

# General, broad-based disinflation is in progress



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

## Inflation

The rapid decline in inflation is likely to continue until 2024 Q1, then disinflation is expected to slow down. The consumer price index is expected to return to the target in 2025.

| 2023      | 2024    | 2025    | 2026    |
|-----------|---------|---------|---------|
| 17.6–17.7 | 4.0–5.5 | 2.5–3.5 | 2.5–3.5 |

## SEVERAL FACTORS SUPPORT THE DECLINE IN INFLATION



Disciplined monetary policy



Subdued domestic demand

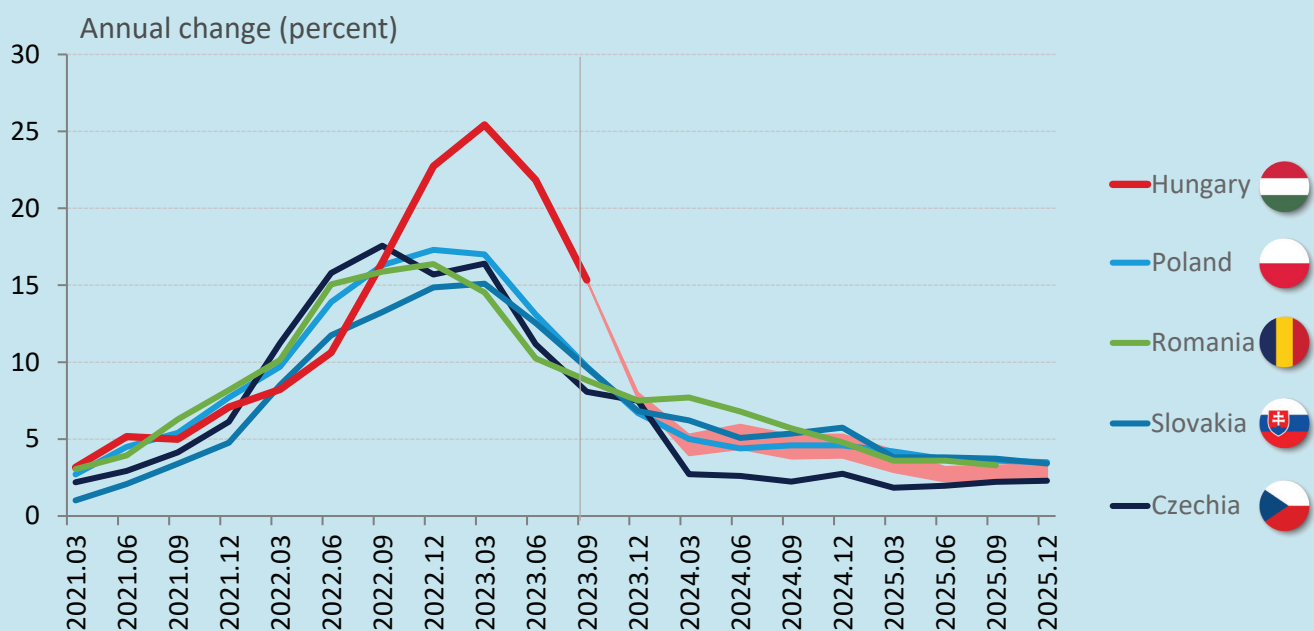


The Government's measures to stimulate market competition



Falling global commodity prices relative to 2022

Quarterly projection of inflation in Hungary and the region



Source: HCSO, MNB

## Real economy

Falling inflation, increasing real wages, the gradual recovery of confidence and the expected pick-up in credit markets in 2024 are likely to support economic recovery.



As a result of the gradual increase in domestic demand components, GDP growth is likely to become broad-based from 2024 onwards.



Employment remains at a historically high level.



The current account may be in slight surplus in 2023, and it is expected to improve thereafter.

Expected movements in GDP (annual change)

