

Hungary: PMI plunges and it's just the beginning

Hungary's PMI dropped to a lower level than that seen in the Great Recession, so we're a step closer to saying that our worst case scenario should actually be the base case



29.1 Manufacturing PMI

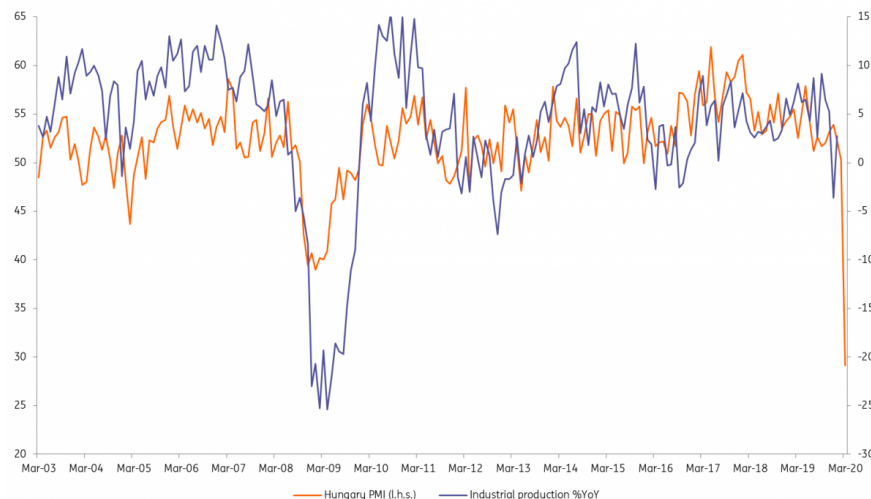
Consensus 47.0 / Previous 50.1

Worse than expected

It's just a soft indicator, but it is a sneak peak into the hard reality. Hungarian manufacturing PMI dropped to a level never seen before in March. Even in 2008-2009, the reading managed to stay around 40. Hungary is now more integrated into global value chains, meaning that the disruption to supply chains is having a stronger impact on manufacturers. In the past 10 years, these manufacturers have also become more integrated in the local economy, with stronger ties to small and medium-sized enterprises. It also means that the shock is hitting at a much deeper level than it did 10 years ago.

When it comes to hard data, on 7 April, the Hungarian Central Statistical Office will only release industrial production data for February, so we will have to wait until May to see what this PMI means in reality.

The PMI and the industrial production



Source: Bloomberg

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