

**KOPINT-TÁRKI**  
INSTITUTE FOR ECONOMIC RESEARCH



# MANUFACTURING BUSINESS SENTIMENT

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CURRENT STATUS AND SHORT-TERM  
PROSPECTS OF MANUFACTURING FIRMS  
2026 first quarter





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The publication is based on the aggregated data of the quarterly manufacturing business sentiment test of KOPINT-TÁRKI and the information derived from the data.

Economic sentiment surveys are used in dozens of countries to quickly assess the economic situation and outlook. The pioneer – and one of the most important developers, supporters and popularizers – of the application of this method is the IFO Institute in Munich. Since 1953, the Centre for International Research on Economic Tendency Surveys (CIRET, <http://www.ciret.org/>), whose Secretariat has been part of the IFO for a long time and is now attached to KOF ETH (Zurich), has been involved in coordinating national work (<http://www.kof.ethz.ch/>). Among indicators of cyclical activity, indicators from business tendency surveys for business cycles are published by the OECD and the EU. The OECD publishes key results in its monthly Main Economic Indicators and EUROSTAT electronically in its public online database.

The tool of economic sentiment surveying is an easy, quick questionnaire for managers of business organizations. The questions relate to the company's situation, the state of the economy and the development of certain cyclical factors: production, order, stocks, and demand. The aggregation of responses indicating the most indicative trends allows a quantified assessment of the economic situation. The advantage of the economic sentiment survey is that, based on its results, changes in economic trends can be predicted quite reliably if information is collected regularly.

KOPINT-DATORG has used this method to measure manufacturing industry activity in Hungary since 1987. Since the fall of communism, several organizations have been collecting information in this way. However, KOPINT-TÁRKI, which has been conducting the economic sentiment survey since March 2007 as the legal successor of the research department of Kopint-Datorg, is currently the only company that has been surveying corporate managers for their opinion quarterly for 33 years, with a prognosis for the next six months.

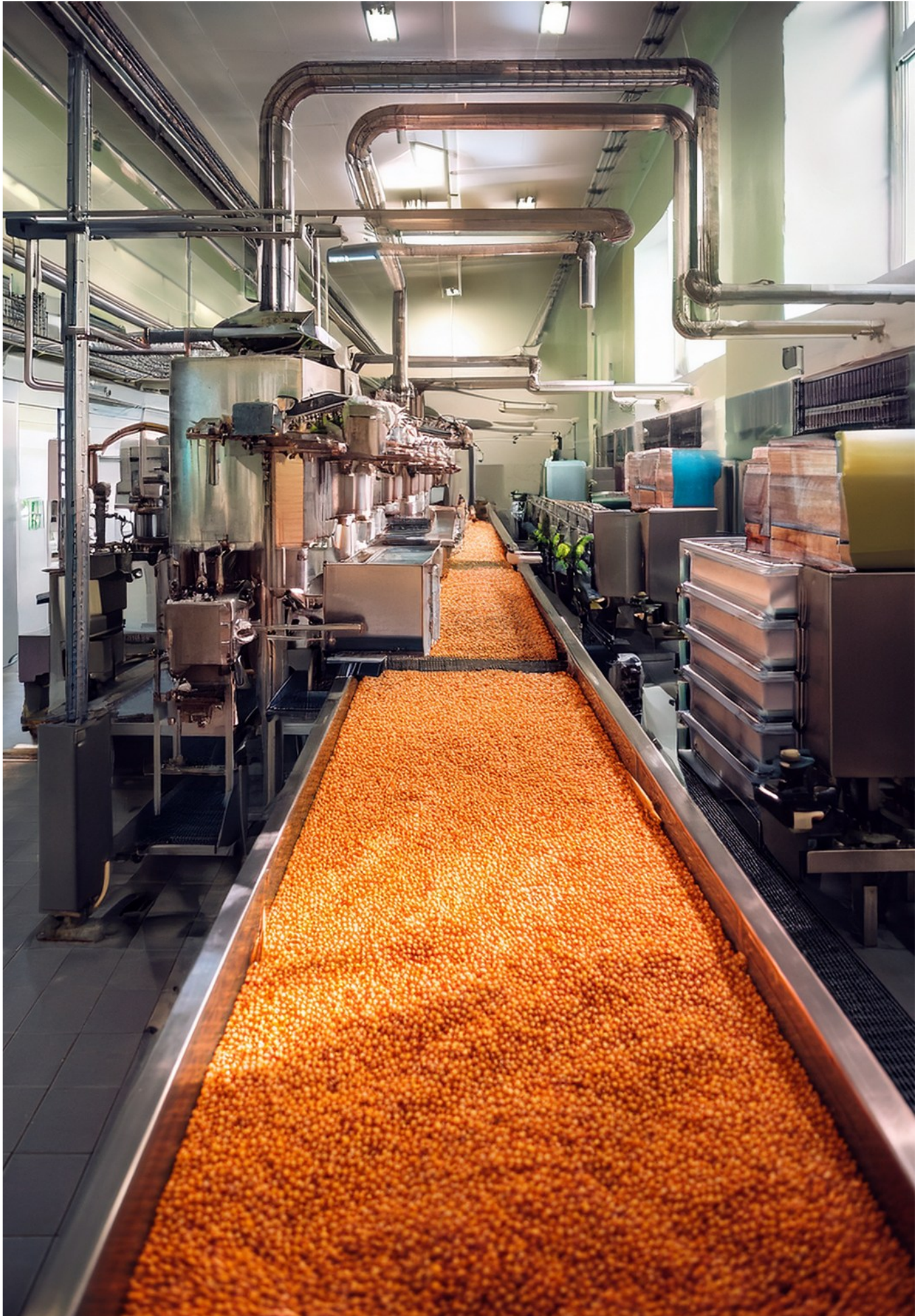
## SUMMARY

Based on the results of the manufacturing survey conducted in April 2026, a significant improvement in sentiment and a substantial revival of expectations are observed within the sector, although the real economic fundamentals currently do not support this optimism. The business cycle indicator, summarising companies' current assessments and short-term outlooks, moved favourably after a modest improvement at the beginning of the year, with the current situation self-assessment rising to 54 points from 51 at the end of 2025. A particularly notable change occurred in the outlook for the future, where the index increased by 11 points, representing one of the largest positive jumps in the test's history. This optimism mainly stems from the fact that companies previously in a poor position no longer expect further deterioration but instead believe the situation will stabilise. The upturn affects the entire manufacturing spectrum, as both small and large enterprises, as well as exporters and domestic producers, share this confidence.

Conversely, the manufacturing confidence index remains unchanged at 51 points, indicating that the subjective expectations are not yet backed by the necessary fundamentals. The current order backlog is at a critical level, standing at only 39 points, with just 9% of companies reporting high order volumes, while 29% consider them low. However, the production forecast, with a value of 61 points, provides grounds for optimism, suggesting that the recovery could become evident in production within the medium term, i.e., within 6–9 months. The revival of the domestic market largely depends on the utilisation of EU funds and the launch of related programmes, whereas on the export side, more moderate impulses are expected due to the slow European economic recovery and the strengthening of the forint.

In the ranking of factors hindering production, demand deficiency remains the main obstacle, although its share has decreased from 50 to 43 points. Simultaneously, the proportion citing economic uncertainty has fallen significantly from 35% to 24%, while the shortage of skilled labour shows a rising trend, increasing from 11% to 18%. Employment plans are contradictory: small enterprises plan to expand, whereas large companies are more inclined to plan layoffs over the next six months. Capacity utilisation, after two years, has risen above 70% for the first time, but this is still significantly below pre-pandemic levels by 8–10 percentage points. Among the survey indicators, the most remarkable improvement is seen in the perception of Hungary's economic prospects, where the positive balance jumped from 43 to 70 points, one of the highest values in the test's thirty-year history. Although companies still view the current economic situation as unfavourable, the degree of improvement has been substantial.

Sustainable growth will require not only a favourable financial environment but also the assurance of fair market competition and the restoration of business confidence. For companies, long-term planning and a reduction in the intensity of state intervention would be key to improving productivity.





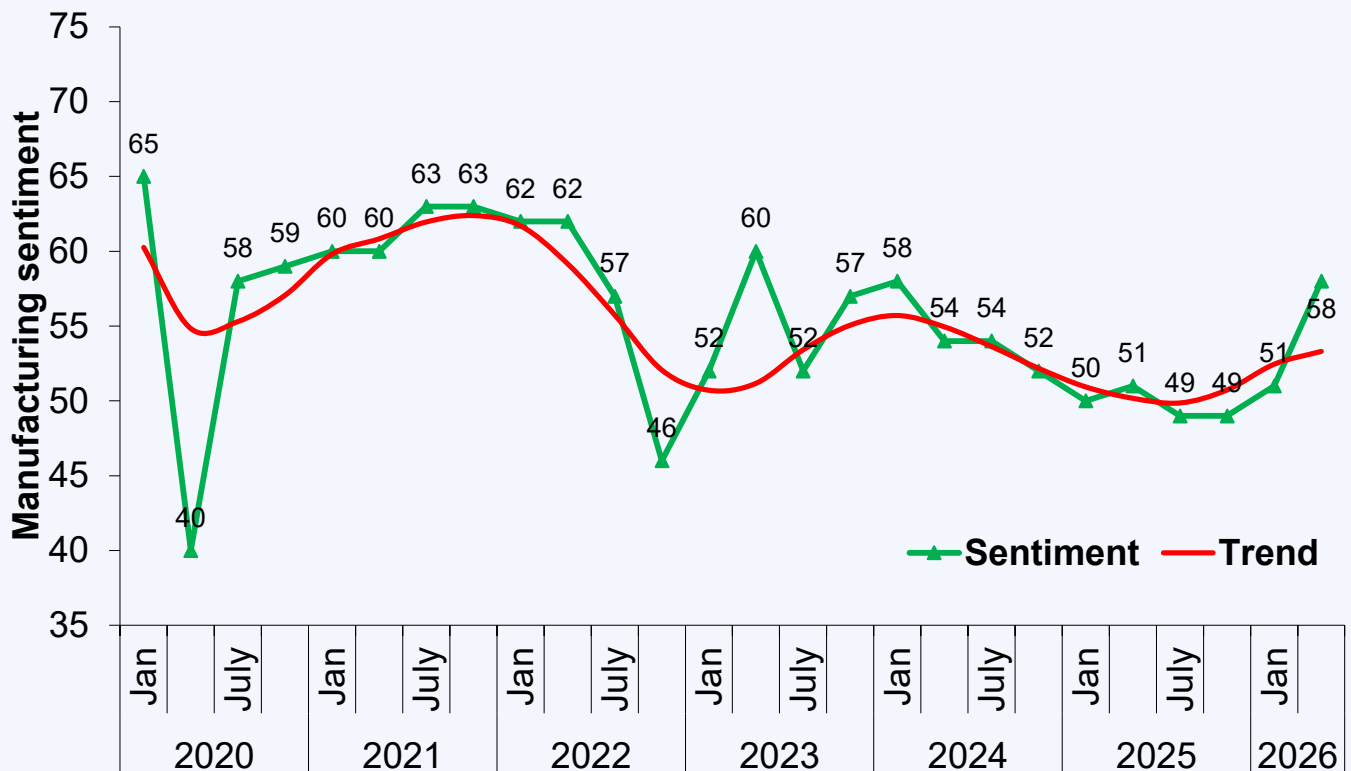
## MANUFACTURING BUSINESS SENTIMENT INDICATOR

**From pessimism to optimism — the turn of the tide**

After April 2026, noticeable changes can be observed in the indices of the manufacturing sector's conjuncture. Despite most of the indicators improving significantly following the April elections, this process had already begun earlier in the year, albeit in a rather cautious manner, and we are currently witnessing the realisation of these expectations. The conjuncture barometer is a subjective indicator, which is composed of the current assessment of companies and their outlook for the next six months. The current situation assessment stands at 54 points, which is a clear positive shift from last year's penultimate quarter's 46 points, although compared to the last quarter of 2025's 51 points, the change is less significant. The seasonally adjusted index remains close to 50 points. However, the outlook has seen a substantial increase of about 11 points, which is the seventh largest positive change in the history of the test (excluding the pandemic period, the largest positive 'jump' between two quarters was in the last quarter of 2018, approximately 25 points). The structure of responses indicates that the change is primarily observed among companies currently feeling in a poor position; mainly, they expect that in the next six months, their situation will not necessarily improve but at least will not deteriorate further. Therefore, expectations are more about 'perhaps it won't get worse' rather than 'it will get better'. The change spans the entire spectrum of the manufacturing industry; small enterprises are just as optimistic as large corporations, as are exporters and domestic market sellers. However, the real economic basis for this is not yet fully known, but it is more likely to be positive rather than neutral. Primarily, the revival of investment appetite is conceivable in the short term, although the financing obstacles were not significant previously, so it is more about preparing for the expected upswing that could trigger investments.

**Flying start in trust — on a historical scale**

## MANUFACTURING SENTIMENT 2026 Q1



## MANUFACTURING CONFIDENCE INDEX

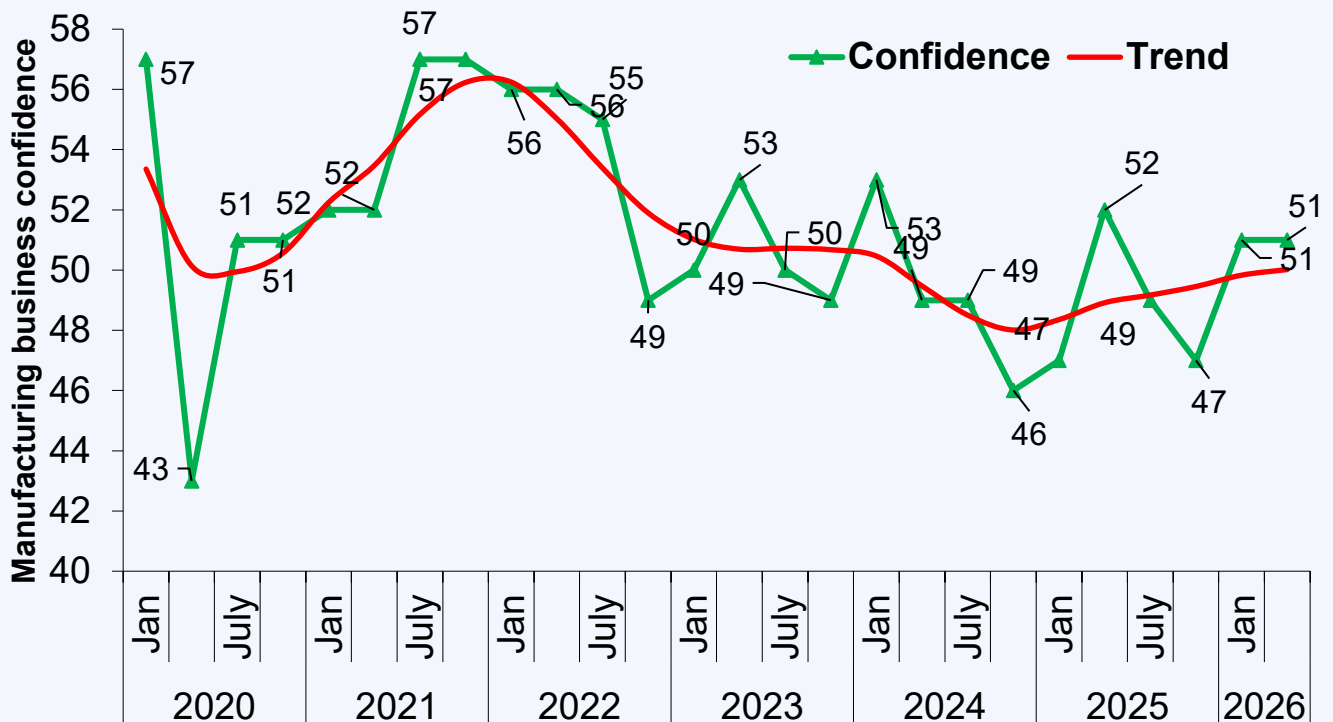
**The trust is there, but the foundations are still missing — can't do without it.**

Contrary to the manufacturing sector's barometer, there is no change in the confidence index; the balance remains at 51 points, the same as a quarter earlier. This confirms that the strong subjective expectations currently lack a solid real economic foundation. The level of finished goods inventories is rather low, which would be favourable in itself; however, the order backlog is very low, at only 39 points. This is due to the fact that only 9% of surveyed companies have a high order backlog, while 29% responded that their stock levels are likely to be low over the next six months. Good news is that the production forecast balance is 61 points, which clearly indicates an upward trend (the index was last above 60 points in the last quarter of 2023 at 63 points), and this is independent of company size or sales market. It is important to remember that this assessment also reflects a subjective perception.

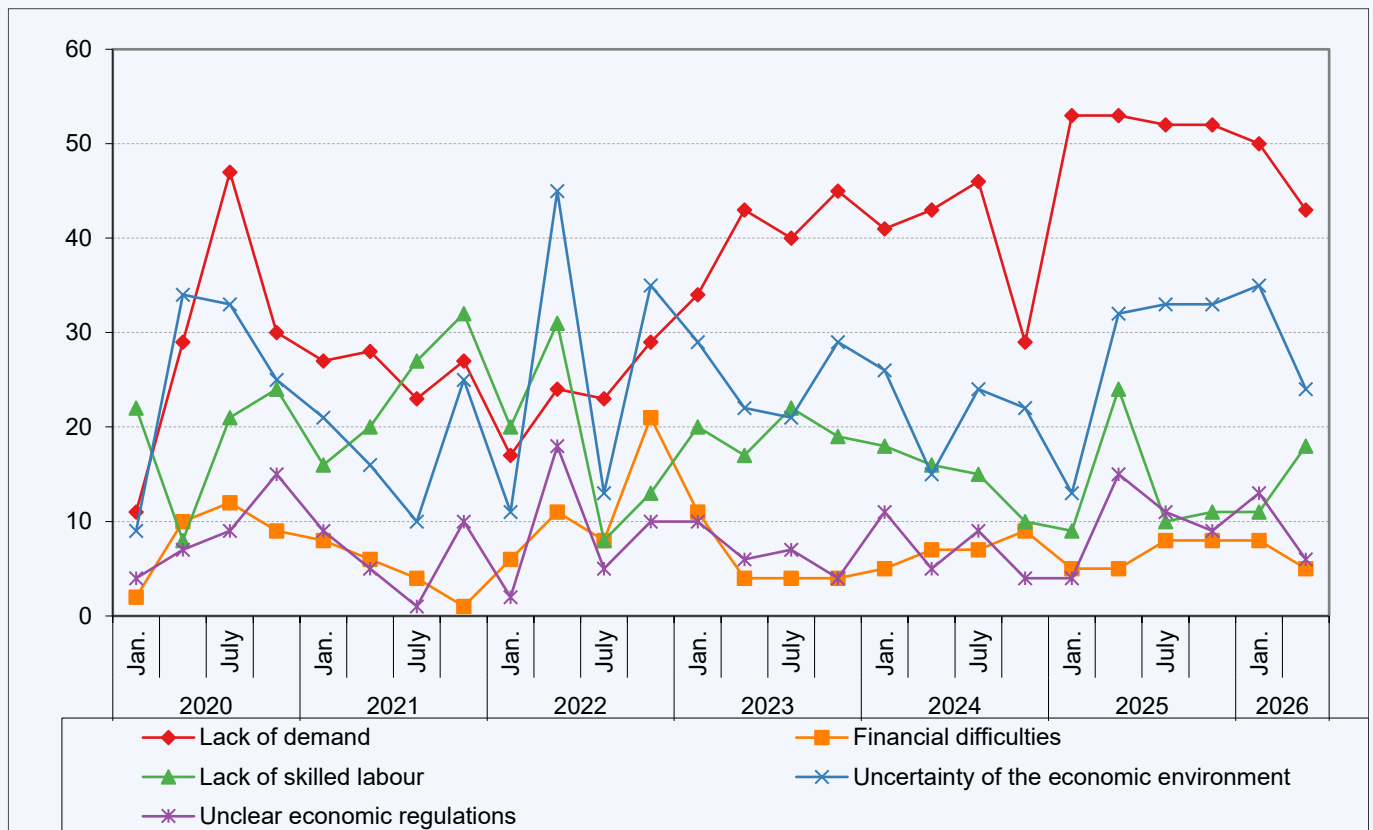
**Low order stocks — the turnaround may come from domestic sources**

A similar pattern can be observed in the expected development of order backlogs, as companies anticipate an increase across all sales relations (export and domestic market), especially in the context of domestic trade. However, this is not yet visible in current order levels, as both export and Hungarian market stocks remain relatively low. This suggests that any recovery (if it occurs) will not be in the short term (within 3-6 months), but rather in the medium term (6-9 months) in domestic manufacturing. If the European Union funds are successfully accessed and programmes are launched, the growth is more likely to come from the domestic market. From the EU side, more moderate impulses are expected, partly due to the sluggish European economic outlook and partly because of the weakening of Hungarian competitiveness caused by the strengthening of the forint.

## MANUFACTURING CONFIDENCE INDEX 2026 Q1



## FACTORS HAMPERING PRODUCTION 2026 Q1



### FACTORS HAMPERING PRODUCTION

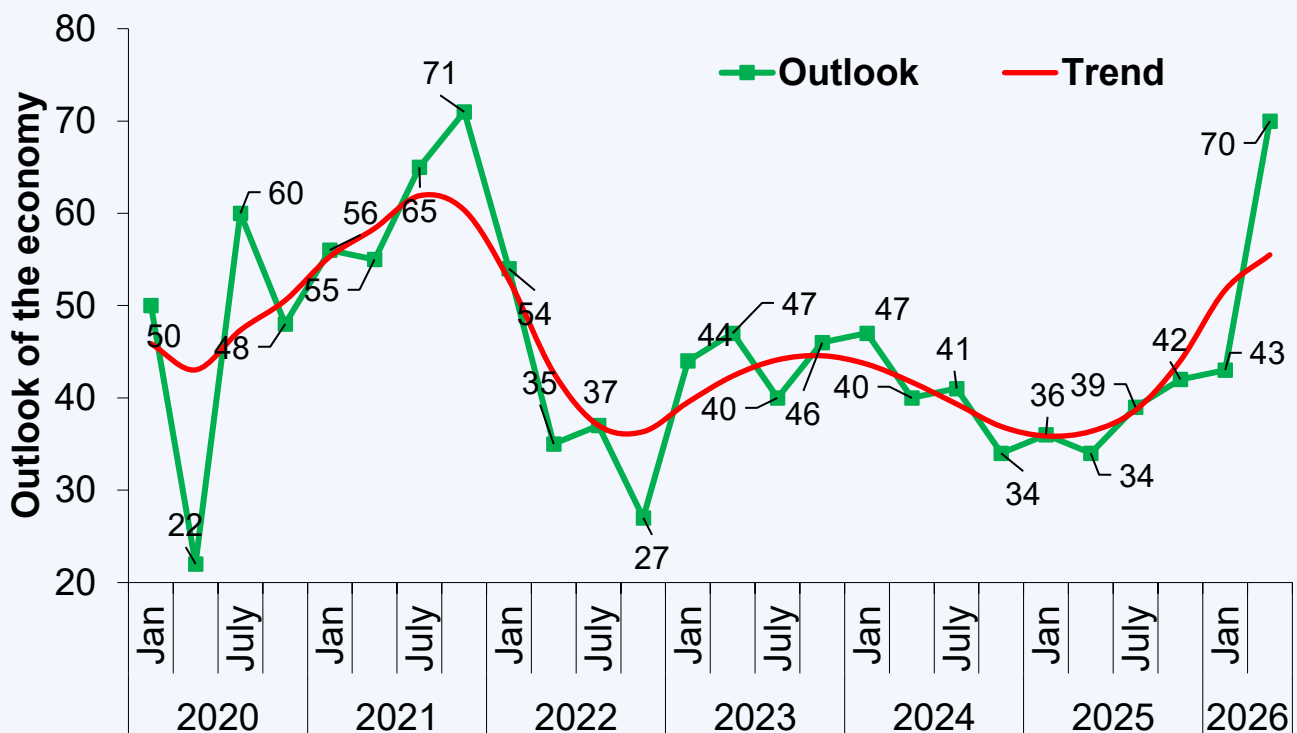
Among the factors hindering production, the most responsive to election results was the uncertainty of the economic environment, with its mention rate decreasing from 35 percent to 24 percent. The proportion of respondents complaining about a lack of demand also improved, from 50 points to approximately 43 points; however, this factor still remains the most challenging for companies, so there is no structural change in the ranking of the hindering factors. At the same time, 18% complained about a shortage of skilled labour, which is a change beyond the margin of error compared to the previous quarter's 11%. Overall, the manufacturing sector is planning more layoffs over the next six months, although this is not evenly distributed across different company sizes. Small companies are more inclined to expand, while large companies are planning to reduce employment. This situation is less than ideal, as there is a significant difference in wage levels favouring those making layoffs between the two segments, which narrows mobility.

Capacity utilisation has also improved, as for the first time in two years, the indicator is above 70%, and the increase is observed across all company sizes. However, retrospectively, 70% still counts as relatively low (roughly the level of 2024), as before the pandemic, the average utilisation was 8-10 percentage points higher. There is still plenty of room for expansion, both in terms of headcount and capacity utilisation, although this requires a robust demand background.

**There is less and less uncertainty in the system — end of the state of emergency**

**Capacity utilisation is again above 70% — step by step**

## The outlook of the Hungarian economy in the next 6 months



### OUTLOOK FOR THE HUNGARIAN ECONOMY

**27-point improvement in the outlook for the Hungarian economy — sunshine over the rain**

The greatest improvement undoubtedly occurred in the outlook for the Hungarian economy, as the positive balance increased from 43 points to 70 points. The current level is the 10th highest in the history of the survey (the highest value was in the first quarter of 1998, at around 81 points). In terms of quarter-on-quarter improvements, this is the third largest positive change in the three-decade history of the survey (the largest quarterly positive improvement was in 2020, during the pandemic, when the indicator improved by 38 points). Optimism is observed across the entire corporate spectrum, among both small and large companies.

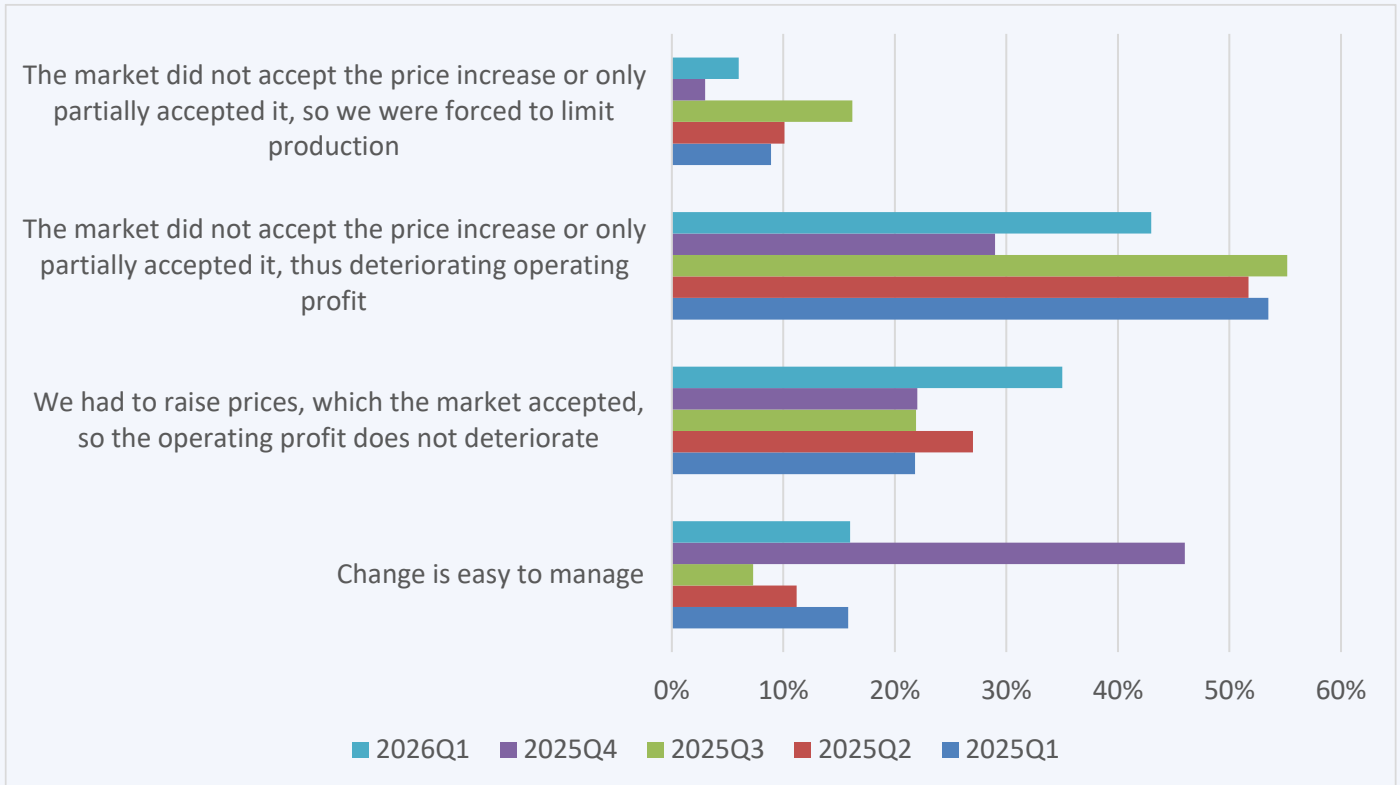
**The market conditions need to be built on new foundations — it is just beginning**

The assessment of the current economic situation has also improved by 13 points (from 30 to 43), but the indicator still remains in the unfavourable range. Companies therefore perceive that the country's economic fundamentals remain weak, and this is unlikely to change significantly despite the strengthening of the forint and the improvement in the interest rate premium. For domestic manufacturing companies, what is needed is not primarily an improvement in the external financial environment, but rather a real enhancement of internal market fundamentals, which are not necessarily economic but more often legal, or related to economic and social policy. Particularly necessary are measures to ensure fair market competition and to restore business confidence. The latter is essential for companies to return to long-term planning, and for productivity improvements to be the main tool for remaining competitive in the market. This likely also presupposes that the intensity of state intervention will gradually begin to decrease, and that the market (the invisible hand) will regain control.

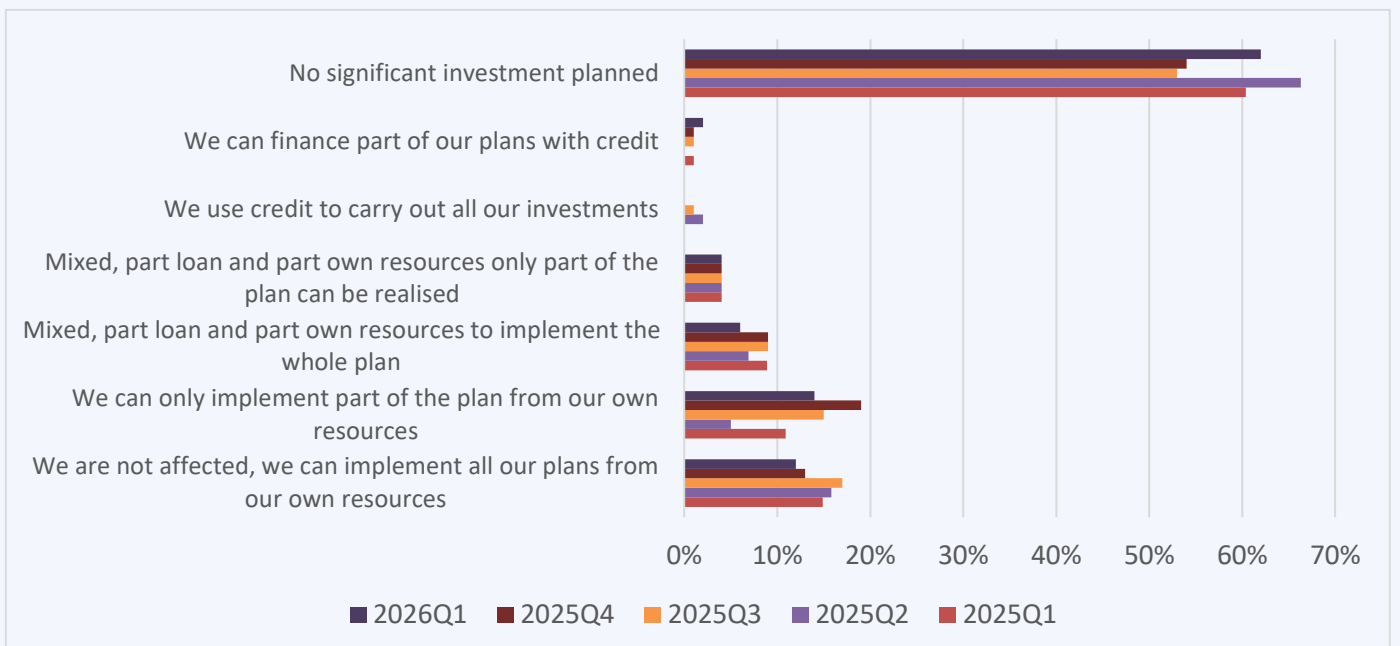
## ACTUALITIES

Every quarter, we supplement our business survey with current economic issues. The questions remain in the test as long as they have significant explanatory power for the development of Hungarian manufacturing production. The topics are therefore ad hoc and cannot be used to create a long time series.

### HOW DOES THE RISE OF INPUT PRICES AFFECT THE COMPANY'S PROFITABILITY?

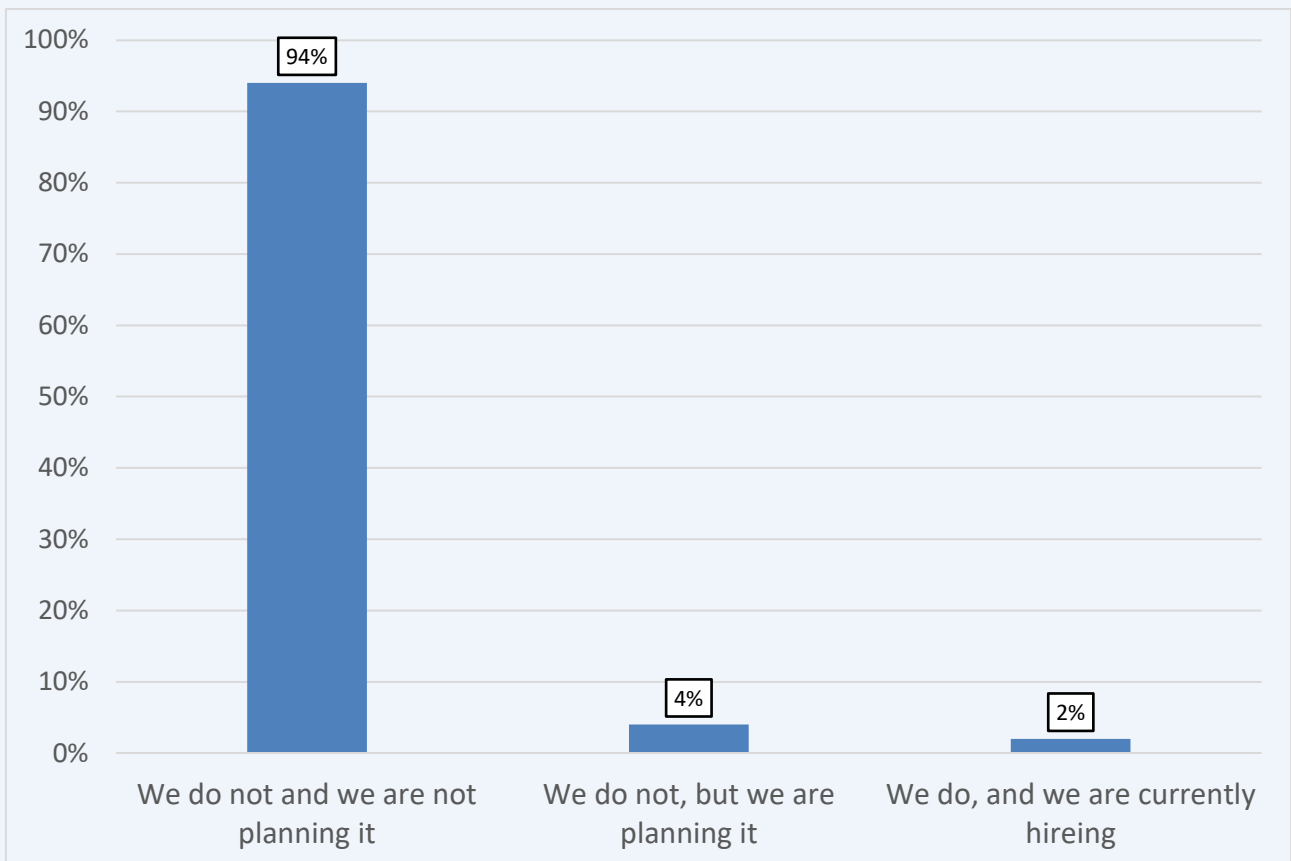


### HOW DOES THE CURRENT BUSINESS ENVIRONMENT AFFECT YOUR INVESTMENTS?

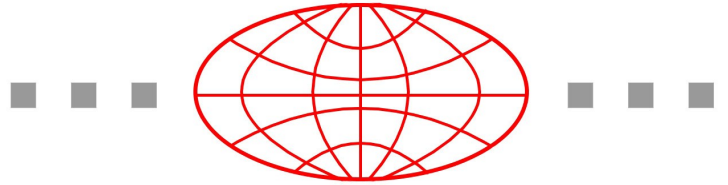




**ARE YOU CURRENTLY EMPLOYING OR PLANNING TO EMPLOY FOREIGN LABOUR IN THE NEAR FUTURE AT THE COMPANY?**







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