

The fight against inflation is on track



KEY MESSAGES OF THE MNB'S INFLATION REPORT, MARCH 2024

Inflation

Inflation fell under 4 percent at the beginning of 2024. A slight increase is expected in the middle of the year with the consumer price index returning into the central bank tolerance band in a sustainable manner in 2025.

2024	2025	2026
3.5 – 5.0	2.5 – 3.5	2.5 – 3.5

THE MAIN DETERMINANTS OF INFLATION OVER THE SHORT AND MEDIUM TERM



A rise in imported inflation



Disinflationary effect of the cyclical position of the real economy



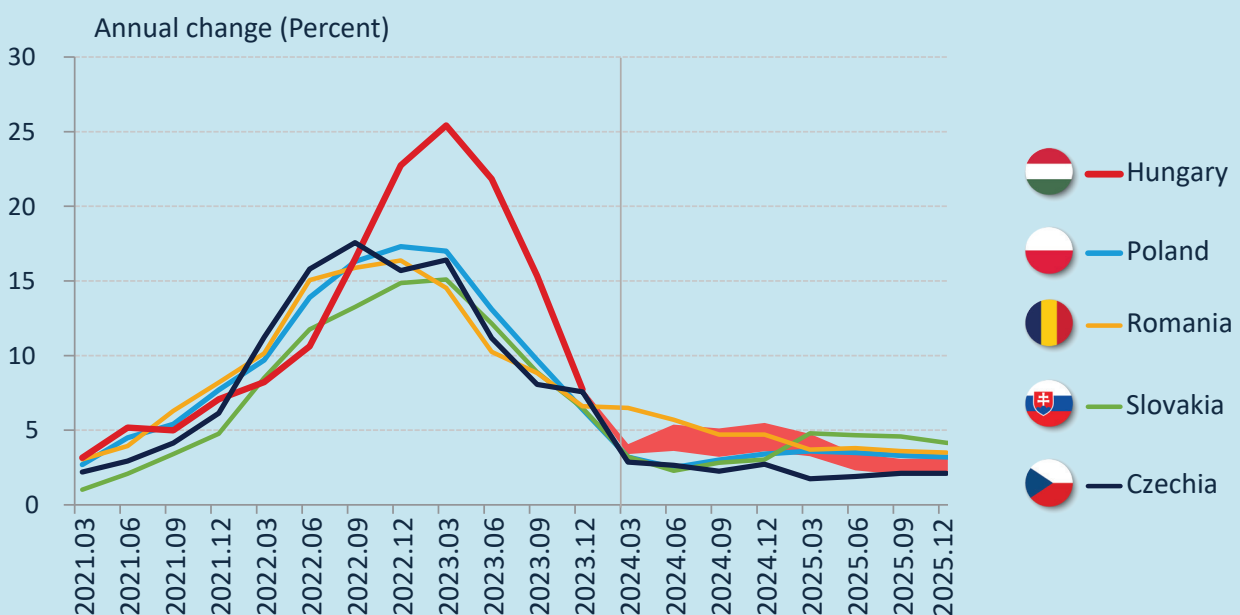
Retrospective repricing in the market services sector



Central Bank and Government measures



Quarterly projection of inflation in Hungary and the region



Source: HCSO, MNB, projections by central banks

Real economy

Increasing real wages and the gradually recovering confidence results in a renewed expansion in domestic demand components. However, weak external demand is holding back export performance over the short term.



From 2025, exports are likely grow as a result of rising external demand. Consequently, a balanced economic growth is expected next year.



Labour market tightness decreased; however, employment remains at a historically high level.



The current account balance continues to improve.

Expected movements in GDP (annual change)

