



MONTHLY BULLETIN OF ECONOMIC TRENDS

2025

MAY

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

- » GVI Business Climate Indicator
- » Price increase plans
- » International trends



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TRENDS IN THE BUSINESS CYCLE INDICATOR



MAY, 2025

The indicator
decreased by
one point to
+21
points

The April business survey of the GVI is based on the responses of 1,867 business leaders. The data was collected between 1 and 31 April. The GVI Business Climate Survey aims to map the current short-term business expectations of business leaders, based on information available at the time of the survey and on the subjective assessment of the situation by business owners.

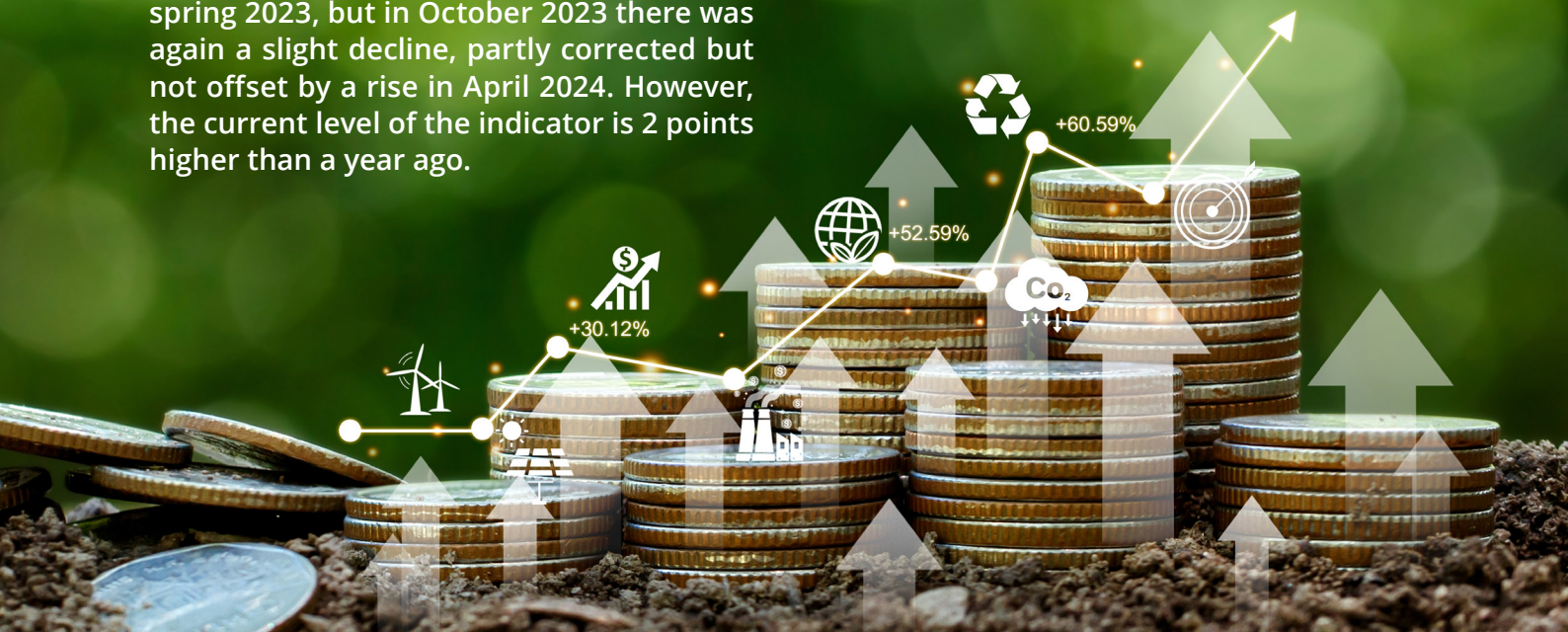
The Business Climate Indicator stands at +21 points in April 2025, stagnating compared to the previous survey wave in October. The current value of the indicator is one point lower than in the same period last year.

Compared to the last six months, businesses' perception of the business climate is broadly unchanged, while their expectations remain highly divided by business category.

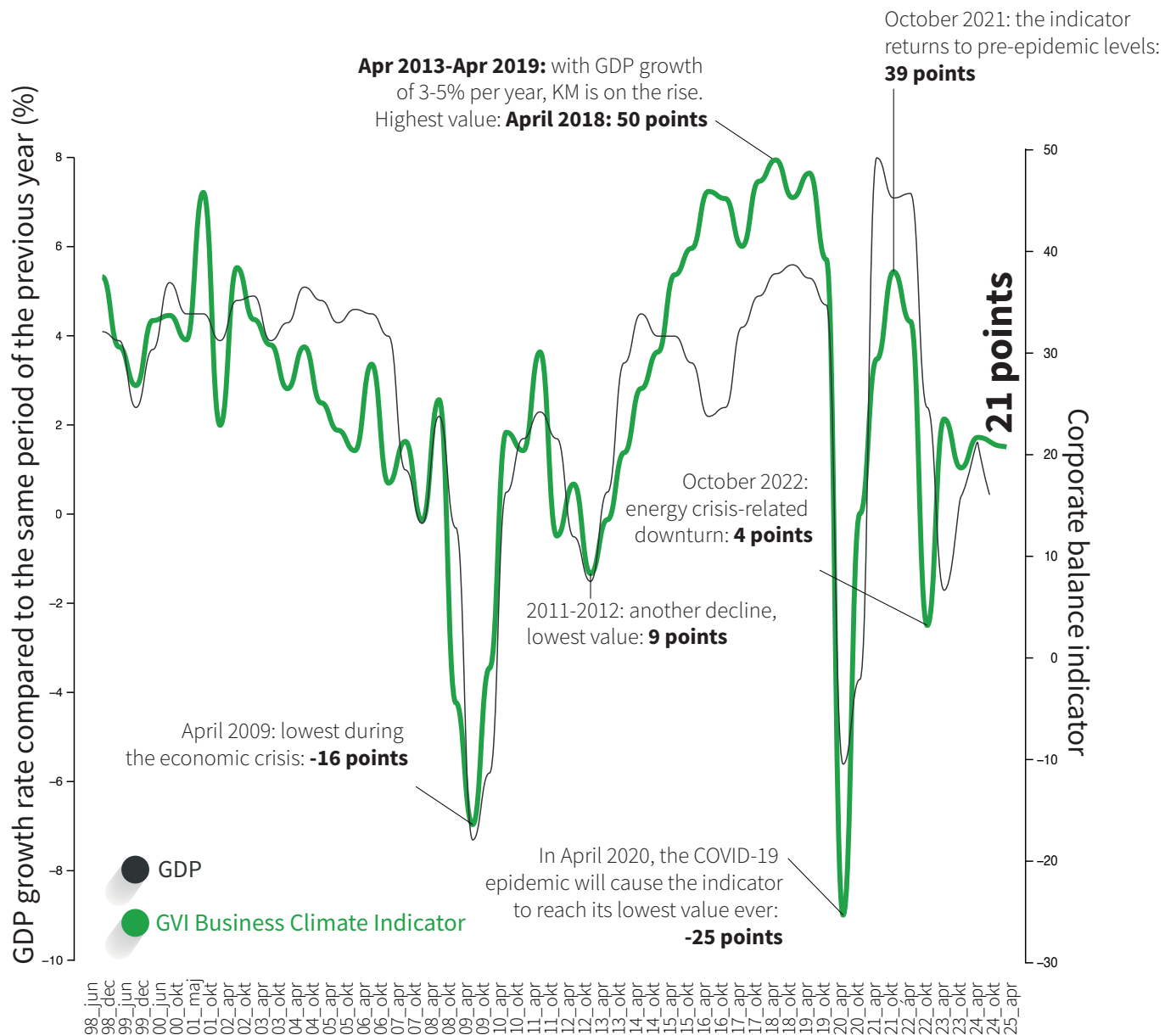
Business uncertainty remains stagnant at a high level (52.7 points), indicating a strong polarisation of business sentiment.

- » The manufacturing, export-oriented and large enterprise segments are the most optimistic, while micro-enterprises and domestic producers are persistently pessimistic.
- » Among economic sectors, trade showed the largest decline, with a 13-point drop in the indicator.
- » The counties of Nógrád, Somogy and Komárom-Esztergom lead the confidence ranking, while entrepreneurs in the counties of Veszprém, Zala and Szabolcs are the most uncertain.
- » The level of business confidence is now close to the 2013-2015 period, which reflected a relatively calm economic environment.

The GVI Business Climate Indicator fell by one point from +22 points in October and now stands at +21 points. From -25 points in April 2020, the lowest value since the survey began in 1998, the indicator has essentially recovered in a year and a half to the value prior to the outbreak of the coronavirus epidemic (October 2019: +40 points; 2021. October 2021: +39 points), but in the second half of 2022 there was again a significant decline, partly offset by a rise in spring 2023, but in October 2023 there was again a slight decline, partly corrected but not offset by a rise in April 2024. However, the current level of the indicator is 2 points higher than a year ago.



The GVI Business Cycle Indicator for April 2025 shows a slight decrease compared to October 2024, which is not a significant change.



A comparison of the business climate by county (Figure 1) can provide insightful information on the region-specific business expectations of businesses. The results suggest positive perceptions for all counties, but also regional differences. For the capital, a score above +22 for Budapest indicates a balanced economic outlook. In contrast to the economic performance based on the latest 2023 GDP data published by the KSH1 (Baranya county's GDP is 6.6 percent of Budapest's), the business expectations in Baranya county are similar to those of the capital. Business expectations are more positive in Nógrád county (+49.1 points), Komárom-Esztergom county

Fig. 1

Trends in GDP and the GVI Business Climate Indicator, 1998. 06.–2025. 04.

Source: GVI 2025

(+31 points), Somogy county (+34 points) and Vas county (+30.6 points). The GDP figures in these counties are not in line with business expectations either, which is of course also due to the more subjective characteristics of the economic structure and the business cycle indicator, as large companies can generate a significant GDP contribution at county level, which does not necessarily affect the business cycle perception of local businesses. Therefore, based on the values of the business cycle indicator, it can be said that business expectations in these regions are particularly favourable under the prevailing economic conditions, due to the expected improvement in the industrial base, which is considered stable, export-oriented activities and labour market conditions.

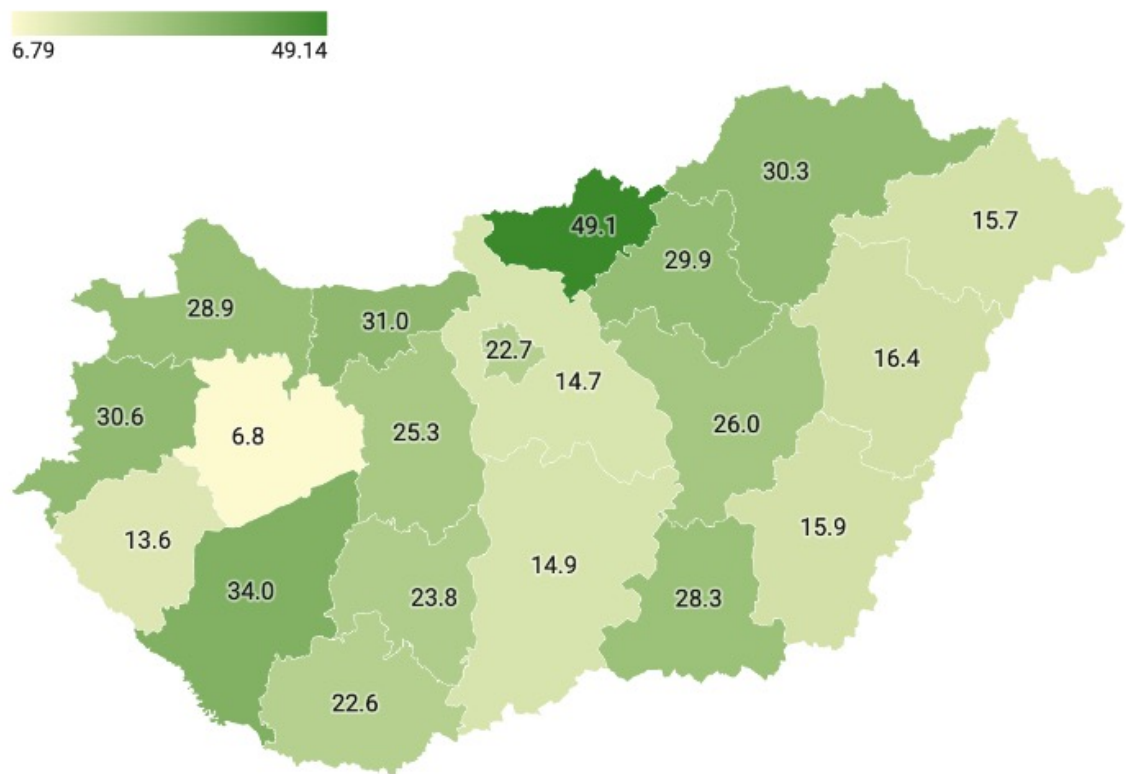
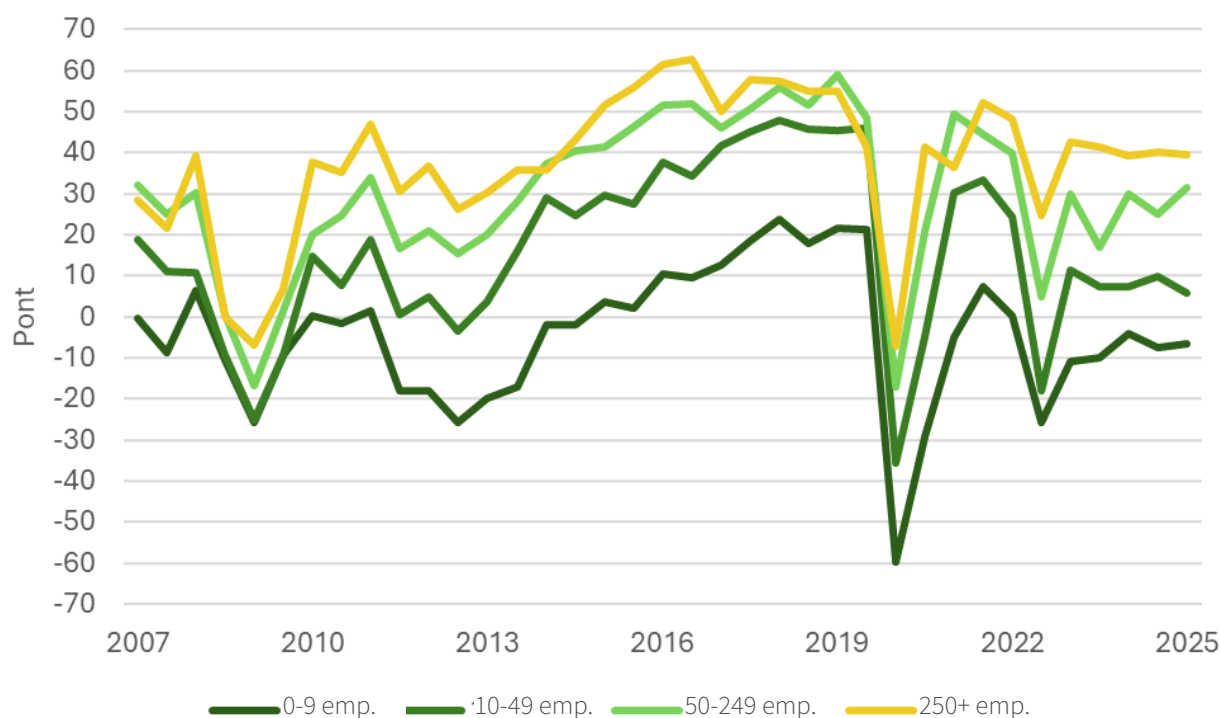


Fig. 2
GVI Business Climate Indicator
by county, 2025 04.

Source: GVI 2025



EVOLUTION OF THE CONJUNCTURAL RATE IN DIFFERENT COMPANY SEGMENTS

Based on economic research, company size also significantly influences corporate expectations (Figure 3). The results indicate that the more people a company employs, the more positive its expectations are regarding the economic situation. Among micro-enterprises (fewer than 10 employees), the economic sentiment indicator was -7 points, among small enterprises (10-49 employees) it was +6 points, and medium-sized enterprises (50<employees<249) scored +32 points, with only large companies employing more than 250 people scoring higher at +39 points. The business climate indicators by company size suggest that companies of different sizes perceive the economic situation differently, as the assessment of economic prospects is linked to structural characteristics and market positions resulting from the size of the companies.

Fig. 3

GVI Business Climate Indicator by number of employees

Source: GVI 2025

Another factor that should not be overlooked is that the economic expectations of strongly export-oriented companies (+35 points) are significantly more positive than those of companies that are only partially (+19 points) or not at all (+0 points) active in foreign markets. Based on the sub-indicators of the economic sentiment indicator, company managers are more pessimistic about construction and machinery investments than in the previous year. However, the current business situation, the expected business situation, current and expected profitability, and the expected development of orders in the next six months were assessed more positively than in October.

DECLINING LABOUR DEMAND, HEADCOUNT REDUCTION

Businesses' labour demand expectations improved overall: the balance indicator rose by 9 points, 11 points higher than in October 2024, indicating intentions to increase headcount. The largest increase in demand was seen in industrial (+11.1) and construction (+10.0) companies, while a decline continued in trade (-2.8). Large companies (+19.1) and foreign-owned companies lead the way in expansion plans, in contrast to micro and small enterprises, where stagnation or decline is more prevalent. Expectations are weaker among export-oriented companies, especially those that are predominantly exporters (-1.7). Overall, demand on the labour market has picked up, but this is strongly dependent on the sector and type of company.



Large and industrial companies are planning to increase their workforce, while expectations remain subdued in the retail sector and among small businesses.



Fig. 4

Expected labour demand

Source: GVI 2025

EXPECTED CHANGES IN SALES PRICES



MAY, 2025

The highest indicator
value is
+29
points in the
manufacturing industry.

The business climate indicator is highest for manufacturing companies (+29 points), followed by service providers (+20 points), commercial companies (+16 points) and construction companies (+4 points). The most significant change compared to the previous half-year was in trade companies, where the indicator fell by 8 points compared to April. In services, there was a 2-point decline, while construction companies saw a 1-point improvement and manufacturing companies a 3-point improvement compared to April.

EXPECTED DOMESTIC SALES PRICES IN THE NEXT SIX MONTHS

In April 2025, 62% of businesses indicated that their domestic sales prices were expected to rise in the next six months. This represents a decline from 71% in October 2024, but is slightly higher than a year earlier, when the figure was 61%.

Thirty-five per cent of company managers expect their sales prices to remain unchanged in the next six months, which is the same as in April 2024 but higher than the 28 per cent recorded in October. Presumably, most companies timed their price changes for the first half of the year, so fewer of them are planning price increases in the next six months. Twenty-four percent of respondents expect their prices to rise at a rate lower than inflation. This proportion was 23% in April 2024 and 26% in October 2024. Thirty percent of respondents expect prices to rise in line with inflation, while 7% expect prices to rise faster than inflation, which is a slight increase compared to the previous survey. In April 2025, 4% of businesses believed that their domestic sales prices would fall in the next six months, compared with 3% in autumn last year.

Of those respondents expecting price increases, 76% considered increases of less than 10% likely. Less than one-fifth (17%) anticipated price increases of 10–15%, while 5% expected even higher increases of 16–20%. Only 2% of respondents anticipated price increases of more than 20% (Figure 2). The highest proportion of companies planning price increases of more than 15% were in the construction industry (12% of companies in the sector). This was followed by manufacturing companies with 10%, followed by companies in the trade sector with 5% and companies in the business services sector with 4%.

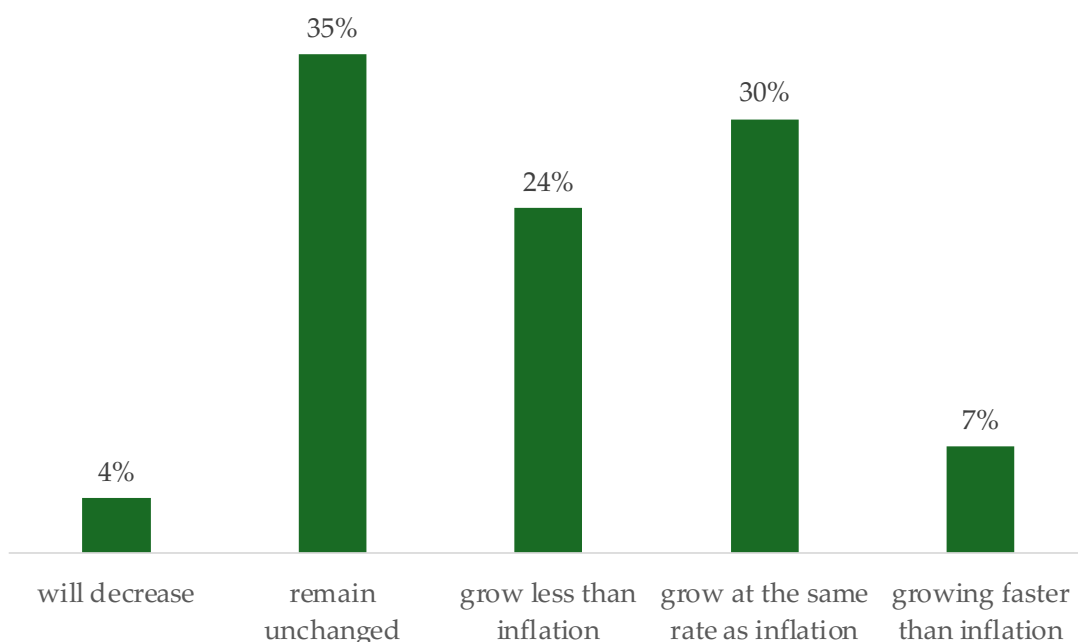
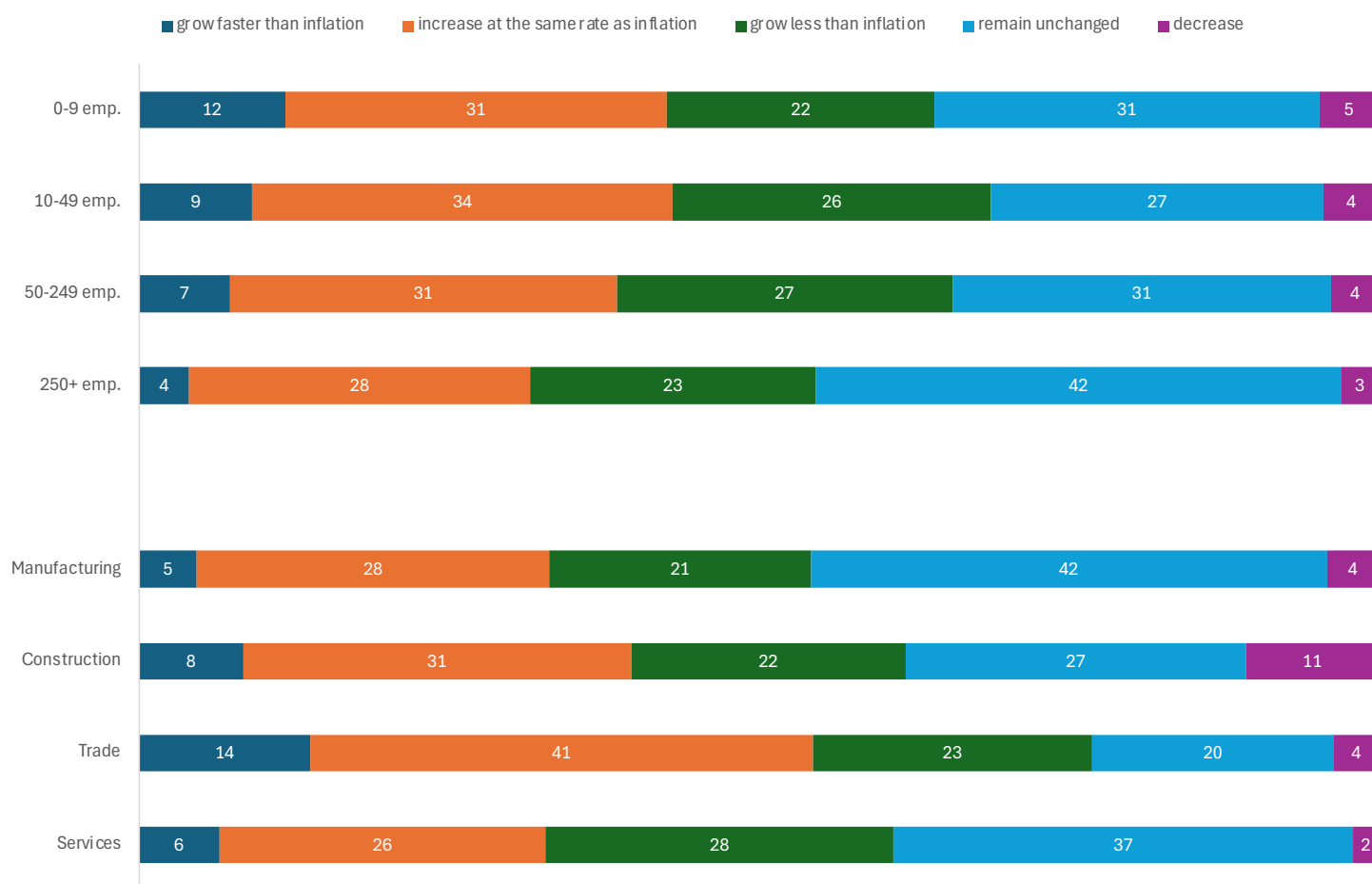


Fig. 5

Domestic companies' forecasts for the expected development of their domestic sales prices in the next six months

Source: GVI 2025



In April 2025, there was a clear correlation between company size and price increase intentions: the proportion of those not planning price changes was highest among large companies, while small businesses more often indicated price increases above inflation, mainly due to their narrower room for manoeuvre and the impact of the minimum wage increase. There were also significant differences between sectors: 55% of commercial companies plan to raise prices in line with or above inflation, compared with 39% in construction and only one-third in services and manufacturing. In trade, only a quarter of companies do not indicate price increases, compared with the manufacturing industry, where nearly half of companies expect prices to remain stable or fall. In terms of ownership structure, 68% of domestically owned companies expect price increases, compared to only 45% of foreign-owned companies. Domestic companies are twice as likely to report price increases higher than inflation (9%) than foreign companies (4%).

Fig. 6

Domestic enterprises' forecasts of expected developments in domestic sales prices in the next six months in April 2025, by size class and sector

Source: GVI 2025



INTERNATIONAL TRENDS

MAY, 2025

		Actual data	Expectations	Previous period
Germany	Unemployment Rate	6,2%	6,5%	6,3%
	Manufacturing Purchasing Managers Index	48,8	48,5	48,4
	IFO Business Climate Index ¹	87,5	88	86,9
France	INSEE Business Climate Index ²	96	96	97
EU	Economic Sentiment Indicator (ESI) ³	95,2		94,4
USA	Unemployment Rate	4,2%	4,2%	4,2%
	CB Consumer Confidence Index	98	87,7	86
	Manufacturing Purchasing Managers Index	48,5	50,7	50,2
China	Manufacturing Purchasing Managers Index	49,5	50,4	50,4

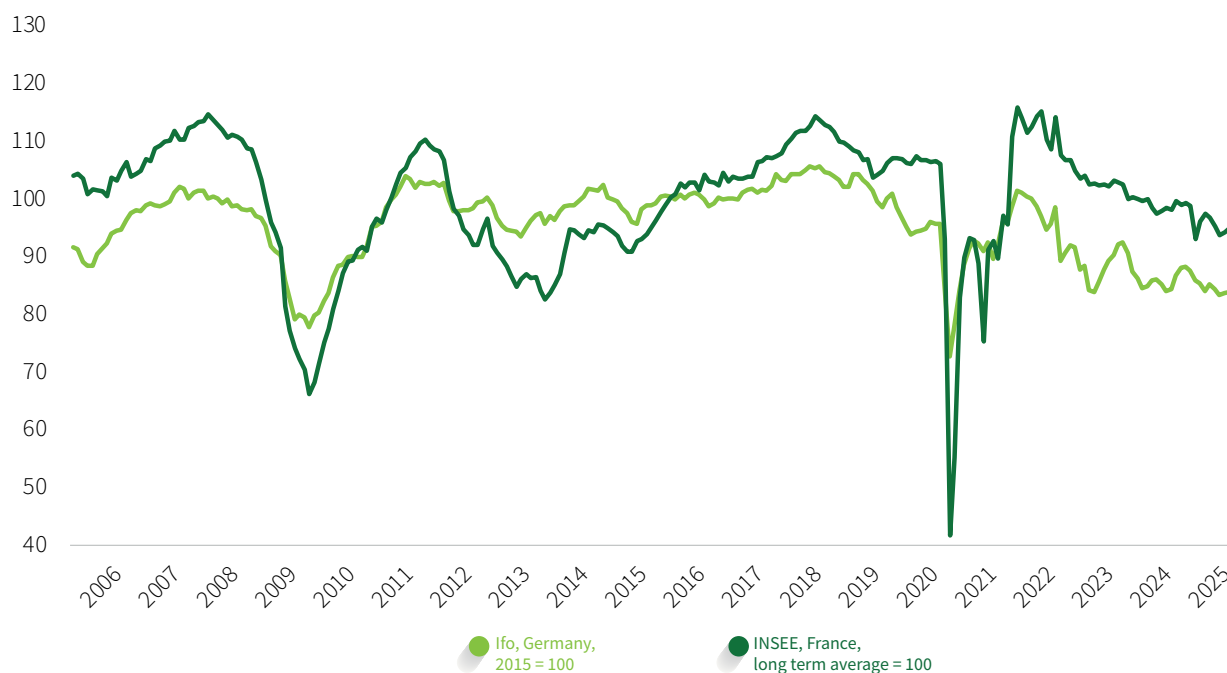
¹ <https://www.ifo.de/en/survey/ifo-business-climate-index-germany>

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 further data: <https://www.bloomberg.com/markets/economic-calendar>

*Visszamenőleges kiigazítás



In May 2025, the world's leading economies showed moderate but divergent movements in confidence and economic indicators. In Germany, the manufacturing PMI stood at 48.8 points, which is still in recessionary territory but the strongest reading in 33 months. The ifo business confidence index rose to 87.5 points, while the unemployment rate fell slightly from 6.3% to 6.2%, indicating cautious optimism among companies. In France, the INSEE business confidence index reached 96 points, also reflecting a slight deterioration due to weakness in the service and manufacturing sectors.

In the United States, the signals were mixed: the CB consumer confidence index rebounded spectacularly to 98 points after April's decline, while the unemployment rate remained at 4.2%. The manufacturing PMI showed a mixed picture: the ISM indicator stands at 48.5 points (recession), while the S&P Global PMI measured stable growth at 52 points. Looking at the EU as a whole, the ESI economic sentiment index rose to 95.2 points, but is still below the long-term average (100 points).

In China, the outlook for manufacturing remains weak: the NBS PMI stagnated at 49.5 points, while the Caixin index fell to 48.3, a 32-month low. Globally, therefore, there is a slight but uneven upturn, with business and consumer confidence slowly strengthening, while industrial performance is still facing constraints in many areas.

Fig. 7

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

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



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