



### 80% of businesses are to raise prices in the near future

#### Expected changes in domestic and foreign sales prices in the next six months

The present analysis done by HCCI's Institute for Economic and Enterprise Research (IEER) focuses on the plans of Hungarian companies with regard to their domestic and export prices. The analysis relies on IEER's April 2022 half-year business climate survey that involved 2,227 respondents.<sup>1</sup>

In April 2022, **78% of businesses expected their domestic sales prices to rise** in the upcoming six months, a figure now up 4 percentage points from October 2021 and 18 percentage points from a year earlier. At no time since 2005 have so many respondents expected prices to increase, and **the highest proportion of respondents (25%) now predict hikes above the inflation rate.**

Half of the respondents that expect price rises above the inflation rate predict hikes of 10-15%, and more than a quarter (28%) put the increase at 16-20%.

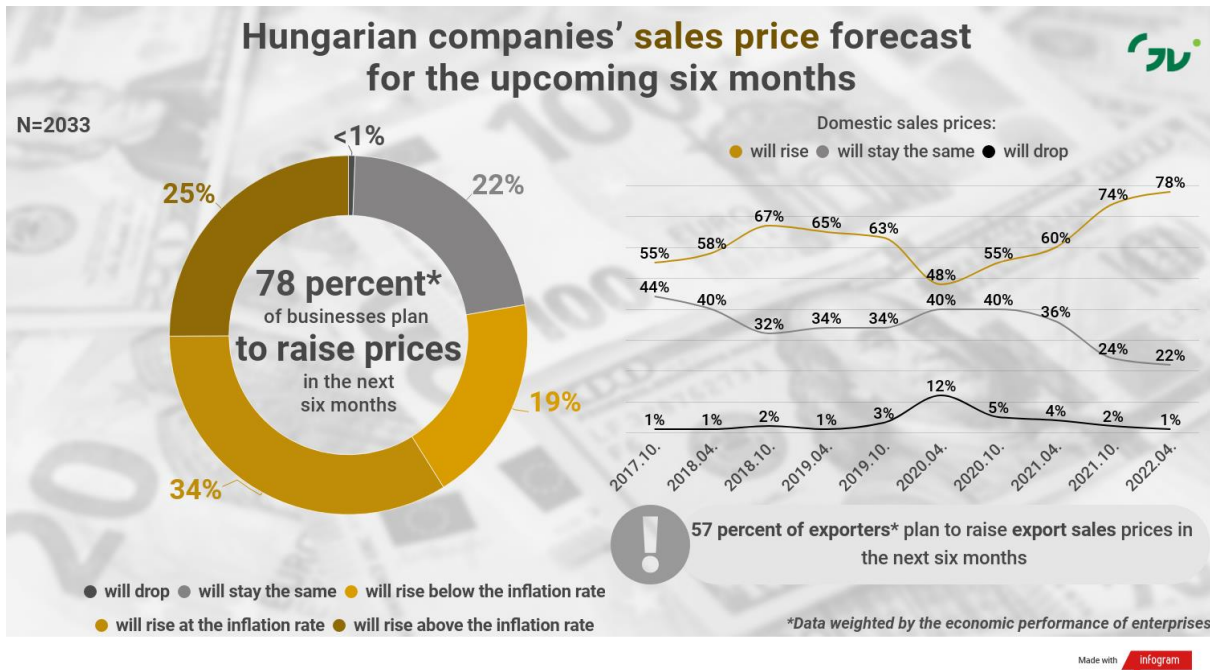
**In construction (69 percent) and trade (75 percent), the share of firms expecting at least**

**inflation-level price increases is particularly high**, while almost a third of them plan to raise prices even more. Looking at the level of price hikes by sectors, the construction industry is the only sector that differs significantly from the average, with almost 40 percent of construction firms expecting increases of 16-20 percent.

**In addition, 57 percent of exporting firms estimated that their foreign sales prices (export prices) would increase**, which is well above the record high of 49 percent measured in October last year.

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<sup>1</sup> The sample of respondents can be considered representative in terms of contribution to GDP, region, and the number of employees. **The distributions calculated in the analysis are distorted by weighting, so they do not reflect the basic distribution of respondents: firms with a larger economic output appear to be far more pronounced than firms with a smaller economic output.**



Source: IEER 2022

## Employment of retirees and workers aged 55+

In September and October 2021, the Ministry of Innovation and Technology and HCCI's Institute for Economic and Enterprise Research (HCCI IEER) conducted a joint survey for a "short-term labour market forecast" research project. County officials and IEER employees interviewed 6620 CEOs of businesses with at least two workers about their current and expected demand for labour.

The analysis focuses on the employment of people aged 55+, both active and retired. According to the Hungarian Central Statistical Office<sup>2</sup>, in 2021, 16 percent of the labour force was between 55 and 65 years of age and the share of post-retirement workers aged 65 and over was 2 percent.

### Employment of workers over 55

Willingness to work is high in the 55+ age group. As the retirement age was gradually raised to 65 by 2010<sup>3</sup>, workers approaching retirement remained active players on the labour market. EU guidelines make it a priority to change the time schedule of retirement, and to increase the willingness to work at an old age<sup>4</sup>.

In 2021, 25% of companies had at least one employee aged 55 or over. In September 2022

it is expected that the same proportion of firms will employ workers of the 55+ age group. In the time frame from 2015 onwards, the proportion of companies employing 55+ workers was the lowest in 2021, while the proportion of firms employing at least one worker of the same age group was the highest in 2018. In 2020, 32 percent of businesses planned to employ 55+ workers in the following year. However, the proportion in 2021 was 7 percentage points lower than the expected figure.

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<sup>2</sup> source: [https://www.ksh.hu/stadat\\_files/mun/hu/mun0007.html](https://www.ksh.hu/stadat_files/mun/hu/mun0007.html), last downloaded: 2022.05.11.

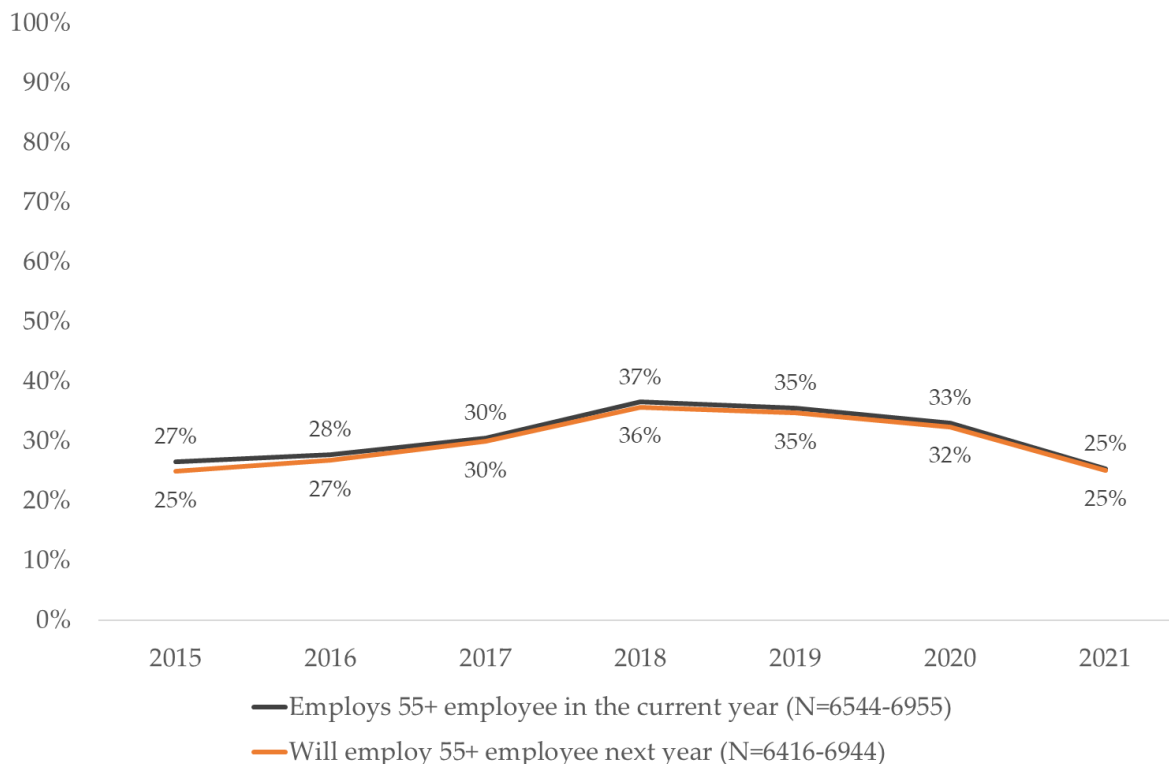
<sup>3</sup> source: Barakonyi Eszter: Egy elfeledett korosztály -az ötven év feletti nők munkaerő-piaci helyzetét meghatározó főbb körülmények, 2021

<https://journals.lib.pte.hu/index.php/tm/article/view/4795/4611> last downloaded: 2022.06.07

<sup>4</sup> source: Farkas Gabriella, Gyarmati Andrea, Molnár Szilárd. „Az idősödő társadalom gazdasági és társadalmi kihívásai Magyarországon”. Információs Társadalom IX, 4. szám (2009): 7-31.

<https://infars.infonia.hu/pub/infars.IX.2009.4.1.pdf> last downloaded: 2022.06.07.

Figure 1. Percentage of businesses employing workers aged 55 and over



Source: IEER 2021

In 2021, businesses employing 55+ workers had the lowest proportion in the Pest region (9%), Budapest (12%) and the Northern Great Plain region (14%). In those regions, 55+ workers had fewer opportunities to find jobs as companies there are less willing to employ that age group. The highest proportion of companies employing 55+ workers were found in the Southern Great Plain (45%), Western Transdanubia (39%) and Northern Hungary (34%). In contrast, the employment rate of the 55+ age group as a proportion of total employment did not vary significantly by region.

The proportion of firms employing workers aged 55 and over increases with the size of the company.

Industry (35%) and agriculture (34%) are the sectors with the highest number of companies employing workers aged 55 and over. This is in line with the data of the employment figures of the Central Statistical Office<sup>5</sup>, those two sectors also have the highest number of employees aged 55 and over (21% of the employee total in agriculture and 16% in industry). In construction, 27% of businesses have at least one worker aged 55 or over. Nearly a quarter of firms in the distributive trade and service sectors employ 55+ workers, a low proportion compared to other sectors. According to the Central Statistical Office the

<sup>5</sup> source: lakossági munkaerő-felmérés, KSH

proportion of 55+ workers is also lower in these three sectors (13% of the employee total in distributive trade, 16% in service sector and 15% in construction). In those sectors, 55+ workers had fewer opportunities to find jobs as fewer companies employ this age group.

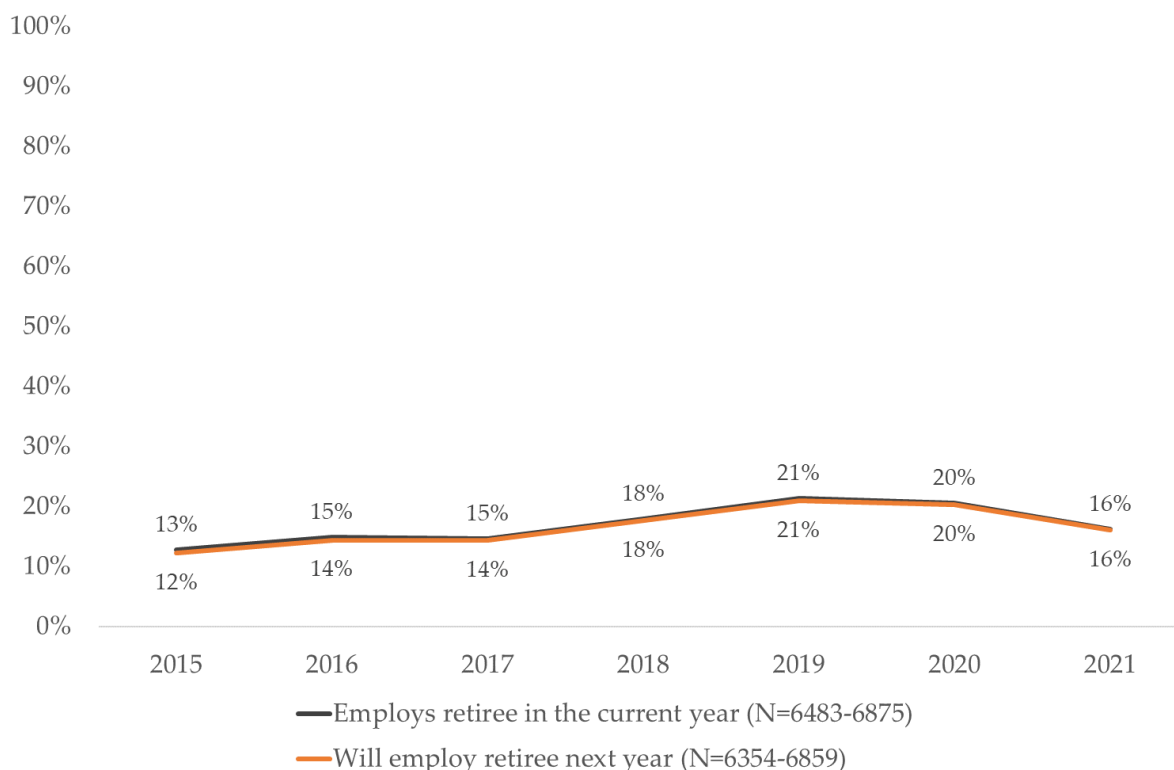
### Employment of retirees

In recent years, the rules of working while receiving a pension have changed significantly. By granting exemption from contributions and simplifying the rules, the government wants to mitigate the increasingly problematic issues of labour shortage in an ageing society. Creating more incentives for companies to employ retired people has become a priority, as the National

Bank of Hungary's 2022 package of proposals suggests<sup>6</sup>. However, figures from the Short-Term Labour Market Forecast show that those measures did not have a significant impact on the employment of retired people in 2021.

16% of companies employed at least one retiree in 2021, and the same number plan to employ a retiree worker next year. The proportion of firms employing retirees had been higher in 2019 (21%) and 2020 (20%), while by 2021 the share of firms employing at least one retiree declined to 2016 levels. The proportion of companies planning to employ retirees in the year to come followed the same trend.

**Figure 2. Percentage of businesses employing retirees**



Source: IEER 2021

<sup>6</sup> source: Magyar Nemzeti Bank: Fenntartható egyensúly és felzárkózás (2022.május)

<https://www.mnb.hu/letoltes/fenntarthato-egyensuly-es-felzarkozas-144-javaslat-20220519.pdf> last downloaded: 2022.06.14.

Firms in Budapest (7%), the Northern Great Plain (9%) and Pest (11%) regions have the lowest proportions of retirees on payroll. In contrast, in other regions the proportion of companies with retiree employees is significantly higher, most notably in the Southern Great Plain (27%), Western Transdanubia (26%) and Northern Hungary (22%) regions. According to Hungarian Central Statistical Office figures, the proportion of retirees in total employment does not differ significantly by region, however, our survey suggest that companies in Budapest as well as in the North Great Plain and Pest regions are less open to employing retirees. In all the other regions, a higher proportion of companies of similar employment rates employ retirees.

Similarly to employment figures of people aged 55 and over, the proportion of businesses employing retirees increases with firm size, with larger firms being more likely to employ such people than smaller ones.

In agriculture (27%) and industry (26%), the proportion of companies with employed retirees is significantly higher. According to

the employment data of the Central Statistical Office, employment after retirement is more prevalent in agriculture than in other sectors<sup>7</sup>: 13% of construction companies, 14% of trade firms and 16% of service providers employ retired workers.

### Dismissal and recruitment of retirees in 2021

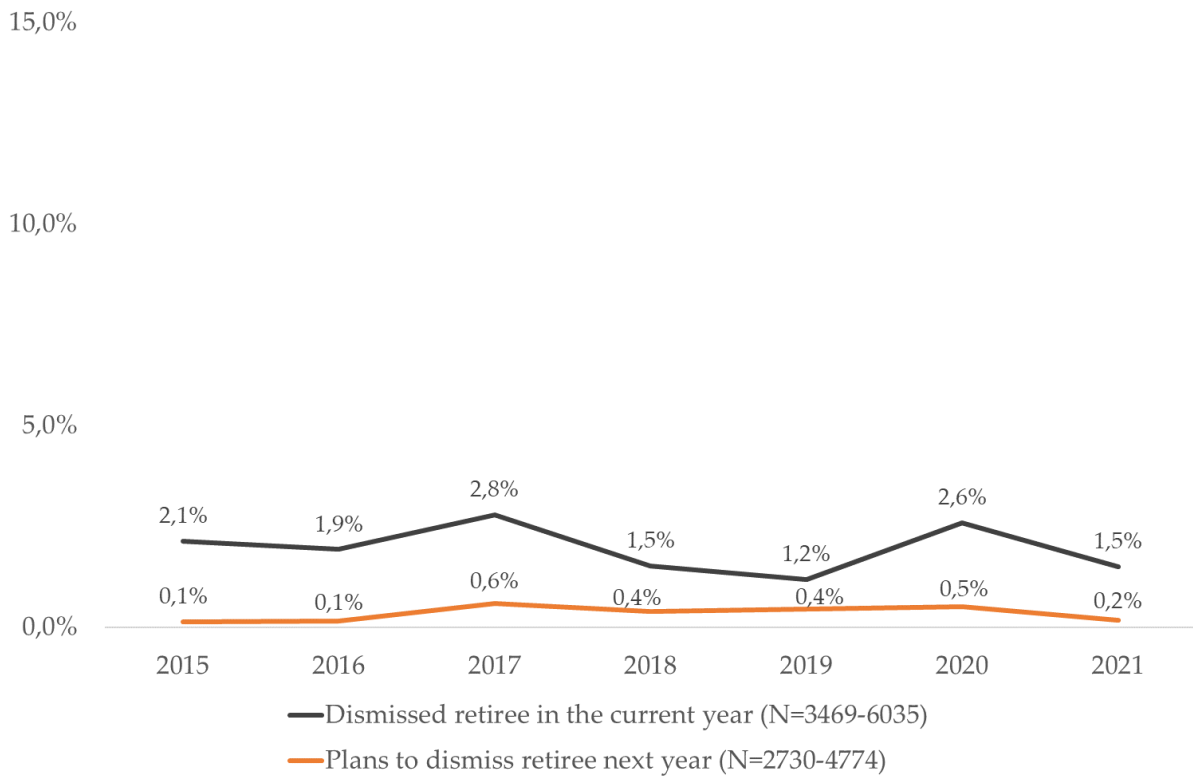
In 2021, 1.5 percent of companies laid off at least one of their employed retirees, but only 0.2 percent of companies plan to do so in 2022. Next year, a low proportion of firms plan to terminate retiree jobs. The proportion of firms that hire retirees has gradually declined from 2015 onwards, from 2.8 percent in 2015 to 0.8 percent in 2021. In contrast, there is no significant difference from 2015 in the proportion of enterprises planning to hire retirees in the following year. The planned rate has stayed below 1 percent for the examined period.

The balance between hiring and firing retirees in the competitive sector shows that in 2021 companies' dismissal rates for retirees were higher than rates of recruitment.

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<sup>7</sup> source: lakossági munkaerő-felmérés, KSH

Figure 3. Percentage of businesses that have hired or fired at least one retiree



Source: IEER 2021

## International trends

Changes in the production, consumption and employment situation in certain major international economies compared with peer expectations and the previous period.

		Period in review	Actual data	Expectations	Previous period
	Unemployment Rate	(June)	<b>5.3%</b>	5.0%	5.0%
Germany	Manufacturing Purchasing Managers Index	(June)	<b>52.0</b>	52.0	<b>54.8</b>
	IFO Business Climate Index <sup>1</sup>	(June)	<b>92.3</b>	85.8	<b>93.0</b>
France	INSEE Business Climate Index <sup>2</sup>	(June)	<b>104.2</b>		<b>105.7</b>
	Unemployment Rate	(June)	<b>3.6%</b>	3.6%	3.6%
USA	CB Consumer Confidence Index	(June)	<b>98.7</b>	100.4	<b>103.2</b>
	Manufacturing Purchasing Managers Index	(June)	<b>52.4</b>	56.0	<b>57.0</b>
China	Manufacturing Purchasing Managers Index	(June)	<b>50.2</b>	50.5	<b>49.6</b>

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

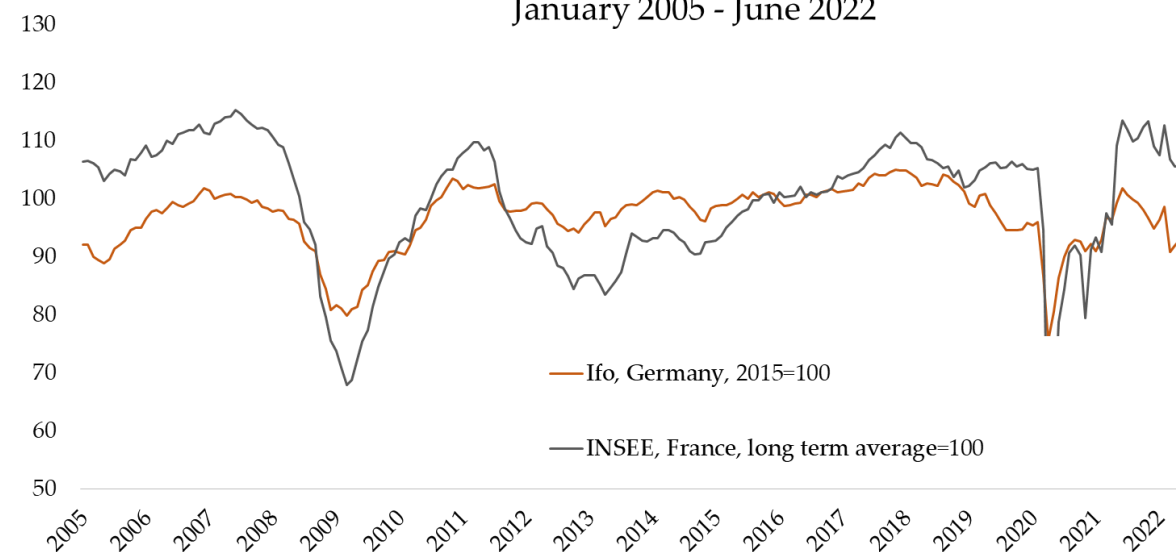
<sup>2</sup> <http://www.insee.fr/en/themes/indicateur.asp?id=105>

The rest of the data source: <https://www.bloomberg.com/markets/economic-calendar>

In Germany, the IFO business climate index decreased slightly compared to May. The manufacturing purchasing manager index (PMI) also decreased compared to previous period. Unemployment rate became worse for Germany. The French INSEE business climate index decreased compared to last month. In the United States, the CB consumer confidence index decreased compared to the month prior, and it performed worse than expected. The manufacturing PMI also decreased compared to May in the USA. The unemployment rate remained the same compared to the previous month. The Chinese manufacturing PMI increased compared to May.



Business confidence in Germany and France,  
based on the Ifo and INSEE business climate survey,  
January 2005 - June 2022



Sources: [www.ifo.de](http://www.ifo.de), [www.insee.fr](http://www.insee.fr)

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