

## 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

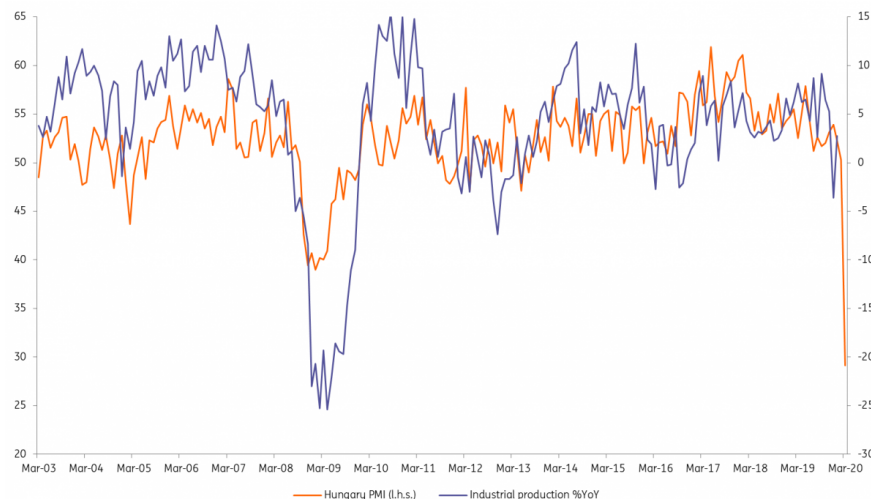
Consensus 47.0 / Previous 50.1

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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