



**MINUTES  
OF THE MONETARY COUNCIL MEETING  
23 JUNE 2026**

Time of publication: 2 p.m. on 8 July 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 MNB 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 June Inflation Report projection, the Monetary Council discussed the details of the interest rate decision proposal. The decision makers agreed that uncertainty had decreased in several areas since the May interest rate decision. The United States and Iran agreed on a 60-day ceasefire, followed by a significant decline in global oil and gas prices. Credit rating agencies did not change Hungary's debt rating during their reviews. Moreover, the Government and the European Commission reached a political agreement regarding EU funds. The Council highlighted that Hungary's favourable risk assessment remained unchanged.

Regarding inflation developments, several Council members noted that the rate of price increases was below the central bank's tolerance band in May; as such, it was the third lowest in the European Union. Certain decision makers highlighted that household inflation expectations had declined. However, the persistence thereof needed to be ascertained.

The Council noted that the inflation outlook had improved significantly. For the rest of this year and next year, inflation was expected to remain below the central bank's target. The decision makers agreed that the downward shift in inflation path compared to the March forecast was induced by the strengthening of the exchange rate and declining energy and food prices. They stressed that even the immediate withdrawal of price margin caps would not endanger price stability. In the Council's assessment, the baseline scenario in the June projection was surrounded by balanced inflation risks and upside risks to growth.

The decision makers agreed that the substantially improving inflation outlook, the lower risk premium on domestic assets, as well as the global risk environment becoming more favourable due to the easing of geopolitical tensions had given monetary policymakers substantially more room to manoeuvre. In the Council's June assessment, there would be an opportunity to implement a series of steps consisting of three 25-basis-point interest rate cuts during the summer months, after which the September Inflation Report would provide guidance regarding the interest rate path. They remarked that the pace of the 25-basis-point reduction was in line with the

Monetary Council's careful, data-driven approach applied so far. Certain Council members pointed out that the announcement of the series of steps increased the predictability of monetary policy. In the Council members' assessment, with the gradual reduction of the base rate and the favourable inflation outlook, the real interest rate, which was high in an international comparison, would be maintained looking ahead.

The decision makers called attention to the fact that it was necessary to assess risks on an ongoing basis, with special regard to the expected rise in the external interest rate environment and the limited duration of the ceasefire agreement in Iran. Regarding domestic factors, they highlighted that the actual amount of EU funds to be released and the future fiscal path were not yet known. Moreover, the presentation of the government's plans for the adoption of the euro was expected at a later date.

In the context of the June decision, the Monetary Council discussed one single option for decision, i.e. reducing the base rate by 25 basis points to 6.00 percent, which ten Council members supported. However, one decision maker proposed to reduce the base rate by 50 basis points, which he also voted for. An argument in favour of this larger increment was that the room for the Monetary Council to manoeuvre had expanded to such an extent that a 50-basis-point base rate reduction would have been possible.

The members of the Monetary Council agreed that the policy leeway emerged in June was the result of the careful and patient monetary policy approach of the past nearly one and a half year, in addition to favourable developments. The decision makers reaffirmed their commitment to achieving the inflation target in a sustainable manner and indicated that they were constantly assessing the inflation outlook, global developments, and Hungary's risk premium. They remarked that maintaining the stability of domestic financial markets, especially that of the foreign exchange market, was crucial in anchoring inflation expectations and thus achieving price stability.

Finally, the Council reaffirmed that if favourable developments persisted, while maintaining a positive real interest rate, monetary policy had room to cut interest rates 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:**

<b>In favour of reducing the base rate to 6.00 percent, reducing the overnight collateralised lending rate to 7.00 percent and reducing the interest rate on the overnight central bank deposit to 5.00 percent:</b>	10	Péter Benő Banai, Éva Búza, József Dancsó, Péter Gottfried, Kolos Kardkovács, Zoltán Kurali, Andrea Mager, Dániel Palotai, Levente Sipos-Tompa, Mihály Varga
<b>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:</b>	1	Zoltán Kovács

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

Péter Benő Banai

Éva Búza

József Dancsó

Péter Gottfried

Kolos Kardkovács

Zoltán Kovács

Zoltán Kurali

Andrea Mager

Dániel Palotai

Levente Sipos-Tompa

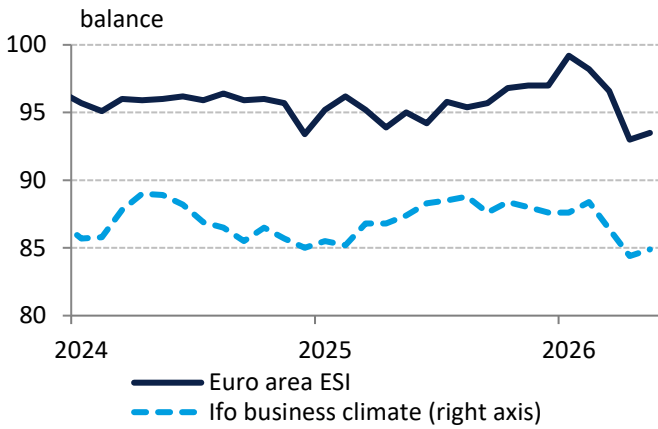
Mihály Varga

**The Monetary Council will hold its next policy meeting on 21 July 2026. The minutes of that meeting will be published at 2 p.m. on 5 August 2026.**

## 2. MACROECONOMIC AND FINANCIAL MARKET DEVELOPMENTS

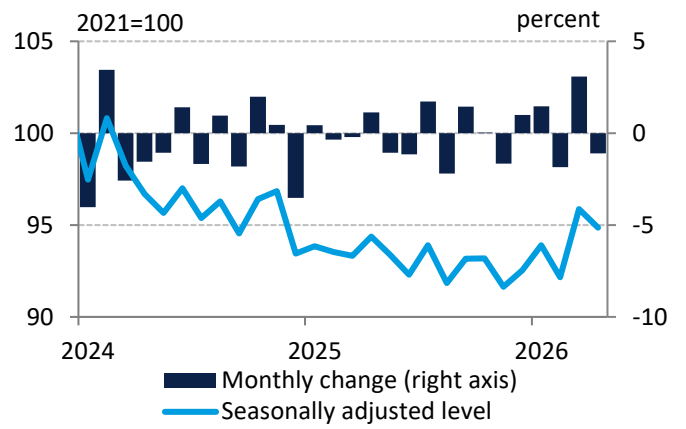
### Macroeconomic developments

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



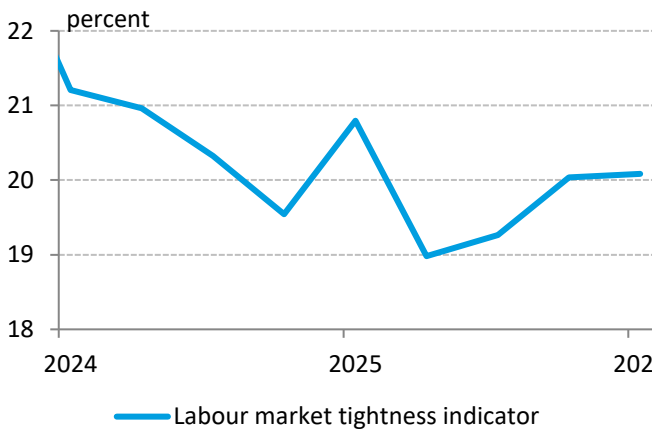
Source: European Commission, Ifo

**Chart 2: Domestic industrial production**



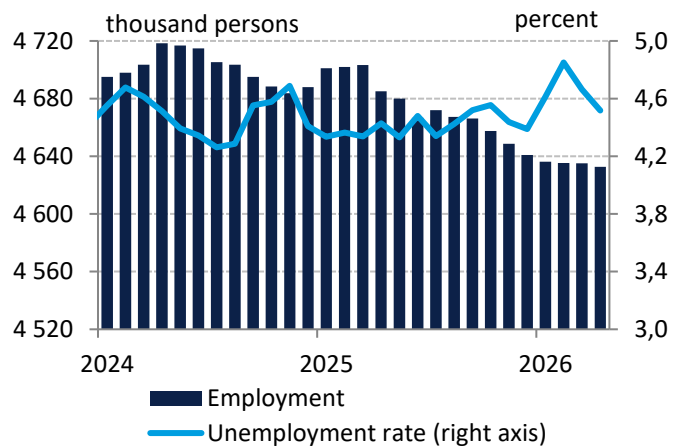
Source: HCSO

**Chart 3: Labour market tightness**



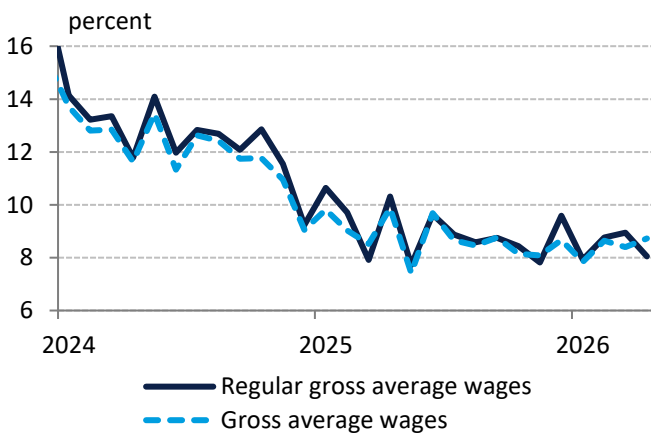
Note: The number of vacancies in the private sector as a percentage of the unemployed. Seasonally adjusted quarterly data. Source: HCSO, MNB calculation

**Chart 4: Employment and the unemployment rate**



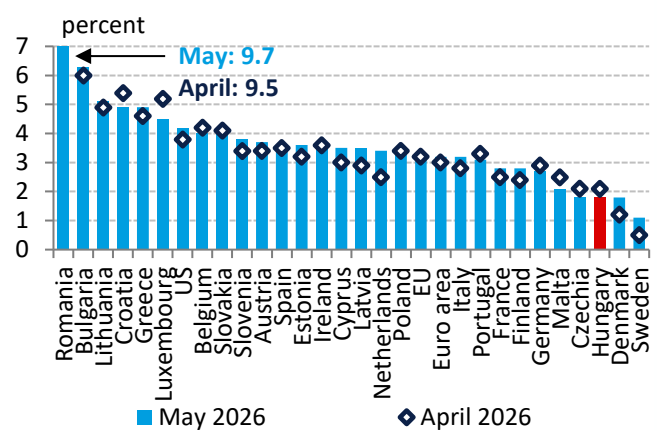
Note: Data based on the HCSO's 3-month moving average methodology. In the case of employment, seasonally and calendar adjusted data. Source: HCSO, MNB

**Chart 5: Wage dynamics in the private sector**



Source: HCSO

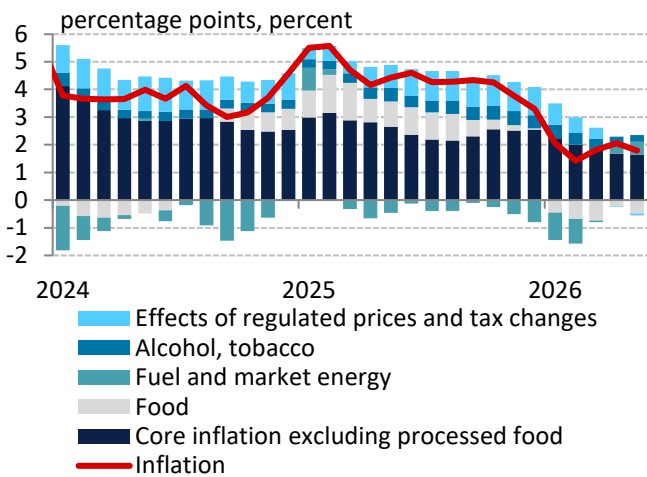
**Chart 6: International inflation environment**



Note: HICP data for EU member states, national CPI data for Hungary and the US.

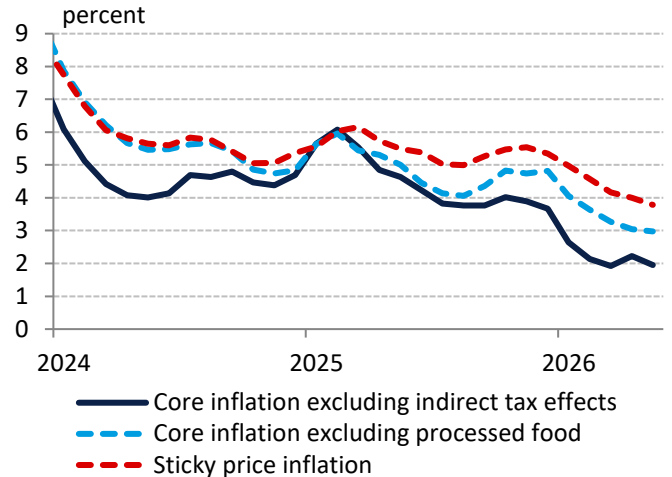
Source: Eurostat, Trading Economics, HCSO

**Chart 7: Decomposition of inflation**



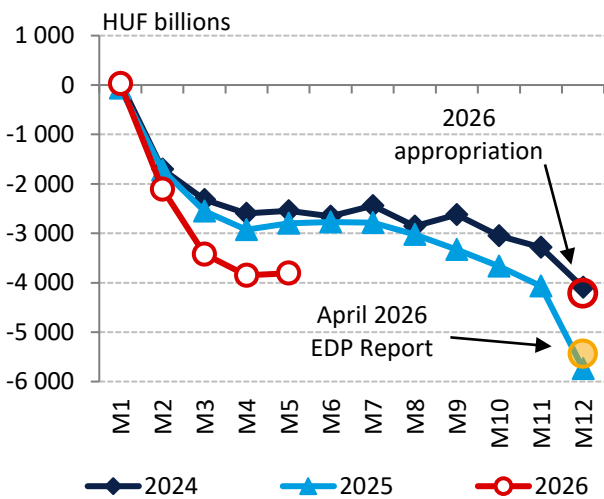
Source: MNB calculation based on HCSO data

**Chart 8: Measures of underlying inflation**



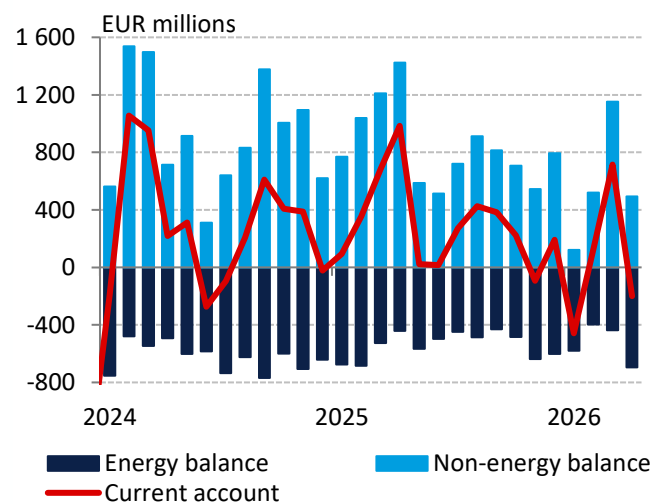
Source: MNB calculation based on HCSO data

**Chart 9: Year-to-date cumulative cash balance**



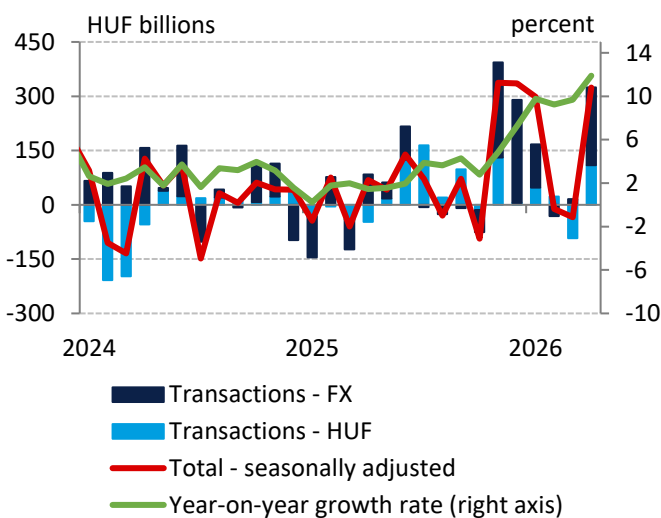
Source: 2026 Budget Act, Hungarian State Treasury, April 2026 EDP Report

**Chart 10: Current account and energy balance**



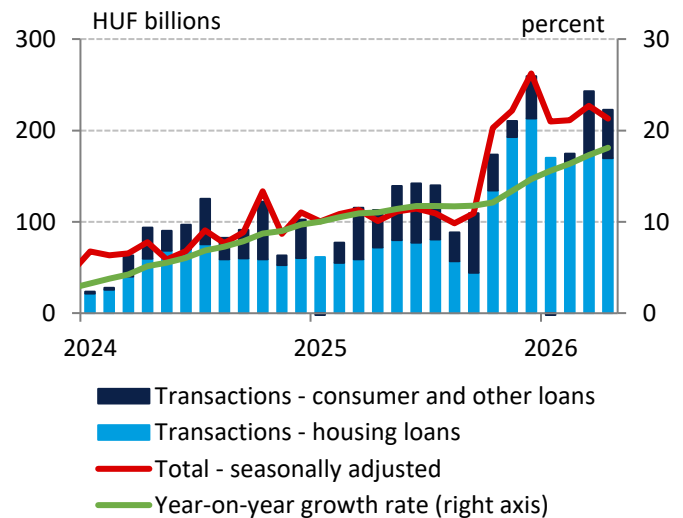
Note: The last monthly value of the energy balance is estimated. Source: MNB, HCSO

**Chart 11: Net borrowing by non-financial corporations**



Source: MNB

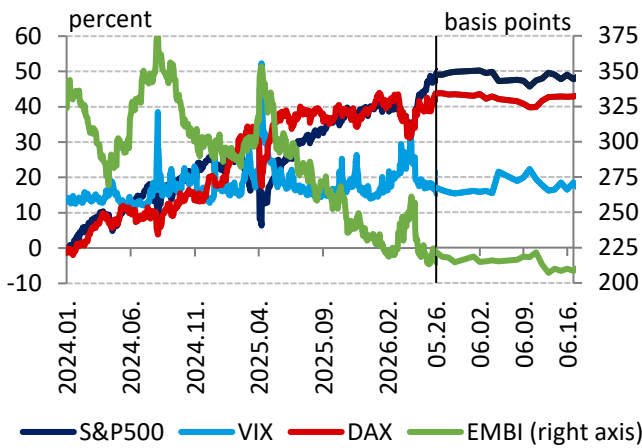
**Chart 12: Net borrowing by households**



Source: MNB

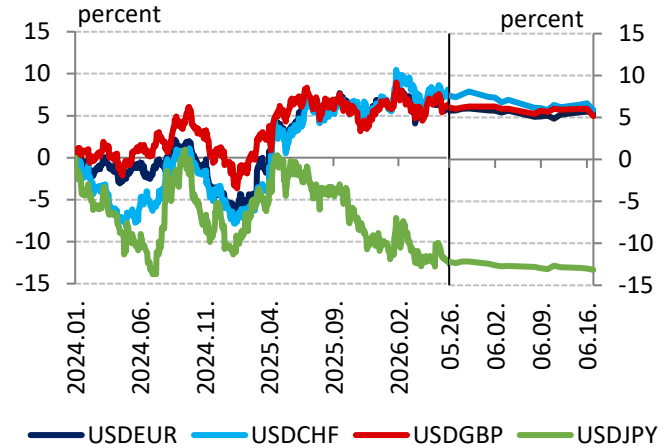
## Financial market developments

**Chart 13: Stock indices and risk indicators**



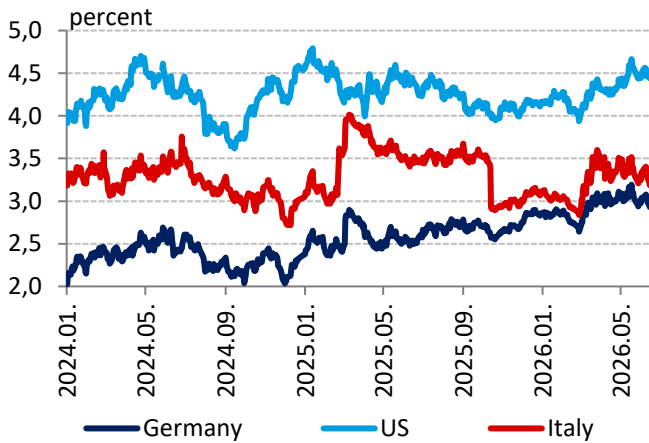
Note: Stock indices (S&P500 and DAX) normalised to the beginning of 2024. Source: Bloomberg

**Chart 14: Developed market foreign exchange rates**



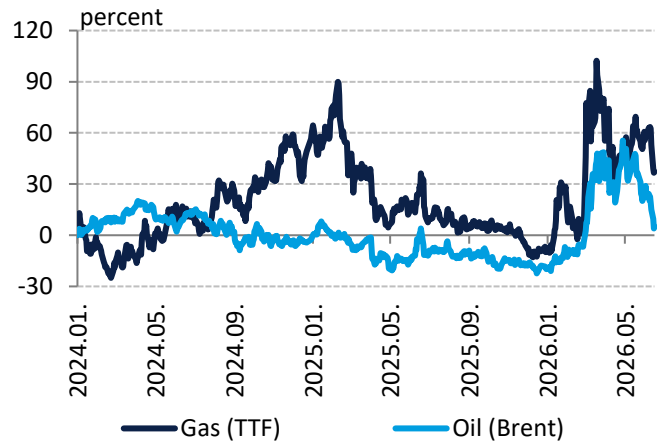
Note: Positive values indicate the appreciation of the variable (second) currency. Source: Bloomberg

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



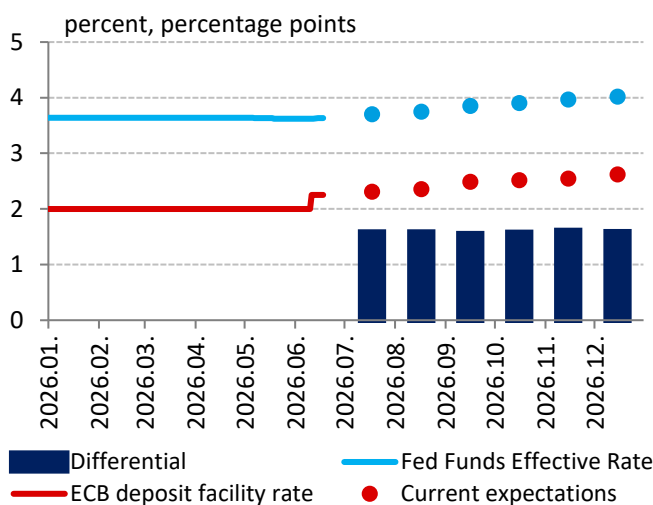
Source: Bloomberg

**Chart 16: Global energy prices**



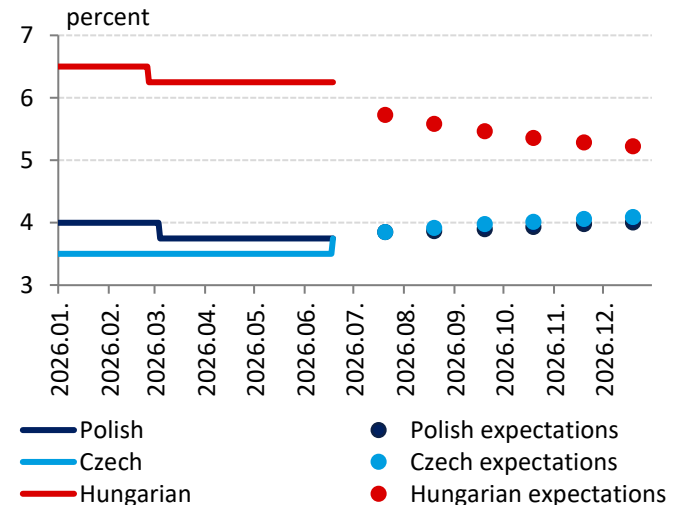
Note: The indicators are normalised to the beginning of January 2024. Source: Bloomberg

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



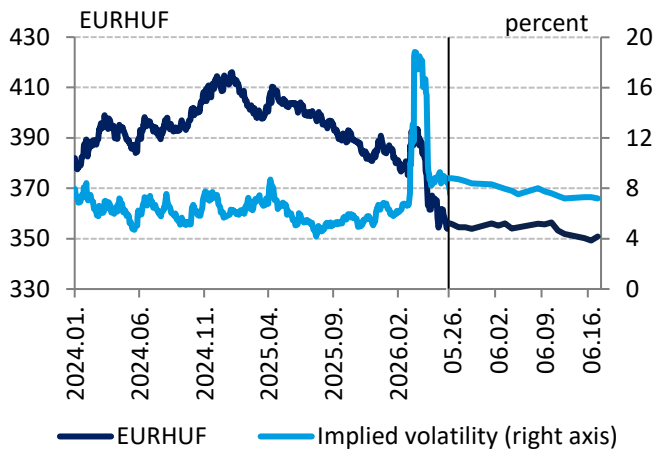
Source: Bloomberg

**Chart 18: Market pricing for regional interest rates**



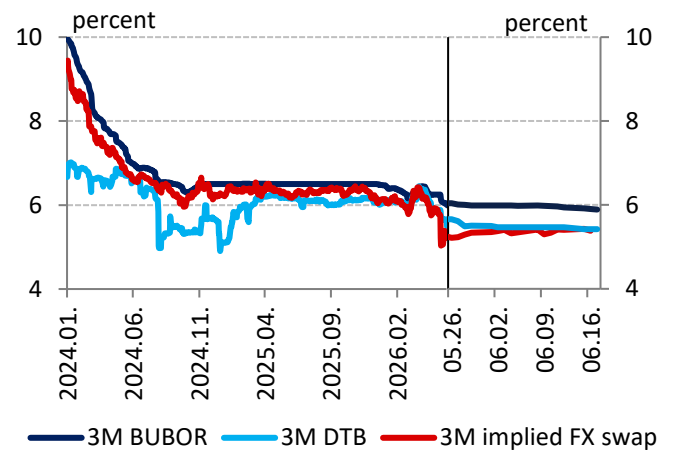
Note: Based on forward pricing. Source: Bloomberg

Chart 19: EUR/HUF exchange rate and implied volatility



Source: Bloomberg

Chart 20: 3-month forint yields



Source: MNB, Reuters