

Inflation is expected to fall gradually in 2023



MAIN MESSAGES OF THE MNB'S INFLATION REPORT, DECEMBER 2022

Inflation

Inflation is expected to fall gradually in 2023; however, the annual average is likely to exceed the levels seen in 2022.

2022	2023	2024	2025
14.5 – 14.7	15.0 – 19.5	2.3 – 4.5	2.5 – 3.5

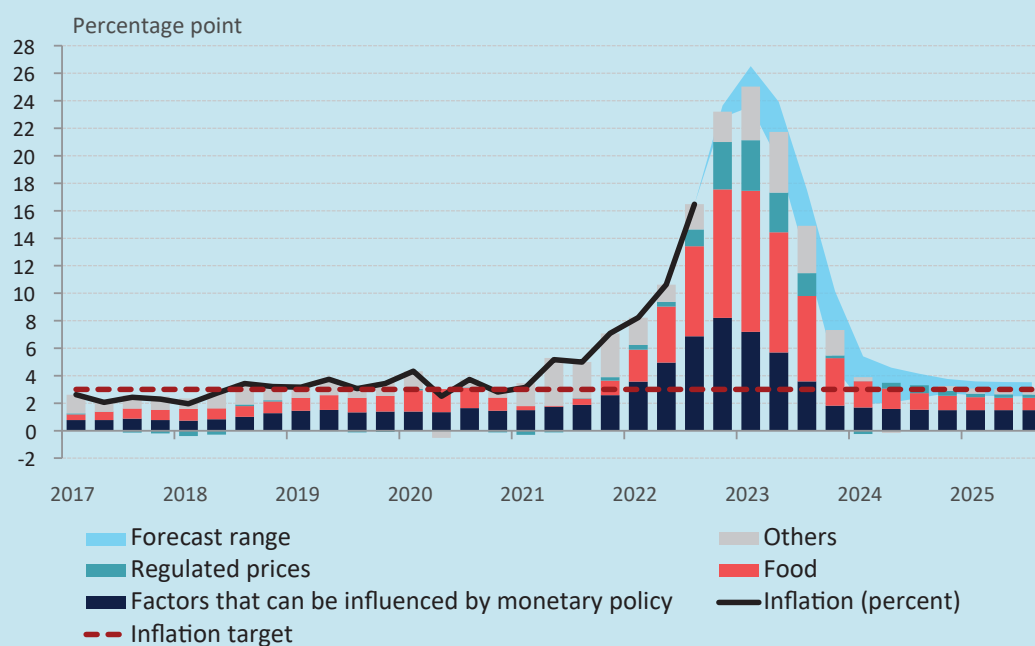


Strong price rises are in part driven by a significant increase in food prices, but there is also a general trend of companies repricing above costs. This trend is also observable in the significant increase in corporate profits.



Global effects, coupled with declining domestic demand, will have an increasingly strong disinflationary impact in 2023 H1, with base effects also contributing to an accelerating decline in the consumer price index from middle of the year onwards.

Inflation is expected to return to the central bank tolerance band in 2024.



Note: The breakdown shows the mean of the range forecast.

Real economy

Economic growth slows gradually in the second half of the year, with growth expected to reach 4.5 to 5.0 percent in 2022.



Looking ahead, the economy expected to slow down in 2023 due to a fall in domestic demand.



Economic performance is expected to regain momentum from the middle of next year, supported by high investment rates and the positive impact of foreign direct investment on exports.



Despite slowing economic performance, the labour market may remain resilient.

Expected movements in GDP (annual change)

