

Ending the Year on a High Note

The Population's Economic Situation Assessment and the Incumbent Party's Support

December 2021



Executive Summary

In March, 21 Research Center published its [monthly analysis](#) examining the relationship between the population's economic expectations, certain important financial changes affecting the country's financial and social situation, and the support of the respective incumbent parties.

In December, the [GKI consumer confidence index](#) improved after a significant fall in November, though it no longer approached the peak observed in October, while support for ruling parties remained relatively steady. With the end of the year and the holidays in sight, the population was again a bit more optimistic than in the previous month or in the same period last year.

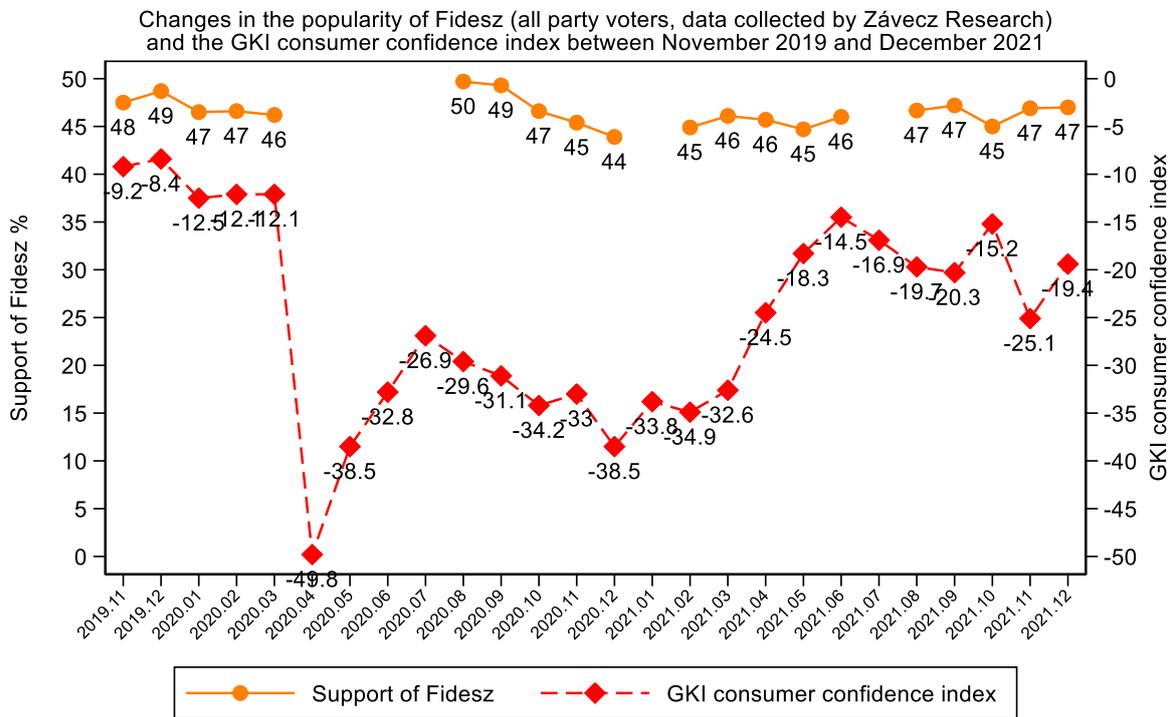
2021 was, overall, a year of large fluctuations in the consumer confidence index. The confidence index was essentially stagnating in the first quarter, reached its annual peak in June in the second quarter (-14,5), then started significantly increasing in October after a 3-month fall, reaching numbers similar to those measured in April, before finally improving again in December. Support for Fidesz-KDNP has demonstrated much less fluctuation, following the changes in the indicator for the economic situation with a slight lag. The data measured mid-2021 approximated the pre-pandemic values the most.

Recent Trends

Following the unsteady trend observed this year, there was a noticeable increase in consumer expectations in December compared to the previous month's fall. The strengthening of citizens' financial situation, their views on saving opportunities and their ability to purchase high-value consumer durables all contributed to this trend. Despite some improvement, inflation remained as high as in the past six months and now contributes to a markedly worse assessment than the figures last December. The other relevant data points, however, fared significantly better than the year before.

In comparison with last month, there have been no changes in the perception of the incumbent party. The proportion of supporters remained at 47 percentage points among party voters and 37 percentage points among all voters. At the same time last

year, however, Fidesz had 3 percentage points in the first category and 7 percentage points less in the second one.



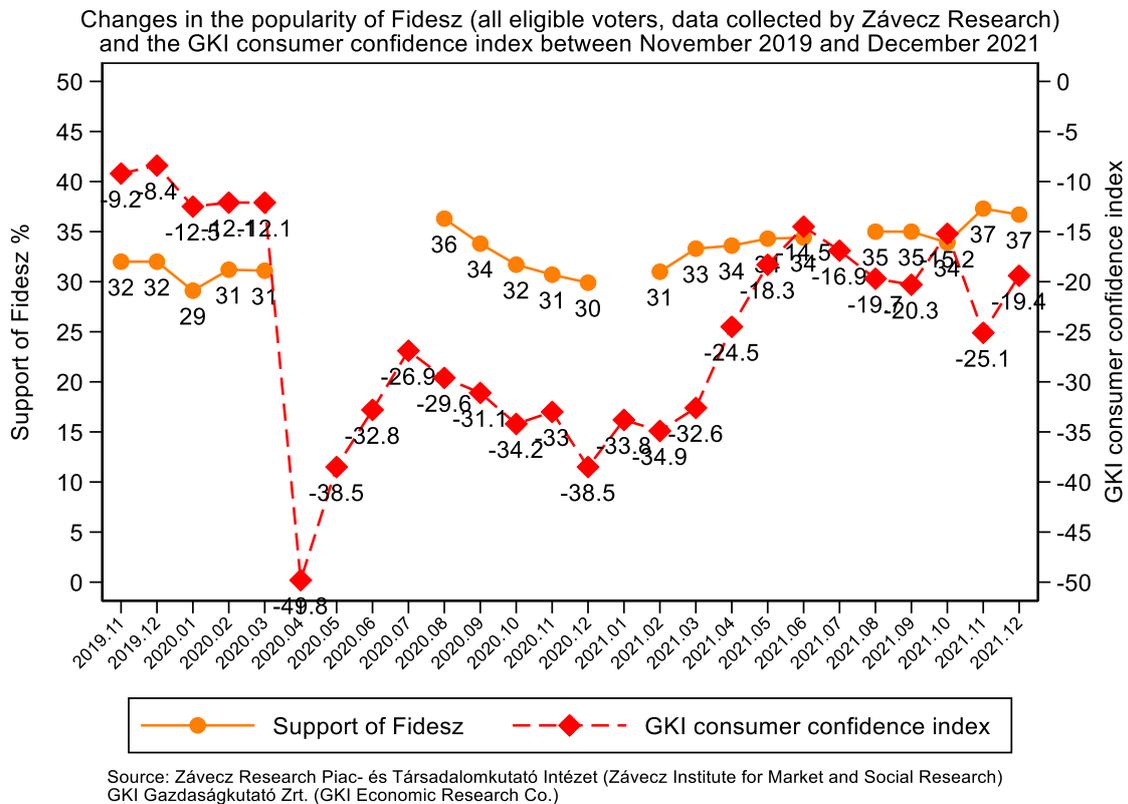
Source: Závecz Research Piac- és Társadalomkutató Intézet (Závecz Research Institute for Market and Social Research) GKI Gazdaságkutató Zrt. (GKI Economic Research Co.)

The gap between two indicators measured in our analysis started narrowing again after the fluctuations experienced this year. As both the consumer confidence index and the government’s support has increased compared to last year, 2021 did, overall, end on a high note.

About Causes

According to [a survey published by Ipsos in December](#), 2021 was a difficult year for many and 9 percent of those asked expects 2022 to be worse, yet the majority (56 percent) has high hopes for the new year. This effect of hope could be observed in that, despite the [peaking fourth wave](#) of the pandemic and the [high levels of inflation](#), the economic assessment was more favourable at the end of the year than in the previous month and the population was more optimistic than in the first quarter of 2021. The promise of [benefits and allowances](#) in the next few months - largely linked to the election campaign -, and the fact that the government ended up not introducing stricter pandemic measures in the last month increased

consumers’ confidence, which, in turn, helped improve the confidence index and let the incumbent party’s popularity stagnate.



Subsequent to the unsteady trend observed this year, the consumer confidence index strengthened again in December after the outstanding values measured in June and October, narrowing the gap - once again - between the indicators of the ruling party’s support and population’s assessment of the economic situation.

2022 is expected to be similarly unbalanced. It is yet to be seen how the promises made during the election campaign, the sustainability of the economic policy pursued so far, the possible new waves of the pandemic, and the elections in April will influence the correlation between the data we are examining.

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