MINUTES
OF THE MONETARY COUNCIL MEETING
23 SEPTEMBER 2025

Time of publication: 2 p.m. on 8 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 interest rates. Abridged minutes of the Council's rate-setting meetings are released regularly, before the next policy meeting takes place. The minutes present the decision makers' assessment of current economic conditions and the factors they consider when deciding on the base rate. Until December 2013, the Monetary Council presented the information underlying its assessments as part of the abridged minutes. In order to provide more detailed information, background materials will henceforth appear as a separate publication with enhanced content under the title 'Macroeconomic and financial market developments', at the same time as the abridged minutes.

The minutes are available on the MNB's website at:
http://www.mnb.hu/en/monetary-policy/the-monetary-council/minutes

THE COUNCIL'S ASSESSMENT AND INTEREST RATE DECISION

The primary objective of the Magyar Nemzeti Bank (MNB) is to achieve and maintain price stability. Without prejudice to its primary objective, the Magyar Nemzeti Bank preserves financial stability and supports the Government's economic policy, as well as its policy on environmental sustainability.

Following the review of macroeconomic and financial market developments as well as the September Inflation Report projection, the Monetary Council discussed the details of the monetary policy decision proposal. In the decision makers' assessment, the global economic environment remained uncertain. Certain members pointed out that in this environment, long-term yields, primarily those over 10 years, had remained at a historically high level in developed markets.

Regarding the external interest rate environment, several decision makers highlighted the Federal Reserve's interest rate cut in September. They also noted that the labour market side of the Bank's dual mandate had been given a greater emphasis than before. However, several Council members remarked that in contrast, the European Central Bank had left its policy rates unchanged in September, and pricings did not indicate further interest rate cuts for this year.

When assessing domestic inflation developments, certain decision makers pointed out that even though the consumer price index had fallen in the previous months compared to the levels at the beginning of the year, underlying developments remained strong. Several members emphasised that strong repricings could still be observed in the range of products falling outside the scope of the mandatory and the voluntary price restriction measures. Therefore, when assessing inflation indicators, a cautious approach was warranted due to the effect of price restriction measures. Many decision makers stressed that the inflation expectations of households remained at a high level, even if they had decreased slightly.

In the context of the September Inflation Report projection, certain Council members noted that compared to the June forecast, on an annual average, the consumer price index may be slightly lower this year. According to current forecast, the rate of price increases may decline persistently to the tolerance band in early 2026 and reach the 3 percent inflation target in early 2027. Several Council members emphasised that in the baseline scenario, price stability could be achieved in a sustainable manner by ensuring tight monetary conditions.

Regarding real economic developments, certain Council members remarked that the domestic GDP in 2025 may grow somewhat slower than the June forecast. This is primarily explained by the subdued agricultural performance due to drought. It was noted at the meeting that looking ahead, strong consumption dynamics would remain an important factor of growth. Moreover, certain decision makers highlighted that in terms of domestic growth outlook, the development of the European economy was also a determining element. According to the Bank's current assessment, the GDP of Hungary may increase in the upcoming years at the same pace as in the June forecast.

Several decision makers considered it as a favourable development that after the deficits recorded in the previous months, the current account balance turned into a surplus again in July. This was primarily due to the improvement of the trade balance. According to the Council members, looking ahead, it was necessary to closely monitor external balance and budgetary developments.

Council members agreed that the baseline scenario in the September projection was surrounded by mostly upside risks to inflation and downside risks to growth. Out of the three alternative scenarios highlighted by the Monetary Council, several decision makers emphasised the risks related to energy supply in the alternative scenario that assumes escalating geopolitical tensions. Certain Council members highlighted that the commodity-importing Hungarian economy was exposed to international developments from a supply security perspective. According to the decision makers' assessment, the continuous monitoring of the related inflationary and real economic risks was warranted.

Certain Council members remarked that the exchange rate channel was of particular importance in domestic monetary policy transmission. It was noted at the meeting that the inflation-reducing effects of the strengthening forint were increasingly seen in manufacturing producer prices and import prices. Moreover, certain decision makers emphasised that looking ahead, the development of the exchange rate may be decisive in the case of corporate repricings and Hungary's risk assessment. According to the Council members, financial market stability was of key importance for achieving the inflation target.

In the context of the September decision, the Monetary Council discussed one option for decision, i.e. leaving the base rate unchanged. In line with its stability-oriented approach, the Council decided unanimously to leave the base rate unchanged at its September meeting. In the Council members' view, the Bank can still make the most effective contribution to sustainable economic growth by achieving price stability and maintaining financial market stability.

In the decision makers' assessment, changing the forward guidance was not warranted. The Council agreed that in the current changing environment, a careful and patient approach to monetary policy remained necessary. In the Council members' assessment, maintaining tight monetary conditions was warranted.

Votes cast by individual members of the Council:

In favour of maintaining the base rate at 6.50 percent, maintaining the overnight collateralised lending rate at 7.50 percent and maintaining the interest rate on the overnight central bank deposit at 5.50 percent:	11	Éva Búza, József Dancsó, Péter Gottfried, Csaba Kandrács, Kolos Kardkovács, Zoltán Kovács, Zoltán Kurali, Andrea Mager, Dániel Palotai, Mihály Varga, Barnabás Virág

The following members of the Council were present at the meeting:

Éva Búza

József Dancsó

Péter Gottfried

Csaba Kandrács

Kolos Kardkovács

Zoltán Kovács

Zoltán Kurali

Andrea Mager

Dániel Palotai

Mihály Varga

Barnabás Virág

The Council will hold its next policy meeting on 21 October 2025. The minutes of that meeting will be published at 2 p.m. on 5 November 2025.