

The decline in inflation is increasingly evident



MAIN MESSAGES OF THE MNB'S INFLATION REPORT, JUNE 2023

Inflation

Both external and domestic factors point to disinflation. Inflation is expected to fall perceptibly below 10 percent by the end of 2023.

2023	2024	2025
16.5 – 18.5	3.5 – 5.5	2.5 – 3.5



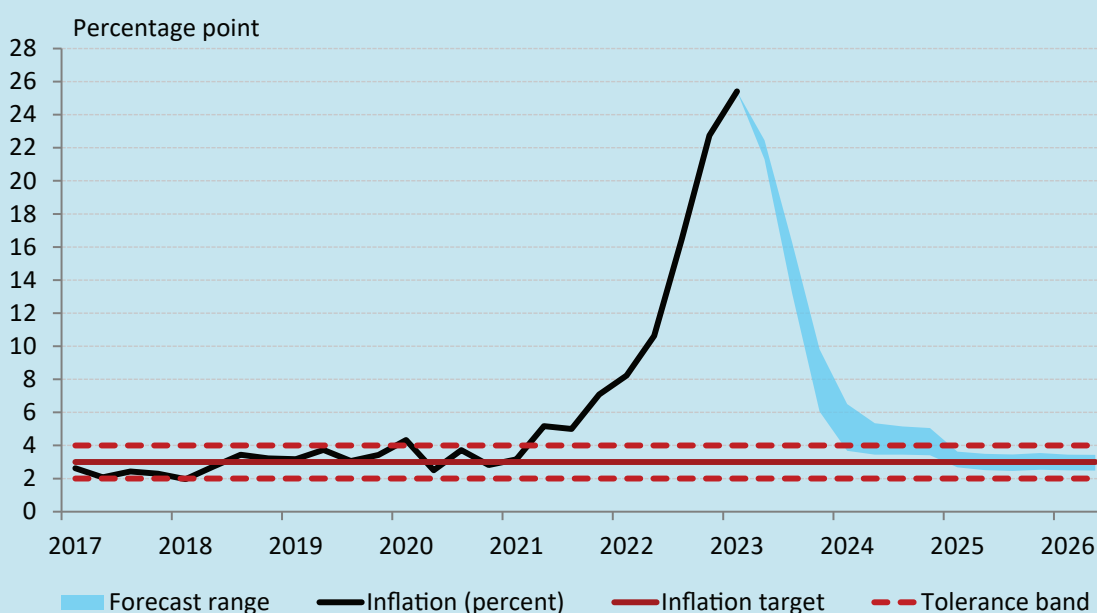
Global food and commodity prices have fallen sharply; freight costs have declined to pre-COVID levels.



The inflation-reducing effect of strict monetary policy is becoming more and more pronounced.



Inflation is expected to return to the tolerance band in early 2025.



Source: HCSO, MNB

Real economy

Weaker economic growth this year could be followed by stronger expansion next year.



Growth is expected to recover from the middle of 2023 as inflation falls perceptibly.



This year only net exports, while from 2024 domestic demand items are also expected to make a positive contribution to economic growth.



The labour market continues to be resilient; labour demand is strong.



The external balance has continued to improve. The current account balance is expected to improve over the forecast horizon.

GDP projection (annual percentage changes)

