MINUTES
OF THE MONETARY COUNCIL MEETING
21 JULY 2026

Time of publication: 2 p.m. on 5 August 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 interest rates. Abridged minutes of the Council's rate-setting meetings are released regularly, before the next policy meeting takes place. From May 2026 onwards, the minutes of the Monetary Council meetings are divided into two parts. The first part presents the Monetary Council's assessments and the considerations behind their decision. The second part contains several pieces of background information related to the macroeconomy and financial markets in the form of charts; these served as the basis for the decision makers' assessment.

The minutes are available on the MNB's website at:
https://www.mnb.hu/en/monetary-policy/the-monetary-council/minutes/2026

1. 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, the Monetary Council discussed the details of the interest rate decision proposal. Decision makers agreed that international financial markets were characterised by significant uncertainty. Several Council members called attention to the fact that parallel with the renewed escalation of the conflict between the USA and Iran, international investor sentiment declined, and energy prices rose.

In the Council’s assessment, the lower risk premium on domestic assets had persisted. The decision makers stressed that even though the forint depreciated in parallel with the increase in energy prices, domestic financial markets were still characterised by relative stability. However, Council members called attention to the fact that they were constantly assessing developments in the external environment which may influence the risk assessment.

Regarding inflation developments and the inflation outlook, the Council found that overall, they turned out more favourably than the baseline scenario projected in June. Certain decision makers remarked that the rate of price increases remained below the lower bound of the tolerance band, while others pointed out that inflation was below the MNB’s June forecast. Several members stressed that households’ inflation expectations had declined since the beginning of the year.

The Council agreed that the inflation outlook and the persistence of the lower risk premium on domestic assets preserved the Monetary Council’s room to manoeuvre. Moreover, certain members pointed out that domestic real interest rates were still considered relatively high among emerging markets. Overall, in the decision makers’ assessment, it was possible to continue the series of three interest rate cuts announced in June. Several Council members highlighted that the step was in line with a predictable monetary policy approach.

In the context of the July decision, the Monetary Council discussed one option for decision, i.e. reducing the base rate by 25 basis points to 5.75 percent, which all present Council members were in favour of.

The members of the Monetary Council were constantly assessing the inflation outlook, global developments, and Hungary's risk premium. The decision makers agreed that if favourable developments persisted, in addition to maintaining positive real interest rates, the Monetary Council had room to further decrease the base rate throughout the summer. A decision regarding the continuation thereof would be made based on the September Inflation Report.

Votes cast by individual members of the Council:

In favour of reducing the base rate to 5.75 percent, reducing the overnight collateralised lending rate to 6.75 percent and reducing the interest rate on the overnight central bank deposit to 4.75 percent:	9	Péter Benő Banai, József Dancsó, Péter Gottfried, Kolos Kardkovács, Zoltán Kovács, Zoltán Kurali, Andrea Mager, Dániel Palotai, Mihály Varga

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

Péter Benő Banai

József Dancsó

Péter Gottfried

Kolos Kardkovács

Zoltán Kovács

Zoltán Kurali

Andrea Mager

Dániel Palotai

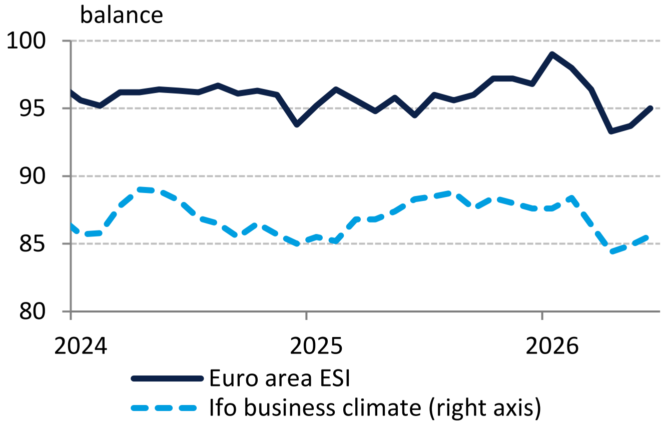
Mihály Varga

The Monetary Council will hold its next policy meeting on 25 August 2026. The minutes of that meeting will be published at 2 p.m. on 9 September 2026.

2. MACROECONOMIC AND FINANCIAL MARKET DEVELOPMENTS

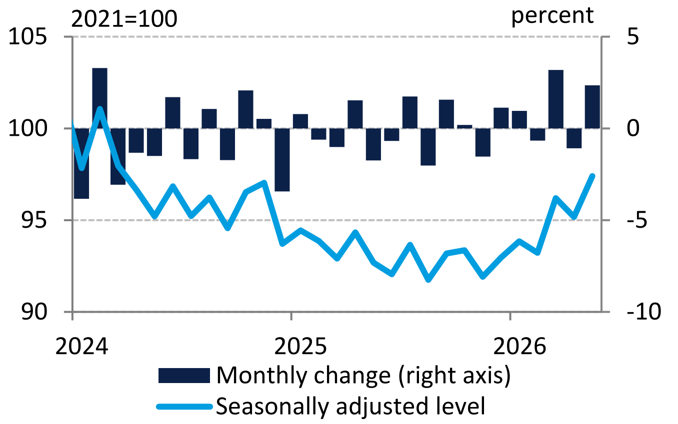
Macroeconomic developments

Chart 1: Business climate in Hungary's export markets



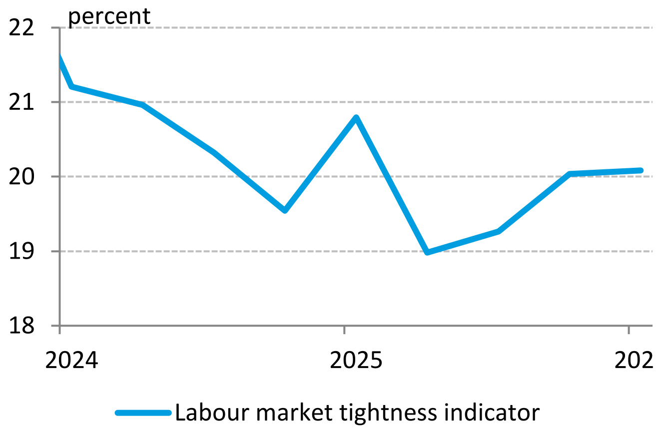
Source: European Commission, Ifo

Chart 2: Domestic industrial production



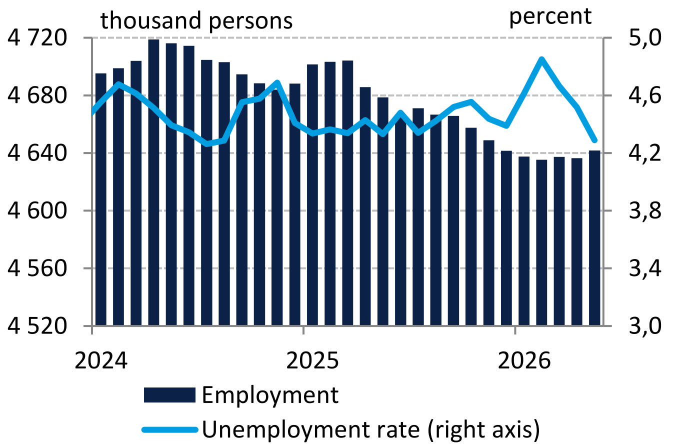
Source: HCSO

Chart 3: Labour market tightness



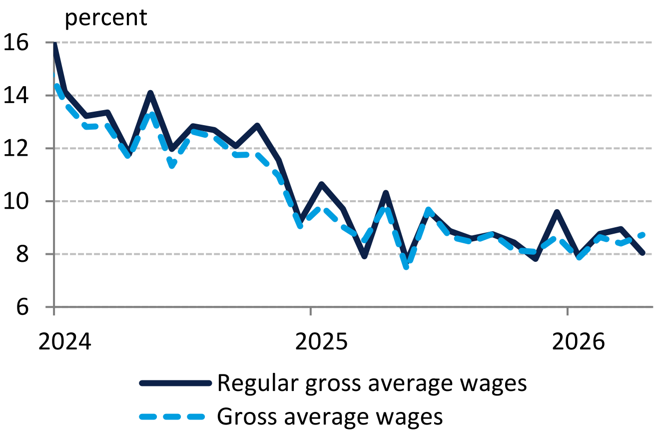
Note: The number of vacancies in the private sector as a percentage of the unemployed. Seasonally adjusted quarterly data. Source: HCSO, MNB calculation

Chart 4: Employment and the unemployment rate



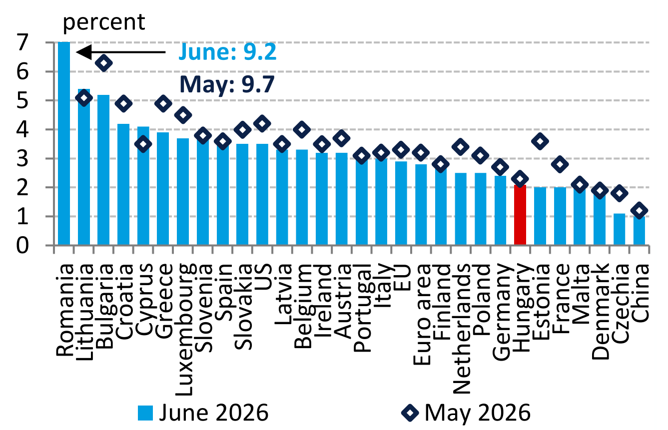
Note: Data based on the HCSO's 3-month moving average methodology. In the case of employment, seasonally and calendar adjusted data. Source: HCSO, MNB

Chart 5: Wage dynamics in the private sector



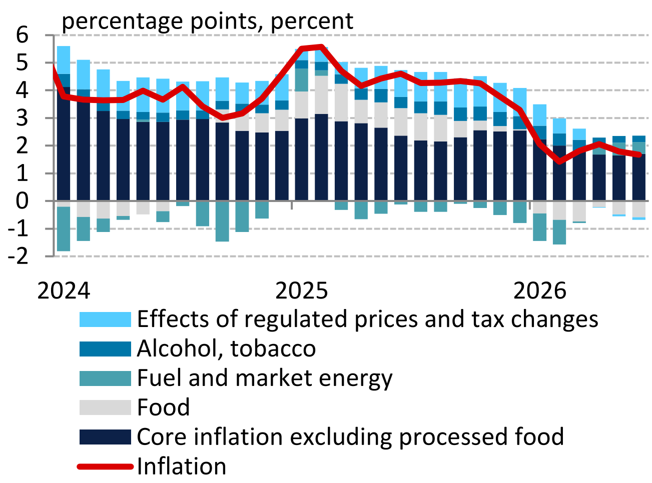
Source: HCSO

Chart 6: International inflation environment



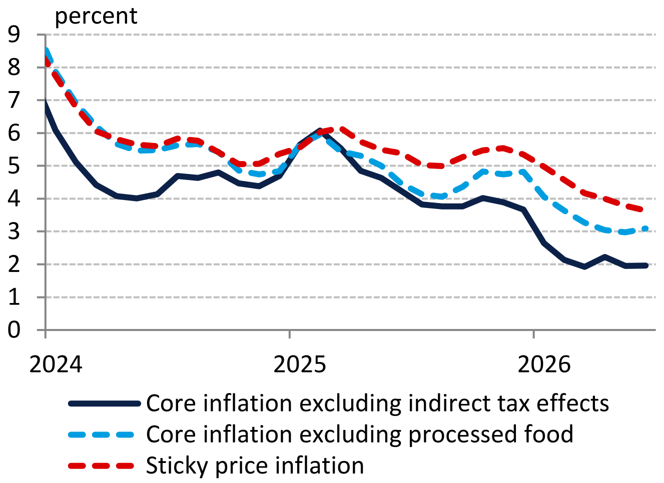
Note: HICP data for EU member states, national CPI data for China and the US.
Source: Eurostat, Trading Economics, HCSO

Chart 7: Decomposition of inflation



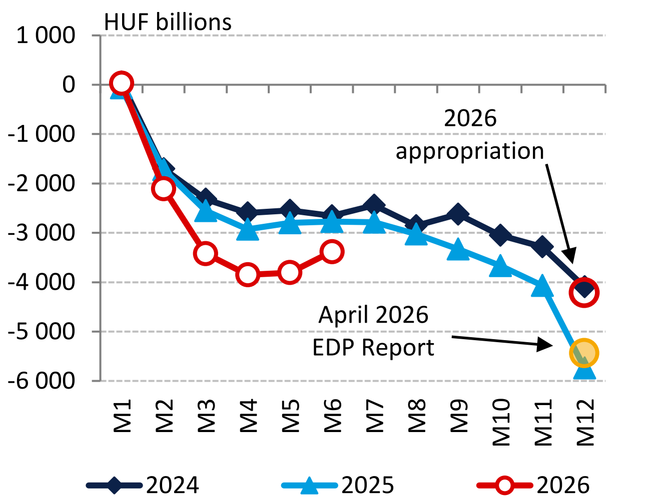
Source: MNB calculation based on HCSO data

Chart 8: Measures of underlying inflation



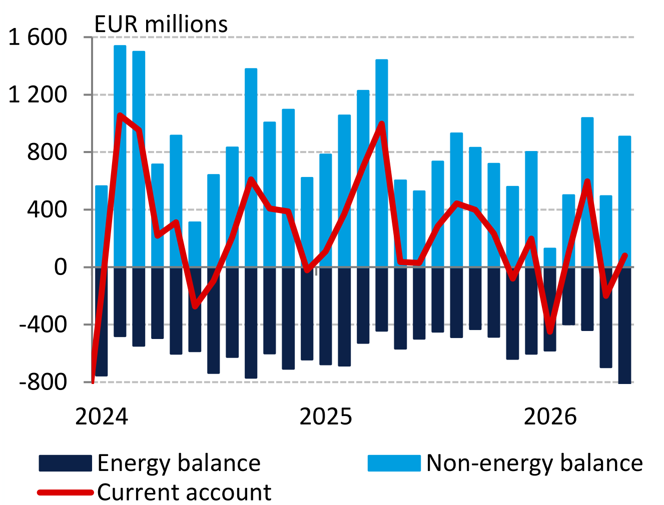
Source: MNB calculation based on HCSO data

Chart 9: Year-to-date cumulative cash balance



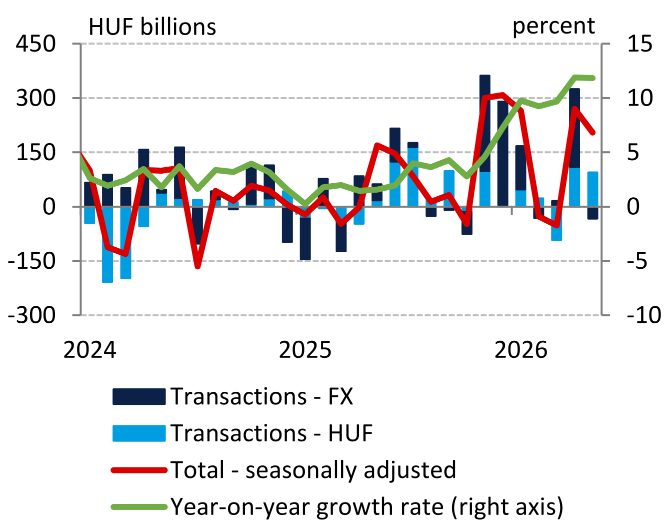
Source: 2026 Budget Act, Hungarian State Treasury, April 2026 EDP Report

Chart 10: Current account and energy balance



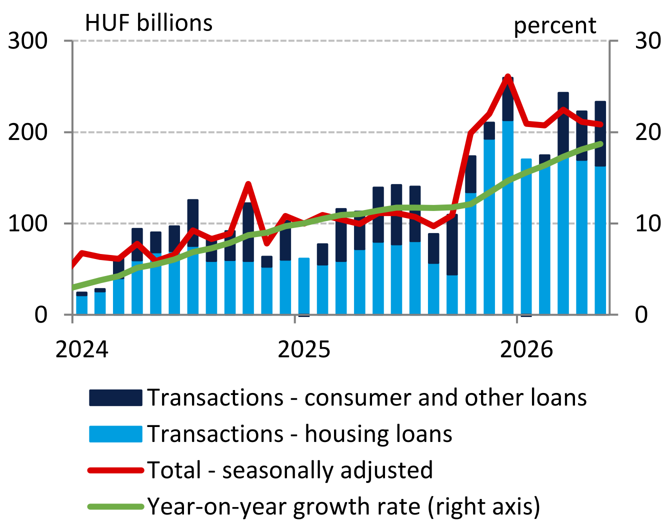
Note: The last monthly value of the energy balance is estimated. Source: MNB, HCSO

Chart 11: Net borrowing by non-financial corporations



Source: MNB

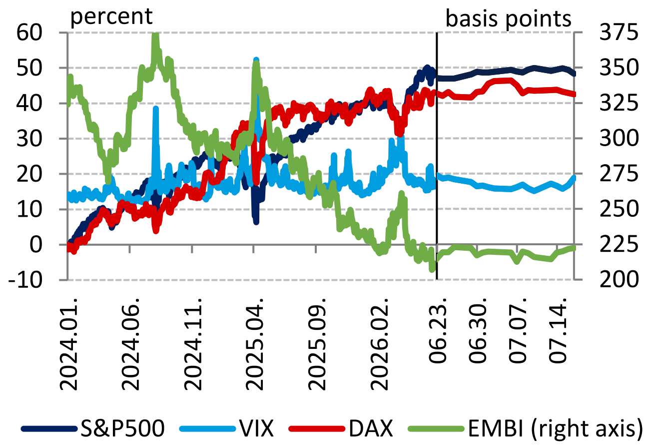
Chart 12: Net borrowing by households



Source: MNB

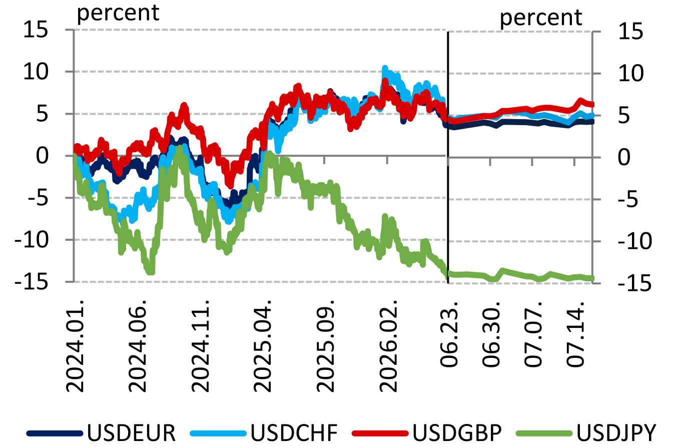
Financial market developments

Chart 13: Stock indices and risk indicators



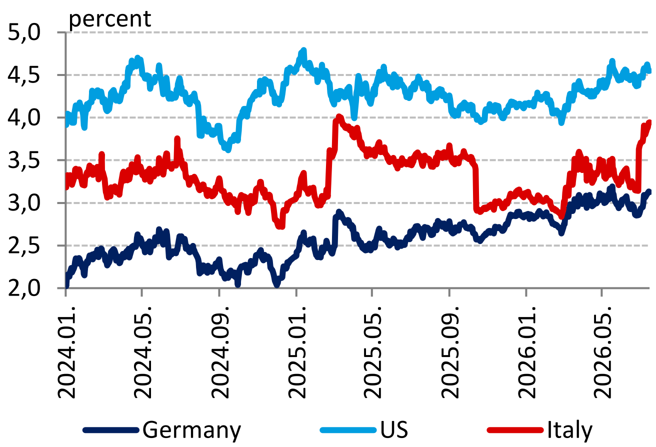
Note: Stock indices (S&P500 and DAX) normalised to the beginning of 2024. Source: Bloomberg

Chart 14: Developed market foreign exchange rates



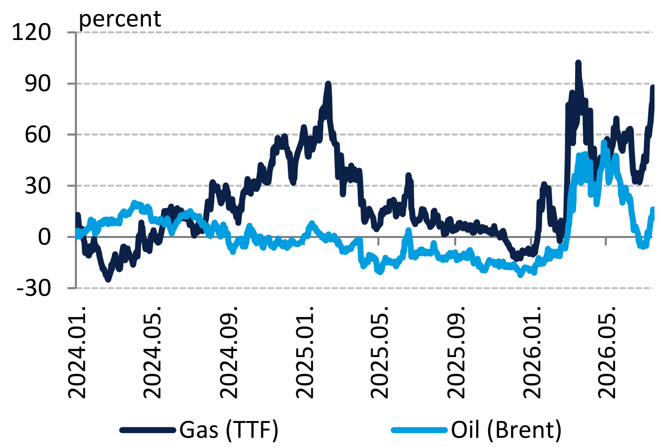
Note: Positive values indicate the appreciation of the variable (second) currency. Source: Bloomberg

Chart 15: 10-year zero-coupon government bond yields



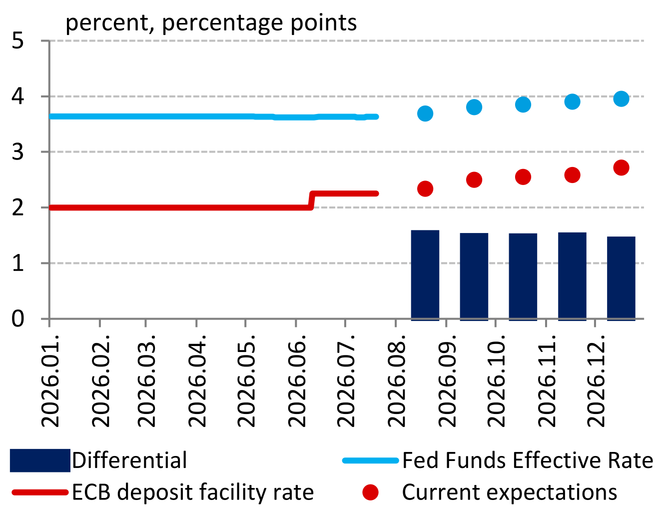
Source: Bloomberg

Chart 16: Global energy prices



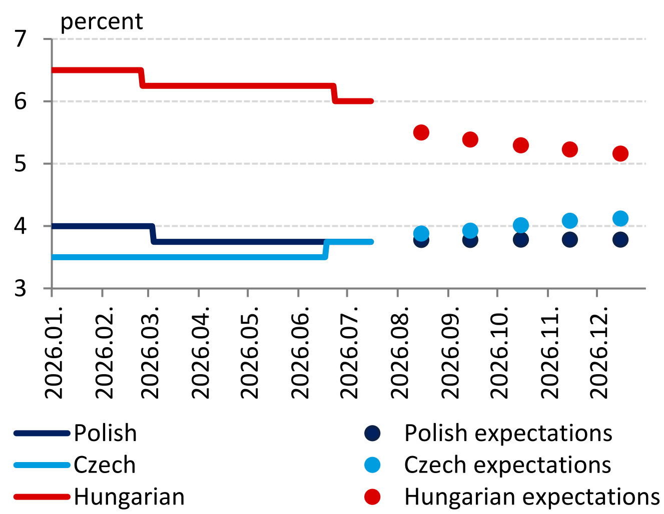
Note: The indicators are normalised to the beginning of January 2024. Source: Bloomberg

Chart 17: Market pricing for the Fed and ECB interest rates



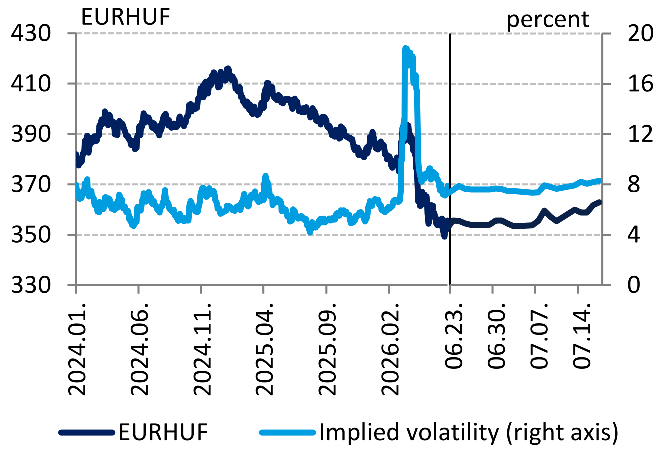
Source: Bloomberg

Chart 18: Market pricing for regional interest rates



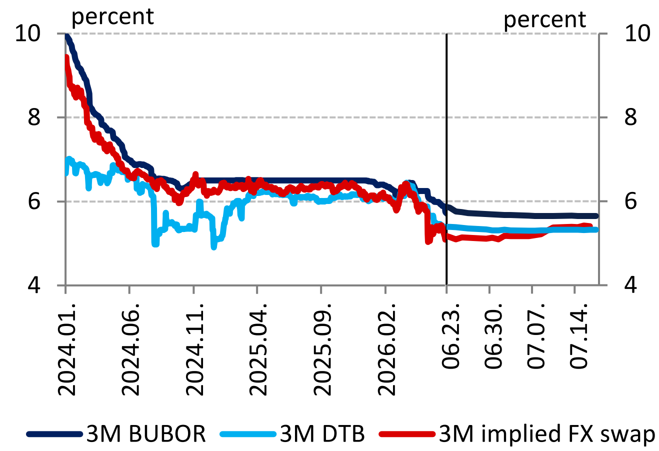
Note: Based on forward pricing. Source: Bloomberg

Chart 19: EUR/HUF exchange rate and implied volatility



Source: Bloomberg

Chart 20: 3-month forint yields



Source: MNB, Reuters