP data, it can be concluded that in the first half of 2017 the gross domestic product of Hungary has increased (3.7%).

Figure 1: Developments in the IEER Business Climate Index and in the Hungarian GDP, 2006-2017

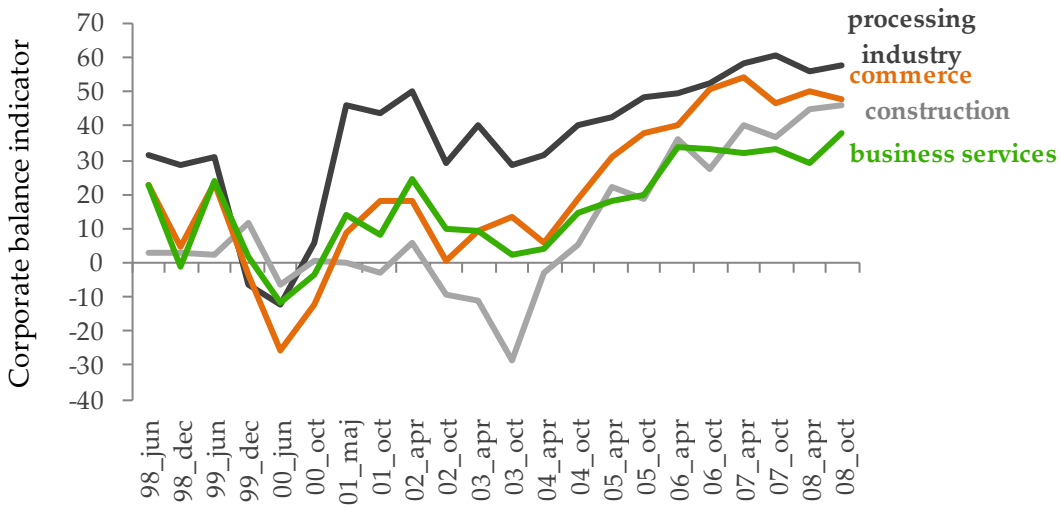


Source: IEER 2017

The Business Climate Index according to the characteristics of the SMEs

According to economic sectors we can observe that the companies of processing industry (58 points) are more optimistic than the companies of construction (46 points), business services (43 points) and commerce (38 points). A significant shift compared to April 2017 has occurred in case of the companies of business services, where the value of the index increased by 9 points compared to April.

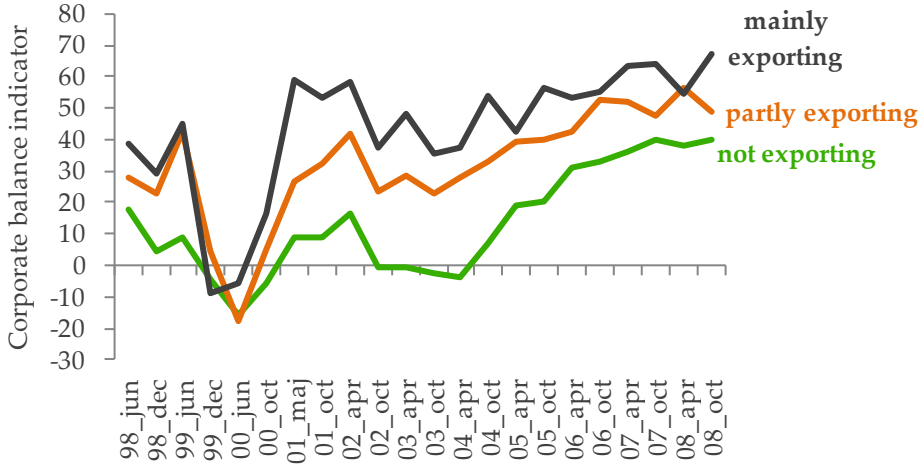
Figure 2: IEER Business Climate Index according to economic sectors, 2006-2017



Source: IEER 2017

By export activity we can conclude that the Business Climate Index of the mainly exporting firms is the highest (67 points). The value of the index is 49 points in case of the partly exporting companies. The businesses producing exclusively for the domestic market (40 points) fall short compared to the other two categories. The value of the indicator has increased by 13 points in case of the mainly exporting companies, while it has decreased by 7 points in case of the partly exporting businesses compared to April 2017.

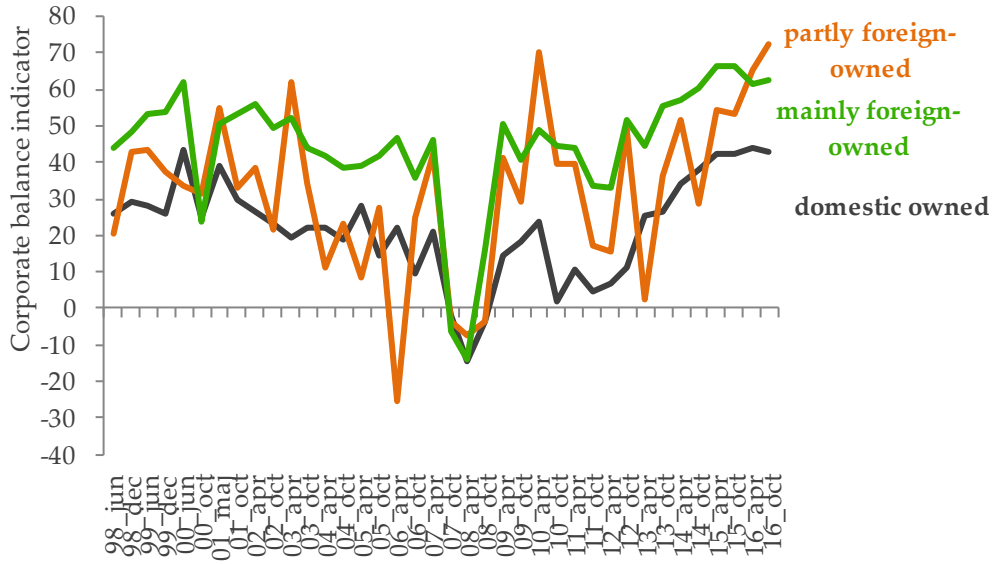
Figure 3: IEER Business Climate Index according to export activity, 2006-2017



Source: IEER 2017

According to the ownership structure, the Business Climate Index of the partly foreign-owned businesses (73 points) is the highest, the indicator is also high at exclusively foreign-owned enterprises (62 points) and it is low (43 points) in case of the Hungarian owned enterprises. Compared to the previous half year, a significant increase (by 7 points) has occurred in the value of the Business Climate Index of the partly foreign-owned companies.

Figure 4: IEER Business Climate Index according to ownership structure, 2006-2017

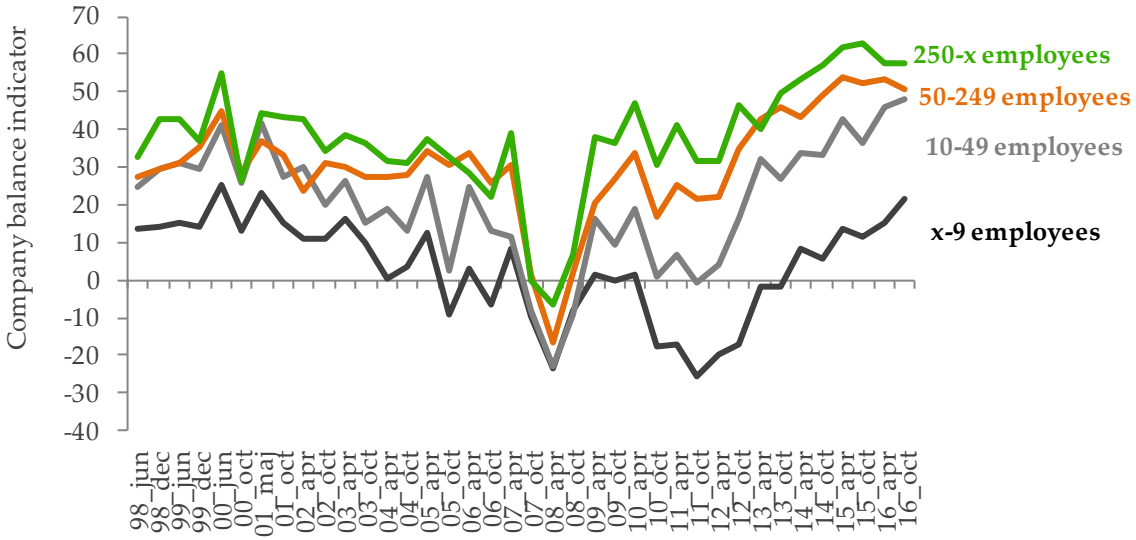


Source: IEER 2017

Regarding the size of companies, we can observe that the expectations of the largest businesses (58 points) is the most favourable, there is no remarkable difference between the companies with 50-249 employees (51 points) and firms with 10-49 employees (48 points). The lowest value (21 points) was observed in case of the smallest firms. Compared to the previous half year, a significant increase (by 6 points) has occurred in the value of Business Climate Index of the smallest companies.

In sum, the favourable business climate is mostly perceived by the partly foreign-owned, mainly exporting businesses in the processing industry with more than 249 employees.

Figure 5: IEER Business Climate Index according to company size, 2006-2017



Source: IEER 2017

Possible Impacts of Automation on the Hungarian Market Labour, 2012-2016

The spread of automation could generate significant changes in the labour market. The dissemination of new technologies could result in the entire automation of certain vocations, or it could change the professional tasks in case of other vocations. In the following HCCI IEER analysis the changes in the Hungarian labour market between 2012 and 2016 are studied in vocations potentially affected by automation.

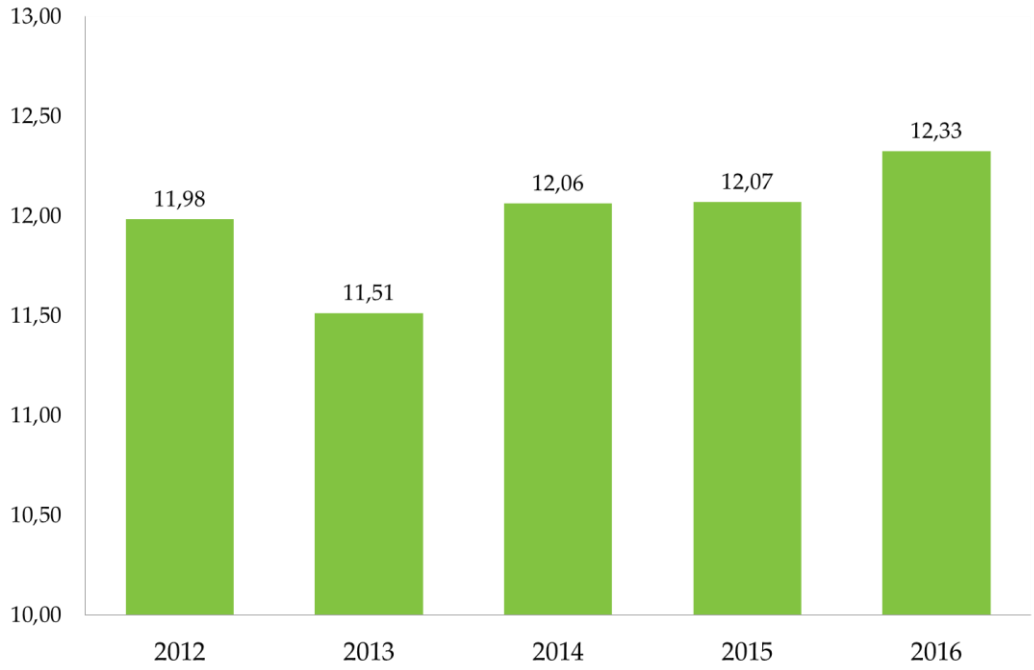
The new (digital) industrial revolution causes significant transformations in the labour market. With the dissemination of new technologies, the entire automation of certain vocations can be expected, while in case of other vocations the tasks linked to the vocations can change. As a consequence of the technological changes in case of vocations that can be fully automated there will be a drop in available jobs; thus, there will be lower demand for unskilled workforce, while at the same time in other fields the demand for highly skilled workforce will rise. The widespread use of different kinds of software for data collection, data capture and data processing, or internet sales, self-service shopping and last but not least the robotization in the fields of industry and logistics demonstrate the dissemination of automation.

In our 2016 analysis the already globally existing and applied – i.e. not being currently tested – technologies were considered in studying the possible impacts of automation on the labour market in Hungary. In the analysis, out of the narrowly defined vocations that could be automated 55 existing jobs were found in Hungary that could be replaced with the launch of the existing technologies. One third of the affected vocations belongs to the industry, mainly to the processing industry, about one fifth is office administration work, and another one fifth belongs to logistics and vehicle driving, other vocations can be found in the construction and services sectors. The analysis of these vocations shows that about 12% of the Hungarian workplaces are estimated to be replaced; in 2015, it would have affected 513,000 employed persons. On regional level, the most affected counties and districts are those where the employment is rate is high, i.e. the number of employed persons affected by potential automation is the highest. The potential negative effects could mostly hit those regions where the number of people looking for jobs is currently high, and in case of inefficient adjustment automation could kill even more jobs in the future. Based on the Automation Exposure Index (AEI) the most vulnerable districts are in the Northern- Hungarian counties, and exposure does correlate with the development level of the districts.

Employed persons in the affected professions

There were about half a million employed persons in the 55 vocations that are considered being replaceable in each studied year. In 2013 there were 452,000 people employed in these jobs, while in 2016 the number of these was the highest: 535,000 (See Figure 1). On the whole, the number of employed persons in vocations that can potentially be automated increased since 2012. The rate of these people compared to the total number of employed persons also shows increase. This increase is small, which demonstrates that the rate of employed persons in vocations that can be automated is stable: around 12% of the Hungarian employed persons work in the affected jobs.

Figure 1: The rate of employees working in jobs that can be automated compared to the total number of employed persons, 2012-2016, %



	2012	2013	2014	2015	2016
Number of the affected persons	532 112	452 139	462 772	513 739	535 269
Total number of employed persons	4 440 314	3 926 978	3 836 361	4 256 186	4 342 686

Source: HCCI IEER (MKIK GVI)

In 40 out of the 55 affected vocations the rate of the employed persons decreased compared to that of 2012. The highest drop happened in the cutting-sewing jobs; in 2012, there were about 25,000 employed persons, while in the following years the number decreased to about 18,000 people. The change in the number of employed persons is different

within professional groups in the affected vocations. In the industry where automation is the most relevant the number of employed persons decreased by 1174 persons per vocation on average compared to 2012. There is also a decrease in the construction sector (on average 634 persons per vocation). Both in the industry and the construction sector there is a drop in employment in every affected vocation. By 2016 there was a slight decrease on average by 16 persons in the office administration work. In the fields of transport, vehicle driving, logistics and services there was an increase: in the first three vocations on average there were 2000 more employed persons, while in the fourth vocation the number of employed persons grew by 1500 since 2012. In the services sector the number of institutional cleaners significantly increased, and another relatively significant increase can be seen in the number of waste sorters and in the number of fast food restaurant crew members, while the number of different cashiers and salespeople was relatively stable since 2012.

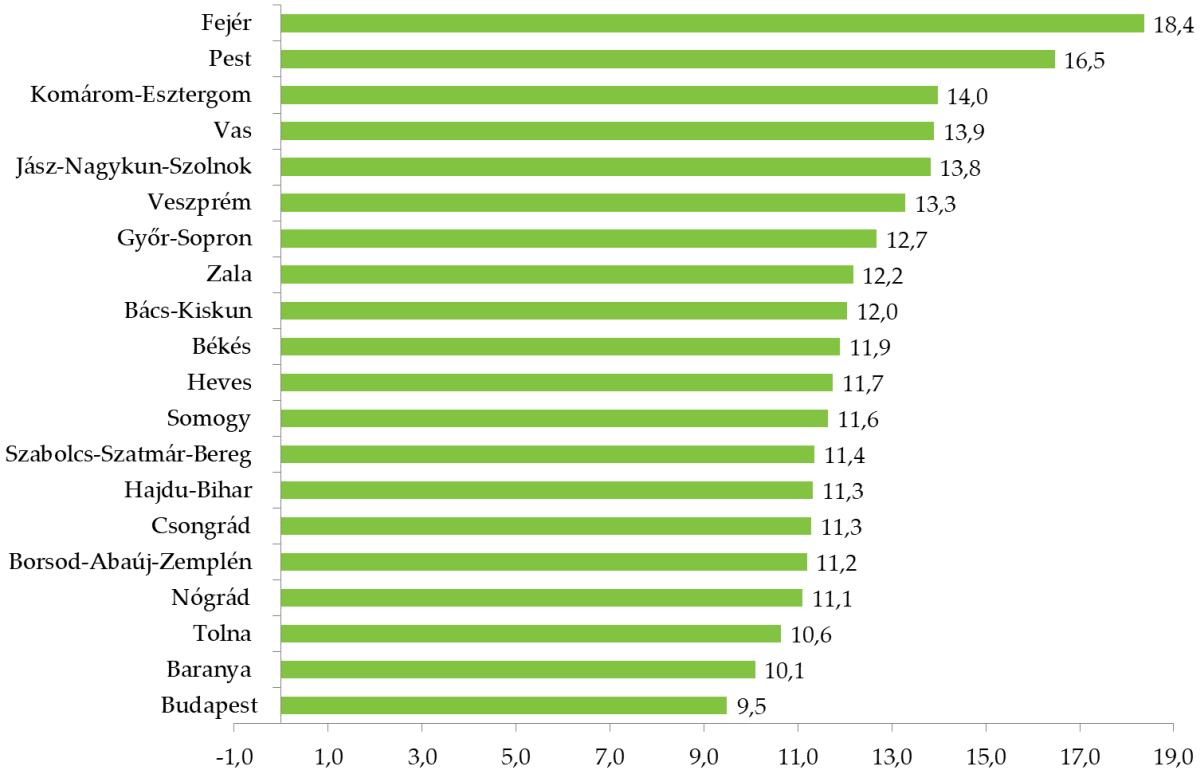
The rate of employed persons in vocations that can be automated on a regional level

As can be seen in those jobs that could potentially be automated the rate of the employed persons was relatively stable since 2012. It was around 12%, but there was a slight increase in each year since 2013. The same tendency prevails on county level as well: in most of the counties the rate of those working in the affected jobs slightly grew. The rate of workplaces that could potentially be automated was the highest in Fejér and Pest counties in each examined year. In case of both counties it can be stated that the rate of the affected employed persons was significantly higher than that of the national average: during the examined five years in Fejér and in Pest counties 18% and 17% of the employed persons respectively worked in jobs that could potentially be automated. The lowest rate of employed persons working in jobs that could potentially be automated was in Budapest and Baranya county in each examined year; here 10-10% of the employed persons are affected (See Figure 2). Out of all the counties Jász-Nagykun-Szolnok, Szabolcs-Szatmár-Bereg, Borsod-Abaúj-Zemplén and Nógrád counties had the highest increase in the rate of employed persons working in jobs that could potentially be automated.

Similarly, to the county level the district level shows no significant changes concerning which the most affected districts were in the previous years. The rate of the employed persons in vocations that can be automated was the highest in Csenger district in each examined year. But it can also be claimed that in the same district the rate of those affected decreased significantly since 2012: while in 2012 almost half of the employed persons worked in the affected fields, after 2015 this rate was less than 40%. According to the latest data of 2016, in case of the most affected districts only Sárospatak district had the same tendency (in 2012 27% of the employed persons worked in the affected positions, while the rate changed to about 20% in 2015). In other districts the rate of the affected employed persons stabilized and increased to some extent. In each examined year the least affected districts were the ones where the rate of employed persons was low,

for example, Cigánd, Bátorterenye, Tét and Putnok districts. Budapest is also less affected; in each examined year, the rate of the employed persons in vocations that can be automated was below 10%, but since 2013 the rate of those affected slightly grew (2012: 9,41%; 2013: 9,27%; 2014: 9,28%; 2015: 9,65%; 2016: 9,85%).

Figure 2: The average rate of the employed persons in vocations that can be automated per county between 2012 and 2016 compared to the total number of employed persons, percentage



Source: HCCI IEER (MKIK GVI)

Table 1: The rate of the employed persons in vocations that can be automated in the least affected 15 districts in 2016 between 2012 and 2016, percentage

	2012	2013	2014	2015	2016
Nyíregyháza	9,01	8,66	8,98	9,78	9,50
Edelény	10,90	10,71	9,22	9,66	9,21
Bóly	8,90	8,67	8,97	9,99	9,17
Sárbogárd	10,93	9,59	9,61	9,64	9,17
Paks	10,63	10,13	9,65	8,94	9,07
Pécs	7,16	7,91	8,12	9,07	9,05
Kazincbarcika	8,90	8,50	8,14	8,81	8,54
Csurgó	14,25	9,53	8,24	9,58	8,53
Martonvásár	7,89	7,80	8,35	9,26	8,47
Szob	14,13	9,79	9,67	8,10	8,46
Tokaj	9,85	9,10	6,64	8,26	8,45
Putnok	11,30	7,19	7,47	7,32	7,77
Bátonyterenye	5,71	6,88	6,55	7,82	7,62
Tét	8,06	7,45	6,68	7,55	7,39
Cigánd	8,96	6,80	8,26	9,84	6,96

As can be seen automation mostly affects those fields where the rate of employment is relatively high. The most vulnerable fields, however, are the ones where the unemployment rate is high, and at the same time automation means a threat to the already existing jobs in the future. This impact is measured with the Automation Exposure Index (AEI). The index is gained from the rates of long-term jobseekers, of the registered jobseekers and of the employed persons in jobs that can be automated. The maximum value of the index could be 100; higher value signifies higher exposure to the potential negative impacts of automation in the given district. The value of the AEI examined from 20141 demonstrates that the growth in the rate of those affected correlates with the increase in the value of the exposure index in most of the counties. During all three examined years the most affected county was Szabolcs-Szatmár-Bereg where the value of AEI was on average above 22 per district. Nógrád and Borsod-Abaúj-Zemplén counties have similar AEI values. The least affected county was Győr-Moson-Sopron, where the average AEI was below 13. Veszprém and Komárom-Esztergom counties also belong to the least affected ones (See Figure 3).

[1] Data are available for 2014 on district level rates of long-term jobseekers, of the registered jobseekers, thus the exposure index can be calculated from this year.

Table 2: The average value of Automation Exposure Index (AEI) per county between 2012 and 2016

	Automation Exposure Index		
	2014	2015	2016
Budapest	18,8	19,0	19,1
Baranya county	19,4	19,7	19,5
Bács-Kiskun county	19,6	19,8	19,5
Békés county	17,7	18,2	18,0
Borsod-Abaúj-Zemplén county	20,3	20,7	20,6
Csongrád county	18,2	18,5	18,4
Fejér county	18,6	18,8	18,6
Győr-Sopron county	12,2	12,7	12,5
Hajdu-Bihar county	20,1	20,5	20,3
Heves county	19,7	19,8	19,6
Komárom-Esztergom county	16,9	17,0	17,1
Nógrád county	21,0	21,5	21,8
Pest county	20,0	20,1	20,2
Somogy county	19,0	19,3	19,3
Szabolcs-Szatmár-Bereg county	22,2	22,2	22,5
Jász-Nagykun-Szolnok county	19,1	19,4	19,7
Tolna county	18,7	18,6	18,6
Vas county	18,6	19,4	19,2
Veszprém county	16,6	16,8	16,6
Zala county	19,7	19,8	19,6

Every year on district level, Csenger district has the highest AEI value; this district has the highest rate of the employed persons in jobs that can be automated (each year the value was above 30). Záhony, Baktalórántháza, Bicske, Budakeszi and Gyál districts can also be regarded as highly affected, because in each examined year the value of AEI was above 25 in these districts. The lowest value of AEI can be found in Kapuvár, Sopron, Pannonhalma and Tét districts (between 9 and 14) in all there examined years.

Characteristics of key labour market indicators in Hungary

Using key labour market indicators this analysis provides an insight into the labour market situation in Hungary focusing on the current and previous years. With some charts based on the data of the Hungarian Central Statistical Office (HCSO) on employment and unemployment rates and on the data adjusted with the number of public workers the Hungarian labour market situation from 2000 to the second quarter of 2017 is demonstrated. Results gained from both the data published by HCSO and the adjusted data with the number of public workers on employment and unemployment rates show gradual improvement. This improvement in case of the adjusted data is slower than in case of the data published by HCSO.

Unadjusted and adjusted labour market indicators

Labour market indicators used in the analysis come from the number of the employed persons, the rate of employment, the rate of unemployment and the gross average monthly salary. The used data are the infra-annual indicators on the labour market by the Hungarian Central Statistical Office. In most of the indicators quarterly data were used, except for the gross average monthly salary, where annual data were available. Data on public works were available from the first quarter of 2009, thus the number of the employed persons, the employment rate and the unemployment rate were also demonstrated only from the first quarter of 2009 to the second quarter of 2017. In the figure where the rate of GDP growth and the number of the employed persons are compared data from the first quarter of 2003 are demonstrated. Finally, data in case of gross average monthly salary in the private sector were accessible from 2000, while data in case of the public sector and the public works were available from 2008 and 2013 respectively.

The characteristics of employment and unemployment are demonstrated with unadjusted and adjusted indicators. While the unadjusted values are the data provided by HCSO, the adjusted values are the modified version of the former. The data on employment and unemployment published by HCSO were modified so that those indicators should not be influenced by the number of public workers. Ágota Scharle's paper entitled 'To What Extent Has Employment Increased in Hungary Since 2008?'[2] was used as a base for this analysis. In her paper, the economist claims that the Hungarian employment and unemployment indicators measured by HCSO data are distorted by several factors. Out of these factors the expansion of public works and the changes in the statistical method of counting persons participating in retraining programmes have the most outstanding distorting effects. Therefore, in this analysis adjusted indicators of employment and unemployment are also published, namely the number of public workers were not included. Thus, within the employment the adjusted data do not include those who cannot find employment in the private sector. By publishing the unadjusted and the adjusted

[2] Scharle Ágota: To What Extent Has Employment Increased in Hungary Since 2008, Társadalmi Riport 2016, Tárki, page 54.

indicators a more exact situation can be described on the current characteristics of the Hungarian labour market.

Figure 1: Number and adjusted number of employed persons, 2009-Q2 2017

Figure 2: Employment rate and adjusted employment rate, 2009-Q2 2017

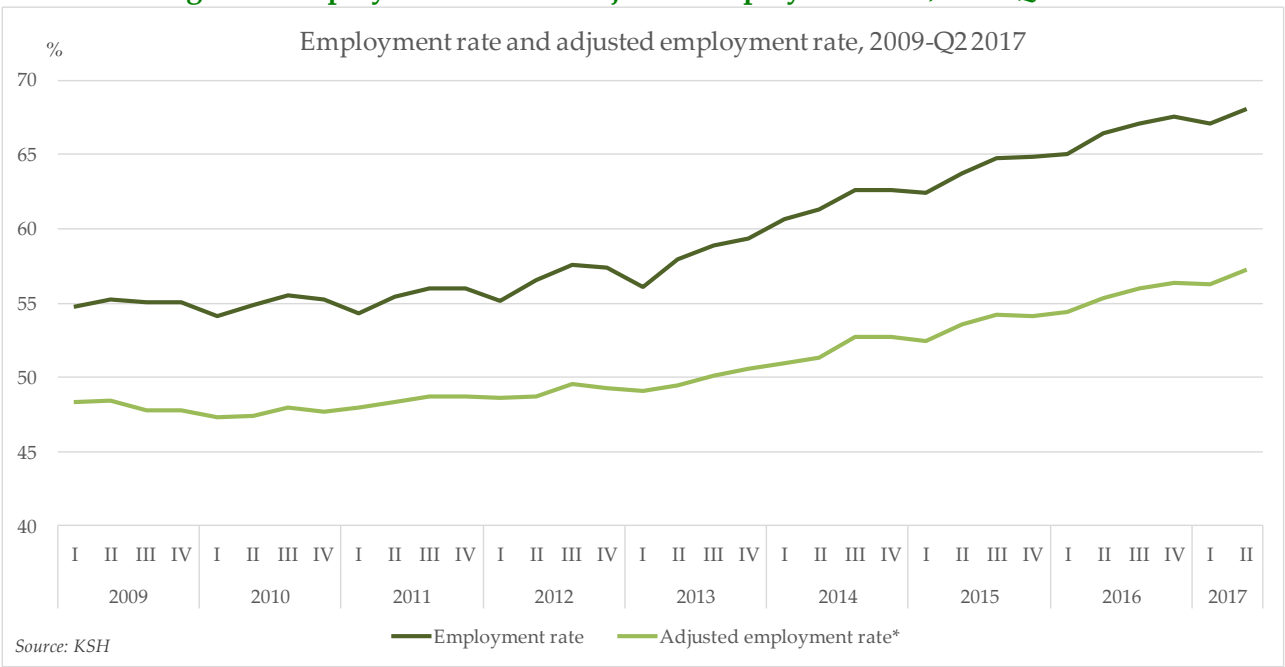
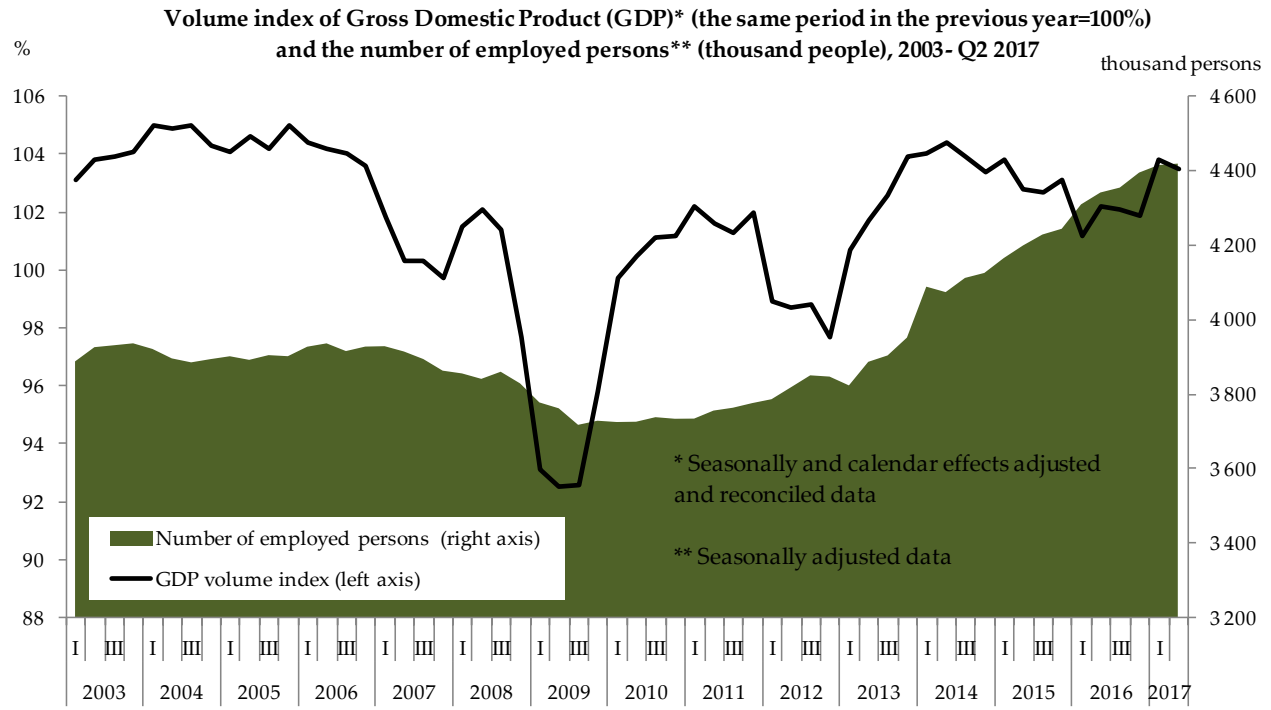


Figure 3: Volume index of Gross Domestic Product (GDP)* (the same period in the previous year=100%) and the number of employed persons (thousand people), 2003-Q2 2017**



Source: HCSO

Employment characteristics

Figure 1 demonstrates the characteristics of employment figures from the first quarter of 2009 to the second quarter of 2017. It can be clearly seen that on the whole there is a growing tendency in both the unadjusted and adjusted numbers of the employed persons. The unadjusted number of the employed persons grew from 3 779 063 to 4 420 581 in the period between 2009 and 2017, while the adjusted number of the employed persons increased from 3 711 352 to 4 272 581 in the same period. The difference between the unadjusted and adjusted indicators has also grown since 2009; the reason for this is the increase in the number of public workers and not the changes in the labour market.

Figure 2 shows the characteristics of employment rate also from the first quarter of 2009 to the second quarter of 2017. The adjusted employment rate was obtained from the number of the employed persons minus the number of public workers, and then the result was calculated with population distribution of persons between the ages 15-74. On the whole both the unadjusted and adjusted rates of employment increased between the first quarter of 2009 and the second quarter of 2017.

The former grew from 54.8% to 68.1%, the latter adjusted rate grew from 48.3% to 57.2%. The unadjusted rate increase was not only oscillating, but at the same time it was more significant: while the adjusted rate grew only by 8.9 percentage points, the unadjusted rate increased by 13.3 percentage points. The significant, 10.8 percentage points difference between the unadjusted and adjusted rates in the second quarter of 2017 is due to the increased number of public workers.

Figure 3 shows the unadjusted number of the employed persons and the GDP volume index from the first quarter of 2003 to the second quarter of 2017. The chart demonstrates that the number of the employed persons indicator and the GDP volume index mostly moved together in the past years, though the oscillation of the GDP volume index was much more significant than that of the number of the employed persons. For instance, although the 2008 economic crisis generated a decrease in the number of the employed persons, the GDP volume index dropped by a more significant value of 8.3 percentage points between the third quarter of 2008 and the first quarter of 2009. Furthermore, the GDP volume index did not follow the continuous growing tendency of the number of the employed persons after the crisis.

Figure 4: Unemployment rate and adjusted unemployment rate, 2009-Q2 2017

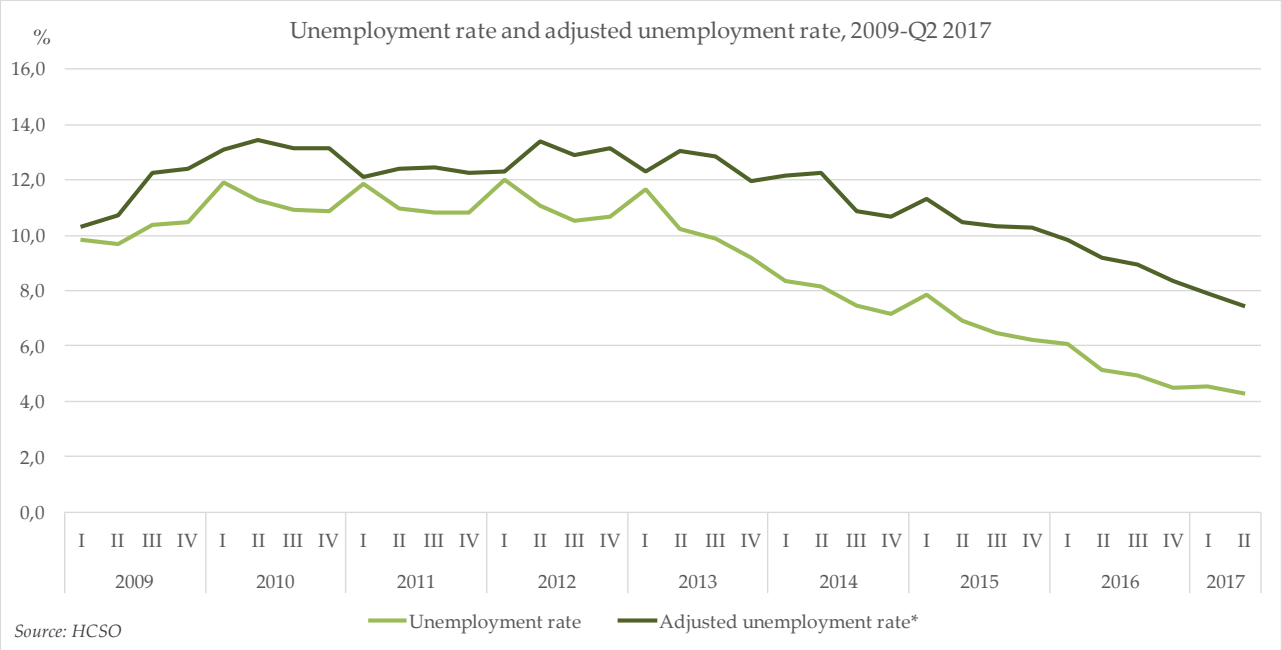
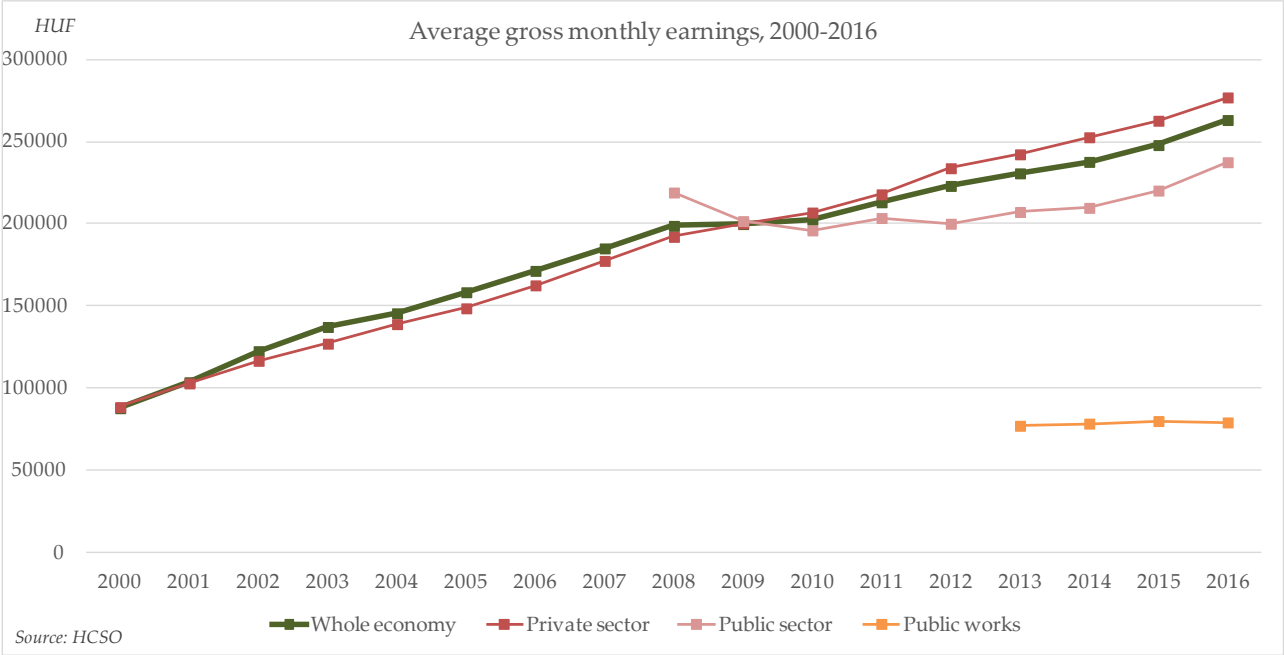


Figure 5: Average gross monthly earnings, 2000-2016



Characteristics of the unemployment rate

Figure 4 demonstrates the characteristics of the unadjusted and adjusted rates of unemployment from 2009. The adjusted unemployment rate was calculated in the following way: the number of public workers was added to the number of unemployed persons published by HCSO, and then the obtained number was divided by the number of economically active population, thus an undistorted unemployment rate was gained. After an initial growing tendency both the unadjusted and adjusted unemployment rates showed decreasing tendencies since the second quarter of 2012 with short intervals. As a result of this the unadjusted and adjusted 9.8% and 10.3% rates of unemployment measured in the first quarter of 2009 dropped to 4.3% and 7.5% in the second quarter of 2017. The difference between the current values of the unadjusted and adjusted indicators in case of the unemployment rate is even bigger than in case of the employment rate, and the same applies to the volume of the changes that took place since 2009. Since the first quarter of 2009 the unadjusted value decreased by 5.5 percentage points, while the adjusted value only decreased by 2.8 percentage points. All this is due to the increase in the number of public workers.

Characteristics of gross average monthly salary

Figure 5, shows changes in the gross average monthly salary, differentiating between the private and the public sectors, and the remuneration of public workers. The experienced average salary in the whole of the economy and in the private sector is shown from 2000, concerning the average salary in the public sector and that of the public workers data were available from 2008 and from 2013 respectively. The average salary both in the whole of the economy and in the private sector was continuously growing since 2000, and the 2008 crisis caused just a slight relapse in this growth. Thus, concerning the whole economy between 2000 and 2016 the average salary grew from HUF 87 750 to HUF 263,171, and in the private sector the growth was from HUF 88,424 to HUF 276,923. Contrary to this the average salary in the public sector between 2008 and 2009 decreased from HUF 219,044 to HUF 201,632, and then between 2009 and 2012 it stagnated at around HUF 200,000 and only later it started to increase. The pace of the average salary increase is similar to that of the average salary increase in the private sector, and as a result of this the average salary in the public sector grew to HUF 237,494 by the year 2016. In contrast, the average salary of the public workers hardly changed between 2013 and 2016; the growth form HUF 77,045 to HUF 79,093 was insignificant.

Summary

The overview of the Hungarian key labour market indicators revealed that although the labour market indicators continuously improved since the 2008 crisis, the growth happened at a slower pace than measured by the HCSO. The adjusted and not distorted employment and unemployment indicators provide a more accurate insight into the labour market; these indicators could also help study the current labour market characteristics and infer future trends.

Savings and Risks are Growing in the Household Sector

The survey published by the Hungarian National Bank claims that Hungarian households had higher and higher savings between 2012 and 2016. Because of the low interest rates the growing willingness to have savings in the Hungarian household sector resulted in riskier investments: bonds, shares and mutual funds. This could mean a new risk for the economy. Despite the emergence of new risks, the population's growing willingness to save could also result in a more sustainable economic growth and more stable economy for Hungary.

For this analysis the macroeconomic data collection of the Institute for Economic and Enterprise Research (HCCI IEER)'s Mérlegen Magyarország (Hungary Weighed) was used.

Following the crisis from 2009 until around the second half of 2011 the Hungarian household sector was a net borrower in the economy, which meant that households repaid more loans than they took out. This tendency has changed by now. Average households do not spend a significant amount of their income on repaying their debts, but instead they are able to accumulate savings[3]. The increase of the household savings could result in a more stable and sustainable growth for the Hungarian economy.

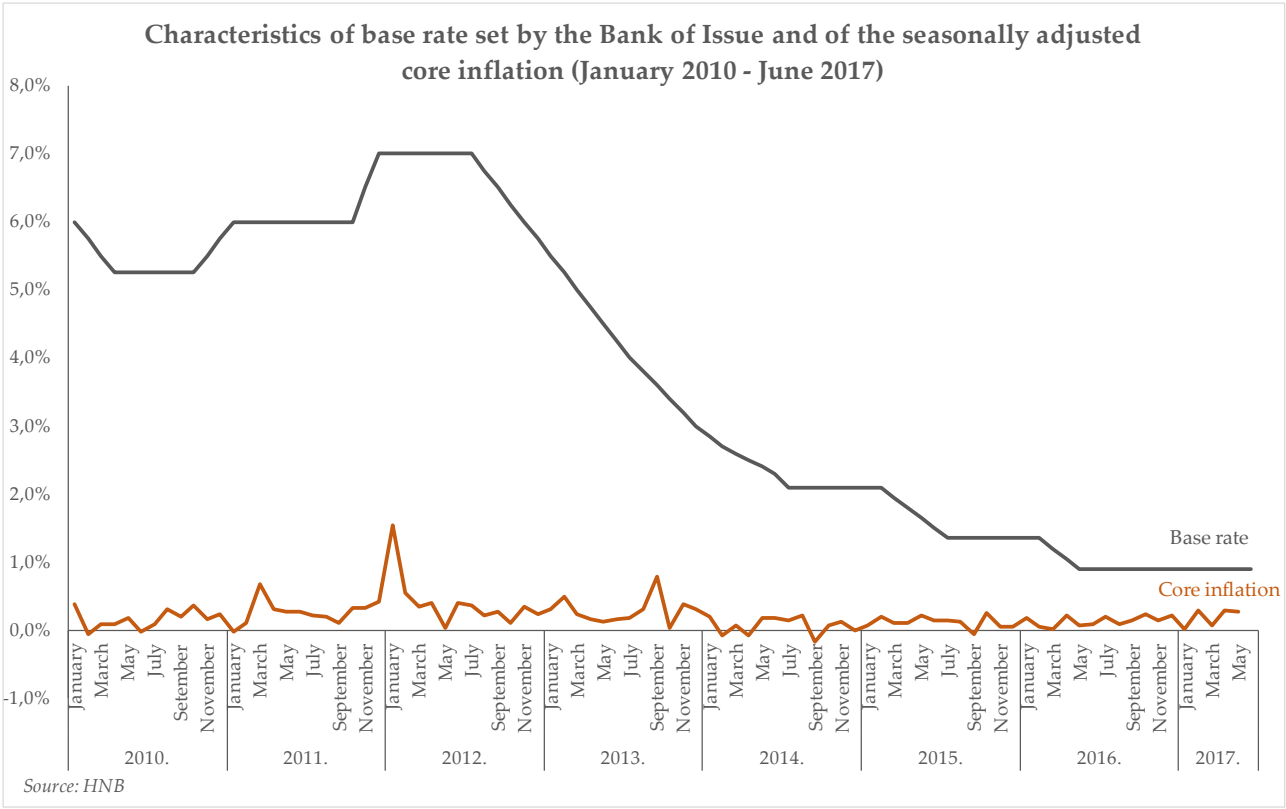
Before the crisis the Hungarian household-debt-to-GDP ratio was 40 percent; this debt was accumulated until 2008 by 32% of the population[4]. With the crisis, this high indebtedness mostly not denominated in the national currency (CHF, EUR, JPY) involved high risks at the time because of its volume. As a consequence of this the country was downgraded by several credit rating and risk classification companies. Because of the population's difficulties in loan repayments, and because of liquidity issues in the corporate and banking sectors, the Hungarian National Bank significantly lowered the base rate to help the economy embark on a growth path. This measure could be valid, if the aim is to incentivize borrowing; this can encourage lending, but it can have a negative effect on savings. This is true despite the fact that the household sector's willingness does not necessarily depend on the base rate, but it rather depends on their income and expense situation. Although the Bank of Issue's base rate is at a historic low level – according to announcements by the Bank of Issue it will remain at that level for a long time – there is some evidence for the aforementioned: regardless how low the base rate is, the population's savings has significantly increased recently.

Figure 1 shows the characteristics of the base rate.

[3] Source: A. Boldizsár – Zs. Kékesi: We have Never Had Such a Considerable Saving, HNB, https://www.mnb.hu/letoltes/boldizsar-anna-kekesi-zsuzsa-soha-nem-rendelkeztunk-meg-ennyi-megtaka-mnbhonlapra.pdf

[4] Balás T (2013): „A háztartások eladósodottsága és jövedelemarányos törlesztési terhe", *MNB Szemle*, Különszám, 'Household Indebtedness and the Costs of Income-Driven Repayment', HNB Bulletin, special issue

Figure 1: Characteristics of base rate set by the Bank of Issue and of the seasonally adjusted core inflation (January 2010 - June 2017)

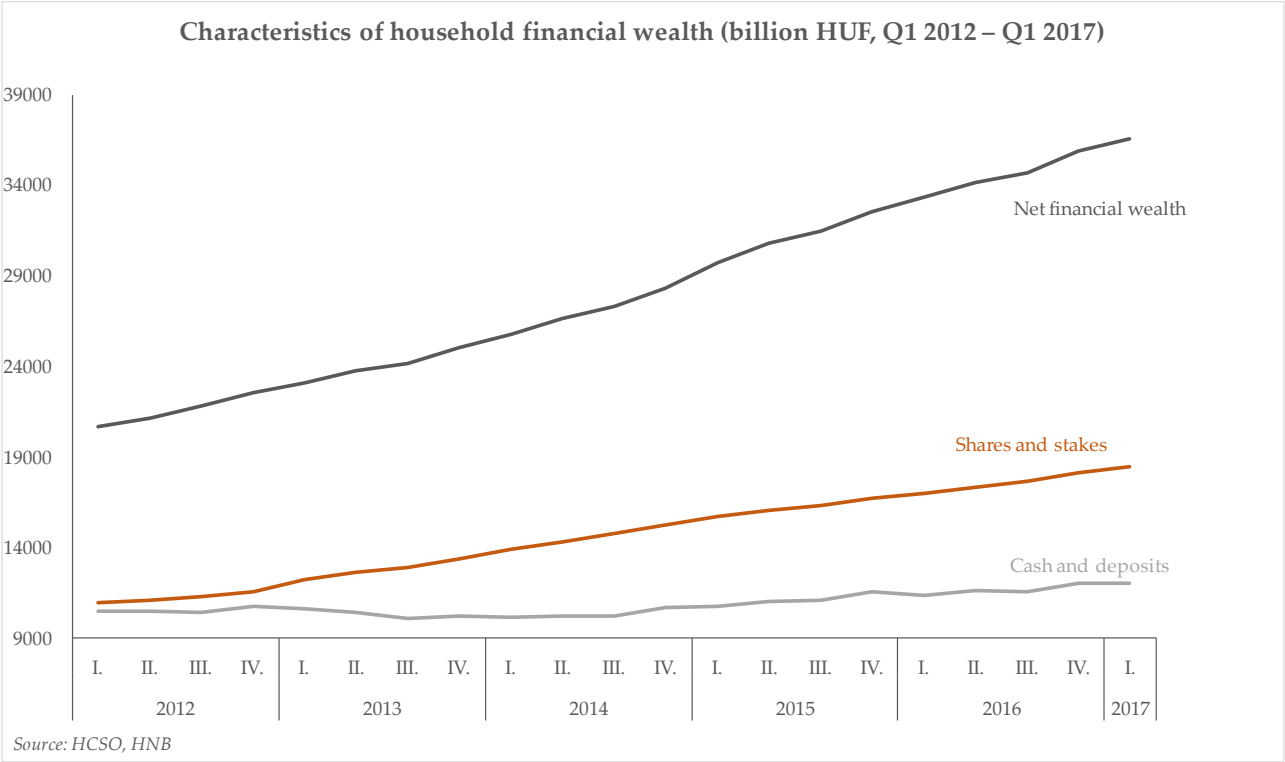


Apart from base rate cuts there have been several economic policy measures since 2010 that may have contributed to the increase in the population's savings. Among these measures are the following: the flat income tax, the expansion of family tax allowances, and the increase of the minimal wage and of the guaranteed minimum wage. In households, the higher income could result in more willingness to save.

According to Hungarian National Bank's estimates the financial wealth of households has increased by more than HUF 18,000 billion since 2010. By the end of 2016 on the whole household financial savings amounted to the 4.5% of the GDP, and this value is 8% in proportion to income.

The rolling effect of the low base rate is that the savings account interest rates are also at a rather low level, even in case of long-term savings. Because of the aforementioned, savers started to search for those investment opportunities where the yield is higher. This is demonstrated in Figure 2.

Figure 2: Characteristics of household financial wealth (billion HUF, Q1 2012 – Q1 2017)



In recent years because of the low interest rates there has been a shift in savings from safe to riskier investment plans. With the progress of the tendency that started in 2012 and the decrease of interest rates the gap has been widening between the financial assets kept in safe and less safe financial instruments.

In the beginning the increased demand targeted treasury bonds that are said to be the safest securities of all. In 2013 another HUF 1000 billion saving was moved from savings accounts to savings based on cash and securities. Apart from treasury bonds the population seems to prefer mostly mutual funds for their savings. The reason for this preference is the promised higher yields.

As a result of the changes in the portfolio the population has been keeping their savings mostly in securities since the second half of 2014. Out of this the treasury bond investment is more than HUF 4100 billion, and the whole of other securities units reaches a similar value. While the increase in the rate of treasury bonds does not carry significant risks, mutual funds may generate problems in the long term. It is very difficult to assess the risk of these securities because of their complexity that is why decision on which securities to invest in should be made in a most prudent way.

International trends

Development of production, consumption and employment in certain globally significant economies, compared with expectations and values of the previous period.

		Period in review	Actual data	Expectations	Previous period
Germany	Unemployment Rate	(Nov)	**5.6%**	**5.6%**	**5.6%**
	Manufacturing Purchasing Managers Index	(Dec)	**63.3**	**62.2**	**62.5**
	IFO Business Climate Index[1]	(Nov)	**117.5**	**111.0**	**116.8**
France	INSEE Business Climate Index[2]	(Nov)	**111**		**109**
USA	Unemployment Rate	(Nov)	**4.1%**	**4.1%**	**4.1%**
	CB Consumer Confidence Index	(Nov)	**129.5**	**124.0**	**126.2**
	Manufacturing Purchasing Managers Index	(Dec)	**55.0**	**54.2**	**53.9**
China	Manufacturing Purchasing Managers Index	(Nov)	**51.8**	**51.4**	**51.6**

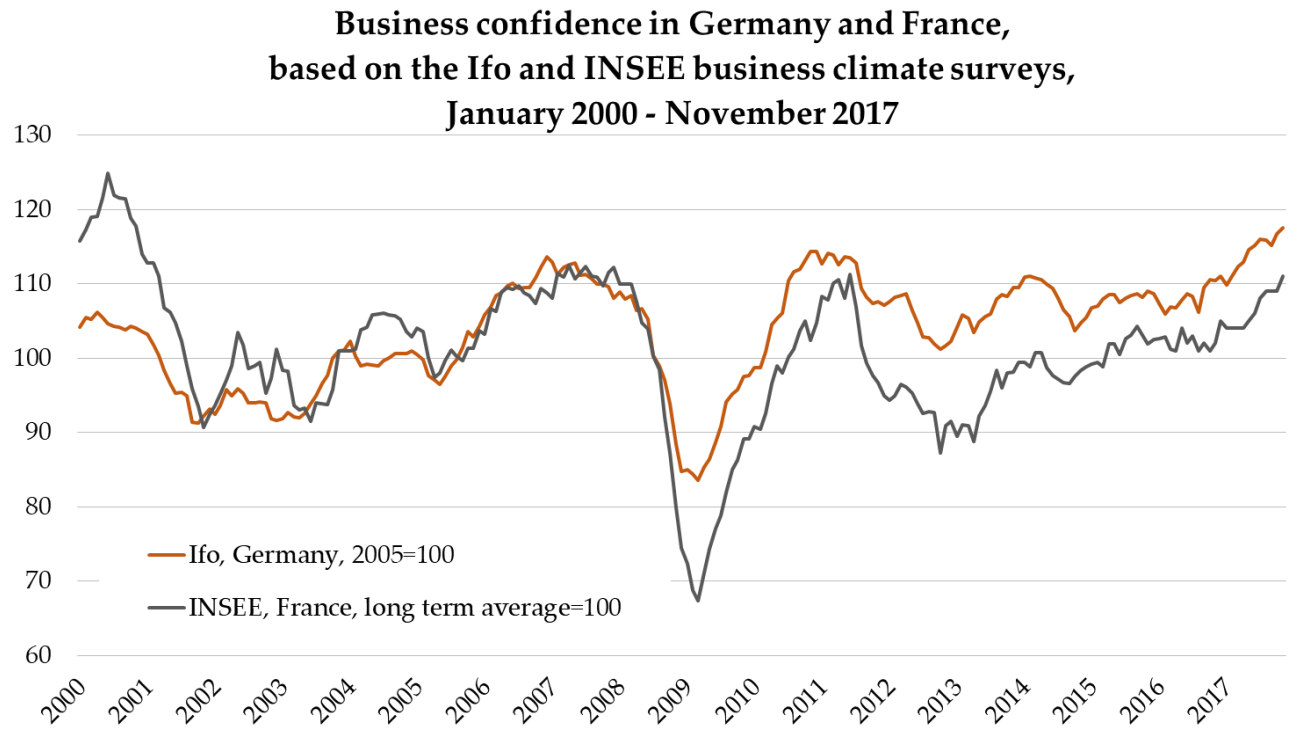
[1] https://www.cesifo-group.de/ifoHome/facts/Survey-Results/Business-Climate/

[2] http://www.insee.fr/en/themes/indicateur.asp?id=105

Source of the remaining data: http://worldeconomiccalendar.com

The German economy performed has continued to improve in November. The level of unemployment remains under the 6 percent rate and the manufacturing purchasing manager index (PMI) has increased moderately compared to the previous month and the expectations. The IFO business climate index hit a new record in November again performing above the expectations. The French INSEE business climate index has improved as well this month. In the United States, the CB consumer confidence index was significantly higher than in the last month and the expectations. The manufacturing PMI shows a modest increase as well. The level of unemployment has remained unchanged since last month. The Chinese manufacturing PMI shows a slight increase in this month as well.

Long-term changes in business confidence indices



Source: www.cesifo.de, www.insee.fr

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