MONTHLY BULLETIN OF ECONOMIC TRENDS

2026

JULY

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

» Modest investment
» Business environment
» International trends

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MODEST INVESTMENTS

2026. JULY

Investment fell at 38 per cent of businesses, whilst only 11 per cent reported an increase.

The MNB–MKIK business climate survey for October 2025 clearly points to a subdued investment climate: investment fell at 38 per cent of businesses, whilst only 11 per cent reported an increase. Over the next three months, only one in five businesses plans to invest, whilst a further 21 per cent have postponed their previous plans. Overall, investment activity is weak, and short-term plans do not point to a widespread upturn either.

TRENDS IN INVESTMENT ACTIVITY

According to the business survey, the decline in businesses' investment activity continued in 2025. Thirty-eight per cent of respondents indicated that the value of investments made had fallen compared with the same period of the previous year. Only 11 per cent reported an increase, whilst for 7 per cent the level of investment remained unchanged. One-third of businesses made no investments in either 2024 or 2025. A further 4 per cent carried out investments in 2025 following a shortfall the previous year, whilst for 12 per cent the situation was the reverse: they invested in 2024 but not in 2025.

Amongst the businesses reporting growth, increases of 1–19 per cent, 20–39 per cent and at least 40 per cent occurred in almost equal proportions. The unfavourable overall picture therefore stems not only from the decline in investment values but also from the high proportion of companies that did not undertake any investment at all.

DIFFERENCES BY COMPANY SIZE, SECTOR AND REGION

By company size, the situation was most favourable for firms employing between 50 and 249 people: in 30 per cent of these, the value of investment increased or remained unchanged. This proportion stood at 20–21 per cent for firms with 10–49 employees and those with at least 250 employees, whilst for firms with fewer than 10 employees it was around 15 per cent. In 39 per cent of the smallest firms, no investment took place in any of the years examined; this proportion was just 9 per cent among firms with 50–249 employees, and was not typical among firms with at least 250 employees.

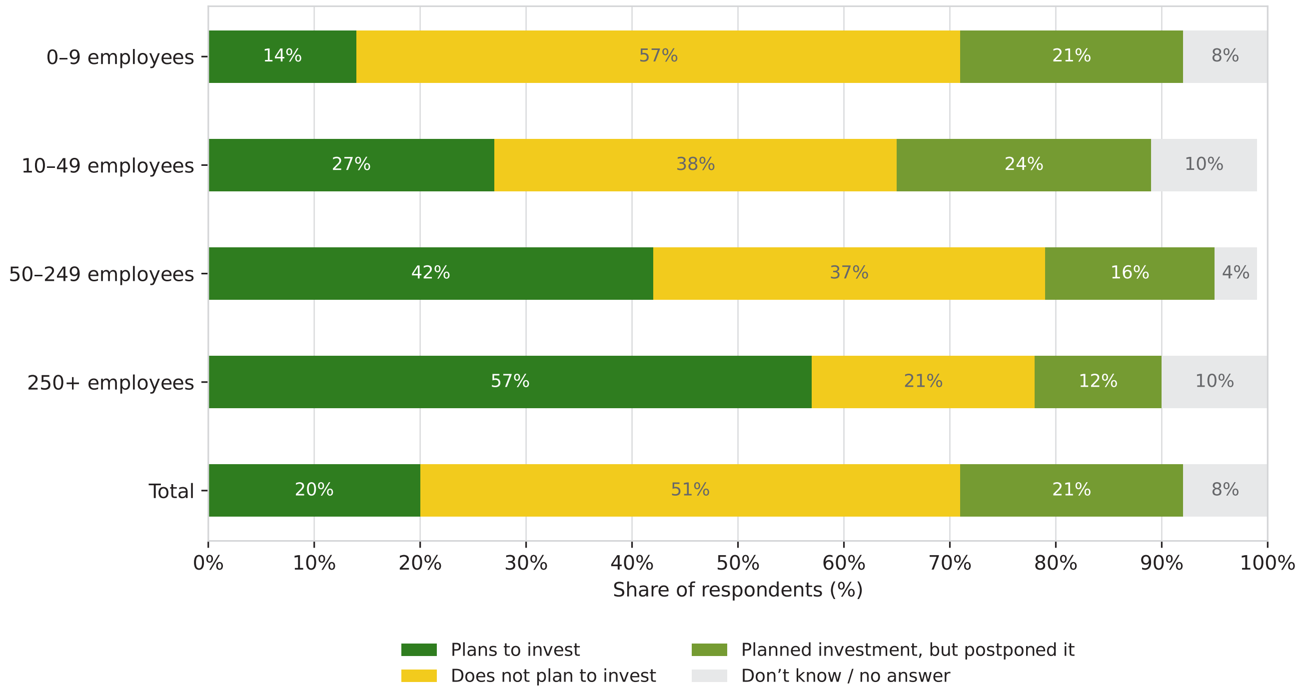
Broken down by sector, the proportion of firms reporting increased investment was highest in the manufacturing and construction sectors. In the retail sector, only 8 per cent reported an increase, whilst 42 per cent made no investment in either the previous year or this year. In agriculture and manufacturing, however, the proportion of firms reporting a decline was particularly high, at 45–47 per cent.

Regional differences are also significant. In the Northern Great Plain, Central Transdanubia and Western Transdanubia, more than 40 per cent of businesses reported a decline. At the same time, Western Transdanubia also had the highest proportion of firms reporting growth, at 17 per cent. Based on rising or stable investment levels, the Southern Great Plain and Central Hungary presented the most favourable overall picture, whilst Southern Transdanubia and the Northern Great Plain lagged behind the average.

INVESTMENT PLANS

Looking to the near future, investment activity cannot be described as strong: in the autumn of 2025, 20 per cent of the businesses surveyed were planning to invest in the coming three months, 21 per cent had planned to do so but had postponed their plans, 51 per cent had no investment plans, whilst 8 per cent did not know or did not respond. The proportion of respondents planning investments increases steadily with company size. In the under-10-employee category, only 14 per cent of companies plan to make investments, whilst in the 10–49-employee category this figure is nearly double, in the 50–249-employee category it is approximately three times as high, and in the largest size category this proportion is more than four times as high. Nearly a quarter of companies with 10–49 employees had planned investments for the next three months but ultimately postponed them. In the other size categories, the proportion of such responses is lower: 21 per cent for companies with fewer than 10 employees, and 12–16 per cent for larger companies.

Looking at the sectors, manufacturing was the sector in which the highest proportion of companies were planning investment activities over the next three months (33 per cent), whilst the lowest proportion was found in business services (17 per cent). In agriculture, construction and trade, the proportion of firms planning investments ranged between 20 and 22 per cent. The proportion of respondents reporting planned but postponed investments was highest in the manufacturing sector at 25 per cent, ranging from 21–22 per cent in the other sectors, whilst in trade it stood at just 17 per cent. In the business services, trade and agriculture sectors, more than half of enterprises had not even planned any investment over the next three months, whilst in the manufacturing sector this proportion was only 37 per cent.



Significant differences can be observed between regions in terms of investment plans, which broadly correspond to differences in levels of development. In the Southern Great Plain, Central Transdanubia and Western Transdanubia, between a quarter and a fifth of businesses are planning investments. By contrast, in the Northern Great Plain, the proportion of businesses planning investments was only 14 per cent, whilst in Northern Hungary and the Southern Transdanubia the figures also fell short of the average (16 per cent and 15 per cent respectively). In the Northern Great Plain and Northern Hungary, 56–57 per cent of respondents indicated that they were not planning any investment, whilst in Central Hungary and Southern Transdanubia this proportion also exceeded 50 per cent. Even in the three regions showing a more favourable overall picture, the proportion of businesses not planning to invest is close to half of all respondents. In Western Transdanubia and Northern Hungary, a significant proportion (23–24 per cent) of businesses had planned to invest but had postponed their plans, whilst in the other regions this proportion ranged between 18 and 22 per cent.

Fig. 1
Investment plans for the next three months, by company size.

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

02

A SHRINKING BUSINESS ENVIRONMENT

2026. JULY

Nearly half of businesses cited a lack of customers as one of the main obstacles to their operations.

Business operations are primarily hampered by a lack of customers, rising labour costs, price increases by suppliers and high energy prices, whilst significant differences can be observed across different company sizes, sectors and regions. Only 6 per cent of businesses considered their business situation to have improved, whilst 30 per cent reported a deterioration. Over the next three months, the majority of companies expect current trends to continue, with only 8 per cent anticipating any significant improvement.

For businesses, insufficient demand was the most common problem in the autumn of 2025: 49 per cent of respondents cited a lack of customers. This was followed by rising labour costs, cited by 40 per cent. Price increases by suppliers affected 34% of companies, high energy prices 30%, and labour shortages 22%. Financing problems were cited by 20%, and administrative burdens by 17%. Direct disruptions to the supply chain were less common: only 6 per cent reported supplier delays or product shortages. The same proportion reported that they had not experienced any factors hindering their operations at all. Overall, the results show that businesses' problems are primarily linked to demand constraints and cost pressures. A lack of customers was a key issue across all size categories: 40–50 per cent of businesses mentioned this. Rising labour costs affected businesses with 10–49 employees the most (56%), but also represented a significant obstacle for those with 50–249 employees (52%) and large enterprises (50%). Labour shortages were less common among firms with fewer than 10 employees (18%) than among larger firms (28–36%).

The impact of supplier price increases typically increased with company size: whilst 32 per cent of the smallest firms reported this problem, 45 per cent of those employing at least 250 people did so. Financing difficulties, by contrast, showed an opposite pattern: they affected 21 per cent of enterprises with fewer than 10 employees, but only 14 per cent of the largest firms. There was significant regional heterogeneity in the responses. Within individual response categories, differences of up to nearly 20 percentage points were observed between regions. However, even when broken down by region, it was evident that a lack of customers and rising labour costs posed a particularly serious problem for all businesses. The lack of customers was a consistently significant problem across all regions, with 45–56 per cent of businesses identifying it as an obstacle. Rising labour costs were most acute in Western Transdanubia (46 per cent), but emerged as a significant obstacle in every region, with a proportion of around 40 per cent. On average, the reporting of labour shortages was also high across the board, but it affected the Southern Great Plain (26 per cent) particularly significantly. High energy prices hampered business operations in Northern Hungary (43%), whilst price increases by suppliers, by contrast, mainly hindered the operations of businesses in Western Transdanubia (39%).

Sectoral differences are much more pronounced in this breakdown, and in many cases, particularly extreme figures can be observed. A lack of customers remains the most significant problem, but it is particularly pronounced in the retail sector, where it affects nearly 70 per cent (69 per cent) of businesses – by far the highest figure across all sectors. In contrast, the impact is significantly lower in agriculture (37%), representing a difference of more than 30 percentage points. Rising labour costs are felt most acutely in the manufacturing sector (58%), which is significantly higher than the level in business services (35%). In the other sectors, the figures are relatively more uniform, hovering around 40 per cent. The impact of high energy prices is also highly varied: it is exceptionally high in the manufacturing sector (49 per cent) and agriculture (41 per cent), whilst in the construction sector it is just 18 per cent, which is one of the largest discrepancies between the individual factors. Supplier price increases affect agriculture (44 per cent), the manufacturing sector (43 per cent) and the retail sector (43 per cent) the most, whilst their significance is considerably lower in the construction sector and business services (29–29 per cent). A particularly extreme pattern can be observed in the case of supplier delays/product shortages: these do not occur at all in agriculture (0%), whilst in the retail sector they account for as much as 13%. Financing problems are most pronounced in agriculture (31 per cent), whilst their prevalence is much lower in trade and business services (17–17 per cent). Administrative barriers are most prevalent in business services (21 per cent), which stands out from the 11–18 per cent range seen in other sectors.

We also examined how businesses assess their business environment this month compared with the previous month, and how they expect it to change over the next three months. According to the results, only 6 per cent of businesses considered their situation to be more favourable than in previous months, 61 per cent considered it to be similar, whilst 30 per cent considered it to be weaker. Expectations for the next three months painted a similar picture. Eight per cent of businesses expected an improvement, 54 per cent believed their situation would remain unchanged, whilst 29 per cent expected it to deteriorate. A comparison of the two questions reveals that the majority of businesses anticipate a continuation of current trends over the next three months: 63

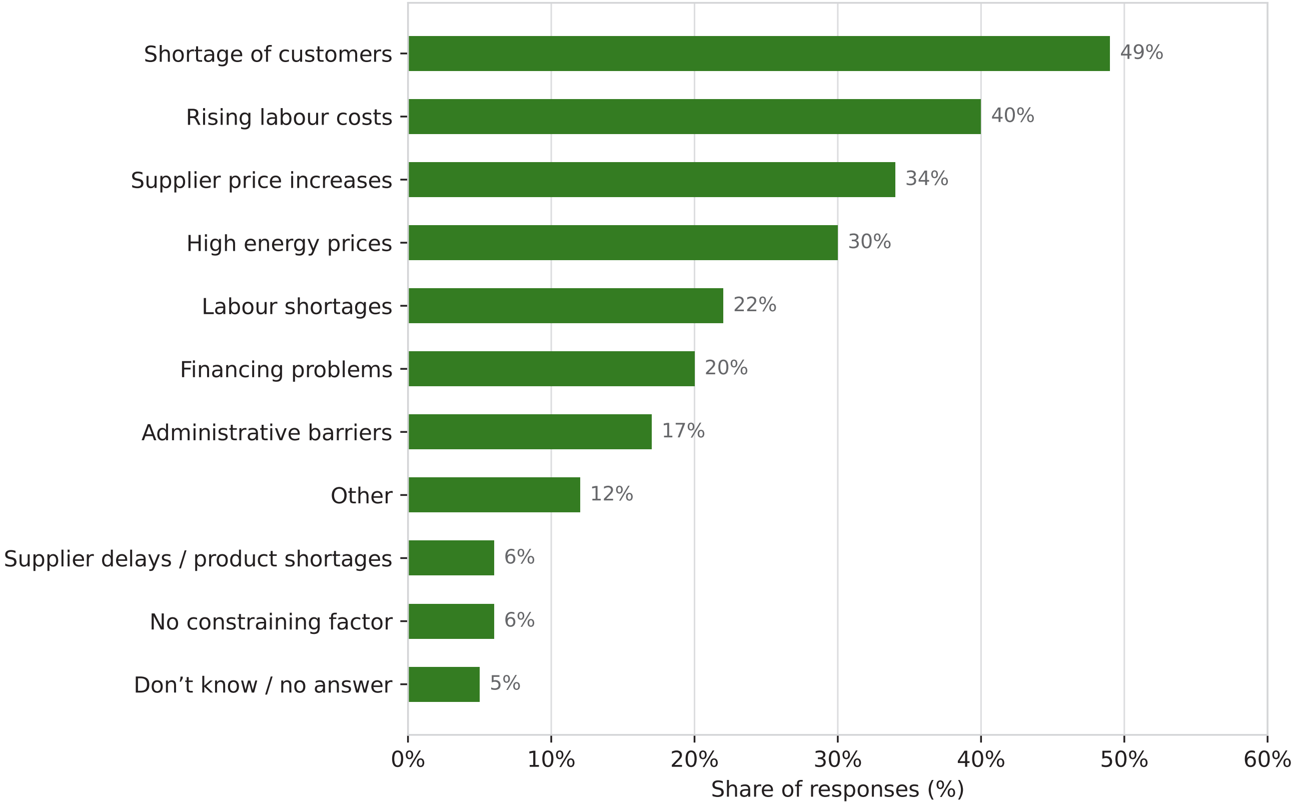


Fig. 2
Which factor(s) are currently hampering the company’s operations?

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

per cent of those perceiving the current business environment as more favourable also expect an improvement over the next three months. Among those perceiving the business situation to be similar, 73 per cent of businesses do not anticipate any change, whilst a higher proportion (65 per cent) of those who assessed their situation as weaker expect the business environment to deteriorate.

Assessments of the current and expected business environment showed no significant differences, whether by number of employees, region or sector. Regarding the assessment of the current business situation, a positive assessment accounted for 5–9 per cent in all employee size categories (whilst no company with more than 249 employees selected this option). A ‘similar’ business situation was reported by 57–68 per cent of businesses, whilst a ‘weaker’ situation was reported by 20–33 per cent. Within each region, 3–8 per cent of businesses stated that their current business situation was favourable, whilst the majority (46–66 per cent) gave a similar or worse (25–43 per cent) assessment. When broken down by sector, the proportion of businesses rating their business situation as favourable remained below 10 per cent, whilst – as in previous breakdowns – the proportion rating it as similar stood at 55–67 per cent, and those rating it as less favourable at 28–34 per cent. Assessments of the expected business situation followed a similar pattern. In terms of the number of businesses, 5–11 per cent expect an improving trend, 52–58 per cent expect no change, whilst 24–29 per cent expect their business situation to deteriorate. Broken down by region, the proportion of businesses forecasting an improving trend remained below 13 per cent, whilst around half to two-thirds of businesses expect no change. However, a third of businesses across almost all regions expect unfavourable trends, with this proportion ranging between 26 per cent and 36 per cent. Finally, broken down by sector, 48–60 per cent of businesses do not expect any significant change over the next three months, whilst 22–30 per cent of firms anticipate unfavourable trends.

03

INTERNATIONAL TRENDS

2026. JULY

		Actual data	Expectations	Previous period*
Germany	Unemployment Rate	**6,4%**	6,3%	6,3%
	Manufacturing Purchasing Managers Index	**52,2**	52,2	50,3
	IFO Business Climate Index[1]	**86,6**	86,1	85,7*
France	INSEE Business Climate Index[2]	**97**	95	95*
EU	Economic Sentiment Indicator (ESI)[3]	**97,2**	96	95,7*
USA	Unemployment Rate	**4,1%**	4,2%	4,2%
	CB Consumer Confidence Index	**90,8**	92,4	92,2*
	Manufacturing Purchasing Managers' Index	**53,9**	53,8	53,9
China	Manufacturing Purchasing Managers' Index	**49,2**	50,1	50,3

[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
*Retrospective adjustment

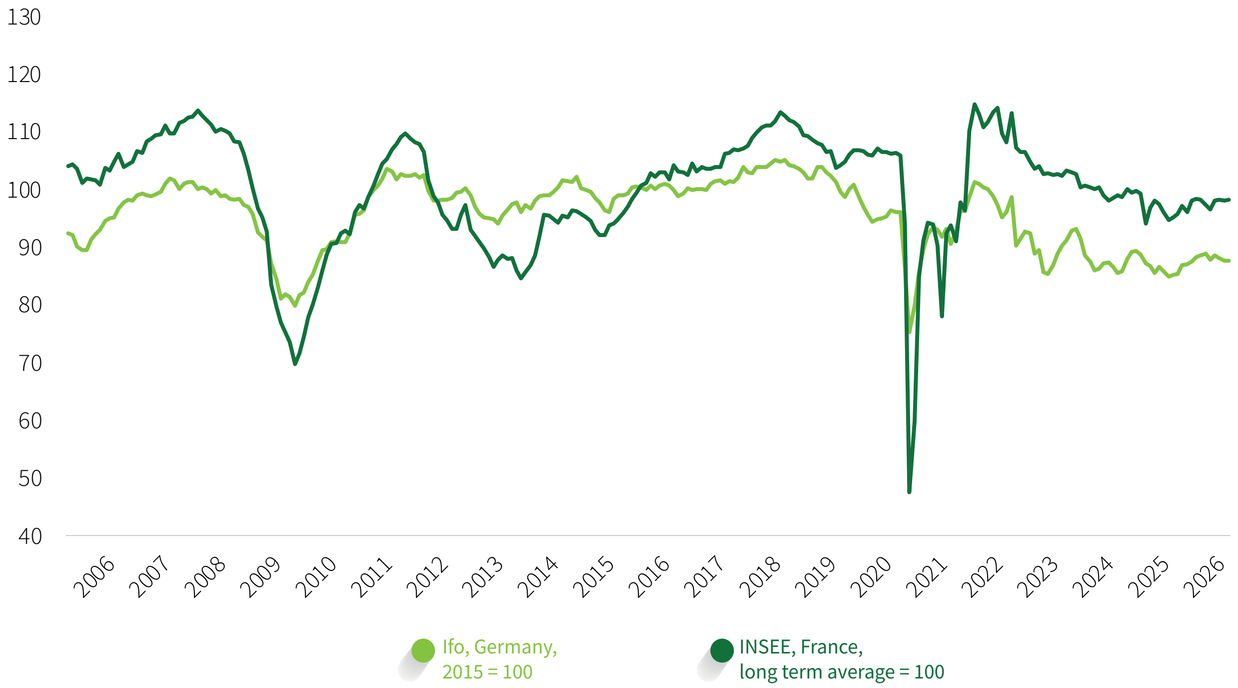


Fig. 3
Business confidence in Germany and France, based on the Ifo and INSEE business climate survey, January 2005 – July 2026

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

In July 2026, the global economic picture remained mixed: economic sentiment improved in Europe, the US manufacturing sector remained in expansionary territory, whilst industrial activity in China declined. In Germany, the unemployment rate rose from 6.3% to 6.4%. At the same time, the manufacturing Purchasing Managers' Index (PMI) rose from 50.3 points to 52.2 points, signalling a more pronounced expansion in activity. The IFO Business Climate Index also improved, rising from 85.7 points to 86.6 points, slightly exceeding expectations.
In France, the INSEE business confidence index rose from 95 points to 97 points, but remained below the long-term average of 100 points. The European Union's Economic Sentiment Indicator (ESI) rose from 95.7 points to 97.2 points. The July figures therefore point to a noticeable, though not yet comprehensive, improvement in sentiment.
In the United States, the unemployment rate fell from 4.2 per cent to 4.1 per cent, outperforming expectations. However, this decline was partly due to a fall in labour force participation, so the data does not indicate a clear strengthening of the labour market. The Conference Board's consumer confidence index fell from 92.2 points to 90.8 points, falling short of the expected 92.4 points. The manufacturing purchasing managers' index remained at 53.9 points, meaning the sector continued to show clear expansion.
In China, the official manufacturing Purchasing Managers' Index fell from 50.3 points in June to 49.2 points. The index thus fell below the 50-point threshold indicating stagnation, meaning that the Chinese manufacturing sector once again showed a slight contraction.
The outlook for August paints a cautiously mixed picture overall. In Germany, the upturn in the manufacturing sector is encouraging, but rising unemployment is dampening optimism. In France and the European Union, the gradual improvement in sentiment is likely to continue, whilst in the United States, alongside an expanding manufacturing sector, weakening consumer confidence is increasing uncertainty. In China, industrial performance is expected to remain close to stagnation and fragile.

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