



MONTHLY BULLETIN OF ECONOMIC TRENDS

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MAY

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

- » What does the new MNB–MKIK economic indicator show?
- » Signs of stabilization in business sentiment
- » International trends



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WHAT DOES THE NEW MNB–MKIK ECONOMIC INDICATOR SHOW?



2026. MAY

Business sentiment remains cautious, but expectations are already showing signs of improvement in several regions

The new MNB–MKIK business survey uses a large sample and an updated methodology to assess how businesses view their own situation and short-term prospects. According to the results for the fourth quarter of 2025, companies' assessment of the current situation remains subdued nationwide, though signs of stabilization and cautious improvement have already emerged in several regions.

One of the most important questions for businesses is always where the economy is headed: will demand improve, can more orders be expected, is it worth investing, expanding, or hiring new employees, or should they instead prepare for a more cautious approach to business management? Economic surveys provide regular feedback on these questions by assessing the current situation and expectations of businesses. The MKIK Institute for Economic and Business Research has been conducting economic surveys among domestic businesses for more than a decade and a half. For a long time, previous GVI surveys provided a reliable picture of how companies view their own business situation, order backlogs, capacity utilization, investment opportunities, and developments in the economic environment.

However, a new phase began in 2025: the MKIK and the Hungarian National Bank jointly developed the new MNB–MKIK business cycle survey system. The essence of the change is that the survey is conducted on a larger sample, using more modern methodology and on a monthly basis, while continuing to build on the experiences and expectations of businesses. This is not merely a technical change. The new system aims to provide a more accurate, detailed, and rapidly updated picture of the state of the Hungarian business sector. Feedback from companies can thus be incorporated more directly into the preparation of economic policy decisions.

WHAT HAS CHANGED SINCE THE PREVIOUS SURVEY?

The previous GVI business survey was conducted quarterly, typically involving around 350 businesses. In contrast, the new MNB–MKIK system is based on monthly data collection and processes responses from an average of 1,000–1,500 businesses. This allows for greater accuracy and the production of more detailed breakdowns.

One of the key objectives of the methodological overhaul was to ensure that the survey provides better coverage of the domestic business sector by company size, industry, and region. This is particularly

important because, for example, microenterprises and medium-sized enterprises, or companies in the construction, manufacturing, trade, and service sectors, may find themselves in very different situations within the Hungarian economy.

The new survey also pays greater attention to factors that currently have a particularly strong influence on the day-to-day operations of businesses. These include, for example, inflation and wage expectations, financing conditions, capacity constraints, cost increases, and investment decisions. However, the value of previous GVI data series is not lost. An important consideration in developing the new methodology was to ensure that the old and new indicators remain comparable and that longer-term trends can still be tracked.

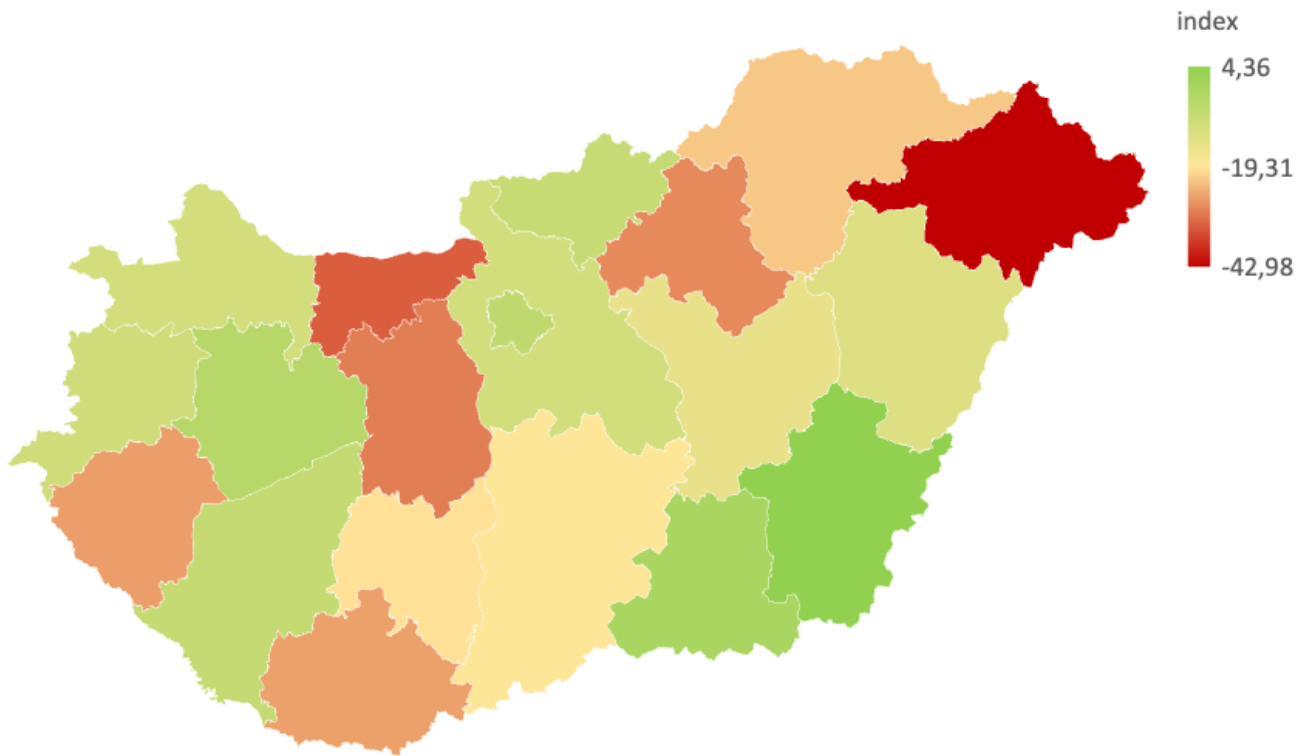
NATIONAL OUTLOOK: THE PRESENT REMAINS DIFFICULT, BUT THE OUTLOOK FOR THE FUTURE IS MORE FAVORABLE

Based on the initial results of the new MNB–MKIK business climate index, businesses' assessment of the current situation remains subdued nationwide. In most counties, the business climate index is in negative territory, indicating that a significant portion of businesses continue to perceive weaker demand, lower order volumes, a less favorable business environment, or capacity utilization issues.

However, the picture is not uniform. In several regions, expectations are already more favorable than the assessment of the current situation. This suggests that some businesses expect stabilization or improvement in the coming months, even if they continue to view current operating conditions as difficult.

The most favorable overall picture is seen in Békés County, where the business climate indicator is in positive territory. Other regions in a more favorable position include Veszprém, Budapest, Somogy, and Nógrád, where, although the indicator remains negative in many cases, business sentiment is better than the national average.

The weakest economic conditions are observed in Szabolcs-Szatmár-Bereg, Komárom-Esztergom, Fejér, Heves, Zala,



and Baranya counties. In these regions, businesses report a particularly unfavorable current business environment and more subdued outlooks.

CURRENT SITUATION: MANY COMPANIES ARE STILL OPERATING UNDER PRESSURE

Based on the indicator measuring the current situation, businesses nationwide continue to report a difficult operating environment. The negative values indicate that many companies are currently facing problems not only on the demand side but are also under pressure in terms of costs, capacity, and the business environment.

The most favorable assessment of the current situation is seen in Békés and Hajdú-Bihar counties, where the indicator is only slightly negative. This means that in these regions, business operating conditions are closer to a state of equilibrium.

In contrast, the assessment of the current situation in Fejér, Heves, and Szabolcs-Szatmár-Bereg counties is distinctly unfavorable. In these regions, the responses point to strong demand and business uncertainty. Businesses in Komárom-Esztergom, Tolna, and Zala counties also report a similarly difficult situation.

For businesses, this means that the national average alone is insufficient: the local en-

Fig. 1

Trends in the MNB-MKIK Business Climate Index by County

Source: GVI, based on data from the MNB and MKIK

vironment, the sector, and the size of the business are all very important factors in assessing the economic situation. The same macroeconomic environment can have a completely different impact on a small retail business, an industrial supplier, or a larger service company.

SIGNS OF STABILIZATION IN BUSINESS SENTIMENT



2026. MAY

Hungarian businesses are still navigating difficult terrain, but signs of a potential turnaround are already emerging in several areas.

According to the results of the MNB–MKIK business survey, businesses' assessment of the current situation remains subdued, although expectations in several regions already point to a cautious improvement. The results show significant differences by county, sector, and company size: the construction industry and micro-enterprises are feeling the economic pressure most acutely, while more favorable prospects are emerging in the manufacturing sector and among medium-sized enterprises.

The indicator measuring expectations paints a more favorable picture than the assessment of the current situation. This means that although many businesses still view current conditions as difficult, cautious optimism is emerging in several regions regarding the near future. The most favorable expectations are found in Tolna and Somogy counties. In these regions, a significant proportion of businesses expect improving prospects. Positive expectations are also evident in Békés, Nógrád, Veszprém, and Pest counties. In the case of Budapest, the current situation remains moderately negative, but expectations already point to a slight improvement. At the same time, a turnaround is not visible in every region. In Szabolcs-Szatmár-Bereg, Borsod-Abaúj-Zemplén, Komárom-Esztergom, Hajdú-Bihar, and Baranya counties, businesses remain more cautious or pessimistic about the near future. In these regions, in addition to current difficulties, short-term prospects are also subdued.

The current situation and expectations together convey a particularly important message. There are regions where the current situation is still weak, but companies are already expecting improvement. This can often be a sign of a potential turning point. Elsewhere, however, both the current situation and expectations are unfavorable, which may indicate more persistent difficulties.

SECTORAL DIFFERENCES: THE CONSTRUCTION INDUSTRY IS FEELING THE PRESSURE THE MOST, WHILE THE MANUFACTURING SECTOR IS MORE OPTIMISTIC

Based on the sectoral results, every sector surveyed views the current economic situation negatively. This indicates that the unfavorable environment is not unique to any single sector, but rather a widespread experience among businesses.

The construction industry is in the most difficult situation. The sector's assessment of the current situation is the weakest, which may be related to high costs, restrained investment, and uncertainty regarding demand. At the same time, expectations in the construction industry are already less negative, which may suggest that some businesses are hoping for stabilization.

The assessment of the current situation in the manufacturing sector is also negative, but expectations here are distinctly favorable. This is an important signal: some industrial firms are already anticipating improving economic conditions. The composite indicator, however, remains negative, meaning that current difficulties continue to dominate.

In the trade sector, both the current situation and expectations paint a cautious picture. This suggests that uncertainty regarding consumer demand remains palpable. The situation in economic services is somewhat more stable, but even in this sector, there is no clear sense of optimism.

BY COMPANY SIZE: MICROENTERPRISES ARE THE MOST VULNERABLE

The breakdown by company size reveals a very clear pattern: the larger the business, the more favorable its assessment of the current situation and its outlook for the future. Microenterprises with 0–9 employees perceive the economic situation as the most difficult. Their expectations are also negative, suggesting that cost increases, fluctuations in demand, and financing difficulties may be felt more acutely in this group. Microenterprises generally have smaller reserves, so economic uncertainty affects them more quickly.

The situation for small businesses with 10–49 employees is somewhat more favorable. Although the assessment of the current situation is negative here as well, the decline is more moderate, and expectations are only slightly negative. This suggests that some small businesses already operate under more stable conditions.

Medium-sized enterprises with 50–249 employees present the most favorable picture. In this size category, expectations are already distinctly positive, and the aggregate business climate index is also in positive territory. This indicates that the resources, market connections, and adaptability of medium-sized enterprises may provide stronger protection against an unfavorable economic environment.

Based on the results, three main messages can be highlighted. First: the current situation remains difficult nationwide. Many businesses are still facing subdued demand, cost pressures, and an uncertain business environment.



Second: expectations are more favorable in several areas than the current situation. This suggests that some businesses no longer expect further deterioration, but rather stabilization or gradual improvement.

Third: the differences are significant. It matters in which county, which sector, and at what scale a business operates. The situation of micro-enterprises remains more vulnerable, while stronger optimism is already evident among medium-sized enterprises. Overall, the new MNB–MKIK business survey provides a more accurate picture of how Hungarian businesses view the economic situation. The latest results paint a cautious but not hopeless picture: the current business environment remains difficult for many companies, yet signs of improvement have already emerged in several regions, sectors, and particularly among larger SMEs.

Fig. 2

Relative positions based on standardized values (negative and positive values indicate the relative standing among counties, not the sign of the KI indicator)

Source: GVI, based on data from the MNB and MKIK

03



INTERNATIONAL TRENDS

2026. MAY

		Actual data	Expectations	Previous period*
Germany	Unemployment Rate	6,3	6,4%	6,4
	Manufacturing Purchasing Managers Index	50,1	49	51,4
	IFO Business Climate Index ¹	84,9	84,2	84,4
France	INSEE Business Climate Index ²	94	94	94
EU	Economic Sentiment Indicator (ESI) ³	93,7	94	93,5
USA	Unemployment Rate	4,3%	4,3	4,3%
	CB Consumer Confidence Index	93,1	93	93.1
	Manufacturing Purchasing Managers Index	55,1	54,5	54,5
China	Manufacturing Purchasing Managers Index	50	52	50

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

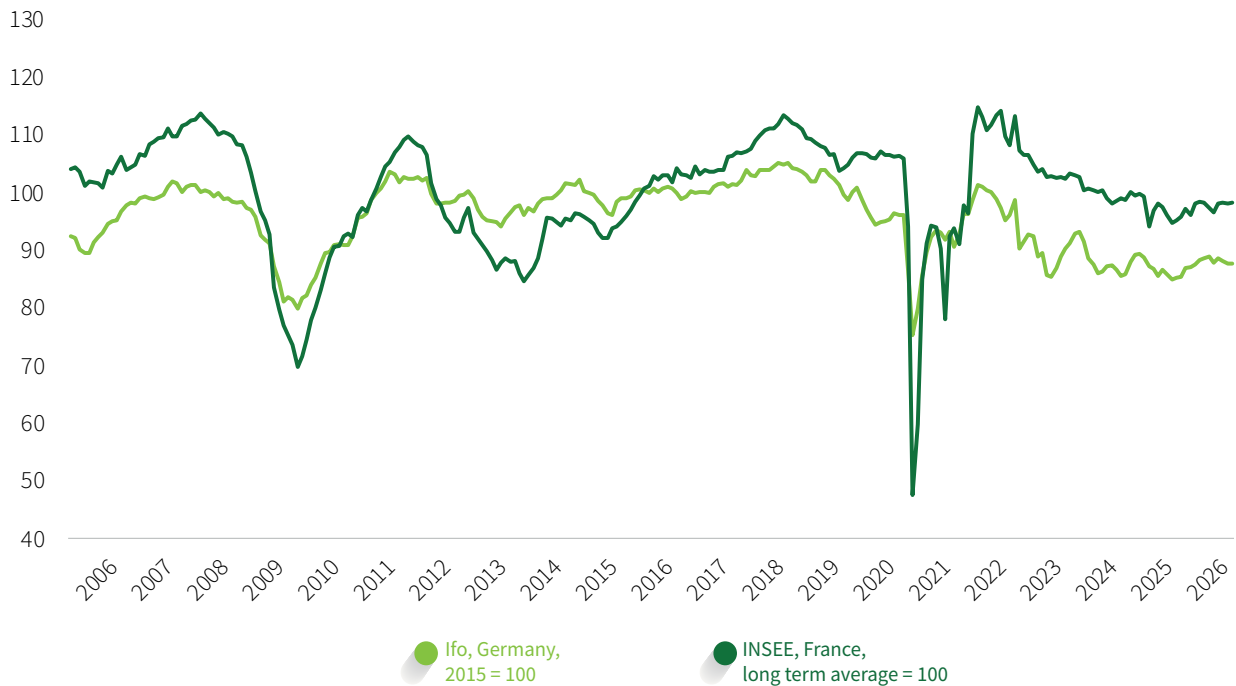


Fig. 3

Business confidence in Germany and France, based on the Ifo and INSEE business climate survey, January 2005 – May 2026

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

In May 2026, the global economic picture remained mixed: the U.S. manufacturing sector showed strong growth, while business sentiment in Europe was subdued and manufacturing activity in China hovered near stagnation. In Germany, the unemployment rate fell to 6.3% from 6.4% in April, though the labor market situation still cannot be considered to be clearly improving. The German manufacturing PMI fell to 49.9 points from 51.4 in April, meaning it once again fell below the 50-point expansion threshold. In contrast, the IFO business climate index rose to 84.9 points, signaling a slight improvement in sentiment, but the outlook remains fragile.

In France, the INSEE business confidence index remained at 94 points in May, meaning it remains below the 100-point level, which represents the long-term average. The European Union's Economic Sentiment Indicator (ESI) rose to 93.7 points, indicating a slight improvement but still signaling subdued, below-average economic sentiment.

In the United States, the labor market remained stable: the unemployment rate was 4.3% in May. The Conference Board's Consumer Confidence Index fell to 93.1 points from April's upwardly revised 93.8 points, indicating cautious consumer sentiment. Meanwhile, the U.S. Manufacturing Purchasing Managers' Index rose to 55.1 points, meaning manufacturing activity continued to show strong growth.

In China, the official manufacturing PMI fell to 50.0 in May from 50.3 in April. This means that the performance of the Chinese manufacturing sector stood right on the line separating expansion from

contraction. Production remained in expansionary territory, but new orders already signaled a slight weakening. Overall, expectations for June paint a cautious picture. In Germany, the unemployment rate may rise slightly, while the manufacturing PMI may remain near the 50-point threshold. In France and the EU as a whole, no significant improvement in sentiment is expected, while in the United States, the manufacturing sector may remain in expansionary territory, albeit with slightly less momentum. In China, manufacturing performance is also likely to remain near stagnation.



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