MACROECONOMIC AND FINANCIAL MARKET DEVELOPMENTS

BACKGROUND MATERIAL

TO THE ABRIDGED MINUTES

OF THE MONETARY COUNCIL MEETING

OF 27 MAY 2025

MAY

2025

Time of publication: 2 p.m. on 11 June 2025

The background material 'Macroeconomic and financial market developments' is based on information available until 20 May 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

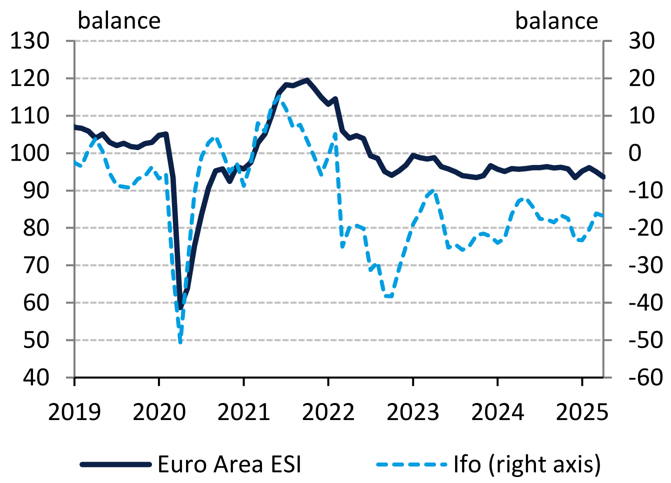
In 2025 Q1, year-on-year economic growth was 5.4 percent in China, 2.1 percent in the US, 1.4 percent in the EU and 1.2 percent in the euro area. Industrial production and retail sales rose in China, the United States and the euro area.

In 2025 Q1, the year-on-year rate of economic growth was 5.4 percent in China, 2.1 percent in the US, 1.4 percent in the EU and 1.2 percent in the euro area. By the end of the period under review, Eurostat published data for 21 member states of the European Union. Among these, Ireland (+10.9 percent), Poland (+3.8 percent) and Lithuania (+3.2 percent) saw the highest growth compared to the same period in the previous year. Only four member states, Hungary (-0.4 percent), Germany (-0.2 percent), Austria (-0.7 percent) and Slovenia (-0.8 percent) reported an annual decline based on data adjusted for seasonal and calendar effects. In the CEE region, GDP increased on an annual basis in Q1 by 3.8 percent in Poland, by 2.0 percent in Czechia and by 1.0 percent in Slovakia.

Industrial production rose by 6.1 percent in China and by 1.5 percent in the United States in April on an annual basis. A 3.6 percent increase was recorded in the euro area in March. Retail sales rose by 1.5 percent in the euro area in March. A growth of 5.1 percent was recorded in China in April, while the United States saw a growth of 5.2 percent.

In April 2025, the Manufacturing Purchasing Managers' Index rose in the euro area, stagnated in 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 declined by 1.4 points in April (Chart 1).

Chart 1 Business climate indices in Hungary's export markets

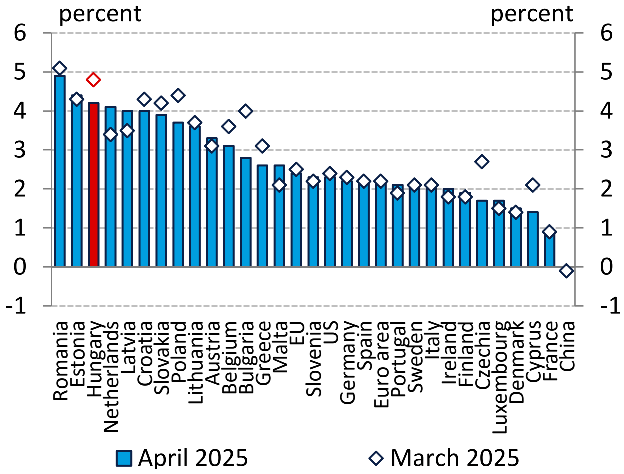


Source: European Commission, Ifo

Unemployment remains low in the US. The unemployment rate was 4.2 percent in April and has been hovering between 4.0 and 4.2 percent since May last year. The number of people employed outside agriculture rose by 177,000, exceeding analysts' expectations of around 130,000. The unemployment rate in the euro area was 6.2 percent in March, the same as in February.

Inflation in the US stood at 2.3 percent in April. This is a 0.1 percentage point decline from the previous month and below market expectations. Consumer prices in China fell by 0.1 percent on an annual basis. Inflation in the euro area stood at 2.2 percent, while core inflation rose to 2.7 percent. The inflation figure slightly exceeded analysts' expectations.

Chart 2 Developments in the international inflation environment



Note: HICP inflation rates for members of the European Union.
Source: Eurostat, Trading Economics, Bureau of Labor Statistics

In the region, inflation fell in Czechia, Poland, Slovakia and Romania in April. According to HICP data, inflation in April stood at 4.9 percent in Romania, at 3.9 percent in Slovakia, at 3.7 percent in Poland and at 1.7 percent in Czechia (Chart 2).

1.2. Real economic trends in Hungary

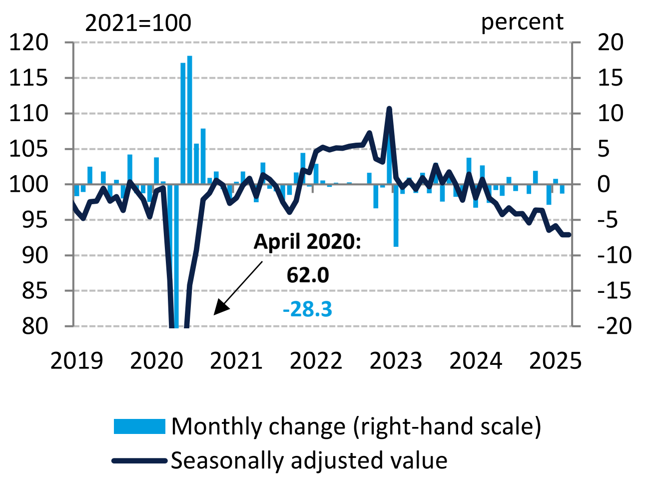
On an annual basis, Hungarian GDP stagnated in 2025 Q1 according to raw data. From the monthly indicators, industrial production stagnated, construction output declined by 3.4 percent and retail sales rose by 0.4 percent on an annual basis in March. With subdued domestic demand, the balance of external trade in goods showed a surplus of EUR 1.8 billion. The number of employed persons aged 15-74 averaged 4,692,000 between January and March 2025, which is 5,000 higher than the previous period in seasonally adjusted terms. The unemployment rate stood at 4.3 percent between January and March.

1.2.1. Economic growth

According to preliminary data by the HCSO, in 2025 Q1, Hungarian GDP stagnated as compared to the previous year. 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. According to the HCSO, services had a positive impact on the change in GDP, but compared to previous quarters, the growth rate slowed down in many sectors. Industry and construction dampened the growth of GDP.

In March 2025, the volume of industrial production stagnated compared to the same period of the previous year, according to raw data (Chart 3). Based on seasonally and working-day adjusted data, output fell by 5.4 percent on an annual basis. The significant discrepancy between this and the raw data is due to the fact that there were two more working days this month than in March 2024. Industrial output increased by 0.1 percent on a monthly basis, according to seasonally and working-day adjusted data. Industrial production has been decreasing since July 2023, but it did not fell further in March. The volume of industrial exports increased by 3.3 percent and domestic sales decreased by 3.5 percent compared to the same month of the previous year. Production fell in most sub-sectors in manufacturing, most significantly in the manufacture of electrical equipment. Among the most significant sub-sectors, it was the manufacture of computer, electronic and optical products, the manufacture of transport equipment, and the food products, beverages and tobacco sector that increased in March. The volume of all new orders in the manufacturing sectors surveyed fell by 1.0 percent year-on-year. New domestic orders declined by 8.0 percent, while new export orders increased by 0.2 percent. At the end of March, total orders were 10.2 percent lower than a year earlier, which means a continuous year-on-year decline since September 2023.

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 March 2025, construction output dropped by 3.4 percent, which means there has been a downward trend since June last year in year-on-year terms. Among the main construction groups, the construction of buildings decreased by 0.1 percent and other construction by 8.9 percent. On a monthly basis, the increase in construction output observed in previous months continued, in March output was 0.1 percent higher than in the previous month. The volume of new contracts concluded was 27.3 percent lower than a year earlier. Within this, the volume of contracts for the construction of buildings fell by 41.3 percent compared to the high base of the previous year, while the volume of contracts for other construction work increased by 10.4 percent. The volume of construction companies' contracts at the end of March was 3.8 percent higher than a year earlier. Within this, the contract portfolio for the construction of buildings dropped by 14.7 percent, while the contract portfolio for other construction work increased by 20.7 percent as compared to March 2024.

Retail sales volume rose by 0.4 percent year-on-year in March, according to data adjusted for calendar effects. Retail sales excluding fuel sales rose by 0.9 percent. The annual sales of petrol stations increased by 0.1 percent. Sales in food and food-related retail trade grew by 1.2 percent year-on-year. Sales increased in the case of textiles, clothing and footwear (+7.3 percent), online stores (+5.0 percent), pharmaceutical goods, cosmetic and toilet articles (+4.8 percent), furniture, appliances and hardware (+4.8 percent), and miscellaneous manufactured articles (+2.2 percent), while sales of books and computers saw a decline (-5.2 percent). Retail sales fell by 0.5 percent on a monthly basis according to data adjusted for seasonal and calendar effects. Overall, retail sales have been slightly increasing since the start of 2023.

In March 2025, the balance of external trade in goods showed a surplus of EUR 1.8 billion. Compared to the previous month, the balance improved by EUR 531 million, while compared to the same period of the previous year, it increased by EUR 173 million. The balance adjusted for VAT residents showed a surplus of EUR 955 million, which was EUR 97 million higher than a year earlier. In March, based on raw data, the volume of goods exports increased by 5.0 percent compared to the same period last year, while goods imports grew by 6.4 percent.

According to data adjusted for calendar effect, the inflation-adjusted turnover of NTCA online cash registers increased by 5.4 percent in April compared to the same period last year. In April, road passenger traffic increased (+18.3 percent), while freight traffic decreased (-12.0 percent). Electricity consumption dropped by 4.4 percent. Cinema attendance rose by 13.1 percent, while turnover in hospitality increased by 11.7 percent. The number of Google searches for the term "unemployment benefits" rose on a monthly basis.

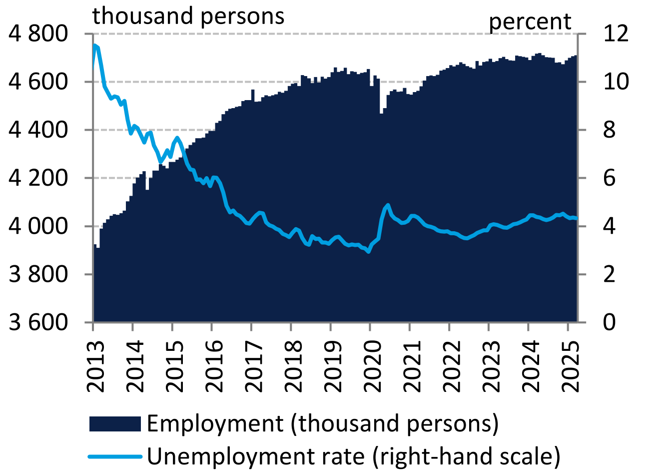
1.2.2. Employment

According to the Labour Force Survey, the average number of employed persons aged 15-74 was 4,692,000 in the period from January 2025 to March 2025, which is 5,000 higher than in the previous period in seasonally adjusted terms. The level of employment rose by 2,000 compared to the same period last year. On average, between January and March, the number of people working in the primary labour market and in public employment increased by 4,000 and 3,000, respectively, while the number of people working abroad decreased by 5,000.

The number of unemployed persons was 213,000 between January and March, which is 14,000 fewer than in the same period of the previous year. Overall, the unemployment rate stood at 4.3 percent (Chart 4). According to raw data from the National Employment Service (NFSZ), there were 233,000 registered job seekers in Hungary in March 2025 and 223,000 in April 2025. This is a decrease of 4,000 and 2,000, respectively, compared to the same period last year. Based on seasonally adjusted data, however, the number of registered job seekers increased by 1,000 from March to April.

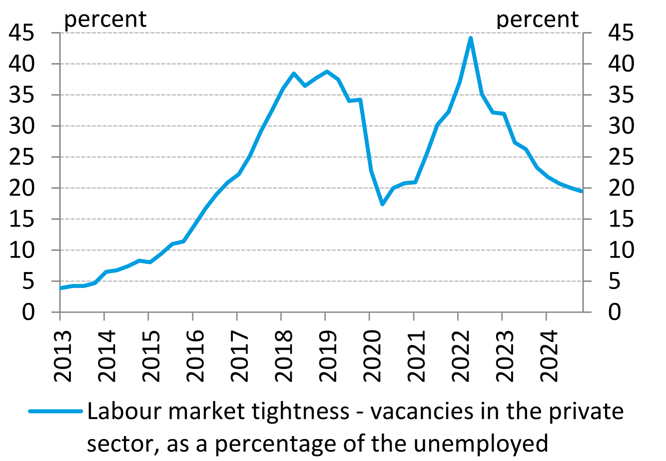
The tightness of the labour market has eased (Chart 5). In 2024 Q4, there were 40,700 unfilled vacancies in the private sector, which is 16.9 percent less than in the same period of the previous year. In seasonally adjusted terms, this is a 5.7 percent decrease compared to the previous quarter. Labour demand declined in both manufacturing and market services compared with the previous quarter. There were 12,000 job vacancies in the manufacturing industry and 25,000 in the market services sector in 2024 Q4. Among the branches of the public sector, the number of job vacancies increased in public administration and healthcare, while it decreased in education compared to the previous quarter, resulting in an overall increase in vacancies on a quarterly basis.

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

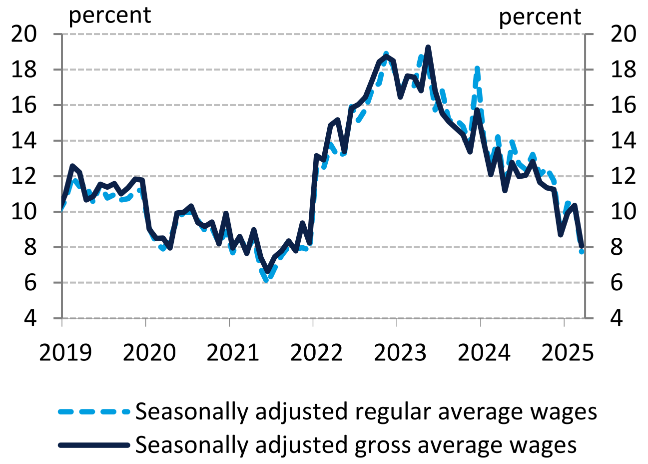
In April 2025, consumer prices rose by 4.2 percent year-on-year. Core inflation fell by 0.7 percentage points to 5.0 percent. Core inflation excluding indirect taxes fell to 4.7 percent. The incoming data was in line with the forecast range in the March Inflation Report, but it was higher than the consensus of analysts' expectations in April. Regular average earnings (excluding bonuses) rose by 8.4 percent in the national economy in March 2025, and by 8.0 percent in the private sector in annual terms.

1.3.1. Wages

In March 2025, gross average earnings rose by 8.5 percent both in the national economy and in the private sector compared to the same period last year. Regular average earnings (excluding bonuses) rose by 8.4 percent in the national economy and by 8.0 percent in the private sector in annual terms. Regular earnings rose by 3.3 percent on a monthly basis. Bonus payments amounted to 13.3 percent of regular earnings, which is higher than in previous years.

Based on 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 according to raw data. Wages in the manufacturing industry were 7.8 percent higher in March than in the same period last year. Regarding market services, the HCSO registered an increase of 8.8 percent. Among the sectors of the national economy, wages increased by 11.0 percent in construction, by 8.6 percent in accommodation and hospitality, and by 8.3 percent in trade, compared to the same period of the previous year.

Chart 6 Dynamics of average earnings in the private sector



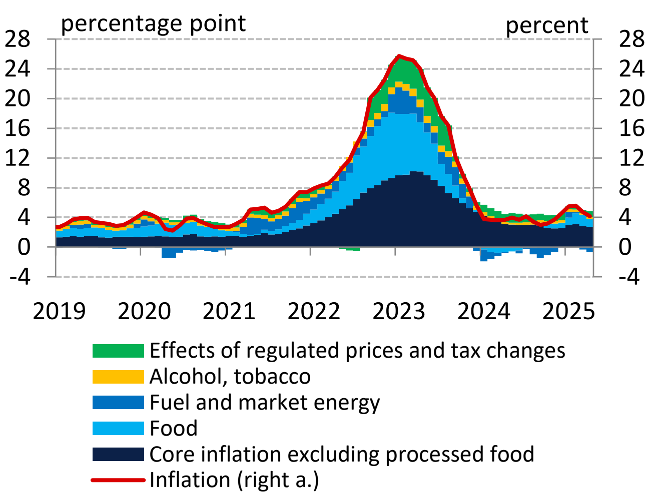
Source: MNB calculation based on HCSO data

1.3.2. Inflation developments

In April 2025, consumer prices rose by 4.2 percent year-on-year (Chart 7). Core inflation fell by 0.7 percentage points to 5.0 percent. Core inflation excluding indirect taxes fell to 4.7 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 0.1 percent. Compared to March, the annual rate of price increases slowed by 0.5 percentage points.

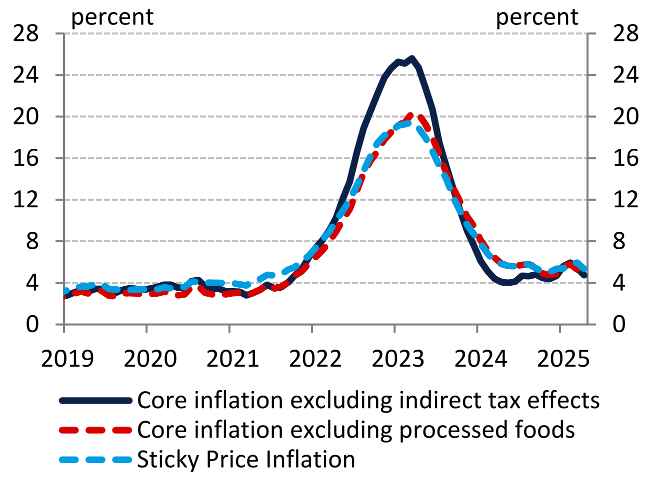
The decrease in the annual consumer price index was mostly due to the decreasing price of food and fuel, which was partly offset by the increasing inflation of regulated prices. Annual inflation for manufactured articles rose to 3.1 percent, while the annual price index for market services declined to 7.8 percent. Unprocessed food prices and processed food prices increased by 4.0 percent and 2.8 percent, respectively, year-on-year. Fuel prices fell by 1.4 percent month-on-month. Fuel prices fell

Chart 7 Decomposition of inflation



Source: MNB calculation based on HCSO data

Chart 8 Measures of underlying inflation indicators



Source: MNB calculation based on HCSO data

by 7.1 percent on an annual basis, which was mostly due to oil prices decreasing as a result of the tariff war. Prices of regulated-price goods and services rose by 1.8 percent compared to March, mainly due to the increase in the average consumer price of piped gas and subsidized medicine. A reason for the higher average retail gas price was 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 April was above the historical average for manufactured articles and market services, but below it in the case of food. In the case of tradables, the monthly increase in prices was mostly linked to seasonal effects (the price increase of clothing items). In the case of processed food, the effects of the regulatory cap on margins set in mid-March can be identified.

The incoming data was in line with the forecast range in the March Inflation Report, but it exceeded the consensus of analysts' expectations in April. The median forecast was 4.0 percent, with expectations ranging between 3.5 and 4.3 percent.

Our indicators capturing more persistent inflation trends, calculated on an annual basis, also decreased. Inflation for products with relatively stable prices stood at 5.4 percent, while core inflation excluding processed food stood at 5.2 percent in April (Chart 8).

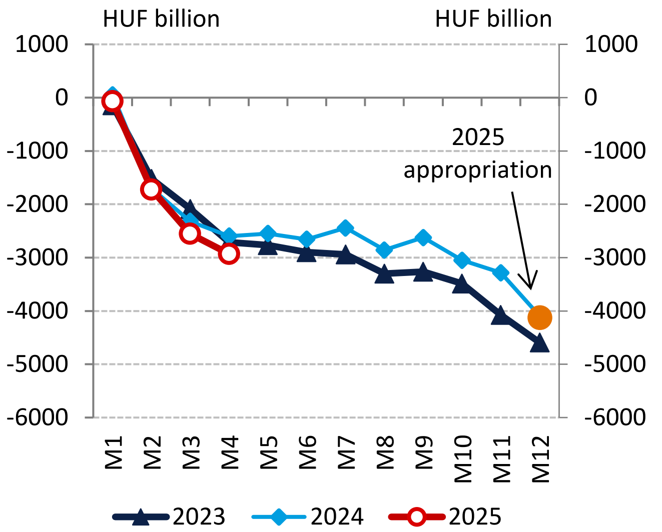
1.4. Fiscal and external balance trends

The deficit of the general government central sub-sector in April was HUF 376 billion, bringing the cumulative deficit to 71 percent of the annual appropriation, i.e. to HUF 2,930 billion. The high interest expenditures contributed to the deficit in April, along with the fact that the increase in the net expenditures of budgetary institutions and headings and EU programme-related disbursements exceeded the rise in tax revenues. In March 2025, the current account surplus was EUR 1,050 million, stabilising the estimated 12-monthly indicator at over 2 percent of GDP. In March, net lending amounted to EUR 1,628 million.

1.4.1. Fiscal trends

The deficit of the **general government central sub-sector** amounted to HUF 376 billion in April, which is HUF 100 billion higher than in April last year. Cumulated deficit from the beginning of the year rose to 71 percent of the HUF 4,123 billion annual appropriation, i.e. to HUF 2,930 billion. The high interest expenditures contributed to the deficit in April, along with the fact that the increase in the net expenditures of budgetary institutions and headings and EU programme-related disbursements exceeded the rise in tax revenues (Chart 9).

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

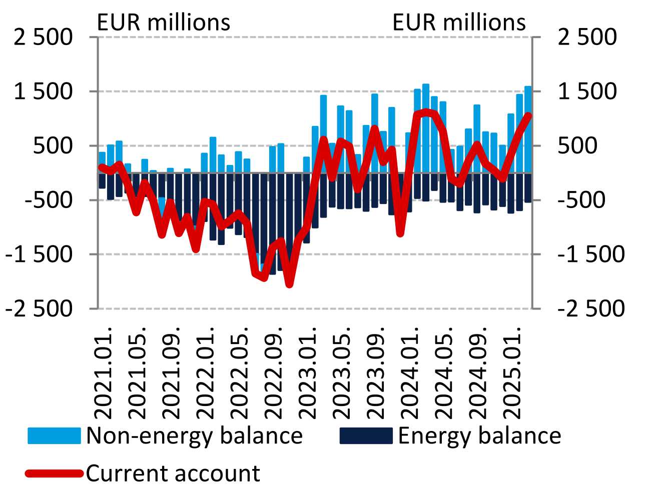


Source: 2025 Budget Act, Hungarian State Treasury

The **tax and contribution revenues of the central government budget** increased by HUF 223 billion in April, while EU revenues decreased by HUF 18 billion. Taxes related to consumption and taxes and contributions on labour both rose by 9 percent (HUF 91 billion each), while payments by business organisations increased by 14 percent (HUF 38 billion) compared to April last year. Gross VAT revenue increased by 5 percent, while net VAT revenue rose by 9 percent (HUF 72 billion) on an annual basis.

Budgetary expenditures rose by HUF 477 billion in April as compared to last April. This is primarily attributable to a HUF 122 billion rise in the net expenditures of budgetary institutions and headings, the higher interest expenditures on inflation-indexed government securities, and a HUF 228 billion increase in disbursements on EU programmes.

Chart 10 Developments in current account and energy balance



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

1.4.2. External balance developments

In March 2025, the surplus of the current account stood at EUR 1,050 million, and net lending amounted to EUR 1,628 million. The current account surplus in March exceeded the previous month's balance by EUR 301 million, but fell short of the record level of a year earlier by EUR 68 million (Chart 10). The year-on-year change is mostly due to a decrease in net current EU transfers, while the trade surplus increased. Gross values of trade in goods were significantly elevated by increased trade of energy products. The value of goods exports increased by 7 percent year-on-year, with a slight increase in industrial exports, while goods imports rose by 5.5 percent year-on-year, with a moderate growth in retail sales. The income balance deficit increased slightly, while the transfer balance surplus rose year-on-year.

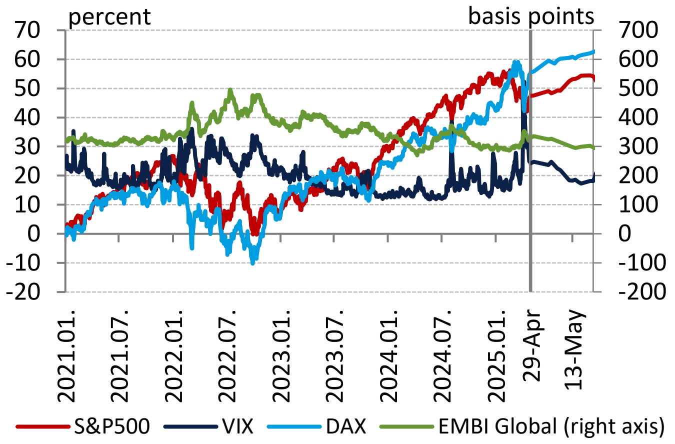
Based on the financial account data, net foreign direct investment (FDI) decreased significantly in March, while net external debt increased. The net direct investment outflow of EUR 1.3 billion was mostly due to inter-company loans; however, decisions on dividends that decreased reinvested earnings may have also been a contributing factor. The increase of approximately EUR 0.4 billion in net external debt resulting from transactions was related to the consolidated general government, while the indicators of the banking system and corporations decreased.

2. Financial markets

2.1. International financial markets

In the period since the previous interest rate decision, risk appetite has improved due to US trade negotiations and the possibility of Russian-Ukrainian peace talks. Risk indicators have decreased, while stock market indices and bond yields have typically increased.

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



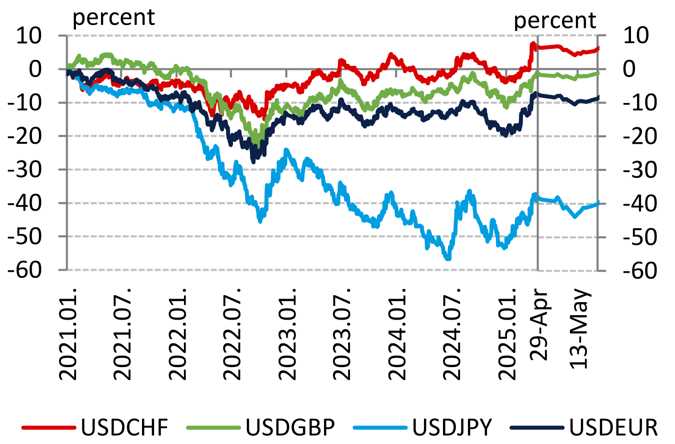
Note: Stock indices (S&P500 and DAX) normalised to the beginning of 2021.
Source: Bloomberg

Since the previous interest rate decision, investor sentiment has improved. In capital markets, risk appetite was shaped by the developments in US trade policy and the Russian-Ukrainian peace talks. Overall, in the period under review, demand for risk-bearing instruments increased and yields on the bond market rose.

Risk indicators have decreased over the past month. The VIX index, which measures the volatility of the US stock market, decreased to around 18 percent (Chart 11). The Vstoxx index, measuring European market volatility, was around 16 percent. The EMBI Global index, which tracks emerging market bond spreads, fell to 302 basis points, while the MOVE index, which measures volatility in developed bond markets, fell to 104 basis points since the previous interest rate decision.

Stock market indices mostly increased after the announcements about potential trade deals. As a result of the positive sentiment, leading US stock indices increased by 6–9 percent. Overall, the benchmark European stock indices rose by 3–5 percent. Asian indices also increased overall, with the Japanese Nikkei index rising by 4.7 percent and the Chinese index by 2.8 percent. The MSCI index, which reflects developments on emerging market stock exchanges, fell by 5.5 percent, but from the stock market indices in the Central and Eastern European region, the Hungarian and Czech indices rose considerably.

Chart 12 Evolution of developed market foreign exchange rates compared to the first trading day of January 2021

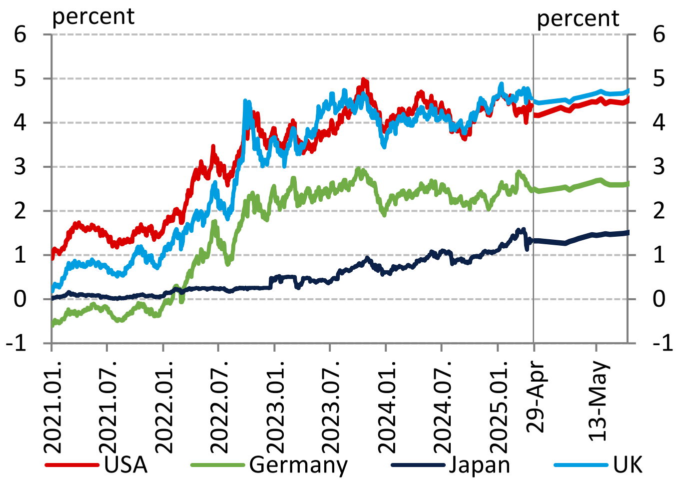


Note: Positive values indicate the strengthening of the variable (second) currency.
Source: Bloomberg

The US dollar has strengthened against major currencies since the previous interest rate decision (Chart 12). As a result of more optimistic expectations regarding the global economy, the dollar strengthened by 1.3 percent against the euro, ending the period under review at around 1.12. The dollar strengthened by 0.4 percent against the British pound, by 1.26 percent against the Swiss franc, which is conventionally considered a safe-haven currency, and by 1.75 percent against the Japanese yen.

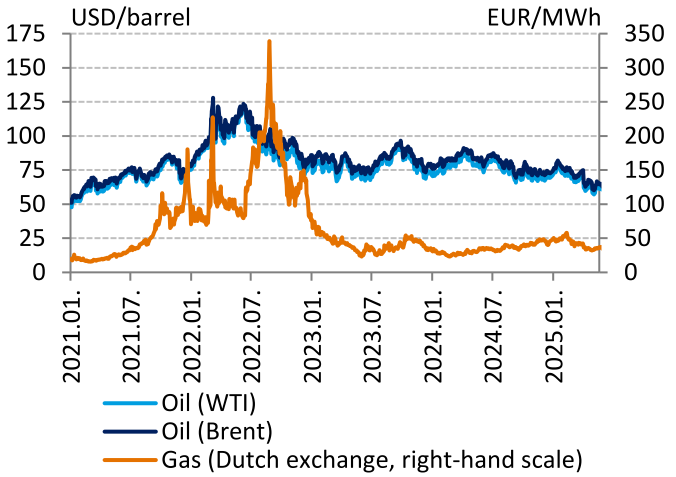
Long-term yields in advanced and emerging markets have typically increased since the previous interest rate decision (Chart 13). The US ten-year yield has increased by 30 basis points since the previous interest rate decision,

Chart 13 Yields on developed market long-term bonds



Source: Bloomberg

Chart 14 Developments in oil and gas prices



Source: Bloomberg

while the shorter end of the yield curve saw an increase of 20–30 basis points. The German ten-year yield rose by 10 basis points to 2.6 percent at the end of the period. Japanese long-term yields increased by 18 basis points, while Chinese yields increased by 4 basis points. Ten-year government bond yields in the region also increased, rising by 10 basis points in Romania, by 11 in Hungary and in the Czech Republic, and by 26 in Poland.

Overall, the Bloomberg commodity price index, which covers the entire raw materials market, remained unchanged during the period. However, several raw material sub-indices decreased in the period. Among the sub-indices representing the agricultural sector, the live animals sub-index rose by 1.0 percent, while the cereals sub-index and the sub-index of the whole sector decreased by 0.4 percent and 1.4 percent, respectively. Sub-indices for industrial metals and other raw materials decreased by 2–4 percent, while the energy sub-index increased by 2.7 percent since the previous interest rate decision.

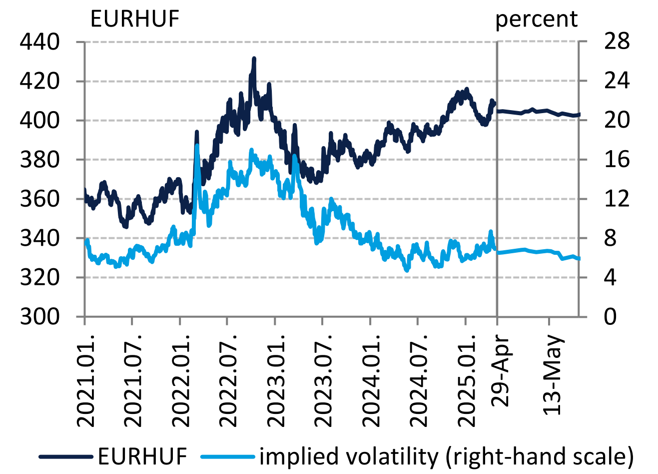
The price of **a barrel of North Sea Brent oil increased by nearly 2 percent** from USD 64 at the time of the previous interest rate decision **to USD 65.4** (Chart 14). The price of a barrel of the US benchmark, **WTI**, **increased** from USD 60.4 **to USD 62.6, by nearly 4 percent.** At the start of the period, oil prices fell by approximately 4 percent to a four-year low after the OPEC+ announcement on an increased production growth rate and then started to rise as news about the US-China trade agreement broke. Despite the correction in the previous period, the price of oil has decreased by approximately 12 percent since the beginning of the year, which is linked to concerns about global growth in the context of trade wars, and the plans of OPEC+ to increase production.

European gas prices have increased by nearly 16 percent since the previous interest rate decision. The Dutch TTF gas exchange price increased from 31.9 euro/MWh to 36.9 euro/MWh. The increase in the price of gas was affected by the easing tension of tariff wars, the unusually cold weather, and supply bottlenecks resulting from maintenances.

2.2. Developments in domestic money market indicators

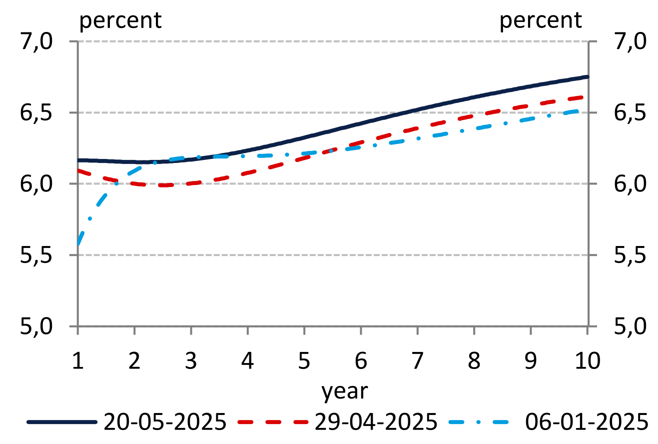
The forint has appreciated by 0.7 percent against the euro since the interest rate decision in April. Yields in the government securities market have increased. Demand at government security auctions varied. The 3-month BUBOR is unchanged, standing at 6.5 percent.

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



Source: Bloomberg

Chart 16 Shifts in the spot government yield curve



Source: Bloomberg

The forint has appreciated by 0.7 percent against the euro since the interest rate decision in April (Chart 15). After the interest rate decision, the exchange rate of the forint remained stable, in line with regional currencies, hovering around 404 against the euro. After a temporary stumble in early May, in the rest of the period the exchange rate gradually appreciated, reaching 402.

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.

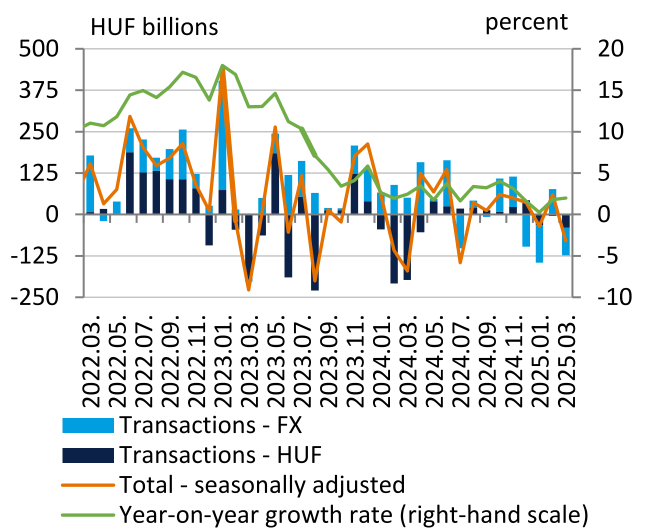
The whole government bond yield curve shifted upwards (Chart 16). The short end of the yield curve increased by 10 basis points on average, while the middle section increased by 20–25 basis points and the long end by 15–20 basis points.

During the period under review, demand for government securities at ÁKK auctions varied. Demand at Discount Treasury Bill auctions was sufficient, while at the mid-month bond auction, the amount accepted was lower than the amount announced. At some bond auctions, the accepted amount was lower than the announced amount. In the case of Discount Treasury Bills, the bid-to-cover ratio was, on average, 1.8, and in the case of bonds, it was 1.6.

3. Trends in lending

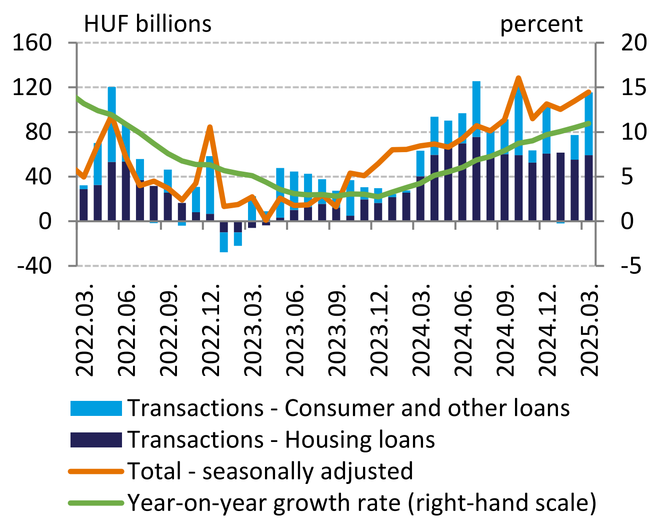
In March 2025, the corporate loan portfolio decreased by HUF 123 billion. Loans outstanding have increased by 2.0 percent on an annual basis, partly due to base effects. Household loans outstanding increased by HUF 116 billion, bringing the annual growth rate to 10.9 percent.

Chart 17 Net borrowing by non-financial corporations



Source: MNB

Chart 18 Net borrowing by households



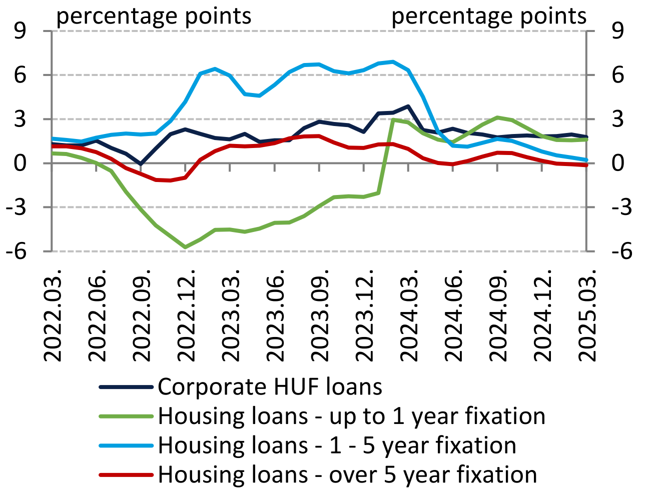
Source: MNB

The corporate loan portfolio decreased by HUF 123 billion in March 2025 as a result of a HUF 40 billion decline in forint loans and a HUF 83 billion decrease in foreign currency loans. **The annual growth rate of loans outstanding** accelerated from 1.8 percent in February to **2.0 percent** – partly due to base effects (Chart 17). Credit institutions concluded new non-overdraft loan agreements worth HUF 342 billion during the month, which is a 62 percent increase in volume compared to the same period last year.

Household loans outstanding increased by HUF 116 billion in March as a result of transactions. With that, the annual growth rate of loans outstanding rose to 10.9 percent, up 0.4 percentage points from February (Chart 18). The volume of new household loan agreements amounted to HUF 289 billion, exceeding the figure recorded in the same period of the previous year by 47 percent, with the volume of newly disbursed housing loans rising by 41 percent year-on-year. Under the HPS Plus programme, which became available in January 2024, 940 contracts were signed in March 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 more than 5,500 contracts in March, worth a total of HUF 21 billion.

The smoothed interest rate spread on corporate forint loans decreased by 18 basis points compared to the previous month, reaching 1.77 percentage points in March (Chart 19). In the case of housing loans, the spread on fixed-interest rate products with a maturity of over 5 years decreased by 6 basis points, amounting to -0.13 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