

RESEARCH ON POVERTY

2023
WINTER



Egyensúly
Intézet

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STIFTUNG

Optimism is rising but savings are shrinking, according to the Equilibrium Institute's poverty survey

According to the November 2023 poll of the [Equilibrium Institute](#) on subjective poverty trends, it is becoming increasingly difficult to cover the usual household expenses compared to the beginning of autumn, but Hungarian society is noticeably more optimistic compared to the previous period. Compared to September 2023, around 400,000 more Hungarians expect an increase in income over the next three months, and 240,000 fewer would be worried about an unexpected expenditure of HUF 100,000 (€260). At the same time, it is important to see before winter sets in that 6 percent of our fellow citizens will not be able to keep their homes warm at all, and 29 percent will sometimes not be able to do so. Two-thirds of the population have some difficulty or more in meeting everyday household expenses.

Although there has been no significant shift compared to the previous quarter, it is clear that Hungarians are more optimistic compared to the end of last year. It can be assumed that one of the factors behind the improvement in overall sentiment is that the country is in a better position for the heating season this year compared to last year's panic, while inflationary pressures are also easing significantly. In terms of people's individual outlook, it is also worth noting that our survey last year was conducted ahead of the year-end pay rises. It is likely that nominal wage increases since then have improved public sentiment – even as real wages have fallen.



More households expect income growth than in November last year

According to the November survey of the Equilibrium Institute, Hungarian households are slightly more optimistic about the next quarter in terms of income. Although 65 percent of respondents still expect their household income to remain unchanged, the share of those expecting an increase in income has increased by **5 percentage points compared to September (7 percent → 12 percent)**. In contrast, roughly one fifth of households (19 percent) expect a decrease in income. Compared

to the same period last year, **society is much more optimistic**, with a 7 percentage point decrease in those predicting a drop and a 7 percentage point increase in those predicting a growth.

Do you think your household's monthly income will increase or decrease in the next three months? Please think not only about your own income, but also about the income of all your family members living with you.

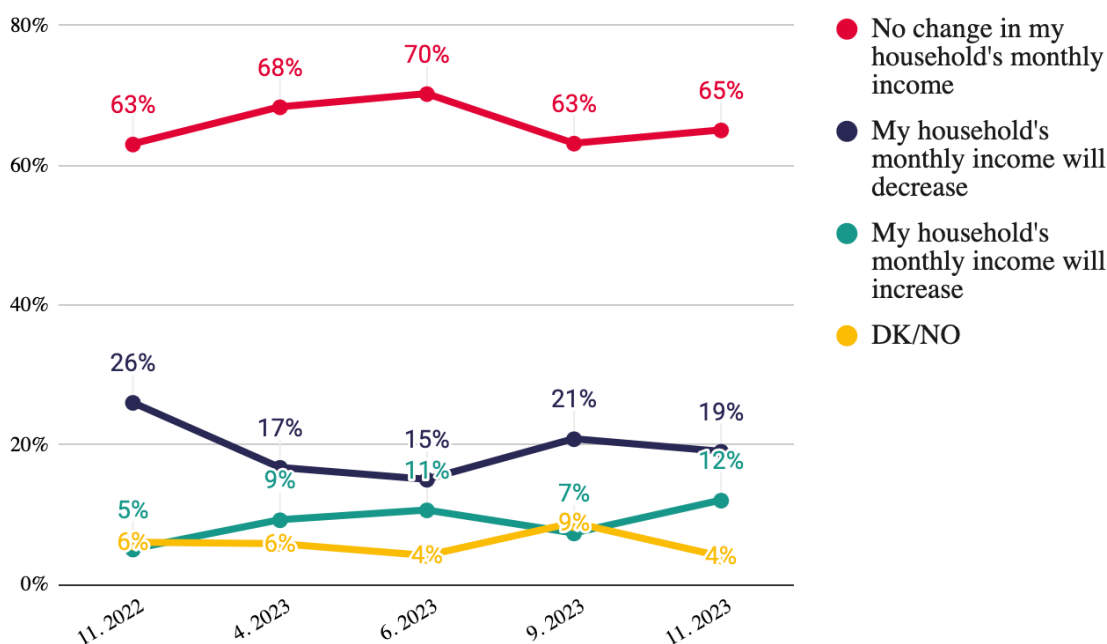


Figure 1.: Do you think your household's monthly income will increase or decrease in the next three months? Please think not only about your own income, but also about the income of all your family members living with you. | Source: ZRI Závecz Research, N = 1000, percentage

The economic developments of recent weeks may partly explain this change. In the third quarter, economic growth resumed after the contraction of the previous four quarters. The decline in inflation has accelerated and, as a result, household purchasing power is increasing again. In addition, the labour market has shown extraordinary resilience, with employment continuing to grow in the quarters of recession. The Hungarian economy thus weathered the past crisis year without a significant increase in unemployment. This is also reflected in people's sentiment: household confidence indices have also started to rise spectacularly from their low in January 2023 – although they remain in negative territory.

Six out of ten Hungarians can afford to put meat or fish on the table every other day

According to the latest findings of the Equilibrium Institute, **62% of Hungarian society will have enough money to eat meat or fish at least every other day in the next quarter.** Around a third of those surveyed expect the opposite (34 percent). There is still no significant change in this aspect in 2023, but **the situation has improved considerably compared to last November, when only 43 percent of Hungarians thought they would be able to provide a meat-rich diet.** In addition to the rise in real wages, the fall in food prices that has started in recent months may also play a role.

For the next three months, do you think you can or cannot afford to eat meat or fish at least every other day?

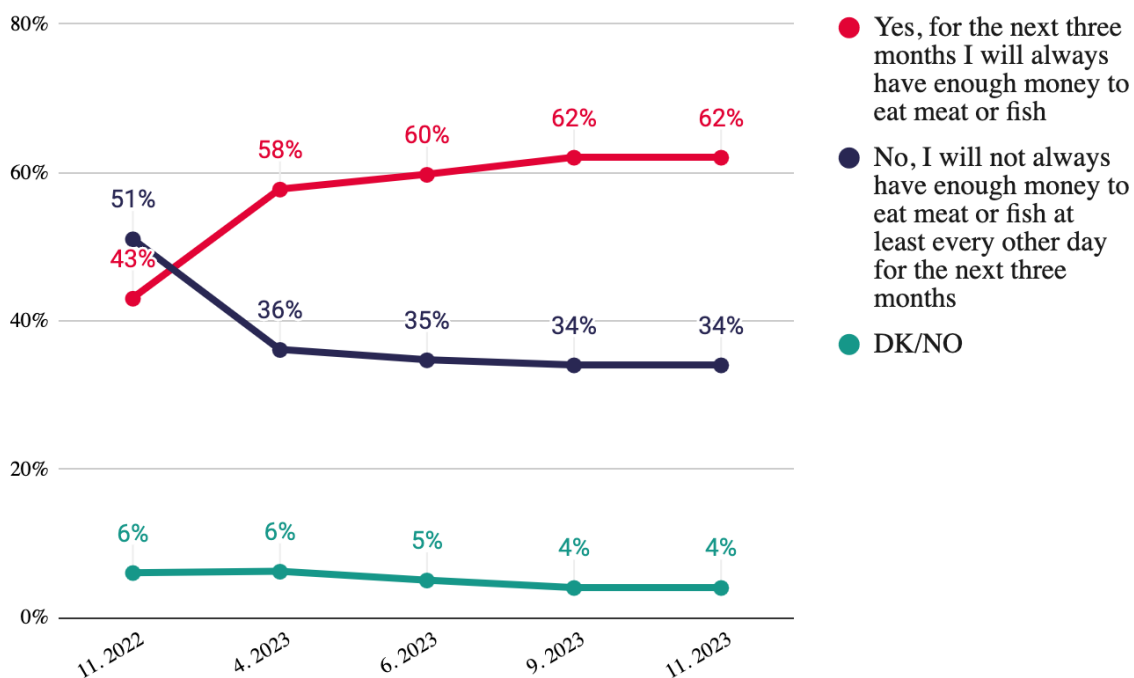


Figure 2.: For the next three months, do you think you can or cannot afford to eat meat or fish at least every other day? | Source: ZRI Závecz Research, N = 1000, percentage



A quarter of Hungarians would not be able to cope with an unexpected expense of HUF 100,000

According to a November poll by the Equilibrium Institute, **45% of Hungarian society would have a problem covering a sudden expense of 100,000 forints (€260), but could still manage it on their own. At the same time, 25 percent of those surveyed said they could not cope with such a financial challenge.** The latest results show that only 28% of the population said they could pay the amount indicated in the question without any problems.

If you had an unexpected but unforeseeable expense of HUF 100,000 tomorrow, would you be able to pay the HUF 100,000 out of your own resources or would you not be able to pay the HUF 100,000?

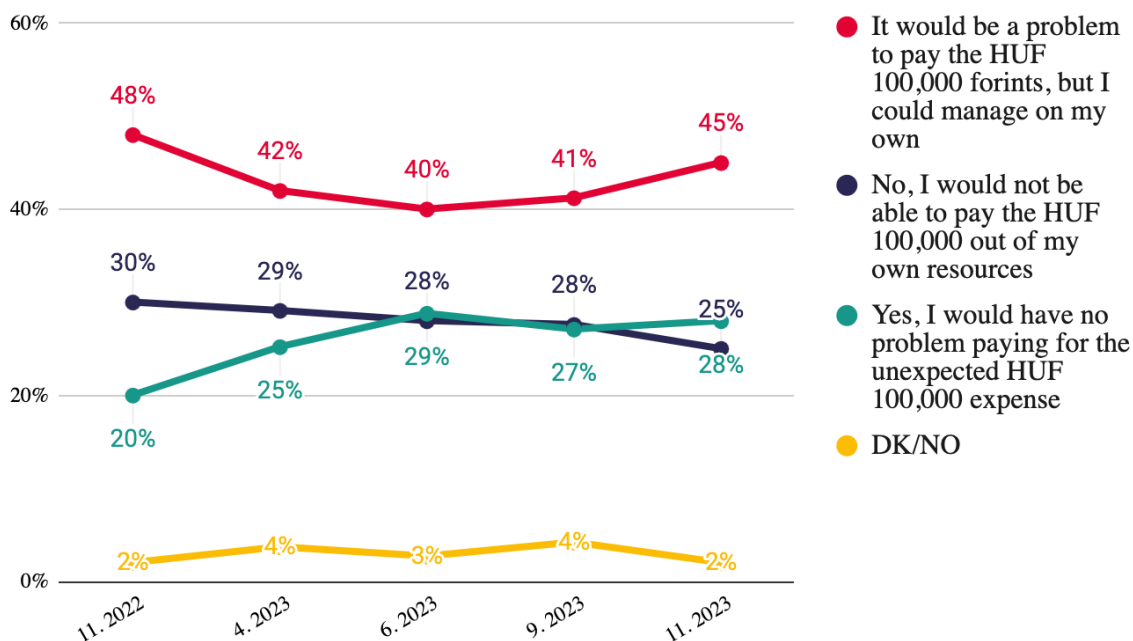


Figure 3.: If you had an unexpected but unforeseeable expense of HUF 100,000 tomorrow, would you be able to pay the HUF 100,000 out of your own resources or would you not be able to pay the HUF 100,000? | Source: ZRI Závecz Research, N = 1000, percentage

Compared to the same period last year, we see that people are more optimistic about the next three months: **the number of those who would not be able to cover an**

expenditure of HUF 100,000 at all has decreased by 5 percentage points, while 8 percentage points more said they could manage it without any problems. When evaluating the results, it is worth noting that between November 2022 and October 2023, average inflation was 20.4%, thus the purchasing value of 100,000 forints fell significantly.



A third of Hungarian society could have problems paying their heating bills in the next quarter

The latest results from the Equilibrium Institute show that roughly two thirds (62%) of Hungarian society will still have enough money to pay their heating bills in the next quarter. **However, 35 percent of society reported gloomier conditions, with 6 percent of our fellow citizens not being able to keep their homes warm at all and 29 percent sometimes not.** Compared to the previous quarter, the proportion of the most vulnerable has decreased (9 percent → 6 percent), while the proportion of those with occasional problems has increased by 4 percentage points (25 percent → 29 percent).

Compared to November last year, **the situation is also much more positive in this dimension, with 13 percentage points more people having money to pay for heating in the next three months.** Overall, there is no significantly more pessimistic sentiment when the heating season arrives than in November 2022. However, it is worth bearing in mind that **the data suggest that older people, those with lower education levels and those living in communes are much more vulnerable than average:** they will find it much harder to afford to heat their homes.

In the next three months, do you think you will or will not have enough money to keep your own home warm at all times, i.e. at a temperature suitable for your home chores and sleep?

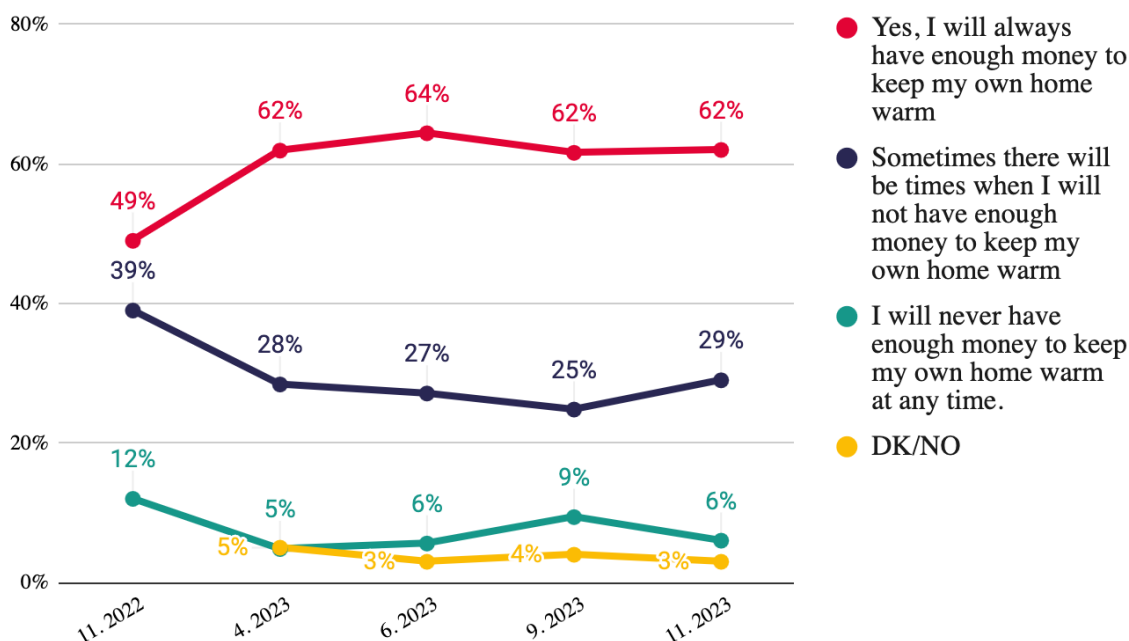


Figure 4.: In the next three months, do you think you will or will not have enough money to keep your own home warm at all times, i.e. at a temperature suitable for your home chores and sleep?
| Source: ZRI Závecz Research, N = 1000, percentage



Since September, the average income level considered necessary for subsistence has fallen by HUF 50,000

In its quarterly survey, the Equilibrium Institute also asks how much money Hungarians need at the individual level to live a life of scarcity, average or carefree.¹ According to the latest data, since the summer, a typical Hungarian would need a net monthly income of HUF 250,000 (€640) to make ends meet. At the same time, respondents said they need a net HUF 350,000 (€920) a month to live at the average level, compared to HUF 400,000 (€1,300) in September. However, there was no change in the amount needed to live a carefree life: in November 2023, the average citizen still needed a net 600,000 forints (€1,550) per month.

¹ In the November 2022 survey we were looking at the material needs of households, but for methodological reasons in 2023 we asked about individual needs in the data collection in order to be comparable with the answers to the other questions on individual aspects.

You alone would need how much money...

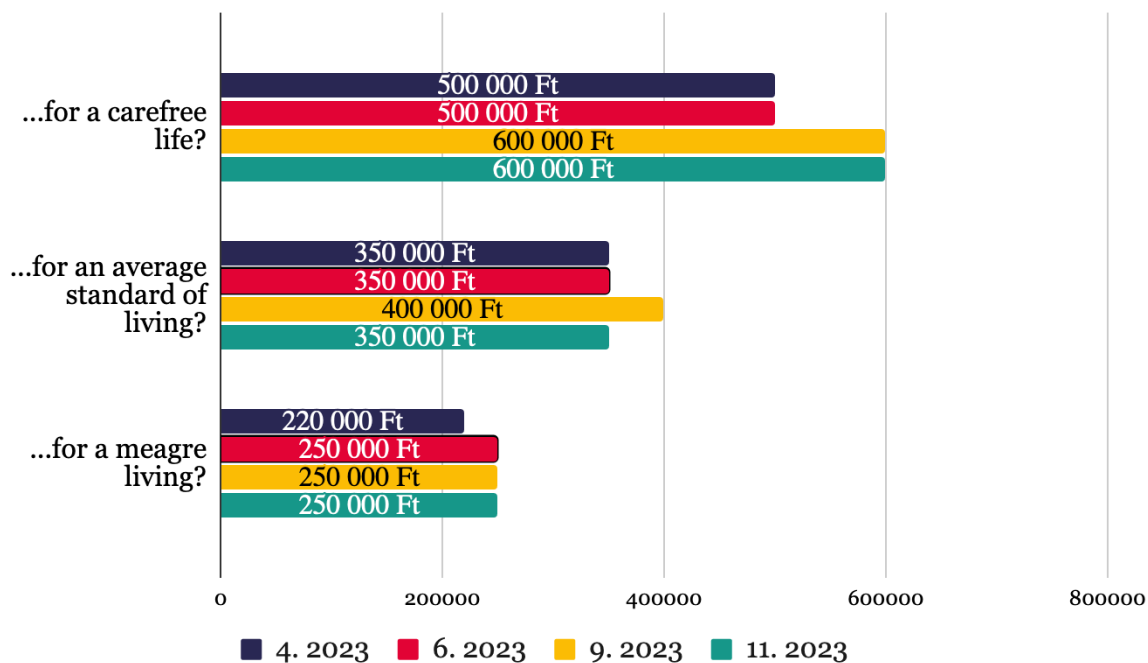


Figure 5.: Just for you alone, how much would you personally need for a meagre living; for an average living; for a careless life? | Source: ZRI Závecz Research, N = 1000, median value of responses

The decrease in the average cost of living (HUF 400,000 → HUF 350,000) may be mainly due to a reduction in the pessimistic inflationary sentiment and the fact that citizens no longer expect a significant increase in the cost of living.

According to the November poverty survey, **a third of respondents do not take home more than HUF 250,000 net per month, and another 2% have no income at all.** Almost 17% of the population can manage on a monthly income above HUF 250,000 net but below HUF 350,000 net. And 18% of Hungarians fall into the average income bracket, i.e. above HUF 350,000 net per month. **The latest results suggest that there has been a substantial increase in nominal incomes over the year, with the share of those living on a net monthly income of HUF 250,000 narrowing by 9 percentage points compared to the first half of the year.** The nominal improvement

is overshadowed by the fact that persistent inflation has significantly dampened the real impact of income growth.

How much is your net income (what you receive) (salary/pension/grant) per month? Please include any extra work (second job, side job, casual income, etc.). (full sample)

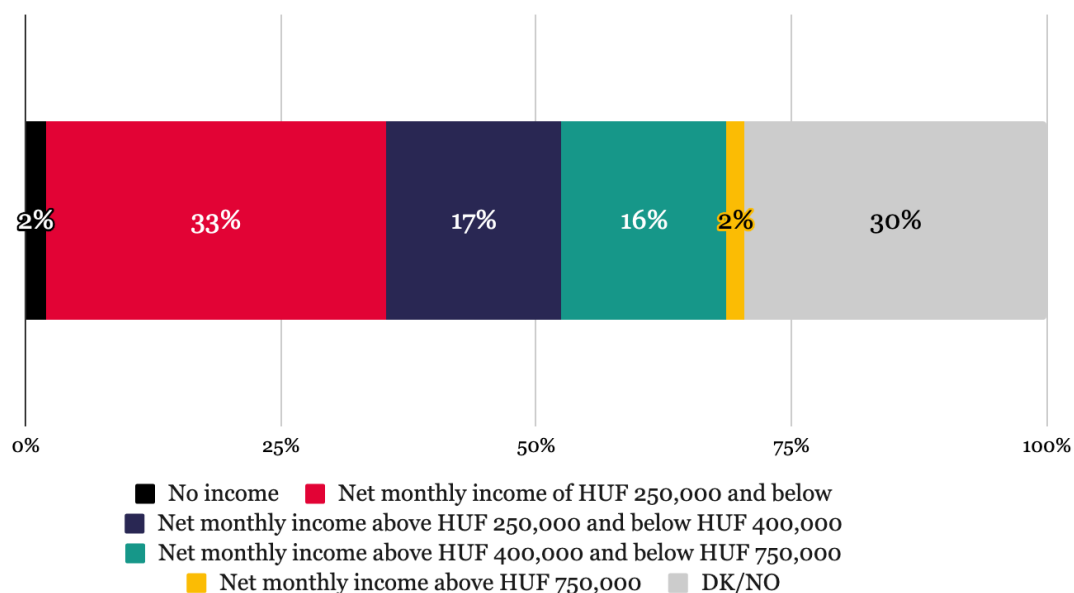


Figure 6.: How much is your net income (what you receive) (salary/pension/grant) per month? Please include any extra work (second job, side job, casual income, etc.). | Source: ZRI Závecz Research, N = 1000, percentage

Because of the high non-response rate, we also looked at how income varies among those who give a valid response. According to the November survey, **3 percent of respondents currently have no income, while 47 percent have a net income of less than a quarter of a million forints per month. This means that one in two respondents - without spousal or relative support - cannot raise the amount needed to make ends meet.** A further 24% of respondents reported that they could manage to contribute more than HUF 250,000 net but less than HUF 350,000 net per month. All in all, the latest results show that **nearly three quarters of Hungarians (74%) have an income below the level considered necessary for an average lifestyle.**

How much is your net income (what you receive) (salary/pension/grant) per month? Please include any extra work (second job, side job, casual income, etc.). (valid responses)

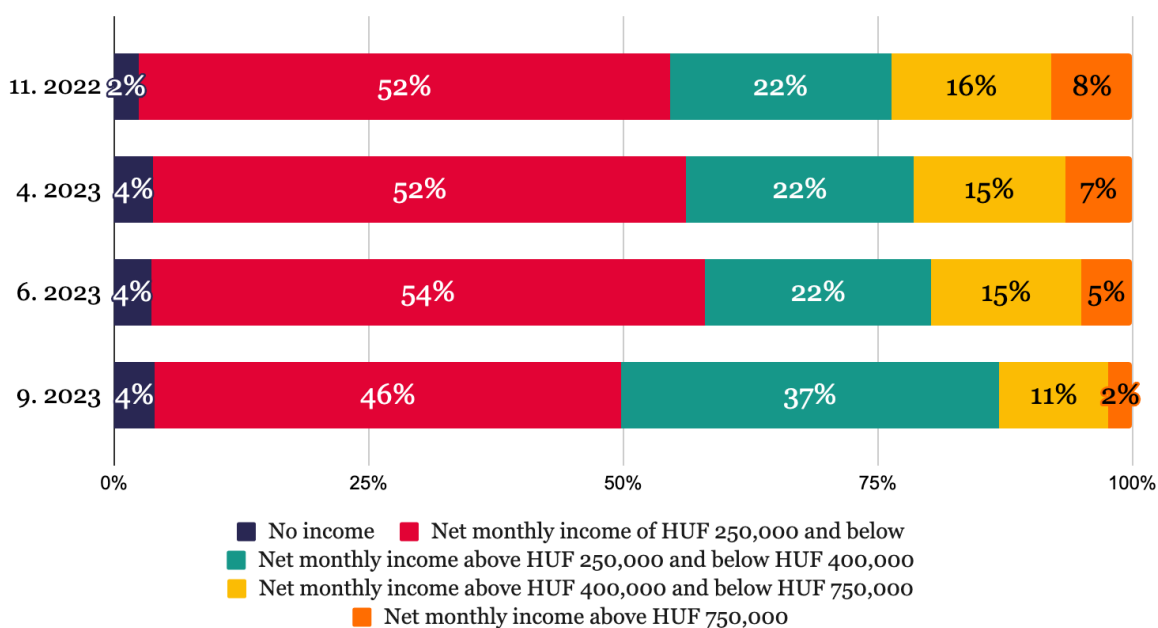


Figure 7.: How much is your net income (what you receive) (salary/pension/grant) per month? Please include any extra work (second job, side job, casual income, etc.).|Source: ZRI Závecz Research, N = 705, percentage

A quarter-on-quarter comparison of the results shows that the share of those with a net monthly income above HUF 350,000 increased by 5 percentage points compared to September. Compared to the same period last year, the share of those with a net monthly income of less than HUF 250,000 decreased by 4 percentage points.

In your opinion, how can your household cover its normal expenses?



Figure 8.: In your opinion, how can your household cover its normal expenses? | Source: ZRI Závecz Research, N = 1000, percentage

In November 2023, 6 percent of Hungarian households had great difficulty in meeting everyday expenses, while another 19 percent had only moderate difficulty. Four out of ten Hungarians (42 percent) reported that they could only finance their household expenses with minor efforts, concluding that two thirds of households (67 percent) could cover their household's normal expenses with minor to major difficulties. Less than a third of Hungarians (31%) feel that they have better opportunities: 24% find it relatively easy, 6% find it easy and 1% find it very easy to cope with the financial challenges of everyday life. On a quarterly basis, we return to the proportions measured in April.



Methodology

The Equilibrium Institute's quarterly poverty surveys are conducted on a representative sample of 1,000 people, using face-to-face interviews. Together, the respondents represent the population aged 18 and over in the country. The polling data may differ by no more than plus or minus 3.2 percent from what would have been obtained if all eligible persons in the country had been interviewed. Respondents are selected using a two-stage stratified sampling method, which ensures complete randomization, i.e. all adult Hungarian citizens have an equal chance of being included in the sample. Data collection was carried out by ZRI Závecz Research. Data collection period of the survey: 29 October - 8 November 2023.



About the research

For most of the past decade, the Hungarian economy has expanded spectacularly and real wages have risen significantly. As a result of these improving trends, poverty rates in Hungary have fallen according to all available statistics. However, in terms of actual consumption at purchasing power parity, Hungarians consumed 71% of the EU average in 2022, with only Bulgaria performing worse at 69%.² This means that, according to the latest data, Hungary is the second poorest country in the EU. Moreover, Hungary is one of the biggest losers in the period 1995-2022: among the countries starting from the bottom third, Hungary's relative position has fallen the most, while our direct competitors have overtaken us (see Figure 9). Behind all this lies decades and cycles of inappropriate economic, educational and social policies. To help Hungary become a more competitive, prosperous and successful country, the Equilibrium Institute has made policy proposals to [strengthen Hungarian businesses](#), [improve education](#) and [reduce poverty](#).

² Eurostat: Purchasing power parities (PPPs), price level indices and real expenditures for ESA 2010 aggregates; <https://shorturl.at/fhoD5>

Actual individual consumption among countries in the bottom third (purchasing power parity, 1995–2022)

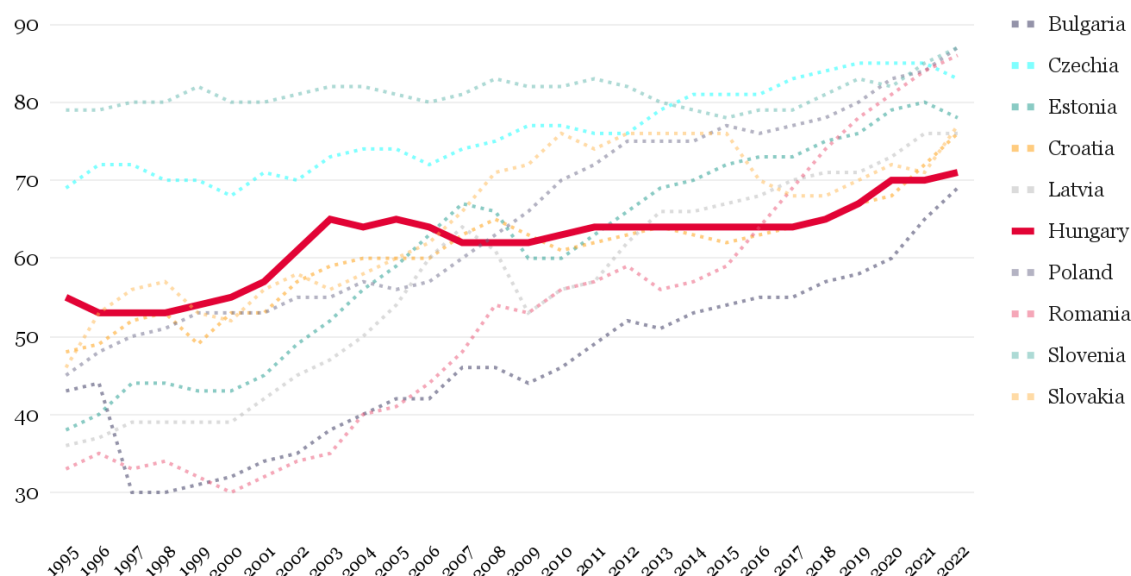


Figure 9.: Actual individual consumption among countries in the bottom third (PPP, 1995-2022) | Source: Eurostat, volume indices of real expenditure per capita, base = EU-27, base year = 2020

Due to the general rise in living standards over the past decade, the methodological and policy debates on domestic poverty, which used to be frequent, have diminished in the last few years. However, the steady rise in inflation in recent months, the energy crisis, fiscal adjustments, the freezing of EU funds and the expected stagnation of Hungarian economic growth are likely to reverse the improving trends. This could lead to a renewed increase in poverty in Hungary.

In order for decision-makers, state institutions, charities and NGOs to be able to respond adequately and in a timely manner, they need to be able to assess the scale of the problem, i.e. the process of poverty (or poverty reduction), the proportion of poor people in Hungary, the economic expectations of the population, more accurately and up-to-date than today.

The Equilibrium Institute intends to contribute to this task by conducting quarterly opinion polls, which are representative of the Hungarian population as a whole, to estimate the current level of poverty and the expected trends. While the official

statistics show the state of domestic poverty many months or even more than a year ago, the Institute's quarterly reports use recent data from a few weeks earlier, allowing for faster reactions by decision-makers and the assessment of improving or worsening trends within a given year. Therefore, the data presented do not necessarily correspond to the Hungarian Central Statistical Office's poverty calculations and reflect the current situation and condition of the respondents.

In the regular survey, we look at the trend in the population's wealth or poverty through five questions:

1. In the next three months, do you think you will or will not have enough money to keep your own home warm at all times, i.e. at a temperature suitable for your home chores and sleep?
2. Do you think your household's monthly income will increase or decrease in the next three months? Please think not only about your own income, but also about the income of all your family members living with you.
3. For the next three months, do you think you can or cannot afford to eat meat or fish at least every other day?
4. If you had an unexpected but unforeseeable expense of HUF 100,000 tomorrow, would you be able to pay the HUF 100,000 out of your own resources or would you not be able to pay the HUF 100,000?
5. You are the only person who knows how much you need:
 - a. For a meagre living: ... HUF per month
 - b. For an average level of living: ... HUF per month
 - c. For a carefree life: ... HUF per month

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