MACROECONOMIC AND

FINANCIAL MARKET DEVELOPMENTS

BACKGROUND MATERIAL

TO THE ABRIDGED MINUTES

OF THE MONETARY COUNCIL MEETING

OF 24 JUNE 2025

JUNE

2025

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The background material 'Macroeconomic and financial market developments' is based on information available until 19 June 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 the background materials 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

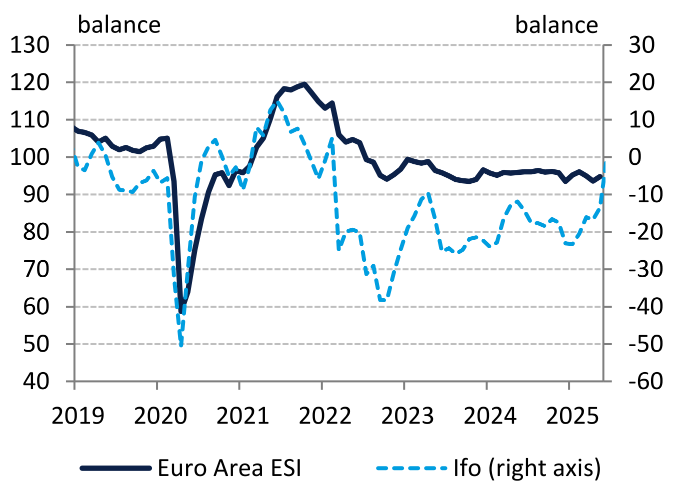
1.1. Global macroeconomic environment

In 2025 Q1, year-on-year economic growth was 5.4 percent in China, 2.1 percent in the US, and 1.6 percent in the EU. Industrial production and retail sales rose in China, the United States and the euro area. At 2.4 percent, inflation in the United States was slightly lower than market expectations in May. In China, consumer prices fell by 0.1 percent on an annual basis. Inflation in the euro area stood at 1.9 percent, while core inflation dropped to 2.3 percent.

In 2025 Q1, the year-on-year rate of economic growth was 5.4 percent in China, 2.1 percent in the US, 1.6 percent in the EU and 1.5 percent in the euro area. Among the Member States of the European Union, Ireland (+21.1 percent), Poland (+3.7 percent) and Denmark (+3.6 percent) saw the highest growth compared to the same period in the previous year. Only five Member States, Latvia (–0.3 percent), Hungary (–0.4 percent), Luxembourg (–0.4 percent), Austria (–0.4 percent) and Slovenia (–0.8 percent) reported an annual decline based on data adjusted for seasonal and calendar effects. GDP in Germany, Hungary's main trading partner, stagnated on an annual basis. In the CEE region, GDP increased on an annual basis in Q1 in most of the countries: by 3.7 percent in Poland, by 2.2 percent in Czechia and by 1.0 percent in Slovakia.

Industrial production rose by 5.8 percent in China and by 0.6 percent in the United States in May on an annual basis. A 0.8 percent increase was recorded in the euro area in April. Retail sales rose by 2.3 percent in the euro area in April. In May, the growth recorded in China and the United States amounted to 6.4 percent and 3.3 percent, respectively.

Chart 1 Business climate indices in Hungary's export markets

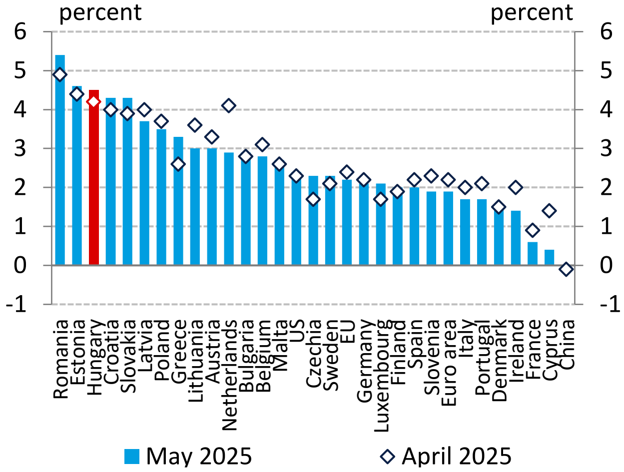


Source: European Commission, Ifo

In May 2025, the Manufacturing Purchasing Managers' Index rose in the euro area and the United States and fell in China. The index exceeded the 50-point threshold indicating expansion in the United States but fell short of it in the euro area and in China. The Economic Sentiment Indicator (ESI) for the euro area improved by 1.0 point in May 2025 (Chart 1).

Unemployment remains low in the United States. In the US, the unemployment rate remained unchanged at 4.2 percent in May and has ranged between 4.0 and 4.2 percent since May last year. Broadly consistent with analyst expectations, the number of persons employed outside agriculture rose by 139,000 in May but fell short of the 147,000 increase recorded in April. Federal employment fell by 22,000 in May, but this was almost entirely offset by new jobs created in the public and local government sectors. The unemployment rate in the euro area was 6.2 percent in April, the same as in March.

Chart 2 Developments in the international inflation environment



Note: HICP inflation rates for members of the European Union, CPI inflation rate for China and the US.

Source: Eurostat, Trading Economics, Bureau of Labor Statistics

Inflation in the United States stood at 2.4 percent in May, up 0.1 percentage point on the previous month and somewhat below market expectations. **Consumer prices in China fell by 0.1 percent on an annual basis. Inflation and core inflation in the euro area dropped to 1.9 percent and 2.3 percent, respectively.** Both indicators were 0.1 percentage point below analysts' expectations.

In the region, inflation fell in Poland and rose in Slovakia, Czechia and Romania in May. Inflation was 5.4 percent in Romania, 4.3 percent in Slovakia, 3.5 percent in Poland and 2.3 percent in Czechia in May (Chart 2).

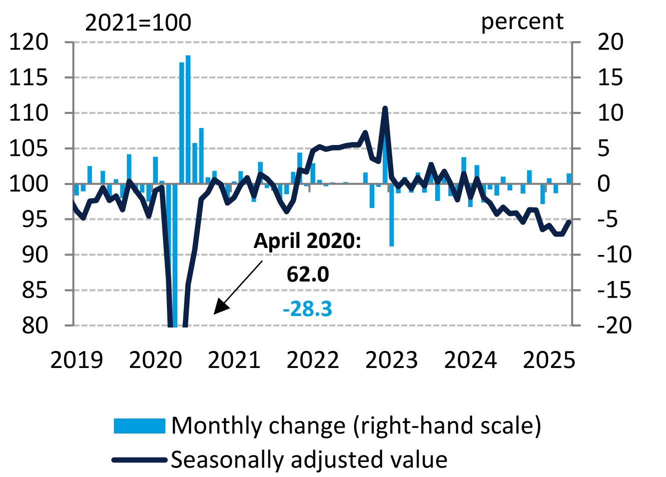
1.2. Real economic trends in Hungary

On an annual basis, Hungarian GDP stagnated in 2025 Q1 according to raw data. From the monthly indicators, the volume of industrial production and construction output decreased by 5.0 percent and by 0.5 percent, respectively, while retail sales rose by 5.0 percent on an annual basis in April. The balance of external trade in goods showed a surplus of EUR 1.4 billion. The number of employed persons aged 15–74 was 4,673,000, which is 11,000 lower than the previous period in seasonally adjusted terms. The unemployment rate stood at 4.4 percent between February and April.

1.2.1. Economic growth

Hungarian GDP stagnated in 2025 Q1 in annual terms. Based on balanced data adjusted for seasonal and calendar effects used for international comparison, domestic economic performance declined by 0.4 percent year-on-year, which is a decrease of 0.2 percent compared to the previous quarter. In the first quarter, the performance of the national economy was primarily supported by services, while it was restrained by construction and industry. Besides household consumption, year-on-year economic growth was supported by public consumption in terms of expenditure, while investment and net exports dampened the growth of GDP.

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 April 2025, the volume of industrial production declined by 5.0 percent compared to the same period of the previous year, according to raw data. Based on seasonally and working-day adjusted data, output fell by 2.3 percent on an annual basis. Industrial output increased by 1.5 percent on a monthly basis, according to seasonally and working-day adjusted data. Industrial production had been on a downward trend since July 2023; however, its level improved somewhat in April (Chart 3). The volume of industrial exports contracted by 3.7 percent and domestic sales decreased by 3.3 percent compared to the same month of the previous year. Production fell in most sub-sectors in manufacturing in annual terms, most significantly in the manufacture of electrical equipment (–16.7 percent); nevertheless, output rose by 4.6 percent compared to the previous month. The volume of all new orders in the manufacturing sectors surveyed fell by 12.2 percent year-on-year. New domestic orders increased by 2.4 percent, while new export orders declined by 14.4 percent. At the end of April, total orders were 16.2 percent lower than a year earlier.

In April 2025, the volume of construction output dropped by 0.5 percent, which means that the index has been on a downward trend since June last year in year-on-year terms. Among the main construction groups, the construction of buildings decreased by 5.7 percent, while other construction rose by 6.5 percent. On a monthly basis, construction output was up 5.3 percent in April. The volume of new contracts concluded was 12.7 percent lower than a year earlier. Within this, the volume of contracts for the construction of buildings fell by 14.3 percent, and the volume of contracts for other construction work by 10.9 percent. The volume of construction companies' contracts at the end of April was 7.3 percent higher than a year earlier. Within this, the contract portfolio for the construction of buildings dropped by 8.4 percent, while the contract portfolio for other construction work increased by 20.9 percent as compared to April 2024.

The volume of retail sales rose by 5.0 percent year-on-year in April 2025, according to data adjusted for calendar (and Easter) effects. Retail trade excluding fuel sales rose by 5.2 percent. The annual sales of petrol station increased by 2.4 percent in April. Retail sales increased by 2.0 percent on a monthly basis, according to data adjusted for seasonal and calendar effects. Overall, retail sales levels have been on the rise since the beginning of 2023. Sales in food and food-related retail trade grew by 3.7 percent year-on-year. Sales increased in the case of online stores (+9.1 percent), miscellaneous manufactured articles (+8.3 percent), pharmaceutical goods, cosmetic and toilet articles (+7.2 percent), books and computers (+3.9 percent), as well as furniture, appliances and hardware (+2.9 percent), while sales of textiles, clothing and footwear (–1.0 percent) declined.

In April 2025, the balance of external trade in goods showed a surplus of EUR 1.3 billion. The balance deteriorated by EUR 485 million compared to the previous month, and by EUR 392 billion compared to the same period of the previous year. The balance adjusted for VAT residents showed a surplus of EUR 551 million; accordingly, it was EUR 512 million lower than a year earlier. In April, the volume of goods exports contracted by 1.9 percent compared to the same period last year, while goods imports grew by 1.5 percent.

According to data adjusted for calendar effects, the inflation adjusted turnover of NTCA online cash registers increased by 1.6 percent in May compared to the same period last year. In May, both road passenger traffic (+19.1 percent) and freight traffic (+2.8 percent) increased. Electricity consumption increased by 6.8 percent. Both cinema attendance and turnover in hospitality increased, by 10.9 percent and 5.8 percent, respectively. The number of Google searches for the term 'unemployment benefits' rose in May 2025 on a monthly basis.

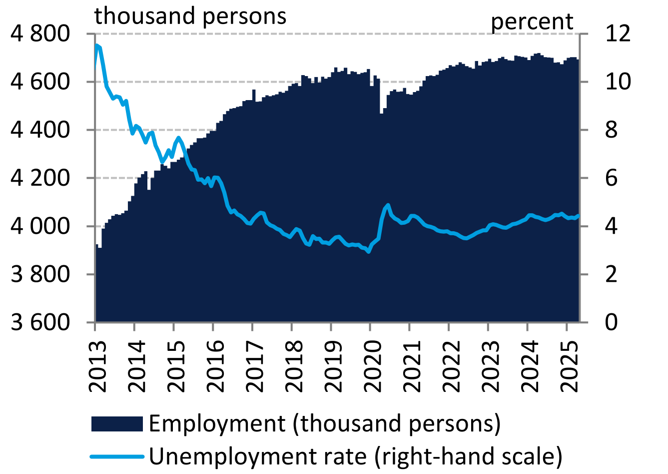
1.2.2. Employment

According to the Labour Force Survey, the average number of employed persons aged 15–74 was 4,673,000 in the period from February 2025 to April 2025, which is 11,000 lower than in the previous period in seasonally adjusted terms. The level of employment was 32,000 lower than in the same period last year. On average, in the period of February–April, the number of persons working in the primary labour market and abroad decreased by 34,000 and 4,000, respectively, while the number of persons in public employment increased by 6,000.

The number of unemployed persons was 217,000 between February and April, which is 6,000 fewer than in the same period of the previous year. Overall, the unemployment rate stood at 4.4 percent (Chart 4). Based on seasonally adjusted data, the number of unemployed persons was 6,000 higher in February–April than in the previous period. According to raw data from the National Employment Service (NFSZ), there were 228,000 registered job seekers in Hungary in April 2025 and 223,000 in May 2025. This is a decrease of 2,000 and 3,000, compared to the same period last year. Based on seasonally adjusted data, the number of registered job seekers was the same in May 2025 than in the previous month.

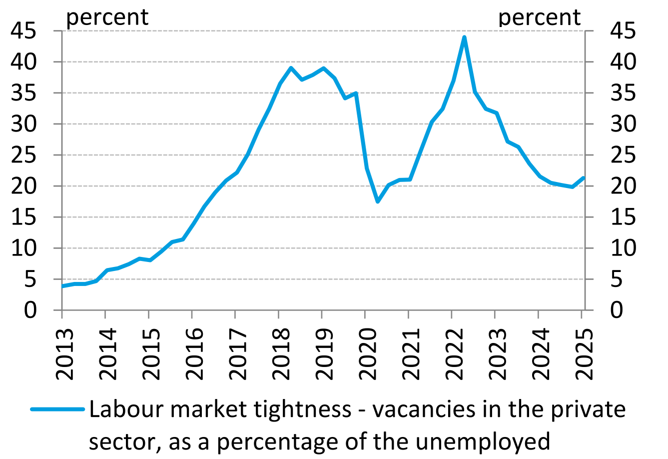
The tightness of the labour market has eased significantly compared to mid-2022 levels (Chart 5). In 2025 Q1, there were 43,000 unfilled vacancies in the private sector, which is 7 percent less than in the same period of the previous year. However, this is a 3.4-percent increase compared to the previous quarter in seasonally adjusted terms. Labour demand increased somewhat 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 branches of the public sector, the number of job vacancies increased in public administration, healthcare and education compared to the previous quarter.

Chart 4 Number of persons employed and the unemployment rate



Note: Employment based on seasonally adjusted data.
Source: HCSO

Chart 5 Labour market tightness indicator



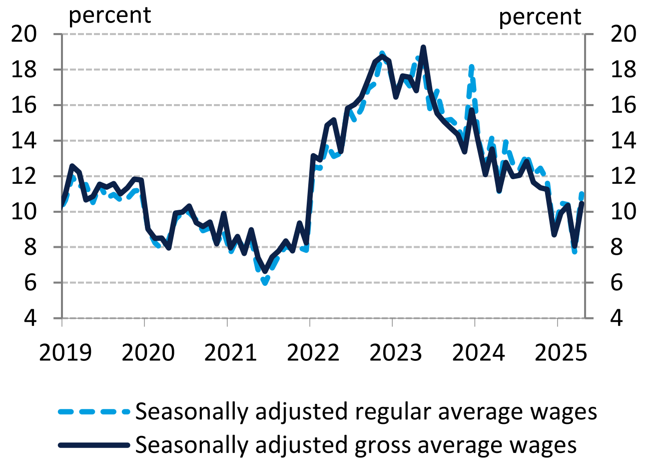
Note: Seasonally adjusted quarterly data.
Source: HCSO, MNB calculation

1.3. Inflation and wages

In May 2025, consumer prices rose by 4.4 percent year-on-year. Core inflation fell by 0.2 percentage points to 4.8 percent. Core inflation excluding indirect taxes dropped to 4.5 percent. Inflation was consistent with the forecast of the March Inflation Report, while core inflation was lower than expected. Wages have also started to adjust to the looser labour market conditions. The easing of wage dynamics continued at the beginning of the year, with wages in the private sector rising by 9.3 percent on average in the first four months of this year.

1.3.1. Wages

Chart 6 Dynamics of average earnings in the private sector



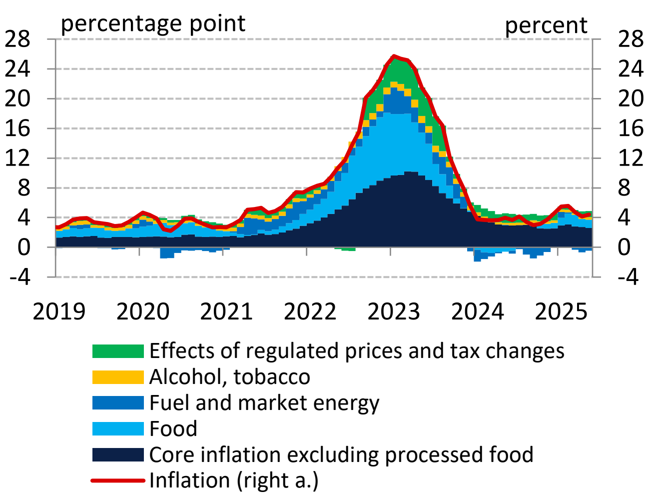
Source: MNB calculation based on HCSO data

Wages have also started to adjust to the looser labour market conditions. The easing of wage dynamics continued at the beginning of this year. According to the latest data, gross average earnings rose by 9.8 percent in the national economy and by 9.9 percent in the private sector in April 2025 compared to the same period of the previous year. Regular average earnings (excluding bonuses) rose by 10.3 percent in the national economy and by 10.7 percent in the private sector in annual terms. Regular earnings rose by 1.4 percent on a monthly basis, the highest value in history. Bonus payments amounted to 9.5 percent of regular earnings, which is a low value by historical standards.

Based on seasonally adjusted data, the annual growth rate of both gross average earnings and regular average earnings accelerated in the private sector (Chart 6). In the private sector, the wage dynamics of market services exceeded those of manufacturing according to raw data. Wages in the manufacturing industry were 9.2 percent higher in April than in the same period last year. Regarding market services, the HCSO registered an increase of 9.6 percent. Among the sectors of the national economy, wages increased by 9.8 percent in accommodation and hospitality, 8.7 percent in construction and 8.5 percent in trade, compared to the same period of the previous year.

1.3.2. Inflation developments

Chart 7 Decomposition of inflation

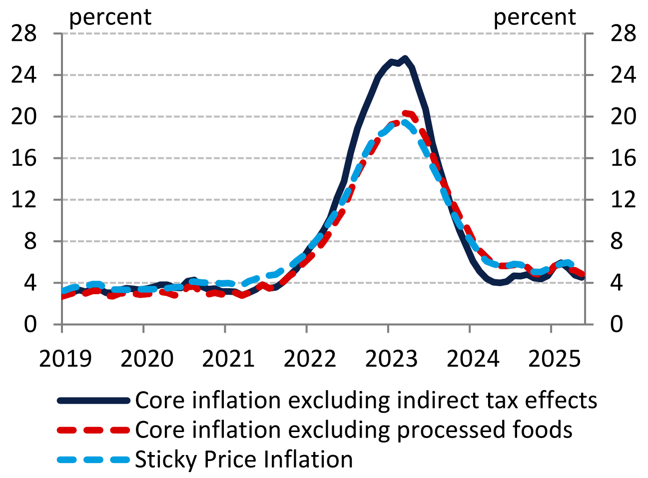


Source: MNB calculation based on HCSO data

In May 2025, consumer prices rose by 4.4 percent year-on-year (Chart 7). Core inflation fell by 0.2 percentage points to 4.8 percent. Core inflation excluding indirect taxes dropped to 4.5 percent. On a monthly basis, the average price of the total consumer basket rose by 0.2 percent, while that of the core inflation basket rose by 0.3 percent. Compared to April, the annual rate of price increases accelerated by 0.2 percentage points.

The rise in the annual consumer price index was partly due to a smaller year-on-year decline in fuel prices than in the previous month. Annual inflation for manufactured articles rose to 3.5 percent. The annual price index for market services declined to 6.8 percent, which reflected, to a large degree, the partial wear off of the inflationary

Chart 8 Measures of underlying inflation



Source: MNB calculation based on HCSO data

impact of last year's retrospective repricing. Compared to April, prices in the main group rose at a historically moderate pace of 0.1 percent, reflecting the voluntary price restrictions imposed on banking and telecoms services. Unprocessed food prices and processed food prices increased by 5.0 percent and 3.0 percent, respectively, year-on-year. Year-on-year food inflation is restrained by the regulatory cap on margins introduced in mid-March. Fuel prices fell by 1.9 percent month-on-month, less than in May last year. Fuel prices fell by 4.8 percent on an annual basis, which was mostly due to declining global oil prices against the backdrop of the tariff war. Prices of regulated-price goods and services rose by 0.4 percent compared to April. This was driven by the increased gas consumption of households in the colder winter weather, which resulted in increased consumption over the quantitative limit of the regulated price. The rate of price changes in May was above the historical average for manufactured articles, but below it in the case of food and market services.

Inflation was consistent with the forecast of the March Inflation Report, while core inflation was lower than expected. The actual figure somewhat exceeded the consensus of analysts' expectations in May. The median forecast was 4.3 percent, with expectations ranging between 4.0 and 4.6 percent.

Our indicators capturing more persistent inflation trends, calculated on an annual basis, also decreased. Inflation for products with relatively stable prices stood at 5.3 percent, while core inflation excluding processed food stood at 4.9 percent in May (Chart 8).

1.4. Fiscal and external balance trends

The surplus of the central sub-sector of general government in May amounted to HUF 130 billion. This implies that by the end of May, the deficit cumulated from the start of the year fell to HUF 2,801 billion, accounting for 68 percent of the annual cash deficit target of HUF 4,123 billion. By April 2025, the current account surplus stabilised at a high level.

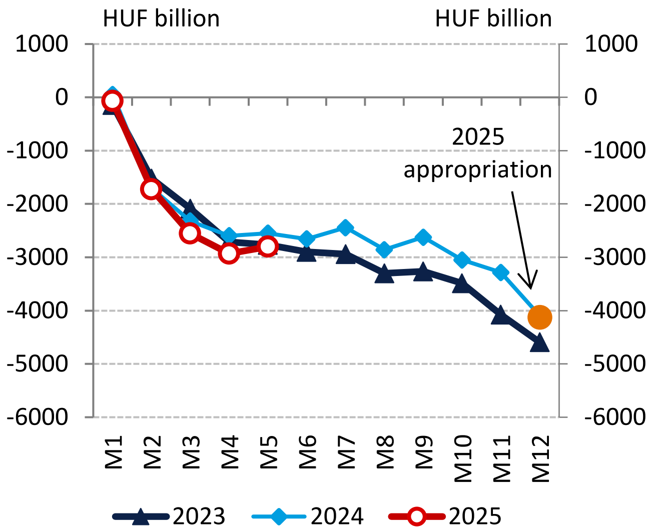
1.4.1. Fiscal trends

In May, the **central sub-sector of general government** closed with a surplus of HUF 130 billion, a value that has not been seen since September 2024. By May 2025, cumulated deficit from the beginning of the year fell to HUF 2,801 billion; i.e. 68 percent of the HUF 4,123 billion annual appropriation (Chart 9). The lower monthly expenditure of budgetary institutions and headings and a substantial increase in revenues related to state property both contributed to the high budget surplus.

Central sub-sector's revenues fell by HUF 35 billion year-on-year in May. Taxes and contributions on labour increased by 11.1 percent (HUF 121 billion), while taxes related to consumption rose by 7 percent (HUF 51 billion). Payments by business organisations decreased by 38 percent (HUF 244 billion) compared to May last year as the 31 May payment deadline fell on a weekend; consequently, tax payments were delayed until June for several corporate taxes. Revenues related to public property increased by nearly HUF 210 billion year-on-year.

Budgetary expenditures were HUF 116 billion lower in May than in the same period of the previous year. This decrease is primarily attributable to a HUF 222 billion reduction of the expenditures of budgetary institutions and headings, and a HUF 105 billion decline in spending on EU programmes. The lower expenditure was partly offset by the rise in net interest expenditures (by HUF 61 billion) compared to May 2024.

Chart 9 The cumulative cash balance of the central government budget from the beginning of the year

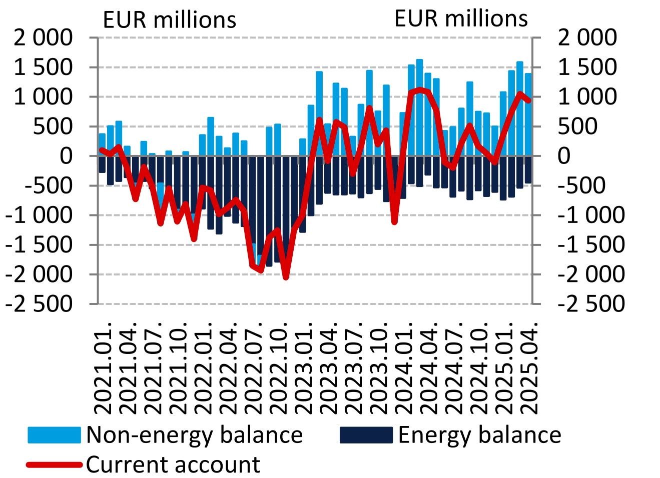


Source: 2025 Budget Act, Hungarian State Treasury

1.4.2. External balance developments

In April 2025, the surplus of the current account stood at EUR 936 million, and net lending amounted to EUR 1,182 million. The current account surplus in April fell short of the previous month's balance by EUR 114 million and the level recorded a year earlier by EUR 145 million. The year-on-year change is mostly due to the decline in the surplus of goods trade: the volume of goods exports fell by 3 percent year-on-year amid continued, subdued external demand, while goods imports rose by 1 percent against the backdrop of a moderate increase in retail sales. Meanwhile, the services surplus increased by more than 7 percent as tourism picked up. The income balance deficit rose somewhat, while the transfer balance surplus increased year-on-year (Chart 10).

Chart 10 Developments in current account and energy balance



Note: The last monthly value of the energy balance is an estimate.
Source: MNB, HCSO

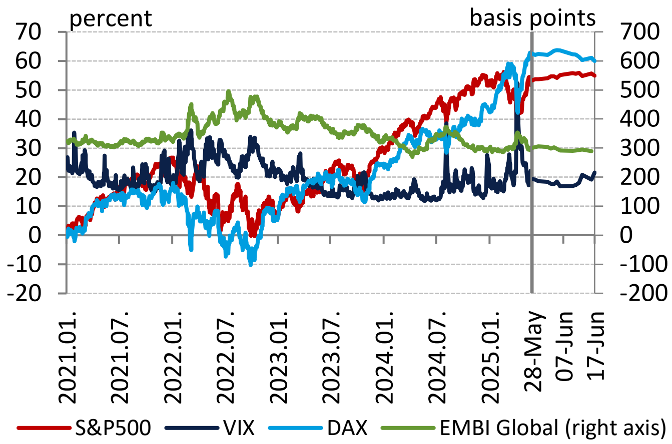
Based on the financial account data, net external debt decreased significantly in parallel with the increase observed in net foreign direct investment (FDI) in April. The net foreign direct investment inflow of EUR 0.9 billion can be primarily attributed to the reinvested earnings of foreign companies and inter-company loans, while investment outflows declined substantially. The decline of approximately EUR 1.8 billion in net external debt resulting from transactions was related to the consolidated general government, while the indicators of the banking system and corporations increased.

2. Financial markets

2.1. International financial markets

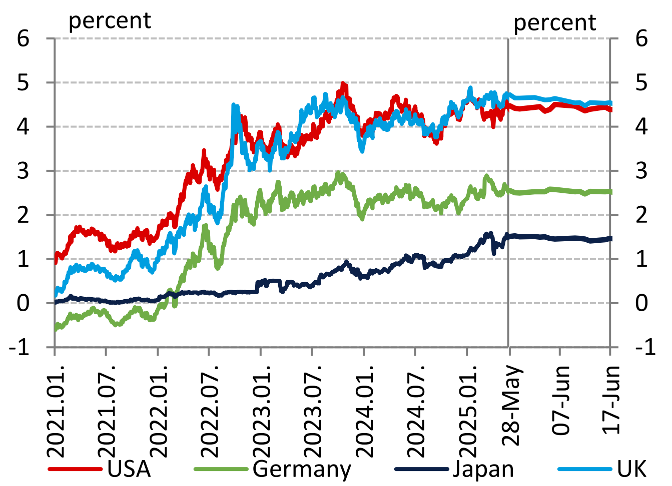
In the period since the previous interest rate decision, international investor sentiment has been determined by developments in the US trade policy, the Iran–Israel conflict and news on the Russia–Ukraine peace talks. The risk appetite of investors has been volatile throughout the period.

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

In the period since the previous interest rate decision, international capital and money market sentiment has been determined by developments in the US trade policy, the Iran–Israel conflict and news on the Russia–Ukraine peace talks. The risk appetite of investors has been volatile throughout the period.

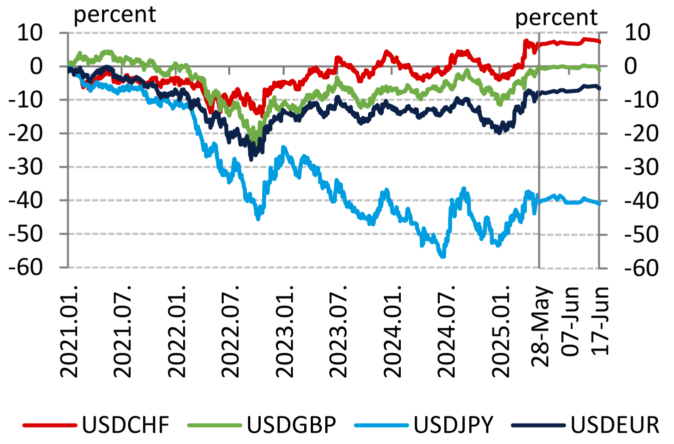
Risk indicators have been mixed during the past month. The VIX index, which measures the volatility of the US stock market, was close to 21 percent, while the Vstoxx index, which measures European volatility, was around 22 percent at the end of the period. There was a decline in both the EMBI Global index, which tracks emerging market bond spreads, and the MOVE index, a measure of volatility in developed bond markets (Chart 11).

With the exception of European (German, French, Italian) indices – which fell by 1–3 percent during the period –, **stock market indices typically increased. Developed and emerging market long-term yields have been diverging since the previous interest rate decision** (Chart 12). US and Chinese 10-year yields each fell by 6 basis points and Japanese yields dropped by 1 basis point, while French and German yields rose by 6 basis points and 1 basis point, respectively. Ten-year government bond yields in the region typically increased, rising by 12 basis points in Hungary, 11 basis points in Czechia, and 9 basis points in Poland. The Romanian yield, however, declined negligibly.

The US dollar has typically weakened against major currencies since the previous interest rate decision (Chart 13). It depreciated by 1.6 percent against the euro and was close to 1.15 at the end of the period under review. The dollar also weakened against the Swiss franc, the Canadian dollar and the Chinese yuan. However, it strengthened by 0.5 percent against the British pound and by 0.4 percent against the Japanese yen.

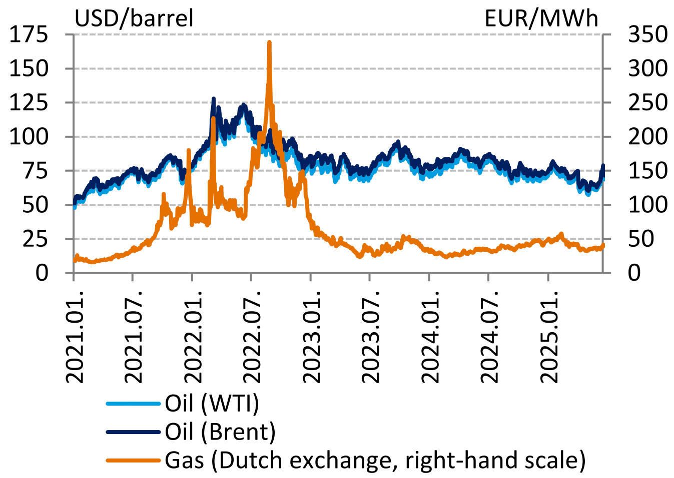
Raw material sub-indices typically increased in the period. Among the sub-indices representing the agricultural sector, the live animals sub-index rose by 3.2 percent, the cereals sub-index by 0.5 percent, and the sub-index of the whole sector by 0.2 percent. The sub-index for industrial metals increased by 0.5 percent, while the sub-index for other raw materials decreased by nearly 6

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

percent. The energy sub-index increased by 13 percent compared to its level recorded at the time of the previous interest rate decision. **The Bloomberg Commodity Price Index, which covers the entire raw materials market, rose by 5 percent overall during the period.**

The price of a barrel of North Sea Brent oil increased by almost 19 percent to USD 75.9 from USD 64 at the time of the previous interest rate decision (Chart 14). The price of the US benchmark, **WTI**, **increased by 22.1 percent to USD 74.4** from USD 60.9. Oil prices increased steadily during the period. After the Organisation of the Petroleum Exporting Countries (OPEC+) had announced that it would increase production by 411,000 barrels per day in July – i.e. below market expectations –, oil prices increased by around 8–12 percent until the day of the Iran attack.

Brent temporarily rose above USD 75 on news of the attack on Iran, as market expectations suggested that a prolonged conflict may lead to supply problems. While OPEC+ may be able to replace any Iranian supply that is lost, a possible blockade of the Iranian-controlled Strait of Hormuz may prevent this. Following press reports that Iran might be willing to de-escalate, oil prices initially fell somewhat at the end of the period before they started to rise again in the context of continued military offensives.

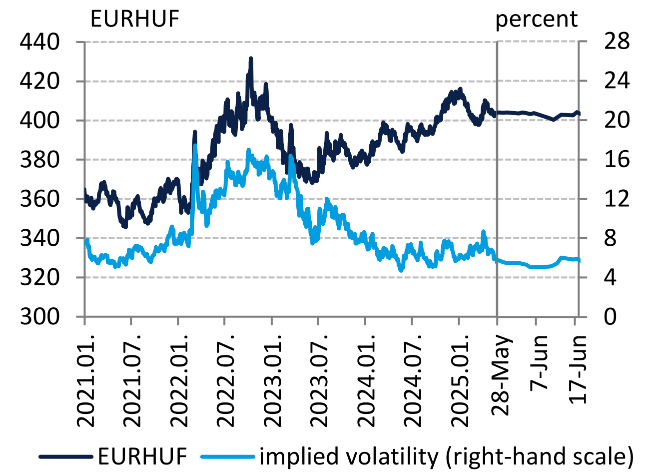
European gas prices have increased by 7 percent since the previous interest rate decision. The Dutch TTF gas exchange price fell from EUR 37/MWh to EUR 34.6/MWh before rising to EUR 39.5/MWh in line with supply fears over the escalation of the conflict in the Middle East.

The price of gold rose during the period, overall. Following the attack on Iran, the price of gold rose to around USD 3,450 per ounce before correcting to USD 3,400 per ounce by the end of the period; up 2.1 percent, overall, from the previous interest rate decision and 25 percent from the beginning of the year.

2.2. Developments in domestic money market indicators

The forint has remained broadly unchanged against the euro since the interest rate decision in May. Yields in the government securities market diverged. During the period under review, most auctions of the Government Debt Management Agency (ÁKK) had sufficient demand. 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

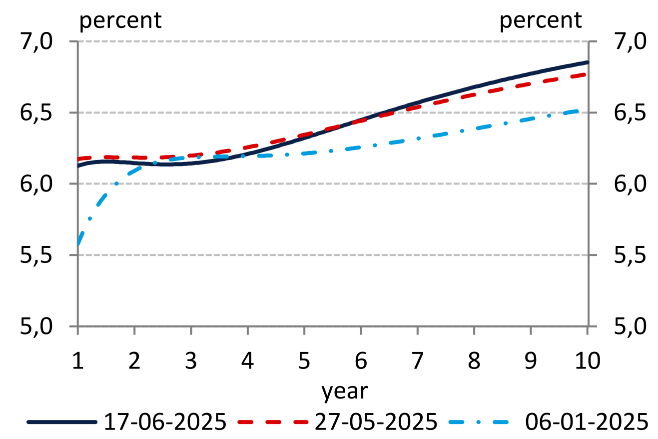
The forint has remained broadly unchanged against the euro since the interest rate decision in May (Chart 15). In the first half of the period following the interest rate decision, the forint was stable against the euro, and outperformed the Polish zloty. In June, the forint strengthened temporarily below the 400 level on the back of higher-than-expected Hungarian inflation data in May and improving international sentiment. However, at the end of the period, investor sentiment deteriorated again after the outbreak of the Iran–Israel war, and the forint depreciated along with other currencies in the region.

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

Yields in the government securities market diverged (Chart 16). The short end of the yield curve shifted slightly lower, with yields falling by 5–10 basis points in the middle section and rising by 10–20 basis points on the long end.

During the period under review, demand was sufficient at most ÁKK auctions. The volume of bids submitted at government bond auctions typically exceeded the quantity offered in advance significantly, and the Government Debt Management Agency accepted quantities in excess of those announced in several cases. Coverage was lower but adequate for 6-month securities and it was below 1 for 20-year securities, while other bond and discount treasury bill auctions were typically over-subscribed by more than twice the quantity on average. **In June, a USD 4 billion Hungarian dollar bond issue was successfully completed** amid strong investor interest. Strong demand resulted in more favourable pricing for all three bonds (5, 10 and 30-year maturities) compared to the preliminary price indication.

Chart 16 Shifts in the spot government yield curve

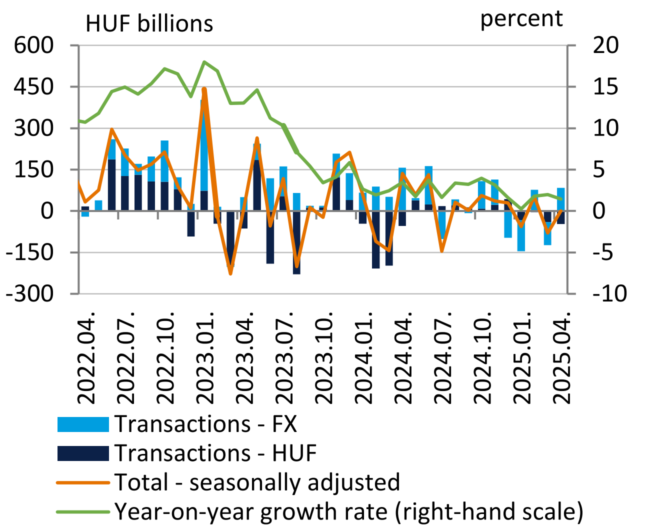


Source: Bloomberg

3. Trends in lending

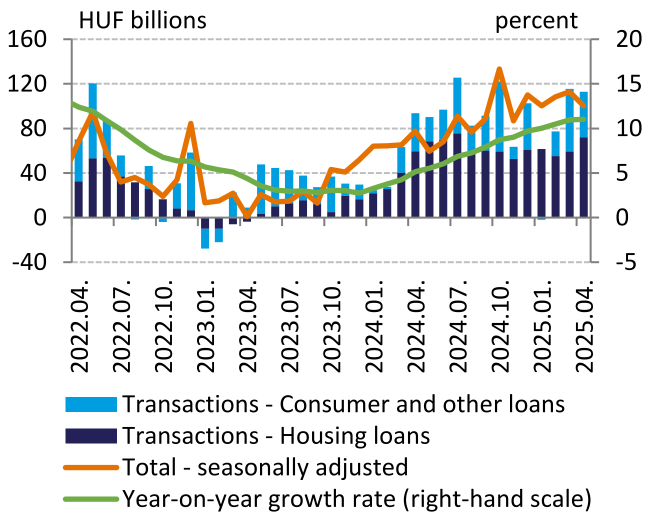
In April 2025, the corporate loan portfolio increased by HUF 37 billion. Loans outstanding increased by 1.5 percent on an annual basis. Household loans outstanding expanded by HUF 113 billion, raising the annual growth rate to 11 percent.

Chart 17 Net borrowing by non-financial corporations



Source: MNB

Chart 18 Net borrowing by households



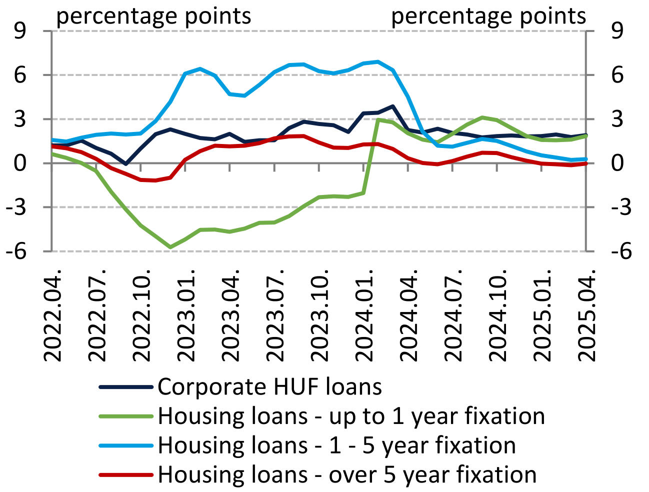
Source: MNB

The corporate loan portfolio increased by HUF 37 billion in April 2025 as a result of a HUF 47 billion decline in forint loans and a HUF 84 billion increase in foreign currency loans. **The annual growth rate of loans outstanding decelerated to 1.5 percent** from 2.0 percent in March (Chart 17). Credit institutions concluded new non-overdraft loan agreements worth HUF 594 billion during the month, in which a single one-off transaction played a major role; consequently, issuance grew by 47 percent compared to the same period last year.

In April, household loans outstanding increased by HUF 113 billion as a result of transactions. This raised the annual growth rate of the portfolio by 0.1 percentage point to 11.0 percent compared to March (Chart 18). The volume of new household loan agreements amounted to HUF 284 billion, exceeding the figure recorded in the same period of the previous year by 20 percent, with the volume of newly disbursed housing loans rising by 11 percent year-on-year. Under the HPS Plus programme, which became available in January 2024, 953 contracts were signed in April worth HUF 25 billion, accounting for 18 percent of monthly new housing lending. Under the Subsidised Loans for Workers programme launched in January, applicants signed 4,600 contracts in April, worth a total of HUF 18 billion.

The smoothed interest rate spread on corporate forint loans increased by 14 basis points compared to the previous month, reaching 1.91 percentage points in April (Chart 19). In the case of housing loans, the spread on fixed interest rate products with a maturity of over 5 years rose by 10 basis points, amounting to –0.03 percentage points 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