



MACROECONOMIC AND FINANCIAL MARKET DEVELOPMENTS

BACKGROUND MATERIAL
TO THE ABRIDGED MINUTES
OF THE MONETARY COUNCIL MEETING
OF 21 OCTOBER 2025

OCTOBER
2025

Time of publication: 2 p.m. on 5 November 2025

The background material ‘Macroeconomic and financial market developments’ is based on information available until 15 October 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>

Table of contents

1. Macroeconomic developments.....	4
1.1. Global macroeconomic environment	4
1.2. Real economic trends in Hungary.....	6
1.2.1. Economic growth	6
1.2.2. Employment.....	7
1.3. Inflation and wages.....	9
1.3.1. Wages	9
1.3.2. Inflation developments.....	9
1.4. Fiscal and external balance trends	11
1.4.1. Fiscal trends	11
1.4.2. External balance developments	11
2. Financial markets.....	13
2.1. International financial markets	13
2.2. Developments in domestic money market indicators	15
3. Trends in lending	16

1. Macroeconomic developments

1.1. Global macroeconomic environment

The US economy grew by 2.1 per cent, the Chinese economy by 5.2 per cent, and the economy in the European Union by 1.6 per cent in the second quarter year-on-year. Industrial production and retail sales rose in the United States, the euro area and China. Inflation stood at 2.9 per cent in the United States in August, in line with market expectations. In China, consumer prices fell by 0.3 per cent in September compared to the previous year. Euro area inflation rose to 2.2 per cent year-on-year in September, while core inflation remained unchanged at 2.3 per cent, according to preliminary data. Both figures were in line with analysts' expectations.

In the second quarter, the US economy grew by 2.1 per cent year-on-year, while China's economy grew by 5.2 per cent. GDP increased by 1.6 per cent in the European Union and by 1.5 per cent in the euro area. The GDP of Germany, Hungary's main trading partner, increased by 0.2 per cent year-on-year. Among the countries in the region, GDP grew by 3.0 per cent in Poland, 2.6 per cent in the Czech Republic, 2.1 per cent in Romania, 0.7 per cent in Slovakia and 0.3 per cent in Hungary, based on adjusted data.

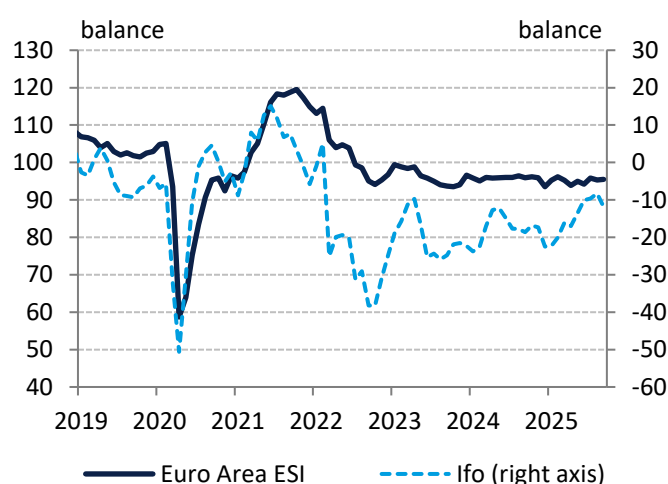
In August, industrial production rose by 0.9 per cent in the United States, 5.2 per cent in China, and 1.1 per cent in the euro area. In August, retail sales expanded by 5.0 per cent in the United States, 3.4 per cent in China, and 1.0 per cent in the euro area.

In September 2025, the Manufacturing Industry Purchasing Managers' Index declined in the euro area and the United States, while it rose in China. The index exceeded the 50-point threshold indicating expansion in the US and China, while it fell short of it in the euro area. The Economic Sentiment Indicator (ESI) for the euro area increased by 0.2 points in September 2025 (Chart 1).

No official labour market data is available for the United States due to the government shutdown, as the Bureau of Labor Statistics (BLS) suspended all activities, including data collection and the compilation of economic statistics. The Chicago Fed report estimates an unemployment rate of 4.3 per cent in September, unchanged from August. The unemployment rate in the euro area was 6.3 per cent in August, 0.1 percentage points higher than in July.

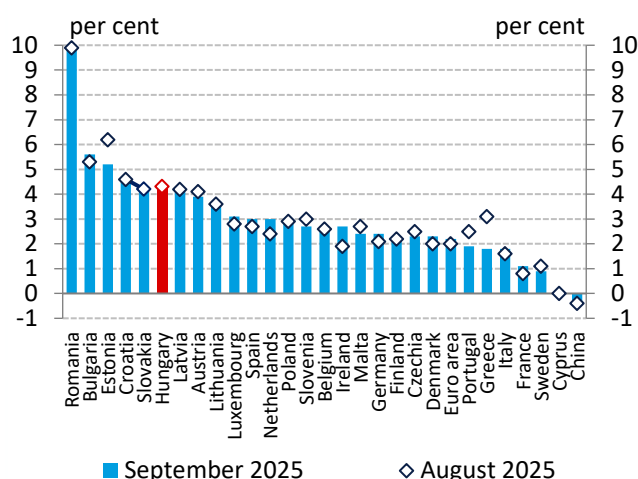
Inflation stood at 2.9 per cent in the United States in August, in line with market expectations. Euro area inflation rose to 2.2 per cent year-on-year in September, while core inflation remained unchanged at 2.3 per cent, according to preliminary data. Both figures were in line with analysts' expectations. In China, consumer prices fell by 0.3 per cent in September compared to the previous year.

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



Source: European Commission, Ifo

Chart 2: Developments in the international inflation environment



Note: HICP inflation rates for euro area members, CPI inflation rates for other countries. CPI inflation rates for Slovakia.

Source: Eurostat, Trading Economics, national statistical offices

Among the countries in the region, inflation rose in Slovakia in September, remained unchanged in Romania and Poland, and fell in the Czech Republic. According to the data of national statistical offices, annual inflation stood at 9.9 per cent in Romania, at 4.3 per cent in Slovakia, at 2.9 per cent in Poland and at 2.3 per cent in the Czech Republic (Chart 2).

1.2. Real economic trends in Hungary

In the second quarter of 2025, Hungarian GDP increased by 0.1 per cent on an annual basis according to unadjusted data. Among the monthly indicators, retail trade grew by 2.4 per cent in August, while industrial production fell by 7.3 per cent and construction output declined by 15.2 per cent. The external trade balance in goods showed a surplus of EUR 636 million. The number of employed persons aged 15–74 averaged 4,673,000 between June and August, which is 4,000 lower than the previous period in seasonally adjusted terms. The unemployment rate stood at 4.4 per cent between June and August.

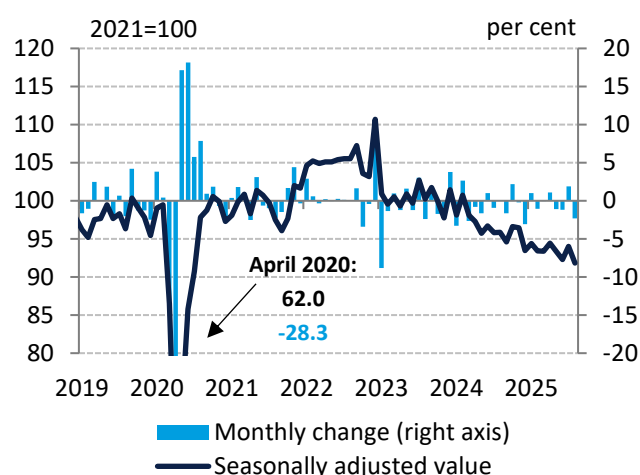
1.2.1. Economic growth

In the second quarter of 2025, Hungary's gross domestic product increased by 0.1 per cent year-on-year based on unadjusted data. Based on balanced data adjusted for seasonal and calendar effects used for international comparison, the economy expanded by 0.3 per cent year-on-year, which is an increase by 0.5 per cent compared to the previous quarter. On the production side, agricultural value added decreased by 10.3 per cent and that of industry by 2.9 per cent, while the performance of the construction industry increased by 3.7 per cent. The combined value added in services rose by 1.4 per cent. On the consumption side, households' consumption expenditure increased by 3.5 per cent, while gross fixed capital formation fell by 5.7 per cent. Net exports restrained GDP growth by 0.2 percentage points year-on-year. The volume of imports increased by 0.8 per cent, while export performance fell by 1.0 per cent year-on-year.

Raw data indicate that the volume of industrial production fell by 7.3 per cent in August 2025 compared to the same period last year. Calculated using seasonally and working day-adjusted data, the decline was 4.5 per cent. Industrial output decreased by 2.3 per cent on a monthly basis (Chart 3). The volume of industrial exports decreased by 9.5 per cent and that of domestic industrial sales by 7.6 per cent compared to the same month of the previous year. The volume of the automotive industry, representing the largest share, fell by 20.2 per cent compared to the same month of the previous year, the largest decline among the sub-sectors. The production of electrical equipment fell by 9.4 per cent compared to the previous year's level. The volume of all new orders in the manufacturing sectors surveyed fell by 4.6 per cent year-on-year. New domestic orders increased by 1.3 per cent, while new export orders fell by 5.6 per cent. At the end of August, total orders were 4.3 per cent lower than a year earlier.

In August 2025, the volume of construction output fell by 15.2 per cent on an annual basis. Among the main construction groups, the output of construction of buildings decreased by 2.3 per cent, while that of other construction moderated by 34.8 per cent. Compared to the previous month, construction output fell by 11.4 per cent. The volume of new contracts concluded increased significantly, by 123.1

Chart 3: Developments in industrial production



Source: MNB calculation based on HCSO data

per cent compared to a year earlier. Within this, the volume of contracts for the construction of buildings decreased by 8.0 per cent, while the volume of contracts for other construction increased by 245.2 per cent. The increase was largely due to a large-value contract for the development of transport infrastructure. The volume of construction companies' contracts at the end of August was 17.7 per cent higher than a year earlier. Within this, the volume of contracts for the construction of buildings was 10.4 per cent lower, while the volume of contracts for other construction work was 35.7 per cent higher than in August 2024.

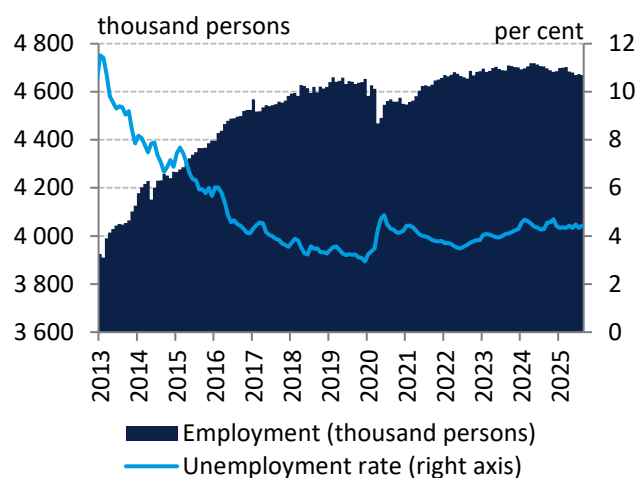
The external trade balance in goods showed a surplus of EUR 636 million in August. Compared to the previous month, the balance improved by EUR 184 million, while compared to the same period of the previous year, it increased by EUR 342 million. In August, based on raw data, the volume of goods exports decreased by 6.0 per cent, while goods imports decreased by 5.1 per cent compared to the same period in the previous year.

The volume of retail trade rose by 2.4 per cent year-on-year in August, according to calendar-adjusted data. Retail trade excluding fuel sales increased by 2.5 per cent. Retail sales increased by 0.8 per cent on a monthly basis, according to data adjusted for seasonal and calendar effects. Sales in food and food-related retail trade grew by 2.3 per cent year-on-year. Sales increased in stores selling textiles, clothing, and footwear (+8.7 per cent), pharmaceuticals, medical products and perfumes (+6.6 per cent), mixed industrial goods (+6.6 per cent), online (+6.6 per cent), furniture, hardware and ironware (+2.5 per cent), and books, computers (+0.3 per cent).

According to data adjusted for calendar effect, the inflation-adjusted turnover of NTCA online cash registers increased by 1.7 per cent in August compared to the same period last year. Road passenger traffic (+52.6 per cent) and freight traffic (+0.2 per cent) both expanded in September. Electricity load decreased by 6.9 per cent. Cinema attendance rose by 22.8 per cent, while turnover in hospitality increased by 12.9 per cent. The number of Google searches for the term "unemployment benefit" rose in September compared to August.

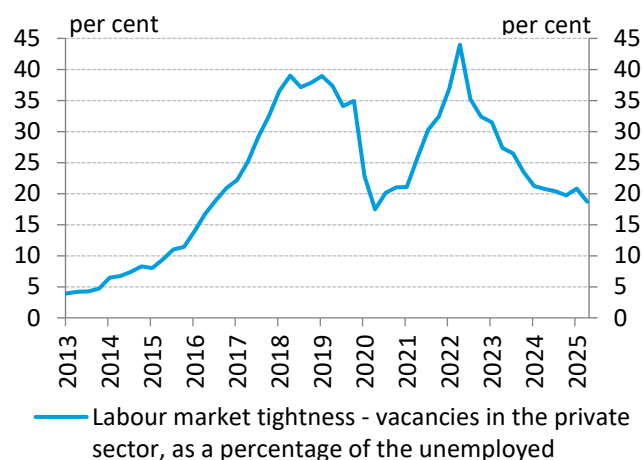
1.2.2. Employment

According to the Labour Force Survey, the number of employees continued to decline in the June–August 2025 period. The average number of employees aged 15–74 was 4,679,000, which is 4,000 less than in the previous period in seasonally adjusted terms. The level of employment was 36,000 lower compared to the same period last year. On average between June and August, the number of persons

Chart 4: Number of persons employed and the unemployment rate

Note: Data based on the HCSO's three-month moving average methodology. Number of employed persons based on seasonally adjusted data.

Source: HCSO

Chart 5: Labour market tightness indicator

Note: Seasonally adjusted quarterly data.

Source: HCSO, MNB calculation

working in the primary labour market fell by 50,000, the number of persons working abroad fell by 1,000, while the number of public workers rose by 15,000.

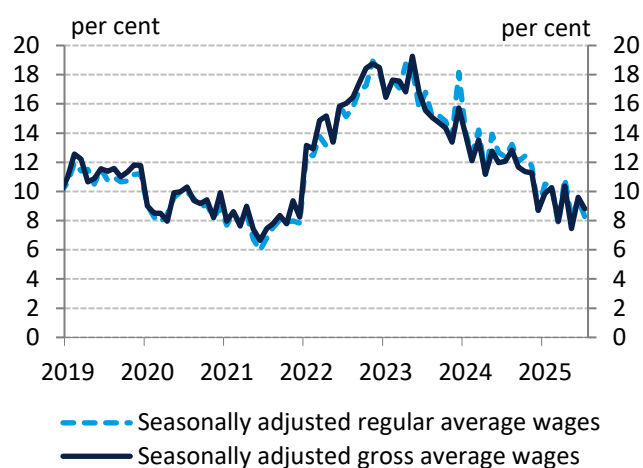
The average number of unemployed persons was 217,000 between June and August, which represents an increase of 5,000 compared to the same period last year. Overall, the unemployment rate stood at 4.4 per cent (Chart 4). According to raw data from the National Employment Service (NFSZ), there were 222,000 registered jobseekers in Hungary in August and 220,000 in September. This is a decrease of 2,000 and 8,000, respectively, compared to the same period last year. Based on seasonally adjusted data, the number of registered jobseekers decreased slightly in September compared to the previous month.

Labour market tightness eased significantly from the high levels seen in mid-2022 (Chart 5). In the second quarter of 2025, there were 43,000 unfilled vacancies in the private sector, which is 7.9 per cent fewer year-on-year, and seasonally adjusted, 5.1 per cent fewer compared to the previous quarter. Labour demand declined significantly in the manufacturing industry and slightly in market services compared to the previous quarter. There were 12,400 job vacancies in the manufacturing industry and 27,000 in the market services sector in the second quarter. Among the public sector industries, the number of job vacancies decreased in public administration and healthcare, while it increased in education compared to the previous quarter.

1.3. Inflation and wages

In September 2025, consumer prices rose by 4.3 per cent year-on-year. The pace of price increase remained unchanged compared to August. Core inflation and core inflation excluding indirect tax effects were unchanged from the previous month, at 3.9 per cent and 3.6 per cent, respectively. The incoming figure was in line with the forecast of the September Inflation Report. Wage growth continued to slow during the year, with wages in the private sector rising by an average of 9.0 per cent in the first seven months.

Chart 6: Dynamics of average earnings in the private sector



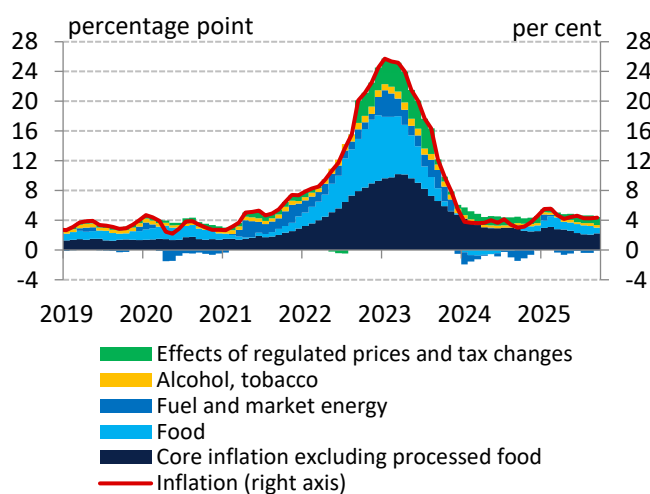
Source: MNB calculation based on HCSO data

1.3.1. Wages

Wages continued to adjust to easing labour market conditions. In July 2025, gross average earnings rose by 9.0 per cent in the national economy and by 8.7 per cent in the private sector compared to the same period of the previous year. In annual terms, average regular earnings (excluding bonuses) rose by 8.5 per cent in the national economy and by 8.1 per cent in the private sector. Regular earnings fell by 0.1 per cent on a monthly basis, which was close to the historical average but below last year's high level compared to previous years. Bonus payments amounted to 6.6 per cent of regular earnings, which is historically high.

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, wage dynamics in the manufacturing industry exceeded the dynamics observed in market services on the basis of unadjusted data. In the manufacturing industry, wages were 8.8 per cent higher in July compared to the same period last year. With regard to market services, the HCSO registered an increase of 8.4 per cent. For the sectors of the national economy, wages increased by 8.6 per cent in trade, 8.4 per cent in accommodation and catering, and 7.5 per cent in construction compared to the same period last year.

Chart 7: Decomposition of inflation



Source: MNB calculation based on HCSO data

1.3.2. Inflation developments

In September 2025, consumer prices rose by 4.3 per cent year-on-year (Chart 7). The pace of price increase remained unchanged compared to August. Core inflation and core inflation excluding indirect tax effects were unchanged from the previous month, at 3.9 per cent and 3.6 per cent, respectively. On a monthly basis, both the price of the total consumer basket and the core inflation basket remained unchanged.

Annual inflation for industrial goods rose from 2.1 to 2.7 per cent. The increase in the annual rate of price growth for this product group was caused by a more moderate seasonal price decline than in September last year for holidays abroad (the price trends for holidays abroad and industrial goods are typically determined by the same

factors, which is why they belong to the same product group according to the MNB classification).

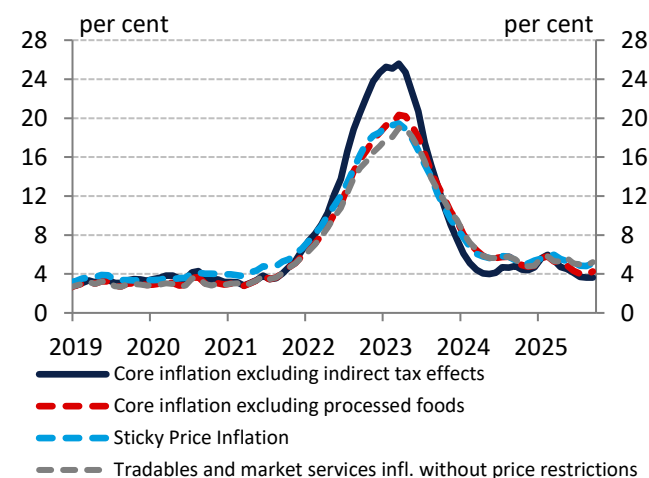
The annual price index for market services remained unchanged at 6.3 per cent, while prices rose by 0.1 per cent month-on-month. Within this product group, the moderate monthly price increase observed across a wide range of services was partially offset by the seasonal decline in the price of domestic holidays.

Unprocessed food prices and processed food prices increased by 4.3 and 1.1 per cent, respectively, year-on-year. Compared to August, unprocessed food prices fell by 1.4 per cent, mainly due to seasonal food price trends. The price of processed food decreased by 0.1 per cent on a monthly basis. Overall, the rate repricing in September was below the 2017–2020 average for food and market services, while it was above such average for industrial goods. Fuel prices fell by 0.3 per cent year-on-year. On a monthly basis, fuel prices rose by 0.3 per cent. The price of regulated products and services rose by 7.6 per cent year-on-year, with the price of piped gas rising by 23.4 per cent.

Household inflation expectations continue to remain at high levels. Corporate price expectations for retail trade prices continued to moderate, while price expectations for services rose slightly but remained subdued in September.

Price and margin restriction measures continued to have an inflation-reducing effect of around 1.5 percentage points in September. The greatest impact was associated with food margin restrictions. In addition, voluntary price restrictions of bank and telecommunications companies and profit margin caps on household goods also hold back inflation.

Chart 8: Measures of underlying inflation indicators



Source: MNB calculation based on HCSO data

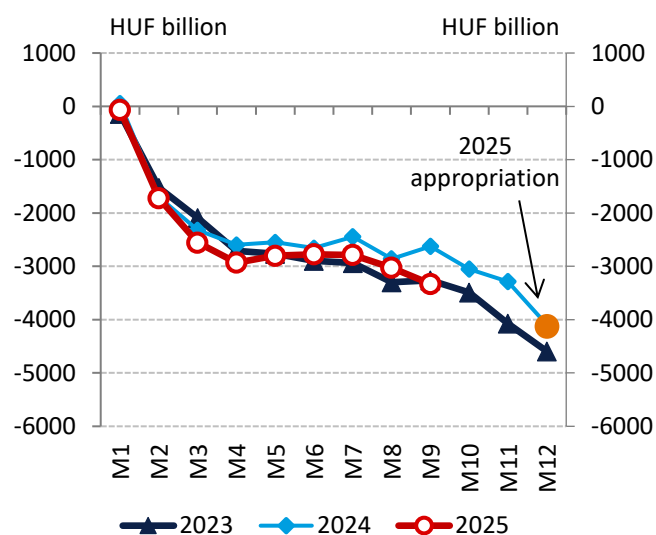
The incoming figure was in line with the forecast of the September Inflation Report. The actual data was somewhat lower than the September consensus of analysts' expectations. The median forecast was 4.4 per cent, with expectations ranging between 4.2 and 4.7 per cent.

Our indicators capturing more persistent inflation trends, calculated on an annual basis, rose by 0.3 percentage points. Inflation for products with relatively stable prices rose to 5.1 per cent, while core inflation excluding processed food rose to 4.2 per cent (Chart 8). Inflation for industrial goods and market services combined, calculated without price restrictions, rose to 5.2 per cent.

1.4. Fiscal and external balance trends

The central sub-sector budget deficit was HUF 303 billion in September, bringing the cumulated deficit since the beginning of the year to HUF 3,329 billion, amounting to 81 per cent of the annual cash deficit target. In August 2025, the current account surplus increased.

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



Source: 2025 Budget Act, Hungarian State Treasury

1.4.1. Fiscal trends

The central sub-sector of general government closed September with a deficit of HUF 303 billion, which is HUF 537 billion lower than the monthly surplus a year earlier. This brought the cumulative deficit since the beginning of the year to HUF 3,329 billion by the end of September, which is HUF 705 billion higher than last year's figure. This is 81 per cent of the cash deficit target of HUF 4,123 billion set in the budget act for the year, and it is 70 per cent of the cash flow deficit included in the October EDP notification (Chart 9).

The central sub-sector's revenues decreased by HUF 117 billion in September on an annual basis. Within revenues, EU revenues decreased by HUF 235 billion, while tax and contribution revenues increased by 4 per cent (HUF 85 billion). Taxes and contributions on labour increased by 8 per cent (HUF 77 billion), while consumption taxes rose by 4 per cent (HUF 39 billion). Payments by business organisations decreased by 12 per cent (HUF 31 billion) compared to September last year.

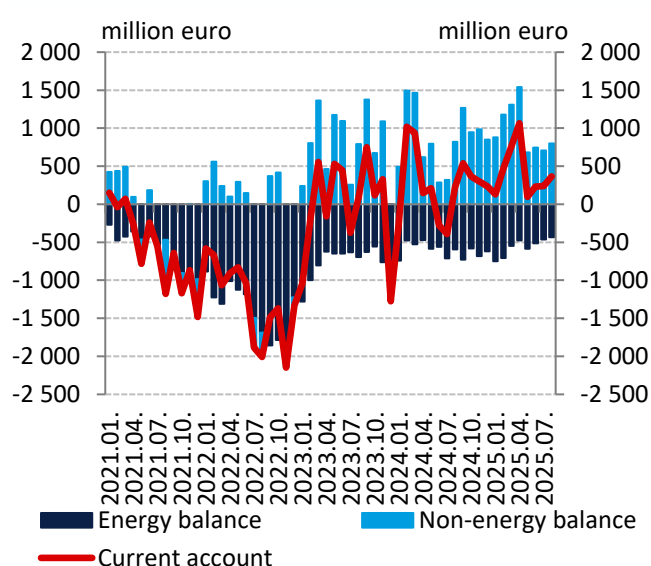
Budgetary expenditures in September were HUF 421 billion higher than in the same period last year. The increase was primarily due to a HUF 170 billion increase in state transport and utility services and a HUF 160 billion increase in the net own expenditures of budgetary institutions and chapters.

1.4.2. External balance developments

In August 2025, the current account surplus amounted to EUR 365 million and the net lending amounted to EUR 465 million. In August, the current account surplus increased by EUR 138 million on an annual basis, mainly due to changes in the balance of goods (Figure 10). Goods exports decreased by 9 percent and goods imports by 10 percent year-on-year, accompanied by a significant decline in industrial production, which was partly due to working day effect. The services balance also exceeded the previous year's value. The income balance deficit increased, while the transfer balance also declined moderately.

Based on the financial account data, net FDI inflows amounted to approximately EUR 1 billion in August, while net external debt declined. The net inflow of FDI was primarily driven by an increase in income reinvested in Hungary. Net external debt decreased by EUR 0.5 billion in

Chart 10: Developments in current account and energy balance



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

Source: MNB, HCSO

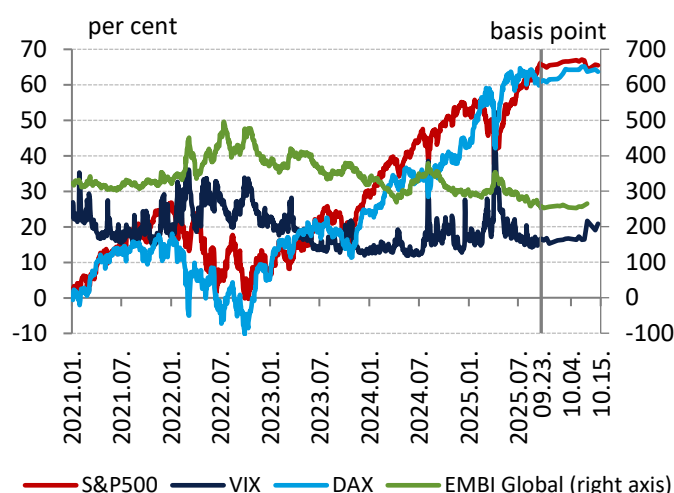
August as a result of transactions, mainly related to consolidated general government and, to a lesser extent, to corporations.

2. Financial markets

2.1. International financial markets

In the period since the previous interest rate decision, trade tensions, expectations regarding the monetary policy of the Federal Reserve (Fed), and the US government shutdown continued to dominate international market sentiment. Risk indicators rose overall, with the US dollar generally strengthening against major currencies. The price of gold continued to rise, oil prices fell, while European gas prices remained unchanged.

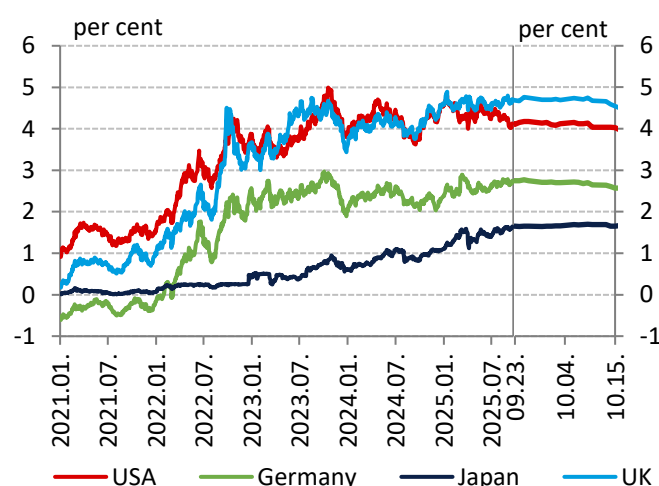
Chart 11: Developed market equity indices, the VIX index and the EMBI Global Index



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

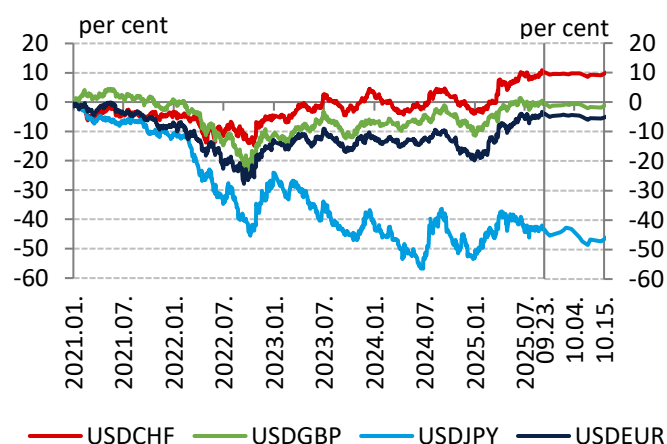
Risk indicators rose overall during the past month. Since the end of September, risk indicators have remained largely unchanged for most of the period, but in mid-October, following the announcement of further possible US trade tariffs against China, there was a significant surge to be observed. The VIX index, the measure US stock market volatility, rose by 4.2 percentage points to above 20 per cent, similar to the European Vstox index, which is also above 20 per cent. The EMBI Global index, which captures emerging market bond spreads, rose by 10 basis points, while the MOVE index, which measures developed bond market volatility, increased by 4.3 basis points (Chart 11).

Most major stock market indices typically declined during the period. The stock market composite index for developed markets decreased by 0.4 per cent, while that for emerging markets decreased by 0.6 per cent. Several US indices rose to new historic highs, but at the end of the period, the gains made earlier were eroded by the announcement of tariffs on China. European stock market indices generally rose, while the Japanese stock market index rose by 5 per cent since the previous interest rate decision, reflecting the economic policy shift in the country.

Most long-term yields in developed and emerging markets have moderated since the previous interest rate decision (Chart 12). The 10-year yield fell by 16 basis points in Germany, by 1 basis point in Japan, while the US long-term yield fell by 10 basis points. Ten-year government bond yields in the region also declined: yields fell by 9 basis points in Hungary, yields in the Czech Republic by 10 basis points, in Poland by 7 basis points, and in Romania by 3 basis points.

The US dollar has generally strengthened against major currencies since the previous interest rate decision (Chart 13). The dollar appreciated by 1.5 per cent against the euro. The Swiss franc and the British pound weakened by 1.1 and 1.3 per cent, respectively, while the Japanese yen and the Chinese yuan depreciated by 2.3 and 0.2 per

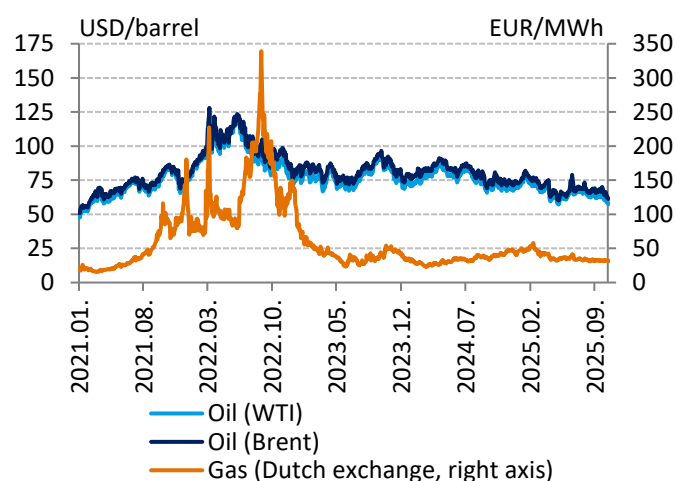
Chart 13: Evolution of developed market foreign exchange rates compared to the first trading day of January 2021



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

Source: Bloomberg

Chart 14: Developments in oil and gas prices



Source: Bloomberg

cent, respectively, against the dollar. Most emerging market currencies also weakened against the dollar.

Raw material sub-indices typically rose during the period. Among the sub-indices representing the agricultural sector, the grain sub-index fell by 1.5 per cent, while the livestock sub-index and the sub-index covering the entire sector remained essentially unchanged. The sub-index for industrial metals rose by nearly 5 per cent, while the sub-index for other raw materials rose by around 3 per cent. The energy sub-index fell by 4 per cent compared to its level at the time of the previous interest rate decision. The Bloomberg commodity price index, which covers the entire raw materials market, rose by 4.7 per cent during the period.

The price of North Sea Brent crude oil fell by 6.4 per cent from USD 66.6 per barrel at the time of the previous interest rate decision, and currently stands at USD 62.3.

The price of a barrel of the US benchmark, WTI, decreased from USD 62.7 to USD 58.7, by 6.3 per cent (Chart 14). At the beginning of the period, the price of Brent crude oil rose to close to USD 70 per barrel after the United States began to push for significant sanctions against Russian energy carriers. Oil prices typically moderated from the end of September, and by the end of the period, the price of Brent crude oil had fallen to its lowest level in five months after the International Energy Agency predicted a larger-than-expected increase in global supply of 3 million barrels per day this year and 2.4 million barrels per day next year, mainly due to OPEC+ production increases and strong oil production on the American continent. At the same time, the agency reduced its demand growth forecast for both years to around 700,000 barrels per day.

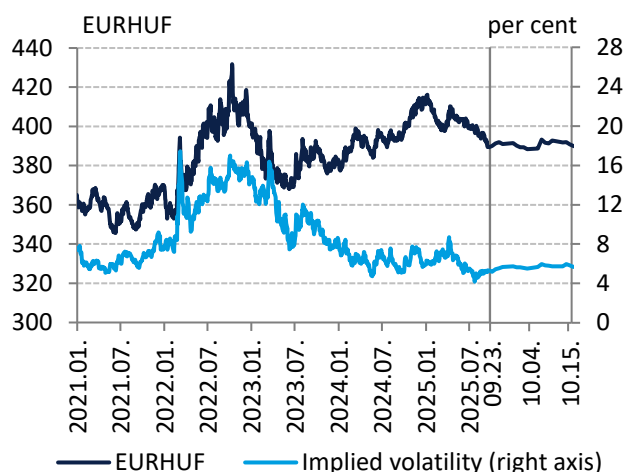
European gas prices remained largely unchanged. In the recent period, the Dutch TTF exchange price ranged between EUR 31.5/MWh and EUR 33/MWh, returning to close to the EUR 32/MWh level seen at the time of the September interest rate decision by mid-October.

The price of gold continued to rise during the period. From a level of USD 3,747/ounce close to the September interest rate decision, the price of gold rose to a new historic high of USD 4,197/ounce by mid-October. Thus, the price of gold rose by 12 per cent compared to the end of September and by 60 per cent compared to the beginning of the year. The rise in precious metal prices continues to be sustained by central bank purchases, heightened expectations of Fed interest rate cuts, and global political and trade uncertainties.

2.2. Developments in domestic money market indicators

The forint exchange rate against the euro has not changed significantly since the previous interest rate decision. Government bond yields were mixed. ÁKK discount treasury bill auctions were moderate, while bond auctions were characterised by strong demand. The 3-month BUBOR stood unchanged at 6.5 per cent at the end of the period.

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



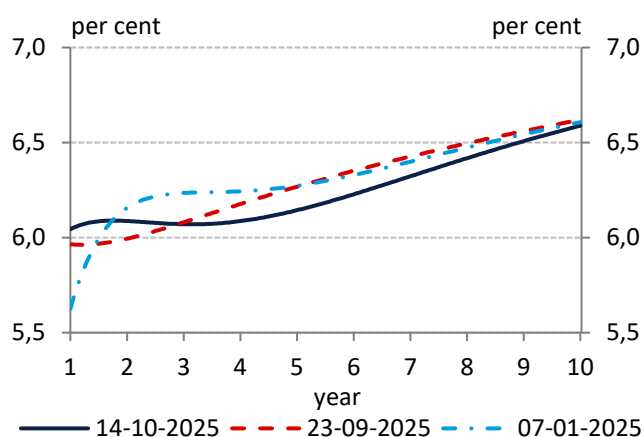
Source: Bloomberg

The forint exchange rate against the euro has not changed significantly since the previous interest rate decision (Chart 15). In the days following the interest rate decision, the domestic currency depreciated in parallel with the strengthening of the dollar and the weakening of regional currencies, and then appreciated against the euro in parallel with the weakening of the dollar and the strengthening of regional currencies. By early October, the forint had reached a level of around 388 against the euro, its “highest” level in more than a year. Subsequently, the forint weakened and remained in the 390–393 range until the end of the period under review.

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 per cent.

The yield curve on the government securities market was mixed: there was an increase of 1–12 basis points in the 1–3 year segment, while longer maturities saw a decline of around 5–10 basis points (Chart 16).

Chart 16: Shifts in the spot government yield curve



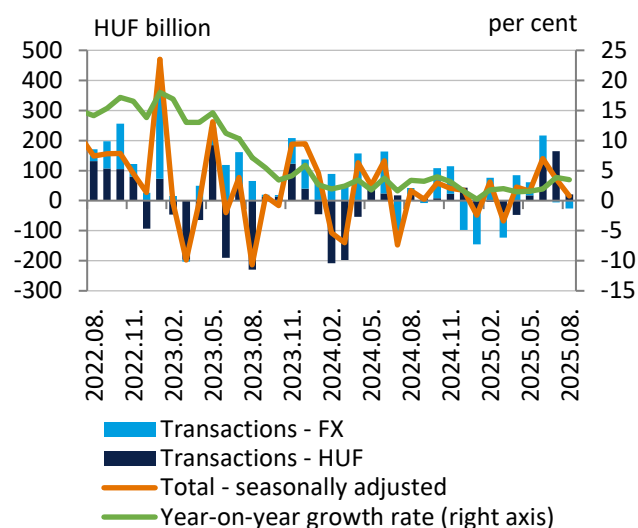
Source: Bloomberg

During the period under review, ÁKK discount treasury bill auctions were moderate, while bond auctions were characterised by strong demand. Overall, the volume of bids submitted for government bond auctions exceeded the amount offered in advance. In the case of discount treasury bill auctions, the Government Debt Management Agency accepted less than the quantity announced in advance, while in the case of bond auctions, it accepted significantly more than the quantity announced. Compared to the quantities offered, bond auctions were characterised by an average demand of nearly six and a half times the quantity offered.

3. Trends in lending

In August 2025, the annual dynamics of the corporate loan portfolio slowed by 0.4 percentage points compared to the previous month, reaching 3.5 per cent. In the household segment, the annual growth of loans outstanding was 11.7 per cent, similar to the previous month.

Chart 17: Net borrowing by non-financial corporations

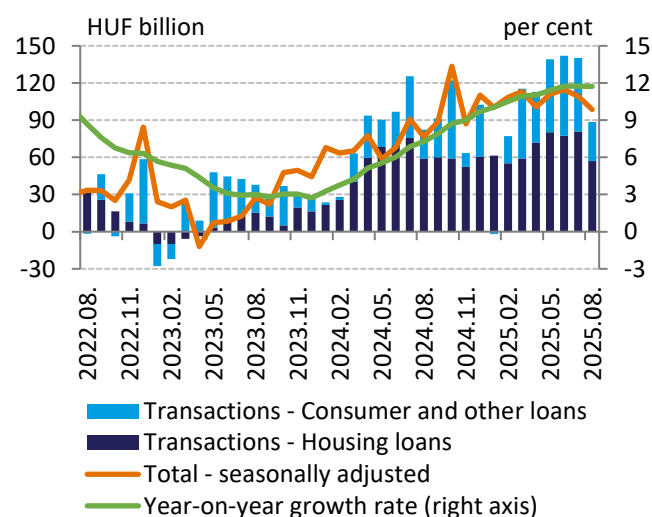


Source: MNB

The corporate loan portfolio decreased by HUF 5 billion in August 2025 as a result of a HUF 21 billion increase in forint loans and a HUF 26 billion decrease in foreign currency loans. The annual growth rate of the loans outstanding slowed down compared to July and stood at 3.5 per cent (Chart 17). Credit institutions concluded new non-overdraft loan contracts worth HUF 221 billion during the month, which is HUF 124 billion less than in the previous month.

Household loans outstanding increased by HUF 89 billion in August as a result of transactions. Consequently, the annual growth rate of loans outstanding remained unchanged at 11.7 per cent compared to July (Chart 18). The volume of new household loan contracts amounted to HUF 250 billion, which was 11 per cent higher than the registered value recorded in the same period of the previous year. Within this, the volume of newly disbursed housing loans decreased by 3 per cent year-on-year, partly due to the 'wait-and-see' attitude caused by the launch of the Home Start programme in September.

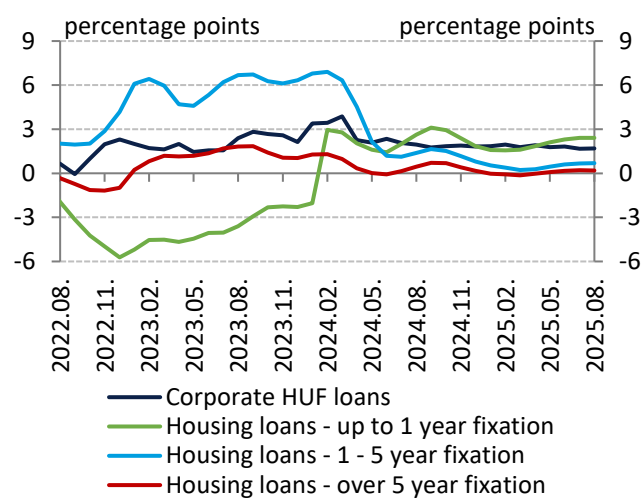
Chart 18: Net borrowing by households



Source: MNB

The smoothed interest rate spread on corporate forint loans rose by 2 basis points compared to the previous month, reaching 1.69 percentage points in August (Chart 19). In the case of housing loans, the spread on fixed-interest-rate products with a maturity of over 5 years decreased by 1 basis point, standing at 19 basis points at the end of the examined period. For variable-rate corporate forint loans, we examine the 3-month BUBOR, while for housing loans with a fixed interest rate 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