



MACROECONOMIC AND FINANCIAL MARKET DEVELOPMENTS

BACKGROUND MATERIAL
TO THE ABRIDGED MINUTES
OF THE MONETARY COUNCIL MEETING
OF 24 FEBRUARY 2026

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The background material ‘Macroeconomic and financial market developments’ is based on information available until 17 February 2026.

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

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

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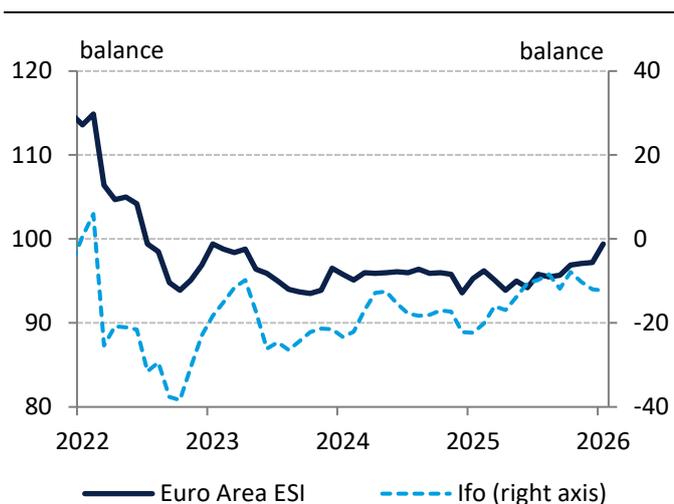
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1. Macroeconomic developments

1.1. Global macroeconomic environment

In 2025 Q4, the economy grew by 1.5 percent in the European Union and 1.3 percent in the euro area compared to the same period of the previous year. In 2025 Q3, the United States registered 2.3-percent growth. In the euro area, inflation fell to 1.7 percent in January, while core inflation fell to 2.2 percent, according to preliminary data. Inflation was in line with expectations, while core inflation was somewhat lower than expected. In the United States, price dynamics were somewhat lower than expected, at 2.4 percent in December.

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



Source: European Commission, Ifo

GDP increased by 1.5 percent in the European Union and 1.3 percent in the euro area in 2025 Q4. The GDP of Germany, Hungary's main trading partner, increased by 0.4 percent year-on-year. China recorded 4.5-percent growth in the fourth quarter, while the United States recorded 2.3-percent growth in the third quarter.

Industrial production grew by 1.2 percent in the euro area in December, 2.0 percent in the United States in December and 5.2 percent in China year-on-year. Retail sales grew by 2.4 percent in the United States, 1.3 percent in the euro area and 0.9 percent in China in December.

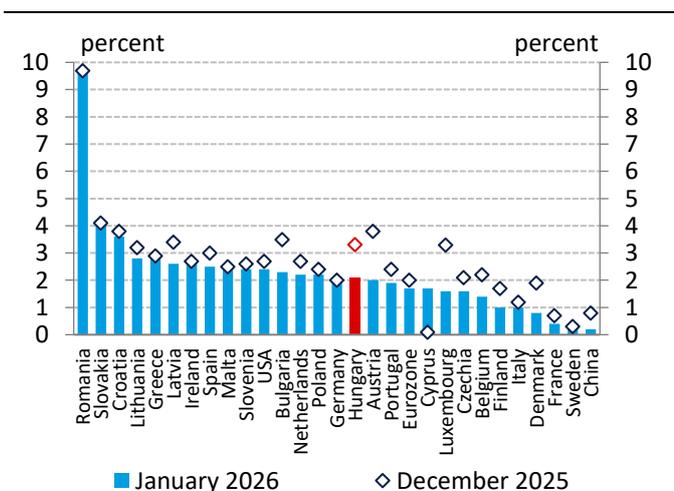
Manufacturing Purchasing Managers' Indices (PMI) rose in January. The PMI rose in the euro area, reaching 49.5 points. The Economic Sentiment Indicator (ESI) for the euro area improved by 2.2 points in January (Chart 1). The PMI in the manufacturing industry in the United States rose and continued to show expansion (52.4 points) in January 2026. In addition, the indicator also rose in China, standing at 50.3 points, above the growth threshold (50 points).

In the United States, the unemployment rate fell from 4.4 percent in December to 4.3 percent in January. The number of non-farm payrolls increased by 130,000 in January, more than expected. The unemployment rate in the euro area was 6.2 percent in December, unchanged from November.

In the euro area, inflation fell to 1.7 percent in January, while core inflation fell to 2.2 percent, according to preliminary data. Inflation was in line with expectations, while core inflation was 0.1 percentage point below expectations. In the United States, price dynamics were 0.1 percentage point lower than expected, at 2.4 percent in December. Consumer prices in China rose by 0.2 percent year-on-year.

In December, inflation also moderated in the Czech Republic, Poland and Romania among the countries in the region. Annual inflation stood at 9.6 percent in Romania, 2.2 percent in Poland and 1.6 percent in the Czech Republic (Chart 2).

Chart 2: Developments in the international inflation environment



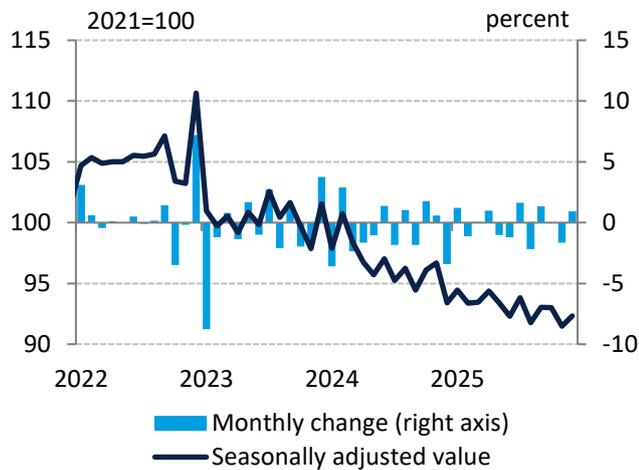
Note: HICP inflation rates in the Eurozone, CPI inflation rates in the other countries.

Source: Eurostat, Trading Economics, national statistical offices

1.2. Real economic trends in Hungary

Gross domestic product grew by 0.7 percent in 2025 Q4 compared to the same period of the previous year. In December 2025, the volume of retail trade rose by 3.5 percent, construction output by 8.9 percent, while industrial output fell by 1.8 percent. On average between October and December, employment fell by 46,000 on an annual basis. The unemployment rate is 4.4 percent, which is low both historically and internationally.

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

1.2.1. Economic growth

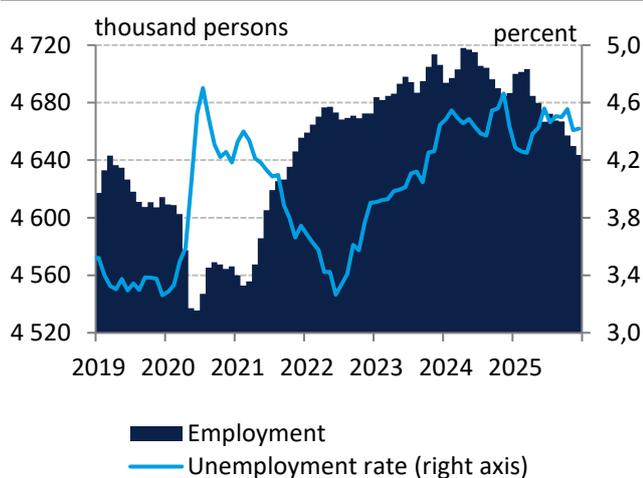
In 2025 Q4, Hungary's gross domestic product increased by 0.7 percent year-on-year based on unadjusted data from the HCSO's preliminary disclosure. Adjusted for seasonal and calendar effects, GDP grew by 0.5 percent year-on-year and 0.2 percent quarter-on-quarter. The growth in gross domestic product was mainly driven by services, particularly financial and insurance activities and trade, as well as construction output. The decline in industry had the greatest impact on slowing down economic performance. Overall, the HCSO measured a 0.4-percent increase for 2025 as a whole.

In December 2025, industrial production volume increased by 1.8 percent on an annual basis but decreased by 1.1 percent according to seasonally and working-day adjusted data. Industrial output rose by 0.9 percent compared to the previous month (Chart 3). In most of the more important manufacturing sub-sectors, production volume increased compared to the same month of the previous year.

The volume of construction output rose by 8.9 percent year-on-year in December 2025. The output of construction of buildings increased by 8.4 percent, while that of other construction increased by 10.5 percent. On a monthly basis, construction output increased by 6.7 percent based on seasonally and calendar-adjusted data. The volume of new contracts concluded was 5.2 percent lower than a year earlier. The volume of construction companies' contracts at the end of December was 48.9 percent higher than in December 2024.

In December 2025, the external trade balance in goods was EUR 418 million, while the 12-month rolling balance showed a surplus of EUR 8.3 billion. Compared to the previous month, the balance of goods improved by EUR 383 million, and compared to the same period of the previous year, it improved by EUR 56 million. In December, based on unadjusted data, the volume of goods exports increased by 2.2 percent, while goods imports increased by 7.7 percent compared to the same period in the previous year.

Chart 4: Number of persons employed and the unemployment rate

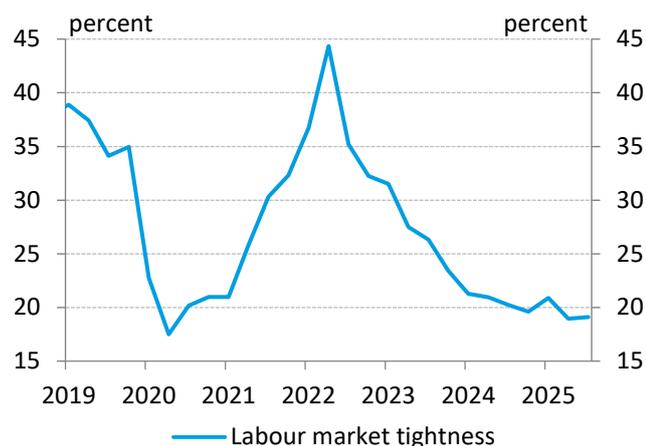


Note: Data based on the HCSO's 3-month moving average methodology. Seasonally and calendar adjusted data.

Source: HCSO, MNB

The volume of retail trade rose by 3.5 percent year-on-year in December 2025, according to calendar-adjusted data. Retail trade excluding fuel sales increased by 3.7 percent. Compared to the previous month, trade increased by 0.2 percent according to seasonally and calendar-adjusted data.

Chart 5: Labour market tightness indicator



Note: The tightness indicator is the number of vacancies in the private sector as a percentage of the unemployed.

Source: HCSO, MNB calculation

1.2.2. Employment

Based on data from the Labour Force Survey, the average number of persons employed aged 15–74 in October–December 2025 decreased by 46,000 compared to the same period of the previous year, which is a 1.0-percent decline on an annual basis. The seasonally and calendar-adjusted level of employment was 6,000 lower than in the September–November period. The number of persons employed in the domestic primary labour market decreased by 58,000, and the number of persons working at a site abroad decreased by 3,000, while the number of public workers increased by 14,000 compared to the same period of the previous year.

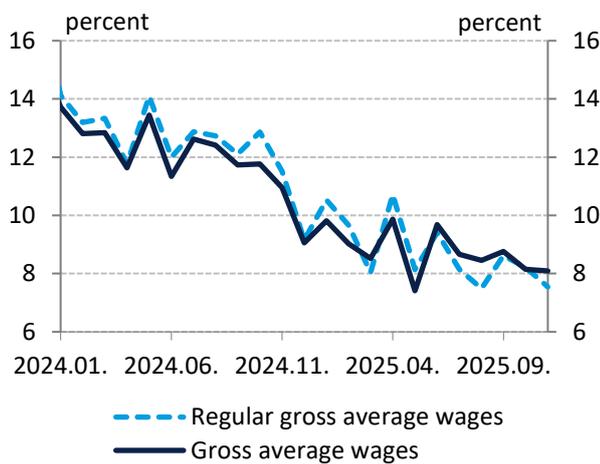
The average number of unemployed persons was 213,000, a decrease of 3,000 on an annual basis. The seasonally and calendar-adjusted level of unemployment stagnated compared to the September–November period. The unemployment rate was 4.4 percent, which is low both historically and internationally (Chart 4). According to data from the National Employment Service (NFSZ), the number of registered jobseekers was 224,000 in January, which represents a decrease of 6,000 on an annual basis.

Labour market tightness has eased in recent years (Chart 5). In 2025 Q3, the number of job vacancies in the private sector fell by 7 percent compared to the same period in the previous year, while seasonally adjusted data already show stagnation this year. There were 43,400 vacancies in the private sector in the third quarter.

1.3. Inflation and wages

In January 2026, consumer prices rose by 2.1 percent year-on-year. Core inflation moderated by 1.1 percentage points compared to the previous month, reaching 2.7 percent. The price change in January compared to the previous month was one of the smallest repricing adjustments at the beginning of the year in recent decades. In November, gross average earnings rose by 8.9 percent in the national economy and by 8.1 percent in the private sector compared to the same period last year. Real earnings increased by 5.0 percent in the national economy and by 4.2 percent in the private sector on an annual basis.

Chart 6: Wage dynamics in the private sector



Source: HCSO

1.3.1. Wages

In November 2025, gross average earnings in the national economy rose by 8.9 percent compared to the same period of the previous year, including an 8.1-percent increase in the private sector and a 10.7-percent increase in the public sector (Chart 6). The annual growth in gross average earnings in the private sector averaged 8.8 percent in the first eleven months of the year, compared to the wage growth of 12 percent in 2024. In November, real earnings calculated on the basis of gross average earnings increased by 5.0 percent in the national economy and by 4.2 percent in the private sector on an annual basis.

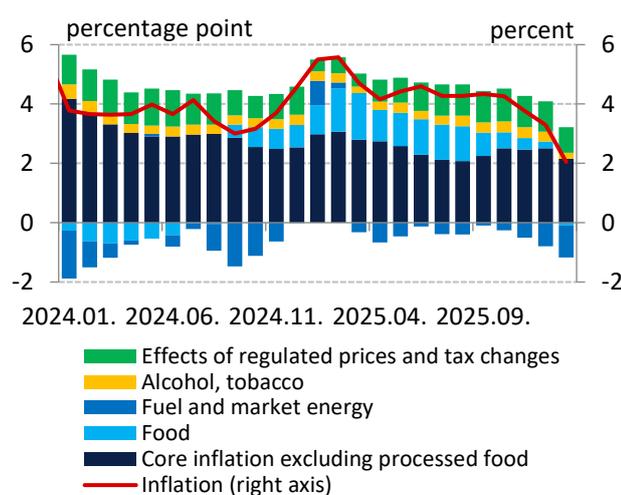
Regular gross average earnings (excluding bonuses) increased by 8.7 percent in the national economy in annual terms. Within this, the increase was 7.5 percent in the private sector and 10.4 percent in the public sector. Regular gross average earnings in the private sector decreased at a higher rate than the usual November seasonality on a monthly basis. Bonus payments in November amounted to 14.7 percent of regular gross average earnings in the private sector, which is similar to previous years.

1.3.2. Inflation developments

In January 2026, consumer prices rose by 2.1 percent year-on-year (Chart 7). Compared to the 3.3 percent measured in December, the annual rate of price increase decreased by 1.2 percentage points. Core inflation fell by 1.1 percentage points to 2.7 percent. Core inflation, excluding indirect taxes, fell to 2.6 percent. On a monthly basis, both the price of the total consumer basket and the core inflation basket rose by 0.3 percent.

Overall, the rate of price changes in January was above the average for the years 2017 to 2020 for market services and industrial goods but below it for food. The annual price index of market services moderated to 5.7 percent. The moderation was significantly supported by the exceptionally high repricing in January last year becoming the base. On a monthly basis, prices increased by 0.6 percent. The January repricing of this product group was mainly driven by increases in the prices of catering and healthcare services. Annual inflation for industrial goods remained unchanged at 2.5 percent, while prices in this

Chart 7: Decomposition of inflation



Source: MNB calculation based on HCSO data

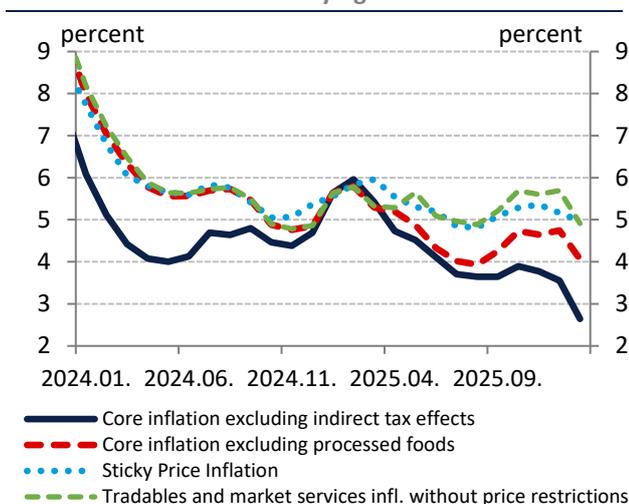
product group rose by 0.2 percent month-on-month. The price of durable industrial goods rose by 1.0 percent on a monthly basis, which was higher than in January last year, with the increase in the price of used passenger cars and furniture contributing to the greatest extent to this. Food inflation according to the MNB's classification amounted to -3.0 percent. Within this product group, unprocessed food prices fell by 1.8 percent, while processed food prices fell by 3.6 percent year-on-year. Food prices rose by 0.5 percent in a month-on-month comparison.

Fuel prices fell by 12.3 percent year-on-year. On a monthly basis, fuel prices fell by 1.5 percent. Annual inflation for regulated products and services fell to 6.3 percent, with piped gas falling to 12.8 percent on an annual basis.

Household inflation expectations remain stagnant. Corporate price expectations for retail sales prices and price expectations for services did not change significantly. Overall, price expectations in both sectors remained subdued in January.

Indicators capturing more persistent inflation trends, calculated on an annual basis, moderated. Inflation for sticky-price goods declined to 5.0 percent. Core inflation, calculated excluding processed foods, slowed to 4.1 percent, while inflation calculated excluding the price-reducing effect of price restrictions on industrial goods and market services slowed to 4.9 percent (Chart 8).

Chart 8: Measures of underlying inflation

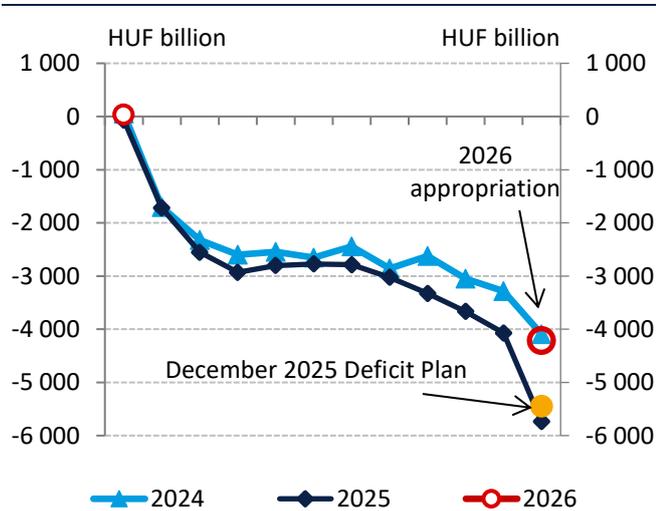


Source: MNB calculation based on HCSO data

1.4. Fiscal and external balance trends

In January, the central sub-sector of the general government closed with a surplus, which was more favourable than the balance in the first month of last year. Based on preliminary data, the current account surplus amounted to 1.3 percent of GDP in 2025.

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



Source: 2026 Budget Act, Hungarian State Treasury, Government Debt Management Agency

1.4.1. Fiscal trends

The central sub-sector of the general government closed January with a surplus of HUF 32 billion, which is more favourable than the previous year’s first-month deficit of HUF 68 billion. The January surplus was mainly due to higher EU revenues, an increase in tax and contribution revenues on labour, and lower net interest expenses this year. The GDMA’s public financing plan published in December last year contains a larger cash term deficit forecast of HUF 5,445 billion for 2026 than the statutory appropriation of HUF 4,219 billion (Chart 9).

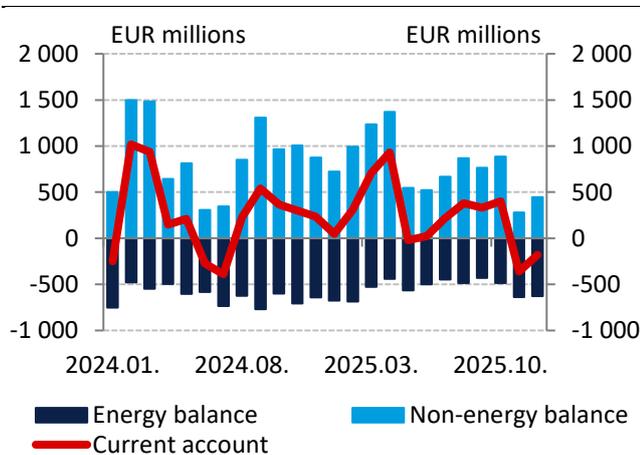
Central sub-sector revenues in January were HUF 516 billion higher than a year earlier, which can be attributed to higher EU revenues, an increase in taxes and contributions on labour, and higher consumption tax revenues. EU cash flow revenues in January were HUF 234 billion higher than in the first month of 2025, totalling HUF 243 billion. The high EU revenues were due to the receipt and settlement in January of the cohesion funds expected in December.

Budgetary expenditures in January exceeded the figure for the same period of the previous year by HUF 416 billion. The increase can be explained largely by the growth in expenditures of central budgetary institutions, which was primarily caused by the payment of service benefits for military and law enforcement personnel. Net interest expenditures fell significantly compared to the same period last year.

1.4.2. External balance developments

In 2025, based on preliminary monthly data, the current account showed a surplus of around EUR 2.8 billion, which corresponds to 1.3 percent of GDP. The December balance was EUR -181 million, which is EUR 415 million lower than a year earlier (Chart 10). The annual decline is mainly due to a EUR 326 million increase in the balance of goods deficit. The surplus on the services balance exceeded the previous year’s figure also in December, while the income balance and the transfer balance deficits were higher than in December of the previous year. Based on the financial account data, net external debt increased in December, parallel to a significant increase in net foreign direct investment.

Chart 10: Developments in current account and energy balance



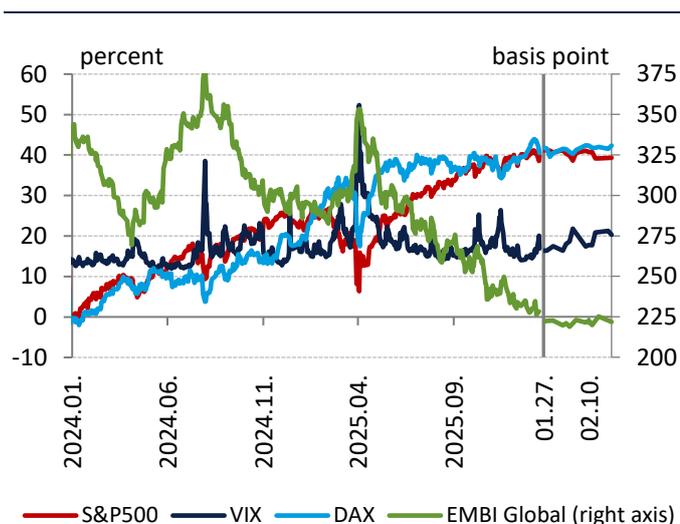
Note: The last monthly value of the energy balance is estimated.
Source: MNB, HCSO

2. Financial markets

2.1. International financial markets

In the period since the previous interest rate decision, the international financial market sentiment has continued to be determined by macroeconomic data, the expected development of the Federal Reserve's monetary policy and domestic political developments in Japan. The VIX index rose during the period, signalling increased risk, while emerging markets proved resilient, with the EMBI Global Index rising only moderately. Stock market indices were mixed, and long-term yields in developed markets moderated. Oil prices rose, while gas prices fell.

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 2024.

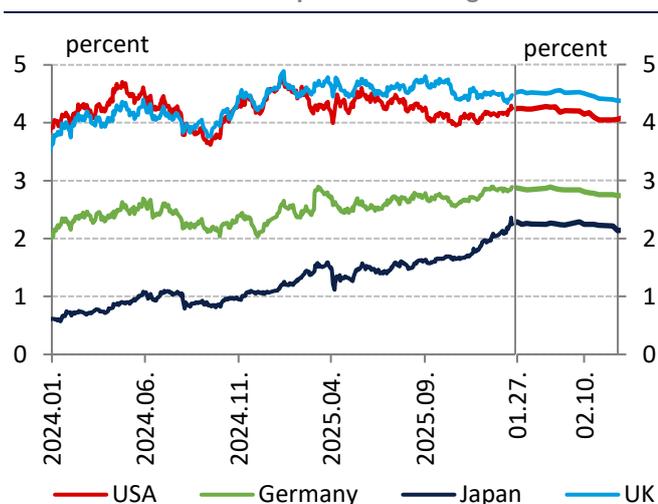
Source: Bloomberg

In the period since the previous interest rate decision, the international financial and capital market sentiment has continued to be determined by **international macroeconomic data**, the expected development of the Federal Reserve's monetary policy and domestic political developments in Japan. The VIX risk indicator rose above 20 percent during the period, while the EMBI Global Index, which tracks emerging markets, rose only moderately during the same period (Chart 11).

The major stock market indices showed mixed developments in the period. Japanese shares showed the largest increase, driven by political events in the country. By contrast, the major US and European stock indices generally moderated.

Long-term yields in developed markets generally declined (Chart 12). The US 10-year yield fell by 22 basis points to around 4 percent. Long-term yields in Europe and Asia also declined, albeit to a lesser extent than in the US. Long-term yields in emerging markets showed mixed results: Turkish and Brazilian 10-year yields rose, while yields in Hungary fell by 10–20 basis points.

Chart 12: Yields on developed market long-term bonds



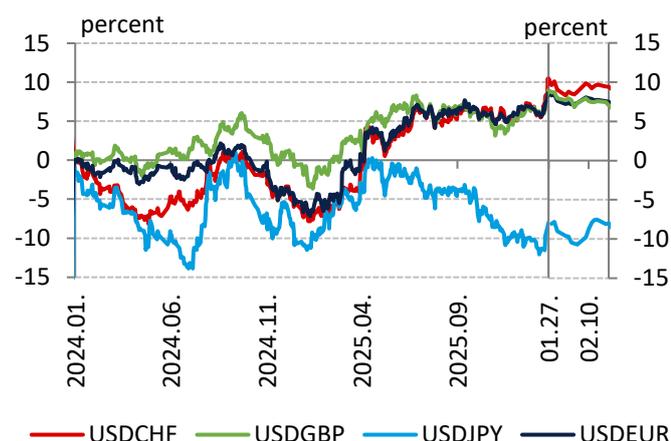
Source: Bloomberg

The US dollar has generally strengthened against major currencies since the previous interest rate decision (Chart 13). After the new Fed chair was announced, the dollar strengthened against the euro again after a long period of weakness. The dollar has also appreciated against the Japanese yen and Swiss franc, which are considered classic safe-haven currencies, since the previous interest rate decision.

The Bloomberg commodity price index, which covers the entire commodity market, decreased during the period (Chart 14). The price of gold corrected significantly at the end of January and then rose again in the first half of February, while the price of silver fell to levels close to those at the beginning of the year.

The price per barrel of North Sea **Brent crude oil** and the US benchmark WTI has risen by a total of around 1 percent since the previous interest rate decision, with Brent

Chart 13: Evolution of developed market foreign exchange rates compared to the first trading day of January 2024



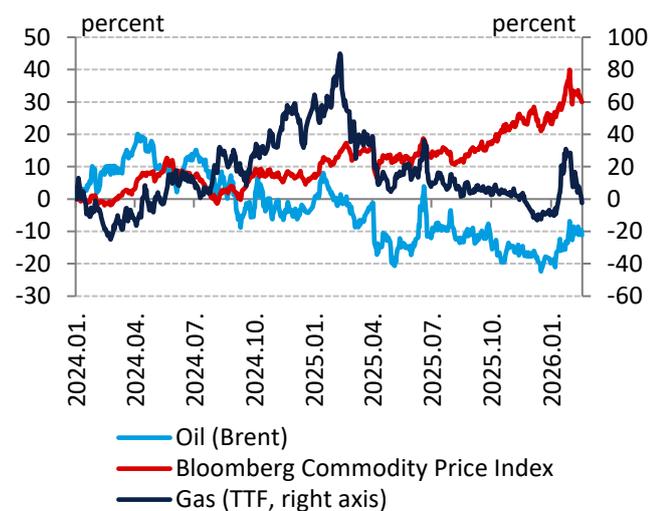
Note: Positive values indicate the strengthening of the variable (second) currency.

Source: Bloomberg

standing at USD 68/barrel and WTI at USD 63/barrel. The price of crude oil was driven primarily by supply-side risks arising from geopolitical conflicts.

European gas prices fell by nearly 22 percent. The Dutch TTF exchange price has fallen from around EUR 39/MWh since the previous interest rate decision to around EUR 30/MWh by the end of the period, mainly due to mild weather forecasts. However, due to the colder-than-usual weather in the past period, the fill rates of European gas storage facilities fell below the same period last year.

Chart 14: Global oil and gas prices and the Bloomberg Commodity Price Index



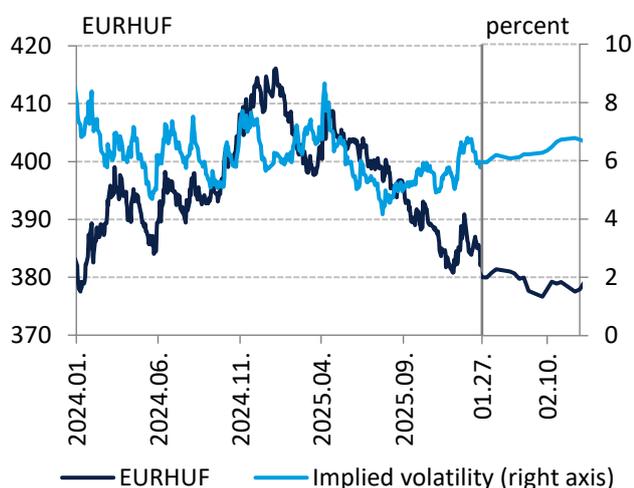
Note: The Bloomberg Composite Price Index includes energy, metals, agricultural products and live animals. The indicators are normalized to the beginning of January 2024.

Source: Bloomberg

2.2. Developments in domestic money market indicators

The forint has strengthened moderately since the previous interest rate decision. The government securities market's yield curve shifted downwards. GDMA bond auctions were characterised by strong demand. The 3-month BUBOR fell by 10 basis points during the period.

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



Source: Bloomberg

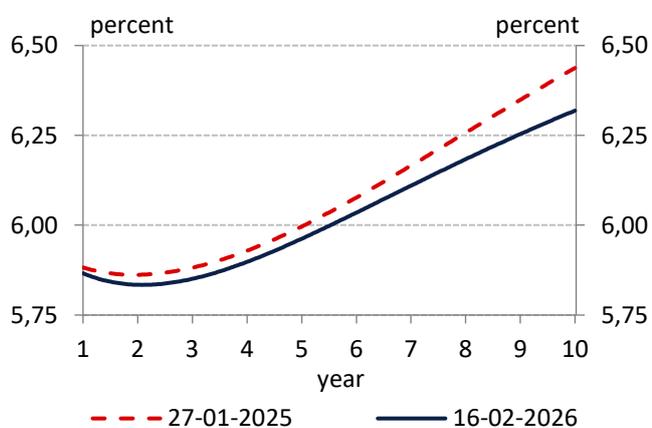
Since the previous interest rate decision, the forint has strengthened moderately against the euro (Chart 15). In the weeks following the interest rate decision, the forint traded in a range of 379–382 against the euro. The second half of the period saw greater volatility, with the domestic currency briefly strengthening to below 377. The forint closed the examined period at around 377.5.

The 3-month BUBOR, which is relevant for monetary transmission, decreased by 10 basis points since the previous interest rate decision, standing at 6.3 percent.

Yields on the government securities market moderated, with the entire yield curve shifting downward (Chart 16).

During the examined period, GDMA bond auctions were characterised by strong demand. The volume of bids submitted for discount treasury bill auctions and government bond auctions typically exceeded the amount offered in advance. In the case of GDMA bond auctions, it typically accepted larger volumes than those announced in advance.

Chart 16: Shifts in the spot government yield curve

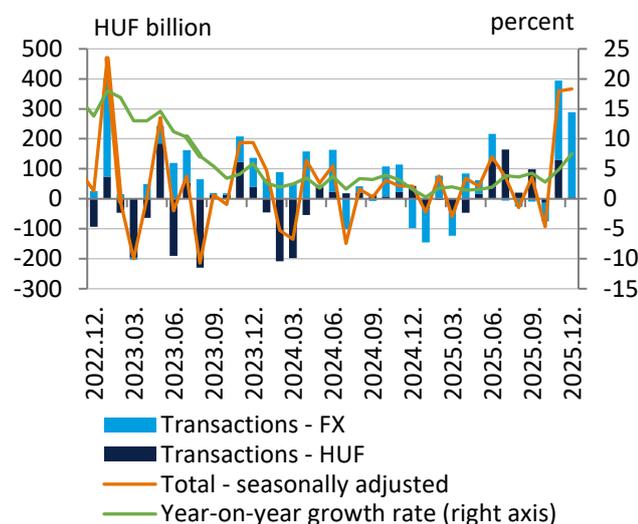


Source: Bloomberg

3. Trends in lending

The corporate loan portfolio grew significantly in December 2025, by HUF 289 billion, which meant that its annual growth rate accelerated significantly compared to November and stood at 7.5 percent. Household loans outstanding increased by HUF 259 billion in December as a result of transactions. This means that the annual growth rate of this portfolio accelerated compared to November, reaching 14.7 percent.

Chart 17: Net borrowing by non-financial corporations



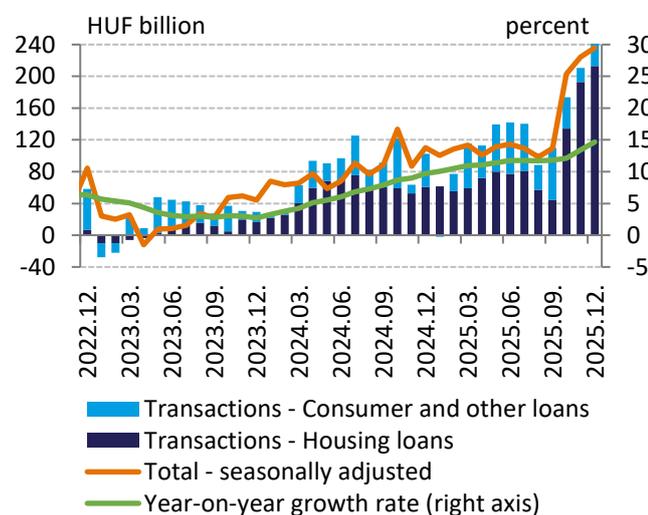
Source: MNB

The corporate loan portfolio grew significantly in December 2025, by HUF 289 billion. Within this, forint loans increased by HUF 4 billion and foreign currency loans by HUF 285 billion. **The annual growth rate of the corporate loan portfolio accelerated significantly** compared to November and stood at 7.5 percent (Chart 17). Credit institutions concluded new non-overdraft loan contracts worth HUF 789 billion during the month, which was HUF 461 billion more than in the previous month. The significant increase was mainly due to large individual transactions (contract amounts exceeding HUF 5 billion).

Household loans outstanding increased by HUF 259 billion in December as a result of transactions. Within this, the portfolio of forint-denominated housing loans grew significantly, by HUF 213 billion. **This means that the annual growth rate of this portfolio accelerated** compared to November, **reaching 14.7 percent** (Chart 18). The volume of new household loan contracts amounted to HUF 464 billion, which was significantly higher, by 98 percent, than the figure recorded in the same period of the previous year. The substantial expansion of household loans outstanding was largely supported by the Home Start Programme launched in September, under which 5,454 contracts worth HUF 194 billion were concluded in December. Interest-subsidised housing loans accounted for 80 percent of new monthly housing loan disbursements during the month.

The smoothed interest rate spread on corporate forint loans rose by 7 basis points compared to the previous month, reaching 1.88 percentage points in December. In the case of housing loans, the spread on fixed-interest-rate products with a maturity of over five years further decreased, standing at 4 basis points at the end of the examined period.

Chart 18: Net borrowing by households



Source: MNB