

## Conflicting Expectations, Decreasing Rate of Growth <sup>+</sup>

The Business Situation and Perspectives of the Largest Exporting  
Manufacturing Firms in Hungary Based on the Survey in July 1999

by

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### **Summary**

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**His works are:**

Characteristics and Supply Effect of Pre-Privatization in Hungarian Retail Trade, KOPINT-DATORG, Discussion Papers, no. 13. April 1992. P. 30.

*The Spread of Entrepreneurial Inclinations in Hungary* (co-author: György Lengyel), Studies in Public Policy, 224. University of Strathclyde, Glasgow, 1994.

Households as Savers, Entrepreneurs and Investors (co-author: Éva Palócz), In: UNCTAD: Privatization in the Transition Process. Recent Experiences in Eastern Europe, UNCTAD & KOPINT-DATORG. pp. 321-348.

“Tax Behaviour of Small and Medium –size Enterprises” (co-author: András Semjén), *Review of Sociology of the Hungarian Sociological Association*, 1996, Special Issue, pp. 67-87.

Market links and growth capability of enterprises in a transforming economy: the case of Hungary, In: László Csaba (ed.): *The Hungarian SME Sector Development in Comparative Perspective*, CIPE/USAID & KOPINT-DATORG Foundation, Budapest, 1998, pp. 29-59.

“Inter-enterprise ownership links in Hungary”, *Acta Oeconomica*, 1997-98, Vol. 49. (3-4). pp. 365-396.

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## Main Findings

### *Business indicators of the TOP 1,500 firms in 1998-99, %*

Indicators	Surveys		
	December 1998 (TOP98/3)	July 1999 (TOP99/1)	
	Estimations		
	1998	1999	1999
Nominal growth of net turnover (previous year = 100%)	32-42	11-19	7-12
Share of firm in which the net turnover is growing	83	81	84
Share of firm with surplus	82	-	85
Share of firm with improving productivity	-	54	55
Growth of employment (previous year = 100%)	100.8- 101.1	103,1- 103,5	99 – 102,6
Share of firm with growth of employment	48	38	31
Growth of gross salaries at the end of the year (salaries in December of the previous year = 100%)	17-18	13-15	12-13
Extent of productive capacity utilisation	80-86	-	78-82
Share of firms increasing their capacity utilisation	43	-	30
Share of firms expecting a growth of orders		50 <sup>1</sup>	49 <sup>1</sup>
Share of firms increasing their investments	56	36	42
Growth rate of the domestic price of the firm's products will be			
Higher	-	8	6
No change	-	54	46
Lower	-	39	49
Business situation of firm			
Good	48		36
Medium	45		51
Bad	7		13
Expected change of firm's business situation			
Improve	48		49
No change	42		39
Deteriorate	10		12

1: Orders expected in the first half of the year as compared to the same period of the previous year.

- 1 During the survey, out of the 1,500 largest exporting firms, 295 were asked. The surveyed firms, similarly to the previous TOP98 studies, represent the population of the 1,500 largest exporting companies regarding the industrial sector and export turnover. These companies supply about 95% of the total export of the manufacturing industry and employ more than half of the people working in the manufacturing industry.
- 2 The investing activity was high in 1999 among the surveyed companies. 42% of the firms answered that this year it will increase its investments. This means a smaller growth rate of investment: a year ago nearly 53% of the surveyed thought so.
- 3 The manufacture of machinery, the chemical industry, the non-metallic mineral production, the fabricated metal production and other processing industries wish to augment their investments in the biggest share (56% and 48%), while the food, textile, wood and paper-making industries intend only 27% .
- 4 There is a strong positive correlation between the employment and the turnover, furthermore with the productivity. The biggest share of investments grow in the firms with the greater employment and turnover as well as those capable of increasing their profit.
- 5 Some decrease of investment can be predicted for 2000. Compared to last summers forecasts there has been an increase in the share of companies who plan a decrease of investments, and also where no change is expected. Accordingly, among the largest exporting companies the growth rate deterioration of investments will continue in 2000, or in favourable circumstances the growth rate of 1999 will reoccur.
- 6 As a result of the investments in 1999 the productive capacities increased by an average of approximately 14%, just as in 1998.
- 7 There has been some increase in the share of the more than one year non mobile stock, both amongst the input and the output stocks, as well as among the stocks of intermediate goods. However the increase is not significant.

- 8 The differences between the enterprises grew according to the range of time horizon of planning. In comparison to the former year, both shares of the long-term planning companies and the firms unable to plan, enlarged.
- 9 Employment in 1999 is foreseen to decrease in approximately one third of the companies, in 31% to expand and in 37% to stagnate. This indicates smaller fluctuations and more moderate employment enlargement plans than the figures reported last summer concerning that year. The predictions regarding the employment growth for 1999 became more pessimistic.
- 10 Most probably the manufacture of machinery firms and the firms with foreign majority ownership are planning the largest employment increase.
- 11 Employment at the end of 1999 may be 99-102.6% of the last year's. It can not be ruled out that among these firms the increase of growth rate will be the same as in 1998 (0.8-1.1%).
- 12 In 1999 there has been a minor, non significant decrease (78-82%) in the utilisation of the capacities compared to the former year (80-86%). After 1998, the share of the companies who prevail an amelioration of the capacity utilisation will decrease, whereas those expecting a deterioration will increase in 1999. A better capacity utilisation is characteristic of the Transdanubian or foreign owned companies and the medium-sized enterprises. Furthermore, this characterises mainly the companies which are profitable, with increasing effectiveness and turnover.
- 13 In the second half of the year there is an insignificant increase in the share of firms expecting a growth of orders.
- 14 Significant changes can not be expected in the share of Hungarian suppliers in 1999. We may point out that the share of Hungarian suppliers is higher than the average among the companies whose situation on the market is deteriorating, ie. in 1999 these will probably show a deficit, their turnover had declined in 1998 and both their export and employment is decreasing in 1999. This reflects a strengthening of the segmented market structure between the Hungarian enterprises.
- 15 Most of the largest manufacturing exporters export to countries of the European Union (EU). 93% of them export to this region, and 72% of them direct more than

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50% of their exports to EU countries. Thus, 67% of the largest exporting companies direct more than 50% of its exports to EU countries. The business situation of these firms depend upon the EU countries prosperity.

- 16 In 1999 the turnover will probably decrease, including the growth rate of exports. The predictions are particularly cautious about the latter. Parallel to the decrease of growth rate, an decrease of the growth rate differences on the company level is to be expected. However, the dominance of the manufacture of machinery and the foreign-owned companies characteristic for 1997-98 remain. The machinery and the foreign-owned firms will significantly increase their exports faster than the other companies.
- 17 A greater export growth rate is prevailed for the first year of the next millennium. The feature characteristics of the export growth for the years between 1997-99 will continue in 2000: the significantly highest rate of growth of the foreign owned enterprises, the outstanding productivity of the manufacture of machinery and the positive correlation between the employment growth and the expanding rate of export. The growth rates of the firms situated in Budapest or in the Pest County are expected to be the highest, and also it can be perceived that the companies notably increasing their export in 1998 anticipate the same results in 2000.
- 18 The forecasts for the companies effectiveness in 1999 are very favourable, though are fairly cautious compared to previous ones. More than 85% of the largest exporters expect to be profitable, whereas only 7% await losses. The rate of the return to sales is predicted to be similar to the previous year's, which is a positive sign indicating the stabilisation of the companies successfulness.
- 19 The decline of the rate of price increase of the biggest exporting companies continue in 1999. Amongst the TOP 1,500 the domestic price expected to increase is around 4.1-5.6% in December 1999 compared to December 1998. A 1.5-3.1% of growth concerning the export prices is calculated. There is a strong positive correlation between the price expectations of the domestic and the foreign markets. The companies decide their domestic prices depending on their export prices.
- 20 There is a larger than average share of small companies, incapable of multiplying the turnover and showing a deficit among the companies unable to rise their prices.

Within the domestic prices there are notable regional differences, there is a higher rate of inflation in the central region (Budapest and the Pest County) than in the Eastern and Northern part of Hungary.

- 21 The management of the TOP 1,500 companies are less optimistic concerning the situation of the Hungarian economy than in the previous surveys. The tendency observed at the end of 1998 continues in 1999 following the decline of growth rate in Western Europe. The companies foresee more pessimistically the general economic situation of the next half year, than did half or one year earlier.
- 22 The surveyed companies see their own situation more confidently than the situation of Hungarian economy, despite the decline of growth rate of the EU countries, especially Germany, which are their essential export markets. 36% described the former as “good”, whilst only 13% said it was “bad”. The company's situation forecasts of the prospective changes are definitely optimistic. These remain positive: 47% of the managers await modest, 3% significant amelioration of the situation of its enterprise whilst only 12% account for deterioration. There has been no change compared to half a year earlier predictions, in the tendency of the situation modification.

Similarly, we perceive a favourable impression when we inquire about the firms selling possibilities in the year 2000. 43.5% of the leaders await significant or modest amelioration, whereas only 11.3% account for deterioration.

To summarise, an odd divergence can still be observed between the judgement of the situation and its expected changes of the *Hungarian economy* and their *own businesses*. A larger share of managers see the situation of its company favourable than unfavourable. The majority of managers do not expect the deterioration of its firms situation.



## Tables & Figures

### 1 About the Surveyed Firms

*Table 1.1 Distribution of the surveyed largest exporter manufacturing firms by type of majority owner 1995-99, %*

Type of majority owner	Survey in 1995 (January)	TOP98/1 survey (January)	TOP98/2 survey (July)	TOP98/3 survey (December)	TOP99/1 survey (July)
	Based on tax return data set (1992)	Based on tax return data set (1996)		Based on tax return data set (1997)	
Foreign	31.0	38.0	40.3	47.4	43.1
Hungarian company	12.2	20.0	16.7	12.9	21.1
Hungarian individual	25.3	33.0	36.7	32.8	28.6
Other	31.5	9.0	6.3	7.0	6.8
Total	100.0	100.0	100.0	100.0	100.0
N	229	299	300	302	294

*Table 1.2 Distribution of the population and the surveyed sample by sectors and staff categories, %*

Sectors	TOP 1,500 sample	Surveyed sample
Food, beverages, tobacco	16.4	15.3
Textile, clothes, leather, fur	17.7	20.1
Wood, paper, printing	7.0	6.5
Chemical products	9.9	10.5
Non-metallic mineral production	3.6	3.1
Metals, fabricated metal production	14.8	10.9
Manufacture of machinery	26.6	30.3
Other industries, recycling	4.1	3.4
Total	100.0	100.0
N	1,500	294
Employment categories (head, based by 1997 <sup>th</sup> CSO data)		
No more than 20	8.3	1.7
21 – 50	12.4	5.1
51 – 300	53.1	60.9
More than 300	26.2	32.3
Total	100.0	100.0
N	1,500	294

*Table 1.3 Share of net turnover, export and employment of TOP 1,500 firms in the manufacturing in 1998*

	Surveyed firms	N	Manufacturing	%
	(1)	(2)	(3)	(4)=(1)/(3)
Employment (thousand head)	114.6	295	912 <sup>1</sup>	12.7
Net turnover (Billion HUF)	1,725.3	291	6,560 <sup>2</sup>	26.3
Export (Billion HUF)	671.5	286	3,556 <sup>2</sup>	18.9

Sources 1: Hungarian Statistical Pocket Book - 1998, CSO, 1999, 27. p.  
2: Hungarian Statistical Pocket Book - 1998, CSO, 1999, 188. p.

## 2 Economic Climate, Expectations and Forecasts

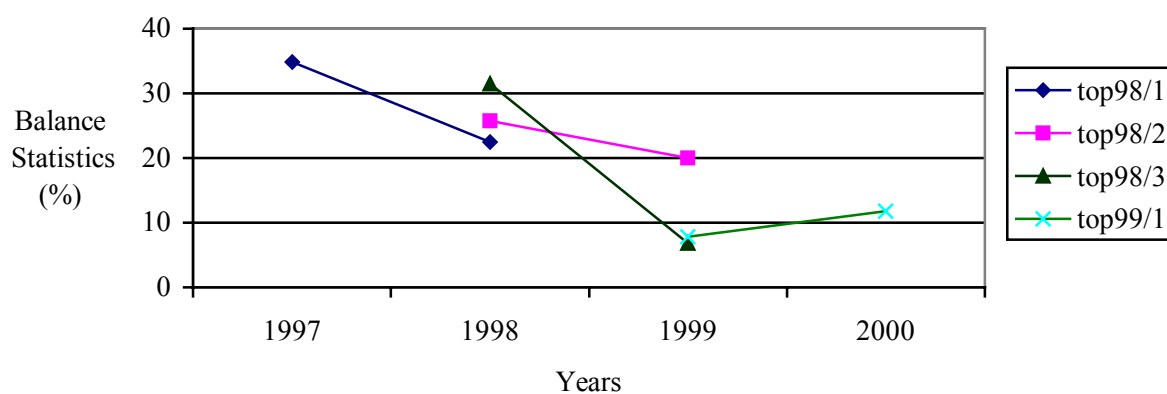
### 2.1 Investments, Inventories and Planning

Table 2.1.1 Expectations about the investments 1997-2000, %\*

Year, survey	Change of investments			N
	Increased / will increase	Did not change / will not change	Decreased / will decrease	
In 1997, TOP97	45.6	28.9	25.6	283
In 1997, TOP98/1	54.9	25.0	20.1	264
In 1998, TOP98/1	43.6	35.6	20.8	298
In 1998, TOP98/2	52.5	20.7	26.8	261
In 1998, TOP98/3	55.8	19.9	24.3	292
In 1999, TOP98/2	40.8	38.4	20.8	284
In 1999, TOP98/3	35.8	35.2	29.0	293
In 1999, TOP99/1	42.0	23.8	34.2	269
In 2000, TOP99/1	35.1	41.6	23.3	279

\*: only the firms which had any investments

Figure 2.1.1 Tendency of investment change 1997-99, %

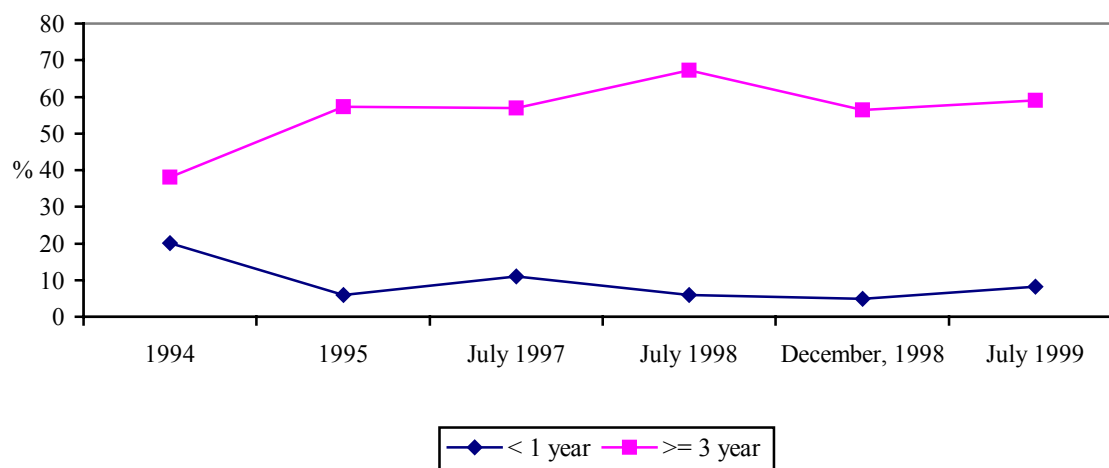


Remarks: The figure shows the *balance statistics* indicating the difference between the share of 'improving (good)' and share of 'deteriorating (bad)' answers. (Balance statistics = share of 'good' – share of 'bad').

*Table 2.1.7 Change of time horizon of planning 1994-1998, %*

Year, survey	Time horizon of planning					Total (N)
	No planning	Less than 1 year	1-2 years	3-5 years	More than 5 years	
1994, EXPORT94	4.8	15.3	41.9	29.3	8.7	100.0 (230)
1995, EXPORT95	0.7	5.3	36.7	32.2	25.1	100.0 (196)
1997, TOP98/1	4.0	7.1	32.0	41.1	15.8	100.0 (297)
1998, TOP98/2	2.3	3.7	26.8	40.8	26.4	100.0 (299)
1998, TOP98/3	1.7	3.1	38.8	39.8	16.7	100.0 (294)
1999, TOP99/1	1.4	6.8	32.7	41.8	17.3	100.0 (294)

*Figure 2.1.2 Change of time horizon of planning 1994-1998, %*



## 2.2 Employment, Labour Shortage and Wages

*Table 2.2.1 Distribution of the largest exporters by change of employment or expected change of employment 1996-1998, %*

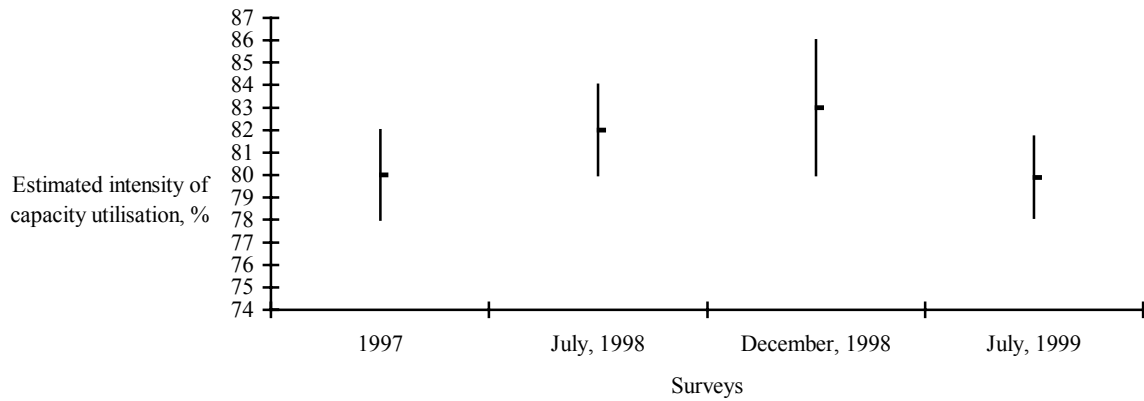
Years, surveys	Change of employment			Total	N
	Fall	No change	Rise		
1996, TOP97	37.0	20.5	42.5	100.0	291
1997, TOP97	13.1	55.1	31.8	100.0	289
1997, TOP98/1	35.6	23.7	40.7	100.0	295
1998, TOP98/1	8.4	53.7	37.8	100.0	296
1998, TOP98/2	25.0	31.3	43.7	100.0	284
1998, TOP98/3	34.1	18.1	47.8	100.0	299
1999, TOP98/3	16.0	45.9	38.1	100.0	257
1999, TOP99/1	32.1	37.2	30.7	100.0	290

*Table 2.2.2 Average growth of gross salaries at the surveyed firms 1997-1998, %*

Survey	Year	Average	Standard error	Median	N
TOP98/2	1997	17.75	0.41	18.0	288
TOP98/2	1998	15.84	0.31	15.0	285
TOP98/3	1998	17.03	0.25	15.0	290
TOP98/3	1999	14.21	0.28	14.0	290
TOP99/1	1999	12.61	0.30	13.0	283

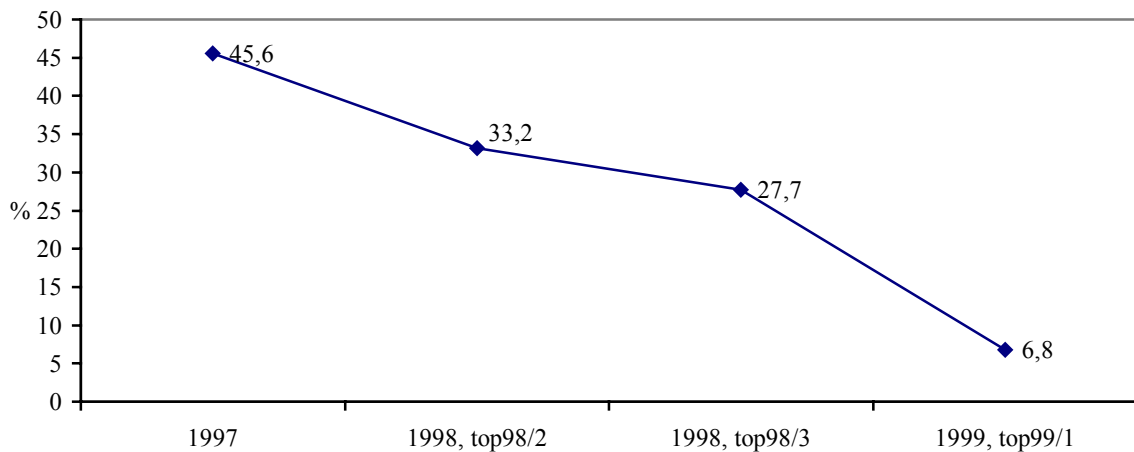
## 2.3 Capacity Utilisation and Hungarian Suppliers

Figure 2.3.1 Change of capacity utilisation 1997-99, %



Remarks: minimum, average and maximum values

Figure 2.3.2 Dynamics of capacity utilisation 1997-99, %

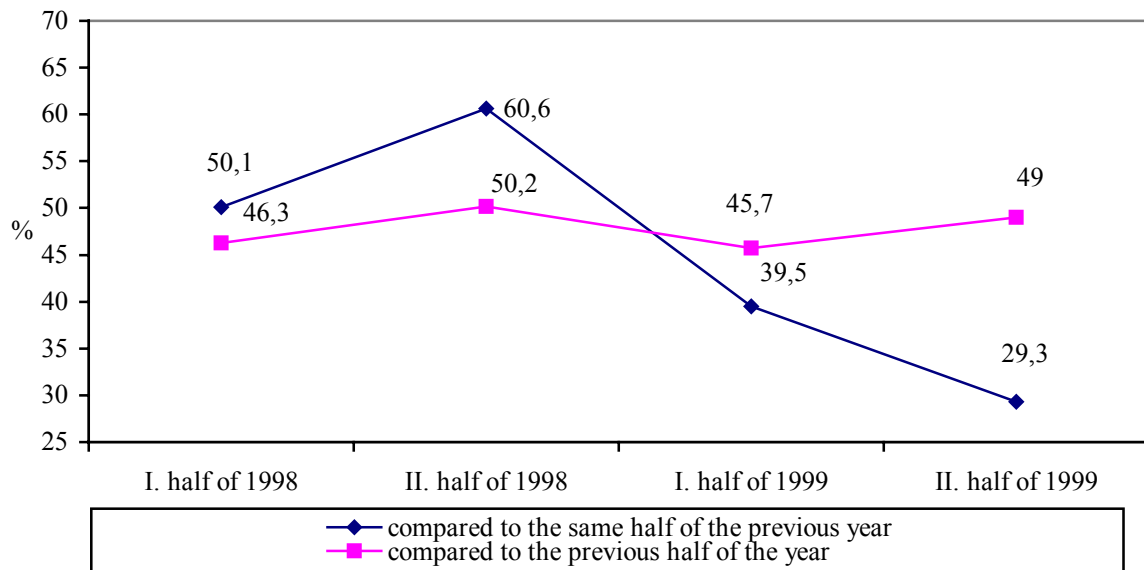


Remarks: The figure shows the *balance statistics* indicating the difference between the share of 'improving' and share of 'deteriorating' answers. (Balance statistics = share of 'improving' – share of 'deteriorating').

*Table 2.3.2 Average level of capacity utilisation at several group of firms in 1999, %*

Variables	Group of firms	Average	N
<b>Regions</b>			
	Central (Budapest and Pest county)	79.7	76
	Transdanubia	84.4	82
	East- and North Hungary	77.3	131
<b>Majority owner</b>			
	Foreign	82.2	127
	Domestic company	73.0	60
	Hungarian individual	81.2	82
	Other	80.0	20
<b>Employment</b>			
	-50	86.3	17
	51-100	78.5	57
	101-300	82.8	114
	301-	76.5	102
<b>Operating balance in 1998</b>			
	Surplus	81.7	215
	Zero or deficit	73.5	56
<b>Expected operating balance in 1999</b>			
	Surplus	80.9	215
	Zero or deficit	74.5	33
<b>Expected change of performance in 1999</b>			
	Improving	80.4	158
	No change	82.6	82
	Deteriorating	73.4	44
<b>Dynamics of net turnover in 1998</b>			
	Did not increase	72.5	61
	Increased, no more than median	79.9	76
	Increased, more than median	83.2	140
<b>Dynamics of export turnover in 1998</b>			
	Did not increase	73.2	61
	Increased, no more than median	80.4	76
	Increased, more than median	83.6	140
<b>Expected dynamics of net turnover in 1999</b>			
	Increase	75.2	68
	Increase, no more than median	84.5	72
	Increase, more than median	80.5	141
<b>Expected dynamics of export turnover in 1999</b>			
	Increase	76.1	83
	Increase, no more than median	79.6	54
	Increase, more than median	82.9	138

Figure 2.3.3 Dynamics of change of orders 1998-99, %



Remarks: The figure shows the *balance statistics* indicating the difference between the share of 'rise' and share of 'fall' answers. (Balance statistics = share of 'rise' – share of 'fall').

Table 2.3.4 Expected role of Hungarian suppliers 1998-2000, %

Surveys	Years	Role of Hungarian suppliers			Total	N
		will increase	no change	will decrease		
TOP98/2	1998	16.4	79.5	4.1	100.0	293
TOP98/3	1999	16.5	77.8	5.7	100.0	297
TOP99/1	2000	15.8	77.9	6.3	100.0	272



## 2.4 Net Turnover, Export and Import

*Table 2.4.1 Role of different countries in the export of largest exporter manufacturing firms in 1997-1999, %*

	Share of different countries in the total export of firms surveyed in TOP98/1 survey in 1997			
	No export	Less than 25%	25-49%	50% and more than 50%
Germany	24.0	21.6	13.9	40.5
Austria	50.3	37.8	6.1	5.8
Other EU countries	37.6	37.2	14.2	15.9
Visegrád countries	71.0	25.3	2.0	1.7
CIS	69.7	16.0	6.1	8.2
Other former COMECON countries	73.2	22.0	2.0	2.0
North -America (USA, Canada)	81.0	12.9	3.7	2.4
Other countries	72.8	20.4	4.1	2.7
	In 1998 share of different countries in the total export of firms surveyed in TOP98/3 survey			
Germany	21.1	23.1	12.4	43.5
Austria	50.8	37.8	5.7	5.7
Other EU countries	38.4	33.0	13.5	15.2
Visegrád countries	65.8	26.2	5.0	3.0
CIS	72.4	18.5	5.4	3.7
Other former COMECON countries	69.1	26.2	2.7	2.0
North -America (USA, Canada)	76.9	16.7	3.7	2.7
Other countries	72.8	19.8	4.4	3.0
	In 1999 expected share of different countries in the total export of firms surveyed in TOP99/1 survey			
Germany	24.5	21.4	17.0	37.1
Austria	50.7	36.4	5.4	7.5
Other EU countries	36.1	33.0	15.6	15.3
Visegrád countries	64.3	29.6	4.8	1.4
CIS	67.0	27.2	2.4	3.4
Other former COMECON countries	65.9	27.3	3.1	3.8
North -America (USA, Canada)	81.3	15.6	2.4	0.7
Other countries	71.4	23.5	2.7	2.4
	In 1999 change of share of different countries in the total export of firms surveyed in TOP99/1 survey			
	Will not export	Will decreasing	No change	Will increasing
Germany	18.4	5.3	55.3	20.9
Austria	39.9	2.5	42.7	14.9
Other EU countries	28.5	2.8	45.2	23.5
Visegrád countries	53.0	2.5	32.3	12.2
CIS	55.0	3.5	27.0	14.5
Other former COMECON countries	53.0	2.1	33.6	11.3
North -America (USA, Canada)	66.5	1.4	26.3	5.8
Other countries	61.6	2.2	27.2	9.0

*Table 2.4.2 Dynamics of coefficient of variation of net turnover growth 1997-98  
(weighted by the net turnover of firms, previous year = 100%)*

Years, surveys	Average of estimated growth (previous year = 100%)	Standard deviation	Coefficient of variation	N
1997, TOP98/1	136.84	74.08	0.54	288
1998, TOP98/1	115.26	27.21	0.24	266
1998, TOP98/2	114.35	16.45	0.14	292
1998, TOP98/3	136.70	43.05	0.31	296
1999, TOP98/3	114.91	30.98	0.27	264
1999, TOP99/1	109.30	21.31	0.19	289

*Table 2.4.3 The average growth of net turnover in several groups of firms  
(current prices, previous year = 100%)*

Variables	Groups of firms	Average	N
Employment			
	-50	100.9	20
	51-100	115.1	55
	101-300	111.3	113
	301-	123.0	98
Dynamics of performance in 1999			
	Improve	124.0	154
	No change	105.1	83
	Deteriorate	106.0	45
Change of employment in 1999			
	Fall	105.1	92
	No change	112.4	103
	Rise	129.7	87
Groups of sectors			
	Manufacture of machinery	121.0	86
	Food, beverages, tobacco, textile, clothes, leather, fur, wood, paper, printing	109.3	119
	Chemical products, non-metallic mineral production, metals, fabricated metal product, other industries, recycling	114.2	80

*Table 2.4.4 Estimation of dynamics of export turnover in manufacturing between 1996-99, previous year = 100%*

Years, surveys	Average	Standard error	N
1996, TOP96	112.9	5.1	164
1996, TOP97	117.4	2.4	259
1997, TOP98/1	127.0	3.9	280
1998, TOP98/1	117.7	1.5	267
1998, TOP98/2	124.4	3.5	286
1998, TOP98/3	126.3	3.1	293
1999, TOP98/3	109.5	1.9	284
1999, TOP99/1	106.1	2.9	184
2000, TOP99/1	109.9	1.8	169

Remarks: TOP96: survey made between November 1995 – January 1996  
TOP97: survey made between November 1996 – January 1997  
Data weighted by net turnover of firms.

*Table 2.4.6 Dynamics and expected dynamics of share of import-goods in the production 1998-2000, %*

Share of import-goods in the total production	TOP98/3		TOP99/1	
	1998	1999	1999	Expected in 2000
Increased / will increase	21.3	19.8	18.9	16.4
Did not change / will not change	69.8	69.2	71.4	71.6
Decreased / will increase	8.9	11.1	9.7	12.0
Total	100.0	100.0	100.0	100.0
N	258	253	259	250

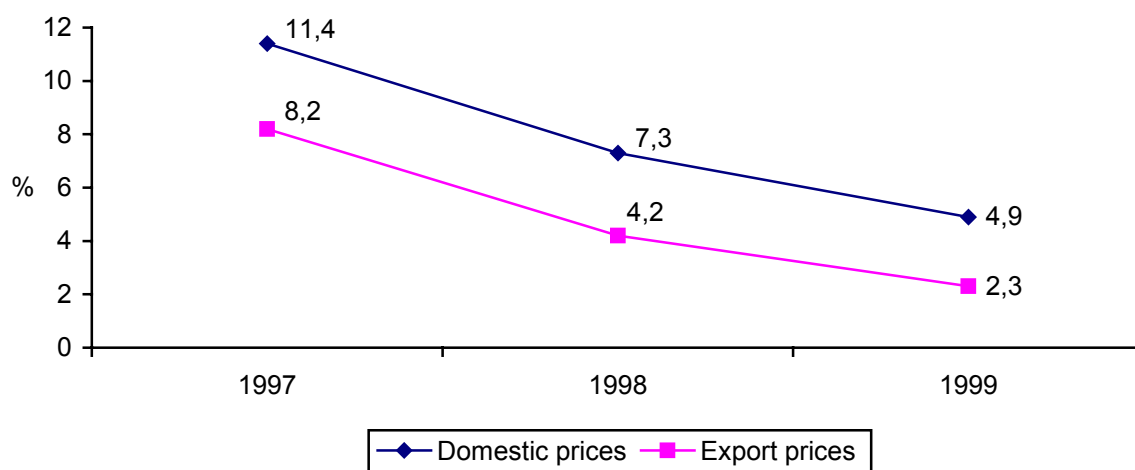
## 2.5 Performance

2.5.1 Table Share of firm by operating balance 1997-1998, %

Year	Survey	Operating balance			Total	N
		Surplus	Zero	Deficit		
1997	TOP98/2	78.9	2.7	18.4	100.0	299
	TOP98/3	79.1	3.7	17.3	100.0	301
	TOP99/1	79.0	3.1	17.9	100.0	290
1998	TOP98/2	88.1	7.8	4.1	100.0	294
	TOP98/3	81.9	8.0	10.0	100.0	299
	TOP99/1	78.8	3.1	18.1	100.0	293
1999	TOP99/1	85.1	8.0	6.9	100.0	288

## 2.6 Prices, Inflation Expectations

Figure 2.6.1 Estimated rate of inflation of domestic and export prices at TOP 1500 firms between 1997-1999, (in December compared to the prices in December of the previous year, %)



*Table 2.6.1 Estimated rate of inflation of domestic and export prices at TOP 1500 firms between 1997-1999, (in December compared to the prices in December of the previous year, %)\**

Years	Date of surveys	Domestic prices of firms	Export prices of firms
1997	December, 1997	10.3 - 12.5	7.3 - 9.2
1998	December, 1997	6.0 - 7.3	5.3 - 7.2
1998	December, 1998	6.2 - 8.4	3.1 - 5.3
1999	July, 1999	4.1 - 5.6	1.5 - 3.1

\*: Weighted by the net turnover of firms.

*Table 2.6.4 Distribution of several groups of firms by the rate of inflation of domestic prices of firm in 1999, %*

Groups of firms	Distribution of firms by the rate of growth of domestic prices of firm in 1999			Total	N
	The firm can not increase its prices	The firm's prices increase no more than 7%	The firm's prices increase more than 7%		
<b>Surveyed firms</b>	<b>29.1</b>	<b>22.5</b>	<b>48.4</b>	<b>100.0</b>	<b>258</b>
Central region	18.6	25.7	55.7	100.0	70
North and East Hungary	38.3	20.0	41.7	100.0	115
No more than 50 employee	58.8	0.0	(41.2)	100.0	17
Improving performance in 1999	19.9	23.5	56.6	100.0	136
Deteriorating performance in 1999	44.2	(20.9)	34.9	100.0	43
Export turnover increase more than median in 1999	20.5	24.8	54.7	100.0	117
Export turnover don't increase in 1999	42.3	16.7	41.0	100.0	78
Domestic turnover increase more than median in 1999	22.3	22.3	55.4	100.0	121
Domestic turnover do not increase in 1999	38.5	18.8	42.7	100.0	96

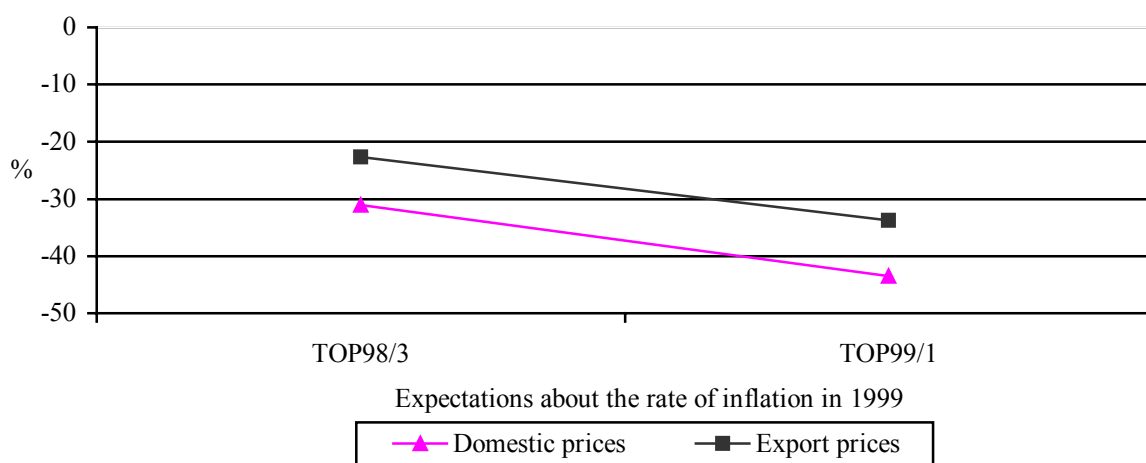
() : case number less than 10

*Table 2.6.5 Distribution of several groups of firms by the rate of inflation of export prices of firm in 1999, %*

Group of firms	Distribution of firms by the rate of growth of export prices of firm in 1999		Total	N
	The firm can not increase its prices	The firm increase its prices		
<b>Surveyed firms</b>	<b>52.5</b>	<b>47.5</b>	<b>100.0</b>	<b>278</b>
Employment no more than 50 head	77.8	(22.2)	100.0	18
No surplus in 1999	68.6	31.4	100.0	35
Surplus in 1999	45.9	54.1	100.0	205
Performance deteriorate in 1999	76.7	23.3	100.0	43
Performance improve in 1999	45.7	54.3	100.0	151
Export turnover do not increase in 1999	65.9	34.1	100.0	82
Export turnover increase more than median	42.0	58.0	100.0	131

( ): case number less than 10

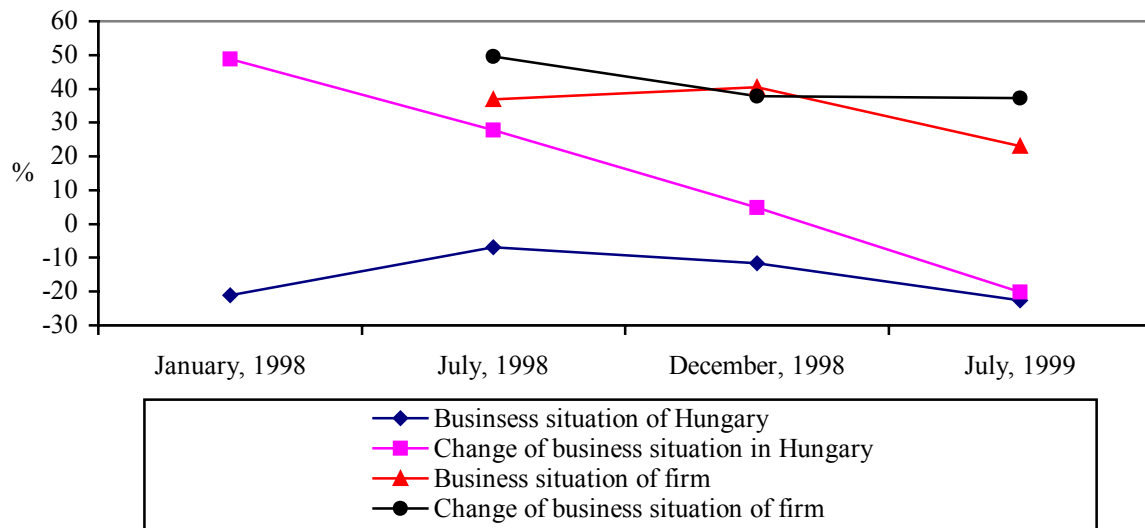
*Figure 2.6.2 Tendency in expectations about the rate of inflation of domestic and export prices*



Remarks: The figure shows the *balance statistics* indicating the difference between the share of 'higher' and share of 'lower' answers.

## 2.7 Perceptions and Expectations of Business Climate

Figure 2.7.1 Estimations of the largest manufacturing companies regarding the Hungarian economy and their own situation, %



Remarks: The figure shows the *balance statistics* indicating the difference between the share of 'good/improving' and share of 'bad/deteriorating' answers.