

Inflation continues to decrease at a rapid pace



KEY MESSAGES OF THE MNB'S INFLATION REPORT, SEPTEMBER 2023

Inflation

The decline in domestic inflation, seen since January, is expected to continue throughout the rest of the year and to fall to 7 or 8 percent by the end of 2023.

2023	2024	2025
17.6 – 18.1	4.0 – 6.0	2.5 – 3.5

SEVERAL FACTORS SUPPORT THE DECLINE IN INFLATION



Tight monetary policy



Subdued domestic demand



The Government's measures to stimulate market competition

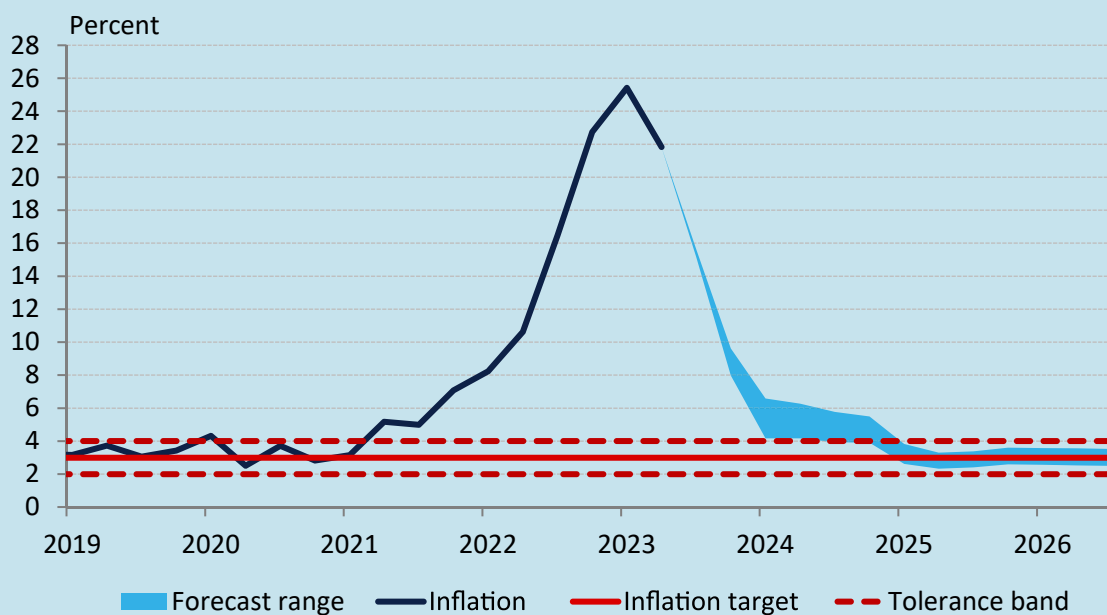


Falling global commodity prices relative to 2022



A rise in global oil prices slows down disinflation.

Inflation is expected to return to the tolerance band in 2025



Source: HCSO, MNB

Real economy

A steady decline in inflation and real wages, turning positive, support economic recovery.



From 2024, as a result of the recovery of domestic items, GDP growth is likely to become broad-based.



Employment remains at a historically high level.



Current account deficit is likely to fall below 1 percent of GDP in 2023.

Expected movements in GDP (annual change)

