



# MACROECONOMIC AND FINANCIAL MARKET DEVELOPMENTS

BACKGROUND MATERIAL  
TO THE ABRIDGED MINUTES  
OF THE MONETARY COUNCIL MEETING  
OF 26 AUGUST 2025

AUGUST  
**2025**

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*The background material 'Macroeconomic and financial market developments' is based on information available until 20 August 2025.*

*Article 3 (1) of the MNB Act (Act CXXXIX of 2013 on the Magyar Nemzeti Bank) defines achieving and maintaining price stability as the primary objective of the Magyar Nemzeti Bank. The MNB's supreme decision-making body is the Monetary Council. The Council convenes as required by circumstances, but at least twice a month, according to a pre-announced schedule. At the second scheduled meeting each month, members consider issues relevant to decisions on central bank interest rates. Abridged minutes of the Council's rate-setting meetings are released regularly, before the next policy meeting takes place. As a summary of the analyses prepared by staff for the Monetary Council, the background material presents economic and financial market developments, as well as new information which has become available since the previous meeting.*

The abridged minutes and background material to the minutes are available on the MNB's website at:  
<https://www.mnb.hu/en/monetary-policy/the-monetary-council/minutes>

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# 1. Macroeconomic developments

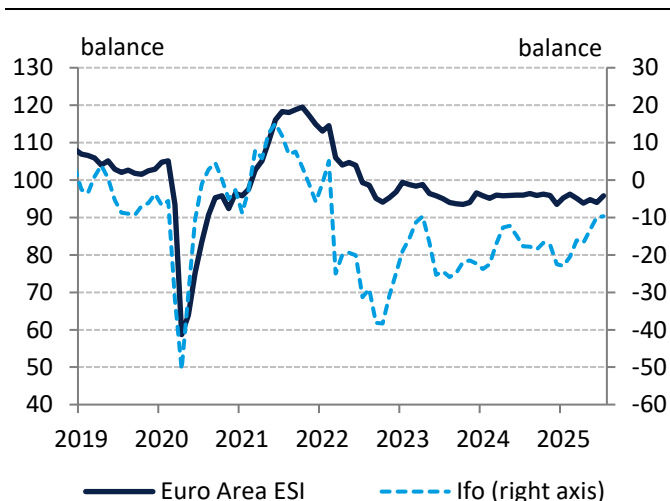
## 1.1. Global macroeconomic environment

The US economy grew by 2.0 percent and the Chinese economy by 5.2 percent in the second quarter year-on-year. GDP increased by 1.5 percent in the European Union and by 1.4 percent in the euro area. Industrial production and retail sales rose in the United States, the euro area and China. Inflation stood at 2.7 percent in the United States in July, slightly lower than market expectations. Consumer prices in China remained stable year-on-year. Inflation in the euro area stood at 2.0 percent in July as compared to the previous year, while core inflation was 2.3 percent. Inflation exceeded analysts' expectations by 0.1 percentage point, while core inflation was consistent with them.

**The US economy grew by 2.0 percent and the Chinese economy by 5.2 percent in the second quarter year-on-year. GDP increased by 1.5 percent in the European Union and by 1.4 percent in the euro area.** Among the EU Member States, Ireland (+16.2 percent) saw the highest growth compared to the same period last year. The GDP of Germany, Hungary's main trading partner, increased by 0.4 percent year-on-year. In the region, GDP increased on an annual basis in the second quarter by 3.0 percent in Poland, by 2.4 percent in Czechia, by 2.1 percent in Romania, by 0.6 percent in Slovakia and by 0.2 percent in Hungary, according to adjusted data.

**Industrial production rose by 1.4 percent in the United States and by 5.7 percent in China in July, and the euro area saw a 0.5 percent year-on-year increase in June.** Retail sales rose by 3.9 percent in the United States and by 3.7 percent in China in July, and the euro area saw a 3.1 percent increase in June.

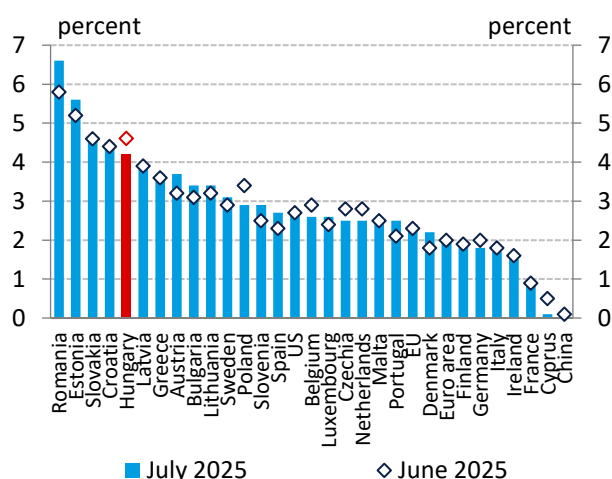
Chart 1: Business climate indices in Hungary's export markets



Source: European Commission, Ifo

**In July 2025, the Manufacturing Purchasing Managers' Index rose in the euro area and decreased in the United States and in China.** The index fell below 50 points in the US for the first time this year, while it increased in the euro area. In all three economies, it stood below the 50-point threshold indicating expansion. The Economic Sentiment Indicator (ESI) for the euro area increased by 1.6 points in July 2025 (Chart 1).

**In the US labour market, the number of new jobs in the past three months were below expectations.** The unemployment rate in the United States stood at 4.2 percent in July after a slight increase, and it has been hovering between 4.0 and 4.2 percent since May last year. The number of people employed outside agriculture rose by 73,000 in July, falling short of analysts' expectations. The Bureau of Labor Statistics provided a significant downward revision for employment data in non-agricultural industries in May and June, and the mean of the past three months (35,000 persons) is significantly lower than the mean increase of 120,000 reported in the first four months of the

**Chart 2: Developments in the international inflation environment**

Note: HICP inflation rates for EU members, CPI inflation rate for China and the US.

Source: Eurostat, Trading Economics, Bureau of Labor Statistics

year. In the euro area, the unemployment rate was 6.2 percent in June, the same as in May.

Inflation stood at 2.7 percent in the United States in July, slightly lower than market expectations. Inflation in the euro area stood at 2.0 percent in July as compared to the previous year, while core inflation was 2.3 percent. Inflation exceeded analysts' expectations by 0.1 percentage point, while core inflation was consistent with them. Consumer prices in China remained stable year-on-year in July.

In July, among the countries in the region, inflation rose in Romania, stayed the same in Slovakia, and fell in Czechia and Poland. Annual inflation stood at 6.6 percent in Romania, 4.6 percent in Slovakia, 2.9 percent in Poland and 2.5 percent in Czechia according to HICP data (Chart 2).

## 1.2. Real economic trends in Hungary

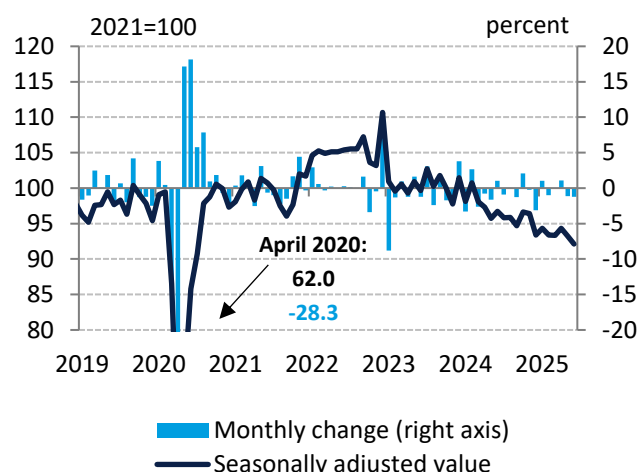
In 2025 Q2, Hungarian GDP increased by 0.1 percent on an annual basis according to raw data. From the monthly indicators, industrial production dropped by 4.9 percent, construction output increased by 2.6 percent, and retail sales rose by 3.0 percent on an annual basis in June. The external trade balance in goods showed a surplus of EUR 1,039 million. The number of employed persons aged 15–74 averaged 4,661,000 between April and June, which is 12,000 lower than in the previous period in seasonally adjusted terms. The unemployment rate was 4.5 percent from April to June.

### 1.2.1. Economic growth

**In 2025 Q2, Hungary's gross domestic product increased by 0.1 percent year-on-year based on raw data from the HCSO's preliminary disclosure.** Based on balanced data adjusted for seasonal and calendar effects used for international comparison, domestic GDP rose by 0.2 percent year-on-year and by 0.4 percent compared to the previous quarter. The HCSO reported that the growth of the Hungarian GDP was primarily due to the performance of the services sector, in particular the information and communication industries. Economic performance was hampered by industry and agriculture.

**Raw data indicate that the volume of industrial production fell by 4.9 percent in June 2025 compared to the same period last year.** Industrial output decreased by 1.2 percent on a monthly basis, according to seasonally and working-day adjusted data (Chart 3). This is in line with the trend that industrial production has been decreasing since July 2023. The volume of industrial exports decreased by 5.4 percent and that of domestic industrial sales by 3.0 percent compared to the same month of the previous year. Year-on-year, the volume of production fell in the majority of the sub-sectors in the manufacturing industry. The manufacturing of electrical equipment showed a slight, 0.1 percent year-on-year increase, and production rose by 2.6 percent compared to the previous month. The output of the sector with the greatest weight, vehicle manufacturing, declined by 11.5 percent year-on-year. New domestic orders declined by 8.0 percent, while new export orders fell by 16.8 percent. At the end of June, total orders were 8.0 percent lower than a year earlier.

Chart 3: Developments in industrial production



Note: From January 2024, the seasonally adjusted value is based on the monthly averages of 2021.

Source: MNB calculation based on HCSO data

**In June 2025, the volume of construction output increased by 2.6 percent compared to the previous year.** Among the main construction groups, the construction of buildings increased by 0.4 percent and other construction, which generally includes infrastructure investments, increased by 6.5 percent compared to a year earlier. On a monthly basis, the volume of construction output decreased by 5.3 percent in June. The volume of new contracts concluded increased by 67.8 percent. Within this, the volume of contracts for the construction of buildings rose by 7.0 percent, while the volume of contracts for other construction increased by 147.9 percent. The volume of construction companies'

contracts at the end of June was 17.9 percent higher than a year earlier. Within this, the volume of contracts for the construction of buildings was 7.2 percent lower, while the volume of contracts for other construction work was 38.5 percent higher than in June 2024.

**Retail sales volume rose by 3.0 percent year-on-year in June 2025, according to data adjusted for calendar effects.** Retail sales excluding fuel sales rose by 3.1 percent. Retail sales increased by 0.5 percent on a monthly basis according to data adjusted for seasonal and calendar effects. Sales in food and food-related retail trade grew by 3.7 percent year-on-year. Sales for online stores (+9.2 percent), miscellaneous tradables (+8.3 percent), pharmaceutical and medical goods, cosmetic and toilet articles (+4.8 percent), and furniture, appliances and hardware (+3.5 percent) increased, while sales for books and computers (+1.3 percent), and textiles, clothing and footwear (-1.3 percent) saw a decline.

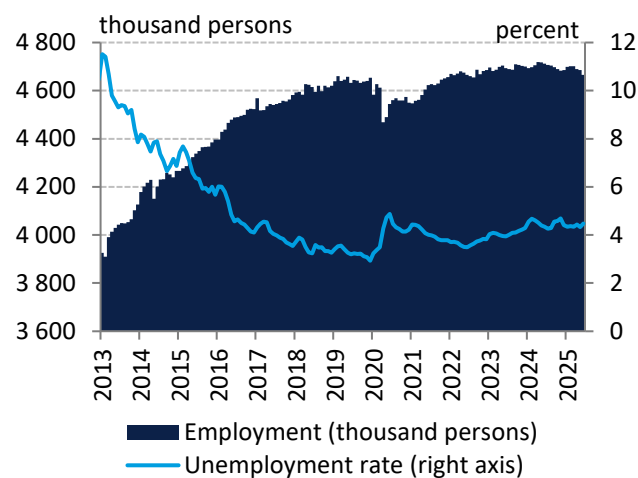
**The external trade balance in goods showed a surplus of EUR 1,039 million in June 2025.** Compared to the previous month, the balance improved by EUR 525 million, while compared to the same period of the previous year, it increased by EUR 2 million. In June, based on raw data, the volume of goods exports increased by 0.4 percent, while goods imports increased by 3.3 percent compared to the same period last year.

**According to data adjusted for calendar effect, the inflation-adjusted turnover of NTCA online cash registers increased by 2.8 percent in June compared to the same period last year.** Road passenger traffic (+46.4 percent) and freight traffic (+0.8 percent) both expanded in July. Electricity consumption decreased by 8.5 percent in July. Cinema attendance rose by 20.5 percent, while turnover in hospitality increased by 4.8 percent. The number of Google searches for the term “unemployment benefits” slightly decreased in July 2025 as compared to the previous month.

#### 1.2.2. Employment

**According to the Labour Force Survey, the average number of employed persons aged 15–74 was 4,661,000 in the period from April to June 2025, which is 12,000 lower than in the previous period in seasonally adjusted terms.** The level of employment dropped by 49,000 compared to the same period last year. On average, between April and June, the number of people working in the primary labour market decreased by 57,000, and the number of people working abroad and in public employment increased by 1,000 and 7,000, respectively.

**The number of unemployed persons was 219,000 between April and June, which is 5,000 more than in the same period**

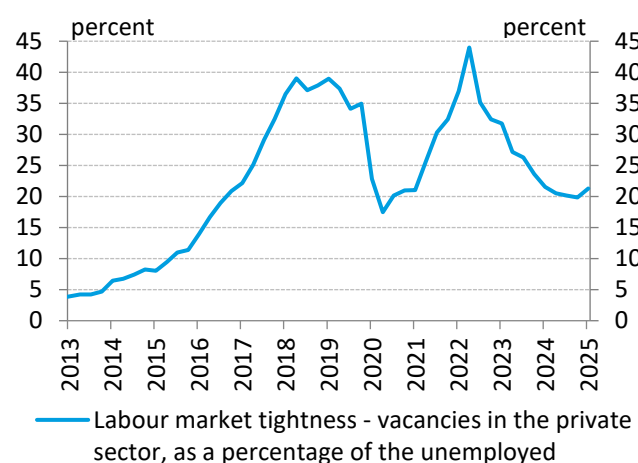
**Chart 4: Number of persons employed and the unemployment rate**

Note: Employment based on seasonally adjusted data.

Source: HCSO

of the previous year. Overall, the unemployment rate stood at 4.5 percent (Chart 4). According to raw data from the National Employment Service (NFSZ), there were 220,000 registered job seekers in Hungary in June 2025 and 221,000 in July 2025. In each case, this is a decrease of 3,000 compared to the same period last year. Based on seasonally adjusted data, the number of registered job seekers remained the same in July 2025 compared to a month earlier.

**Labor market tightness eased significantly from the high levels seen in mid-2022** (Chart 5). In 2025 Q1, there were 43,000 unfilled vacancies in the private sector, which is 7 percent less than in the same period of the previous year. However, in seasonally adjusted terms, this is a 3.4-percent increase compared to the previous quarter. Labour demand slightly increased in both manufacturing and market services compared to the previous quarter. There were 13,300 job vacancies in the manufacturing industry and 25,800 in the market services sector in 2025 Q1. Among the sectors of the public sector, the number of job vacancies increased in public administration, healthcare and education compared to the previous quarter.

**Chart 5: Labour market tightness indicator**

Note: Seasonally adjusted quarterly data.

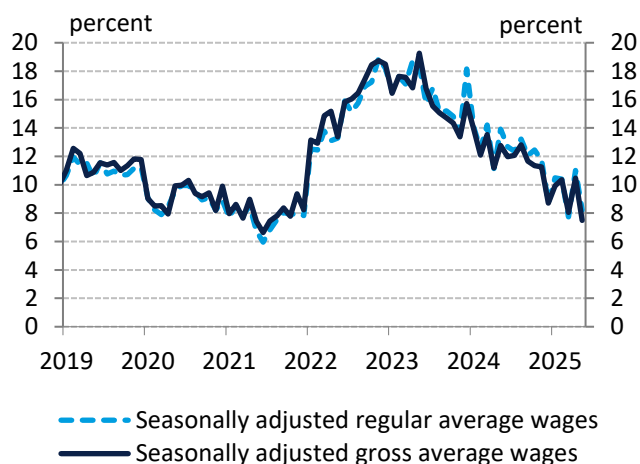
Source: HCSO, MNB calculation



### 1.3. Inflation and wages

In July 2025, consumer prices rose by 4.3 percent year-on-year. Compared to June, the annual rate of price increases slowed by 0.3 percentage point. Core inflation fell by 0.4 percentage point to 4.0 percent. Core inflation, excluding indirect taxes, fell to 3.7 percent. Inflation was within the forecast range of the June Inflation Report. Wage growth continued to slow at the beginning of the year, with wages in the private sector rising by an average of 8.9 percent in the first five months of this year.

Chart 6: Dynamics of average earnings in the private sector



Source: MNB calculation based on HCSO data

#### 1.3.1. Wages

**Wage growth continued to slow this year. The most recent data indicate that gross average earnings rose by 7.8 percent in the national economy and by 7.4 in the private sector in May 2025 as compared to the same period last year.** Regular average earnings (excluding bonuses) rose by 8.6 percent in the national economy and by 8.1 percent in the private sector in annual terms. Regular earnings rose by 0.5 percent on a monthly basis, which value is lower than those of previous years. Bonus payments amounted to 8.2 percent of regular earnings, which is lower than in the two previous years.

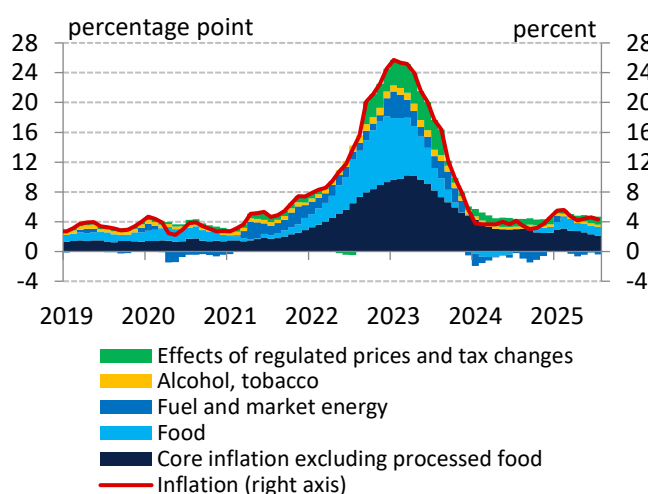
**According to seasonally adjusted data, the annual growth rate of both gross average earnings and regular average earnings slowed down in the private sector (Chart 6).** In the private sector, the wage dynamics of market services exceeded those of manufacturing on the basis of raw data. Wages in the manufacturing industry were 5.8 percent higher in May than in the same period last year. With regard to market services, the HCSO registered an increase of 7.9 percent. Among the sectors of the national economy, wages increased by 9.0 percent in construction, 8.3 percent in trade and 7.0 percent in hospitality compared to the same period of the previous year.

#### 1.3.2. Inflation developments

**In July 2025, consumer prices rose by 4.3 percent year-on-year (Chart 7).** Compared to the 4.6 percent measured in June, the annual rate of price increases slowed by 0.3 percentage point. Core inflation fell by 0.4 percentage point to 4.0 percent. Core inflation, excluding indirect taxes, fell to 3.7 percent. In monthly terms, both the price of the total consumer basket and the core inflation basket rose by 0.4 percent.

**The decrease in the annual consumer price index is primarily due to the decreasing inflation of fuel, which is mostly a result of base effects.** Core inflation decreased as a result of the disinflation of all product groups included in it. Annual inflation for industrial goods decreased to 2.1 percent. The annual inflation rate for market services was 6.5 percent. In a monthly comparison, the 0.4-percent

Chart 7: Decomposition of inflation



Source: MNB calculation based on HCSO data

price increase was slightly below the historical average. The increase in the price of the product group is mostly due to services related to tourism and hospitality. Unprocessed food prices and processed food prices increased by 7.2 percent and 2.4 percent, respectively, year-on-year. Compared to June, unprocessed foods were 0.5 percent more expensive, which was mostly caused by the prices of seasonal food products. The price of processed food increased by 0.2 percent on a monthly basis. Fuel prices increased by 0.3 percent month on month. The price of this product group decreased by 4.3 percent on a year-on-year basis. The rate of price changes in July was above the historical average for food and industrial goods, but slightly below it for market services.

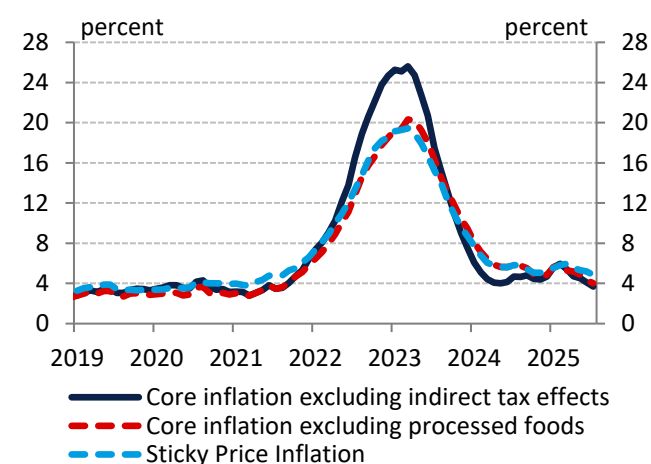
**Household inflation expectations continue to remain at high levels.** Corporate price expectations pertaining to retail sales prices kept decreasing in July, while this downward trend stopped for services.

**Price and margin restriction measures had a significant inflation-reducing effect, like they did in June, resulting in a total reduction of 1.5 percentage points in inflation in July.** The greatest impact can be attributed to margin restrictions on foods, which were accompanied by the full effect of margin restrictions on household goods introduced in May. The voluntary price restrictions of bank and telecommunications companies also reigned inflation in.

**The incoming data for inflation was in line with the forecast in the June Inflation Report, but it was slightly below that for core inflation.** The actual data exceeded the July consensus of analysts' expectations. The median forecast was 4.1 percent, with expectations ranging between 4.0 and 4.5 percent.

**Our indicators capturing more persistent inflation trends, calculated on an annual basis, also decreased.** Inflation for products with relatively stable prices stood at 4.8 percent, while core inflation excluding processed food stood at 4.0 percent in July (Chart 8).

Chart 8: Measures of underlying inflation indicators

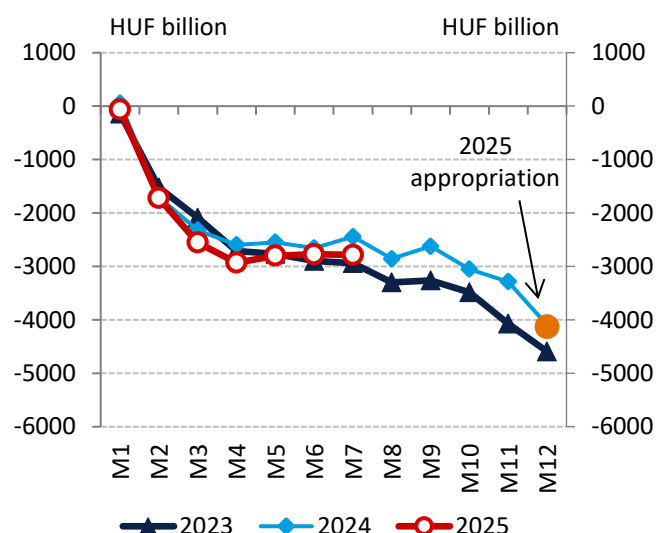


Source: MNB calculation based on HCSO data

## 1.4. Fiscal and external balance trends

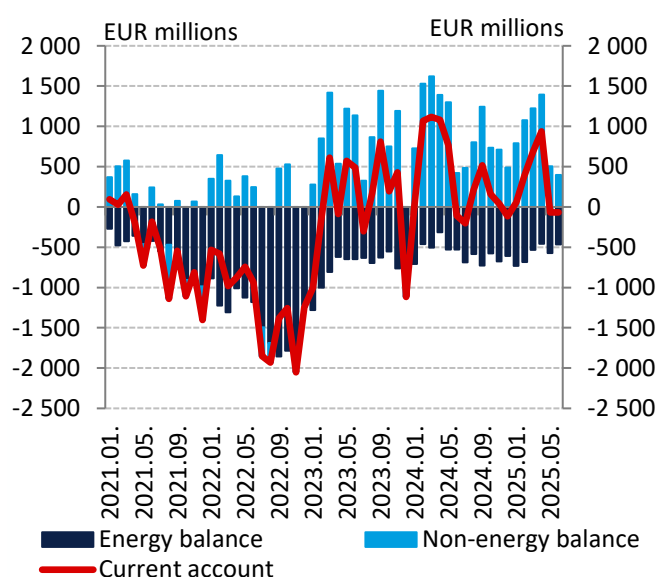
The central sub-sector of the general government showed a deficit of HUF 13 billion at the end of July, increasing the cumulative deficit from the beginning of the year to HUF 2,786 billion. This amount is 68 percent of the deficit annual appropriation set in the budget act. Revenues of the central sub-sector increased by HUF 456 billion in July, while budgetary expenditures were HUF 682 billion higher than a year before. In June 2025, the current account deficit was at around the same level as in the previous month.

Chart 9: Cumulative cash balance of the central government budget from the beginning of the year



Source: 2025 Budget Act, Hungarian State Treasury

Chart 10: Developments in current account and energy balance



Note: The last monthly value of the energy balance is an estimate.

Source: MNB, HCSO

### 1.4.1. Fiscal trends

The **central sub-sector of the general government** had a budgetary deficit of HUF 13 billion in July. This resulted in a cumulative deficit of HUF 2,786 billion from the beginning of the year, which exceeds last year's figure by HUF 343 billion (Chart 9). This corresponds to 68 percent of the annual cash deficit target of HUF 4,123 billion set in the 2025 Budget Law. The July balance is less favourable than that of last year, mostly due to the increase in primary expenditures, partly offset by the increase of revenues from labour taxes and contributions.

The **central sub-sector's revenues** increased by HUF 456 billion in July on an annual basis. Within revenues, tax and contribution revenues increased by 4 percent (HUF 94 billion), while EU revenues decreased slightly by HUF 4 billion. Taxes and contributions on labour rose by 8.7 percent (HUF 98 billion), while consumption taxes fell by 3 percent (HUF 36 billion). Payments by business organisations were 9 percent (HUF 29 billion) higher than in last July.

**Budgetary expenditures** were HUF 682 billion higher in July than in the same period last year. The increase is primarily attributable to the nearly HUF 60 billion increase in state transportation, public utility, and public media services and the HUF 59 billion increase in expenditure related to public assets.

### 1.4.2. External balance developments

**In June 2025, the deficit of the current account amounted to EUR 67 million, and net borrowing reached EUR 94 million.** In June, the current account deficit – after an insignificant change from last month – stood at EUR 67 million (Chart 10). In June, the trade balance of goods significantly improved compared to the previous month, but it was notably lower than last year. With external demand remaining subdued, goods exports saw a 2-percent year-on-year decrease. Influenced by one-off factors, goods imports increased by 1 percent. The service balance was slightly above the previous year's value, mostly because of tourism. The income balance deficit temporarily increased – due to the dividend income on

portfolio investments –, while the transfer balance turned into a significant surplus.

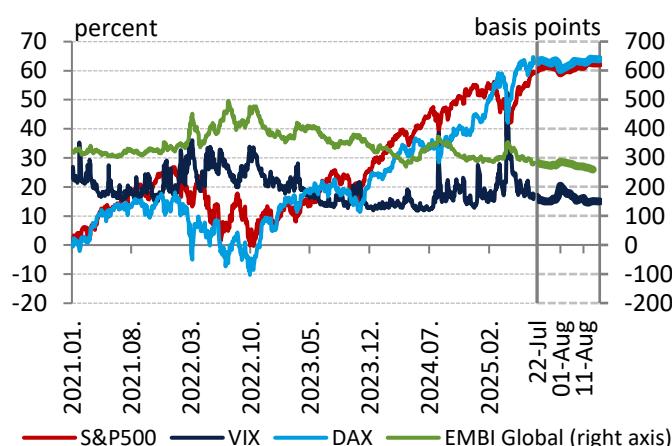
**Based on the financial account data, net direct investment showed an outflow of EUR 0.5 billion in June, while net external debt increased by EUR 1 billion.** The net FDI outflow was mainly due to the foreign investment of a large Hungarian corporation, while the reinvested earnings of foreign companies significantly increased FDI in Hungary. In June, the increase of approximately EUR 1 billion in net external debt resulting from transactions was primarily related to the consolidated general government.

## 2. Financial markets

### 2.1. International financial markets

Since the previous interest rate decision, international trends of money and capital markets have been dominated by developments in US trade policy, the negotiations about ending the Russian–Ukrainian war, the Fed’s interest rate path and US labour market data. Investor risk appetite increased slightly during the period.

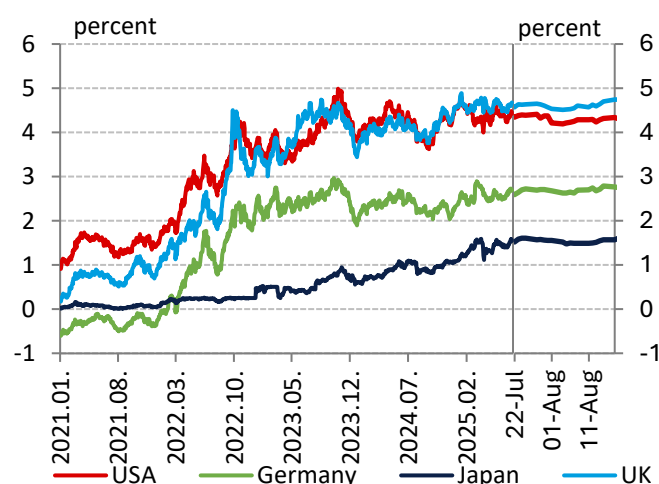
**Chart 11: Developed market equity indices, the VIX index and the EMBI Global Index**



Note: Stock indices (S&P500 and DAX) normalised to the beginning of 2021.

Source: Bloomberg

**Chart 12: Yields on developed market long-term bonds**



Source: Bloomberg

**Risk indicators have decreased over the past month.** The VIX index, which measures US stock market volatility, fell below 16 percent, while the European Vstox index was around 16 percent at the end of the period. The EMBI Global index, which tracks emerging market bond spreads, decreased by 24 basis points, and the MOVE index, which measures volatility in developed bond markets, decreased by 13 basis points (Chart 11).

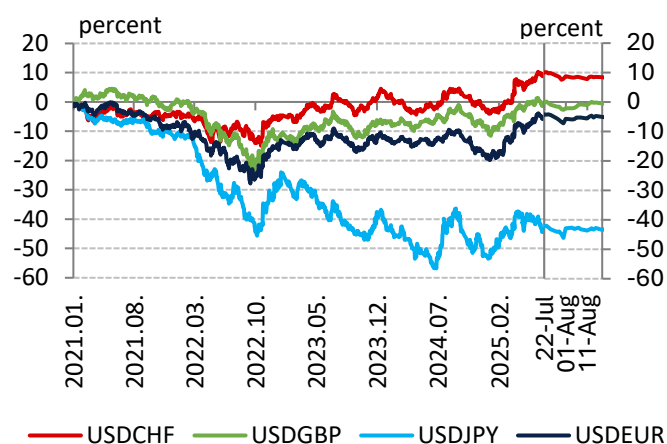
**Every major stock market index rose in the period.** The stock market composite index for developed markets rose by 2.4 percent, while that for emerging markets rose by 2 percent. US indices typically rose more, reaching historic highs, while European indices rose more moderately. The Japanese stock exchange index increased significantly, by almost 10 percent.

**Long-term yields in advanced and emerging markets have mostly increased since the previous interest rate decision** (Chart 12). The 10-year yield rose by 16 basis points in Germany and by 5 in Japan, while in the US, it decreased by 6 basis points. 10-year government bond yields in the region were mixed, remaining mostly stable in Hungary, increasing by 17 basis points in Romania and by 2 in Czechia, and falling by 3 basis points in Poland.

**The US dollar has generally strengthened against major currencies since the previous interest rate decision** (Chart 13). The exchange rate of the dollar against the euro increased by 3 percent by the end of July, which was followed by a correction, resulting in an overall 0.6-percent appreciation. The exchange rate of the British pound and the Chinese yuan against the dollar did not change significantly, while the Swiss franc, the Australian dollar and the Japanese yen weakened against the dollar. Emerging market currencies also typically weakened against the dollar.

**Raw material sub-indices showed mixed developments in the period.** Among the sub-indices representing the agricultural sector, the livestock sub-index rose by 3 percent, while the grains sub-index decreased by 3 percent, and the sub-index of the whole sector increased by a mere 1 percent. The sub-index for industrial metals decreased by over 10 percent, and the

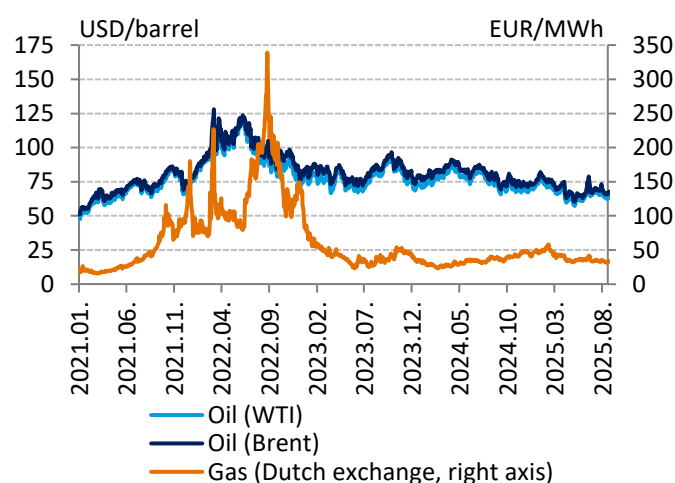
**Chart 13: Evolution of developed market foreign exchange rates compared to the first trading day of January 2021**



Note: Positive values indicate the strengthening of the variable (second) currency.

Source: Bloomberg

**Chart 14: Developments in oil and gas prices**



Source: Bloomberg

sub-index for other raw materials increased by almost 6 percent. The energy sub-index decreased by 6.5 percent since the previous interest rate decision. **The Bloomberg commodity price index, which covers the entire raw materials market, fell by approx. 4 percent during the period.**

**The price of a barrel of North Sea Brent oil decreased from nearly USD 69 at the time of the previous interest rate decision to USD 66. The price of a barrel of the US benchmark, WTI, fell from USD 66 to USD 62 (Chart 14).** The decrease of the price of oil in August was due to an uncertainty of demand caused by the trade war and to the decision of the OPEC+ countries to increase the production of oil from September. According to this agreement, daily extraction will increase by half a million barrels, as a complete reverse of the production cut in 2023. However, the generally tense geopolitical situation may continue to pose 2-way risks to global oil price trends.

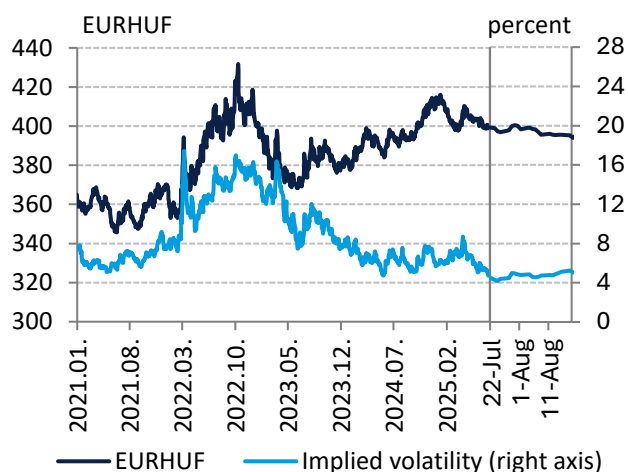
**European gas prices have fallen by 5.5 percent since the previous interest rate decision.** The Dutch TTF exchange price fell from EUR 33/MWh to nearly EUR 31/MWh in the recent period. Donald Trump's diplomatic efforts to ensure peace between Russia and Ukraine have raised expectations that Russian energy sources may return to the global market, which is leading to a decrease in European gas prices as well.

**Overall, the price of gold decreased in the period.** At the end of the period, the price of gold was around USD 3,334 per ounce, which is nearly 3 percent lower than at the time of the previous interest rate decision and 27 percent higher than at the beginning of the year.

## 2.2. Developments in domestic money market indicators

The exchange rate of the forint against the euro increased by 1 percent since the July interest rate decision. The government bond yield curve shifted slightly downward, apart from the 1-3-year maturities, which rose. During the period under review, demand at GDMA auctions was adequate. The 3-month BUBOR stood at 6.5 percent at the end of the period.

**Chart 15: EUR/HUF exchange rate and the implied volatility of exchange rate expectations**



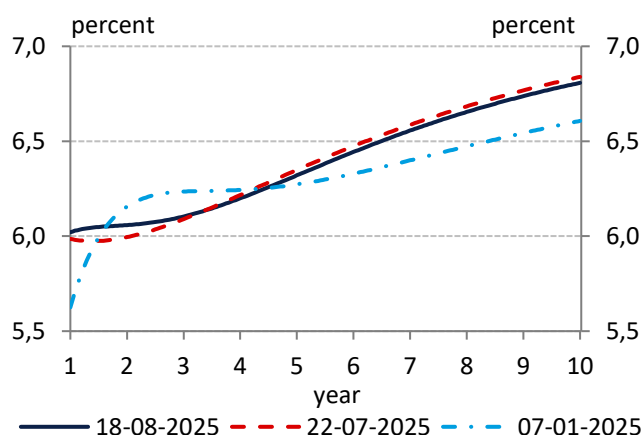
Source: Bloomberg

The exchange rate of the forint against the euro increased by nearly 1 percent since the July interest rate decision (Chart 15). In the days after the interest rate decision and the subsequent strict-toned central bank communication, the forint strengthened against the euro, with the exchange rate reaching 396. However, by the end of July, as a result of US tariff agreements and the resulting strengthening of the dollar, the forint weakened against the euro, to 400. This was followed by the continuous appreciation of the forint and other currencies in the region, and in the second half of the period, the forint–euro exchange rate was 395-396. In the period analysed, the forint strengthened against the Polish zloty and the Czech koruna, too.

The 3-month BUBOR, which is relevant for monetary transmission, had not changed since the previous interest rate decision and stood at 6.5 percent.

The government bond yield curve shifted slightly downward, apart from the 1-3-year maturities, which rose (Chart 16).

**Chart 16: Shifts in the spot government yield curve**



Source: Bloomberg

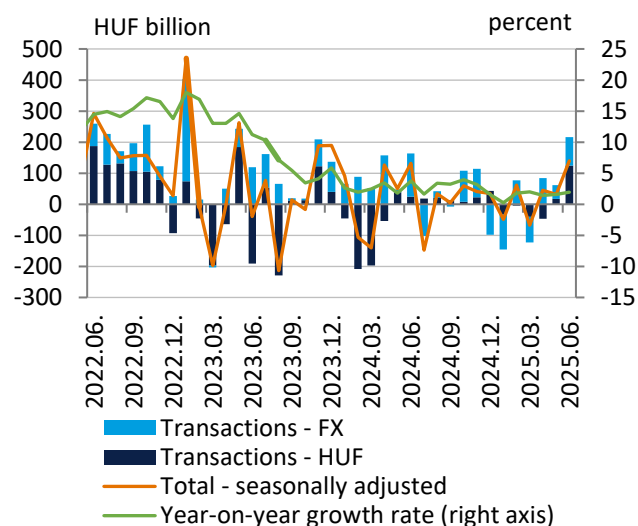
During the period under review, demand at GDMA auctions was adequate. The volume of bids submitted for government bond auctions typically exceeded the amount offered in advance. In the second half of August, the Government Debt Management Agency accepted larger volumes than announced in the case of 5-year and 10-year bonds. Compared to the quantities offered, bond and treasury bill auctions were characterised by an average demand nearly three times higher than the supply.



### 3. Trends in lending

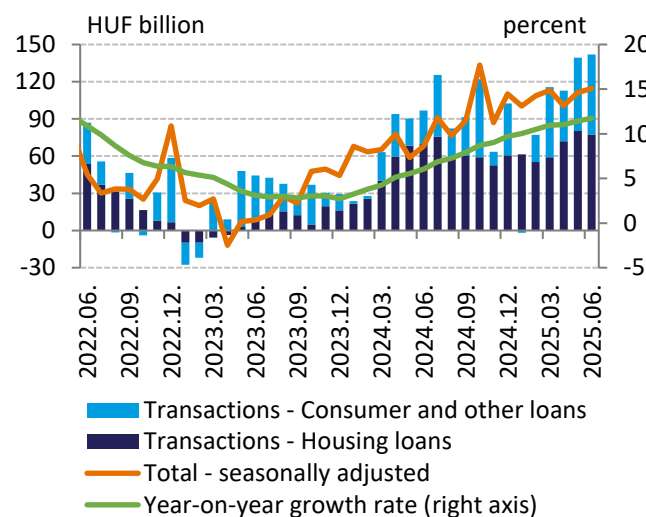
The corporate loan portfolio increased by HUF 216 billion in June 2025, with its annual growth rate accelerating to 2.0 percent. Household loans outstanding increased by HUF 142 billion, bringing the annual growth rate to 11.7 percent.

Chart 17: Net borrowing by non-financial corporations



Source: MNB

Chart 18: Net borrowing by households



Source: MNB

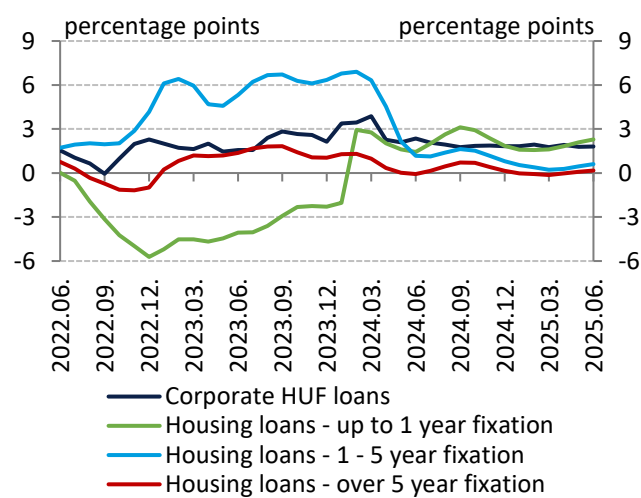
**The corporate loan portfolio increased by HUF 216 billion in June 2025** as a result of a HUF 125 billion increase in forint loans and a HUF 91 billion increase in foreign currency loans. The annual growth rate of the loan portfolio increased from 1.6 percent in May to 2.0 percent (Chart 17). The more significant growth of transactions in June was mostly due to large individual transactions and the increase in loans provided by Eximbank under the Exports Promotion Programme. Credit institutions concluded new non-current loan agreements worth HUF 582 billion during the month, which is significantly higher – by 58 percent – than in the same period last year.

**Household loans outstanding increased by HUF 142 billion in June as a result of transactions.** With that, the annual growth rate of loans outstanding rose to 11.7 percent, up 0.3 percentage point from May (Chart 18). The volume of new household loan agreements amounted to HUF 293 billion, exceeding the figure recorded in the same period of the previous year by 21 percent, with the volume of newly disbursed housing loans rising by 13 percent year-on-year. Under the HPS Plus programme, which became available in January 2024, 982 contracts worth HUF 26 billion were signed in June, accounting for 18 percent of new housing lending during the month. Under the Subsidised Loans for Workers programme launched in January, applicants in June signed 3,300 contracts worth a total of HUF 13 billion.

**The smoothed interest rate spread on corporate forint loans rose by 3 basis points compared to the previous month, reaching 1.82 percentage points in June** (Chart 19). In the case of housing loans, the spread on fixed-interest rate products with a maturity of over 5 years increased by 8 basis points, standing at 0.16 percentage point at the end of the period under review. In the case of corporate forint loans and variable-interest rate housing loans, we examine the 3-month BUBOR, while for housing loans with interest rate fixed for more than one year, we examine the spread above the corresponding IRS.



**Chart 19: Developments in corporate and household credit spreads**



Note: APR-based smoothed spreads on household loans, calculated using the average reference rate for the month in which the loan was issued.

Source: MNB