MINUTES
OF THE MONETARY COUNCIL MEETING
20 OCTOBER 2026

Time of publication: 2 p.m. on 4 November 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. From 1 January 2028, the inflation target will be set at 2.5 percent.

Following the review of macroeconomic and financial market developments, the Monetary Council discussed the details of the interest rate decision proposal. Regarding the environment surrounding the decision, the decision makers deemed that the former duality was still in place. In the external environment geopolitical tensions, fears regarding the sustainability of debt paths, as well as volatile financial market and high inflation developments increased uncertainty, while the domestic inflation outlook and risk premia remained favourable. Moreover, they underlined that the effects of the economic policy measures stemming from the announced Hungarian budget plans were not yet known at the time the decision was made; the evaluation of these would be possible in the coming period.

Regarding international developments, several Council members called attention to the high external inflation environment. They highlighted that while price dynamics were strong in Europe, still high and volatile global energy prices as well as rising global food prices represented inflationary risks on an international level. Moreover, long-term yields rising further in developed markets, which were already high in a historical comparison, as well as tensions in the French bond market affected the external interest rate environment. They pointed out that following the September decisions, market participants expected further interest rate hikes from the European Central Bank and the Federal Reserve. It was also said that the publication of Q3 corporate flash reports in the United States, as well as the US midterm elections could have decisive impact on global investor sentiment in the weeks following the MNB's October interest rate decision.

Regarding domestic inflation developments, it was mentioned that the 1.6 percent September inflation rate was still below the central bank's tolerance band and the EU average. Several Council members determined that the rate of price increases and the level of inflation expectations had remained moderate despite the high external inflation environment. According to several decision makers, however, given Hungary's significant energy exposure, the persistently high global market price of energy sources represented an inflationary risk.

The Council determined that the risk premia of domestic assets were still characterised by relative stability despite the uncertain international environment. The decision makers highlighted that the disinflationary impact of exchange rate developments continued to take effect. The Council agreed that looking ahead, Hungary's risk assessment would still be primarily influenced by the fiscal path, expectations regarding the adoption of the euro, as well as the external market environment.

In the context of the October decision, the Monetary Council discussed a single policy option, i.e. maintaining the base rate at 5.50 percent, which all Council members being present were in favour of. It was noted that maintaining interest rate conditions was in line with the achievement of the inflation target in a sustainable manner. The decision makers pointed out that the reception of the budgetary plans, as well as their macroeconomic and particularly inflationary impact could not be evaluated comprehensively at the time of the October interest rate decision. At the same time, they noted that in addition to the developments in the international environment, this was what affected monetary policy's room for manoeuvre the most.

Certain decision makers pointed out that the domestic real interest rate still exceeded regional levels. They also highlighted the role of the stability of the foreign exchange market in achieving price stability, as well as the necessity of the continuous assessment of the inflation outlook, global developments and domestic risk premia. The Council members agreed that in the coming months, it would be necessary to take decisions on the level of the base rate in a cautious and data-driven manner.

Votes cast by individual members of the Council:

In favour of maintaining the base rate at 5.50 percent, maintaining the overnight collateralised lending rate at 6.50 percent and maintaining the interest rate on the overnight central bank deposit at 4.50 percent:	10	Péter Benő Banai, Éva Búza, József Dancsó, Péter Gottfried, Kolos Kardkovács, Zoltán Kovács, Zoltán Kurali, Andrea Mager, Levente Sipos-Tompa, Mihály Varga

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

Levente Sipos-Tompa

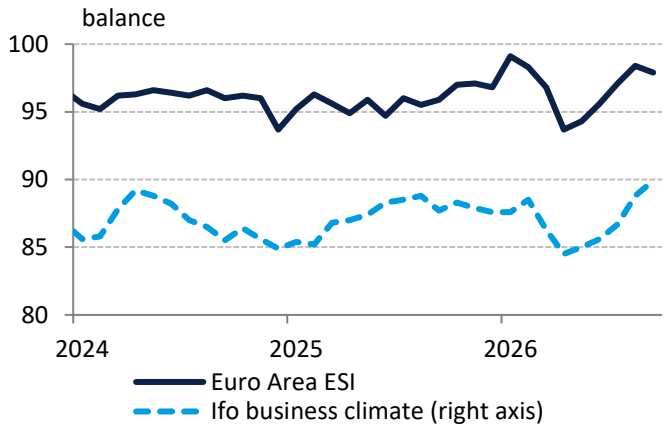
Mihály Varga

The Monetary Council will hold its next policy meeting on 17 November 2026. The minutes of that meeting will be published at 2 p.m. on 2 December 2026.

2. MACROECONOMIC AND FINANCIAL MARKET DEVELOPMENTS

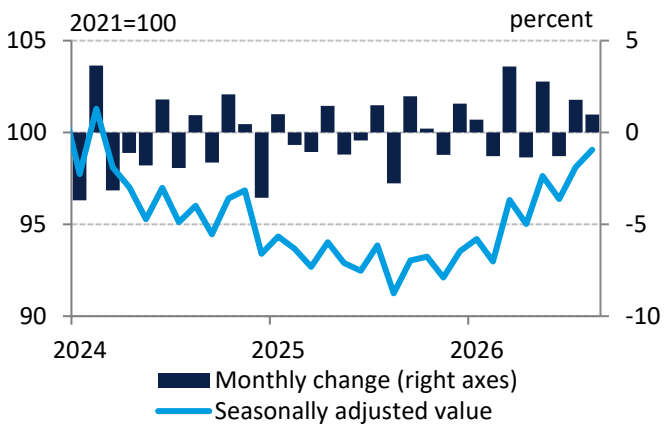
Macroeconomic developments

Chart 1: Business climate in Hungary's export markets



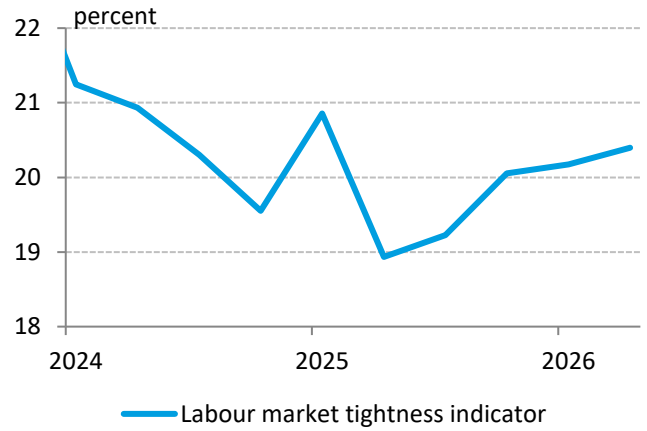
Source: European Commission, Ifo

Chart 2: Domestic industrial production



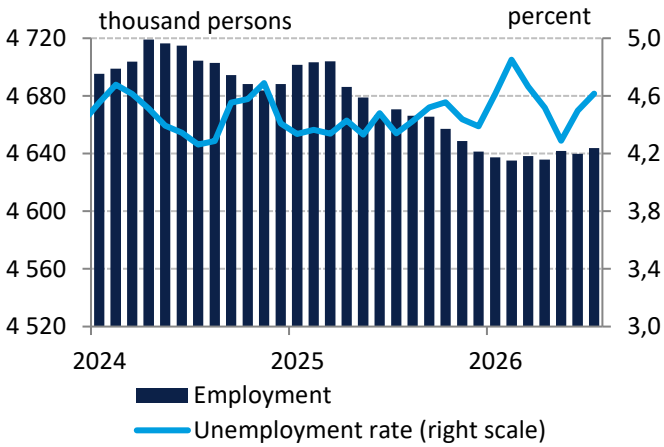
Source: HCSO

Chart 3: Labour market tightness



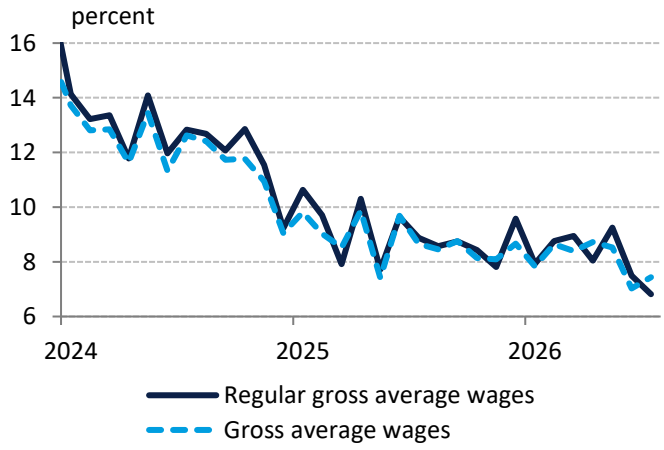
Note: The number of vacancies in the private sector as a percentage of the unemployed. Seasonally adjusted quarterly data. Source: HCSO, MNB calculation

Chart 4: Employment and the unemployment rate



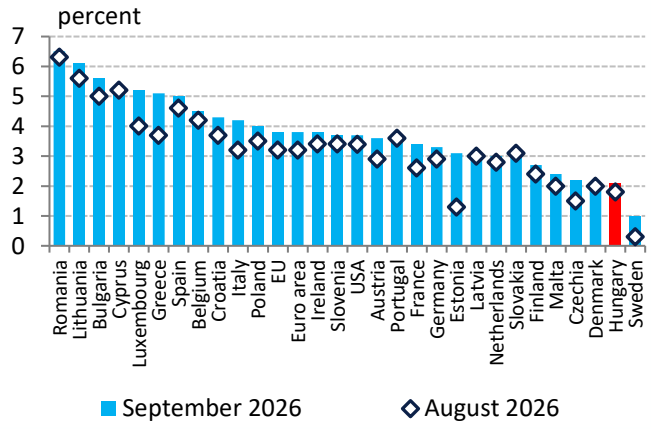
Note: Data based on the HCSO's 3-month moving average methodology. In the case of employment, seasonally and calendar adjusted data. Source: HCSO, MNB

Chart 5: Wage dynamics in the private sector



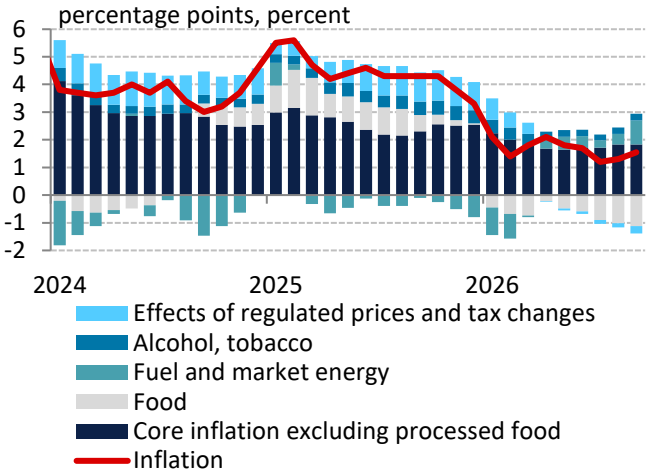
Source: HCSO

Chart 6: International inflation environment



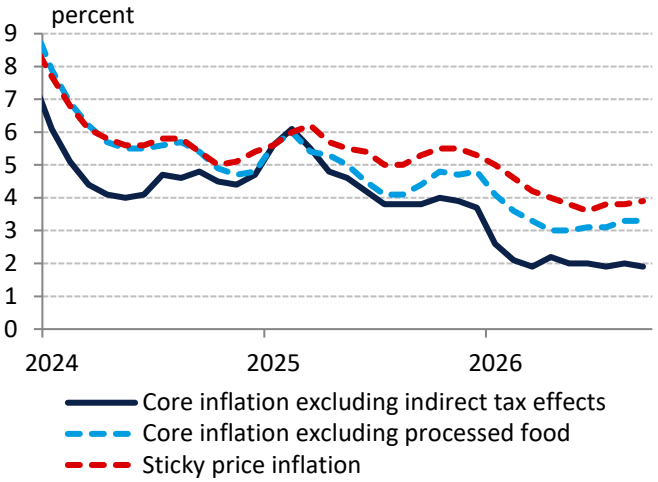
Note: HICP inflation for European Union countries; CPI inflation for the USA. Source: Eurostat, Trading Economics

Chart 7: Decomposition of inflation



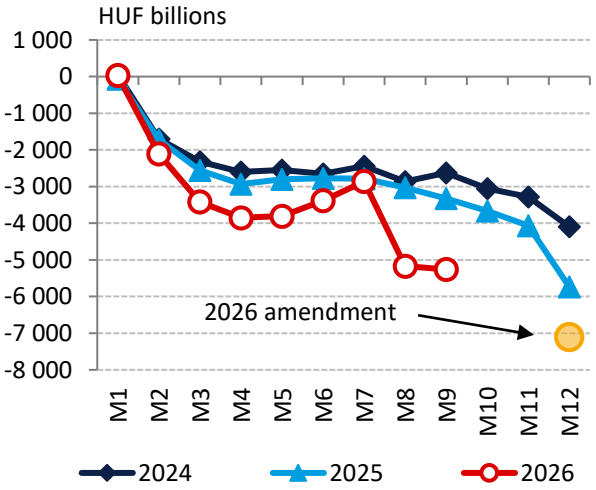
Source: MNB calculation based on HCSO data

Chart 8: Measures of underlying inflation



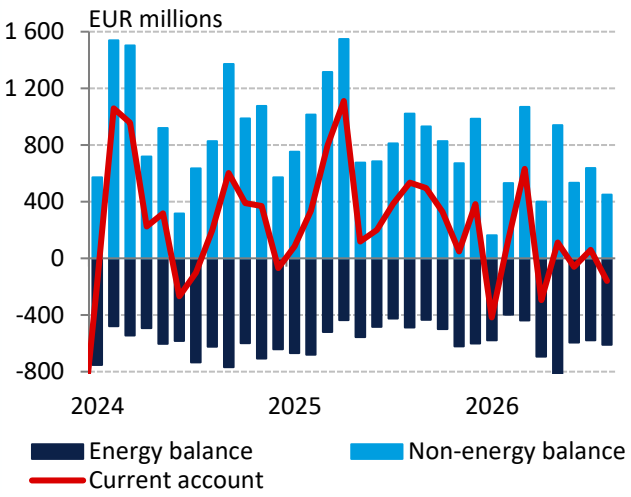
Source: MNB calculation based on HCSO data

Chart 9: Year-to-date cumulative cash balance



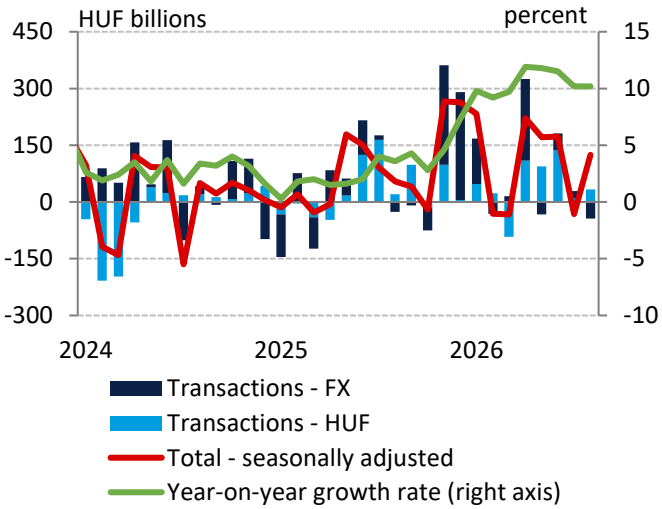
Source: Hungarian State Treasury, amended bill on the 2026 budget

Chart 10: Current account and energy balance



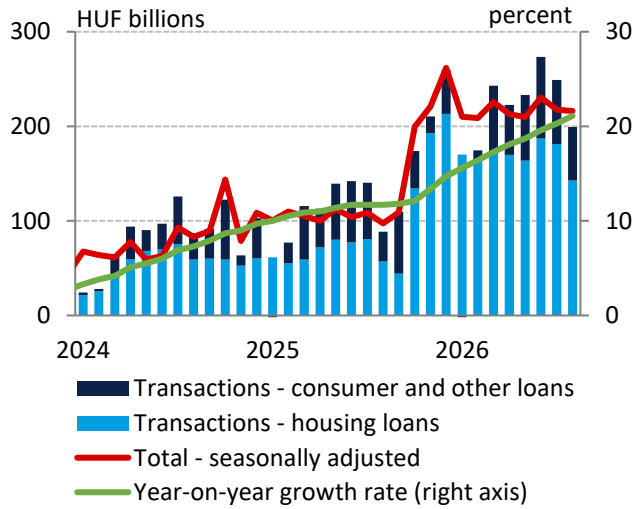
Source: MNB, HCSO

Chart 11: Net borrowing by non-financial corporations



Source: MNB

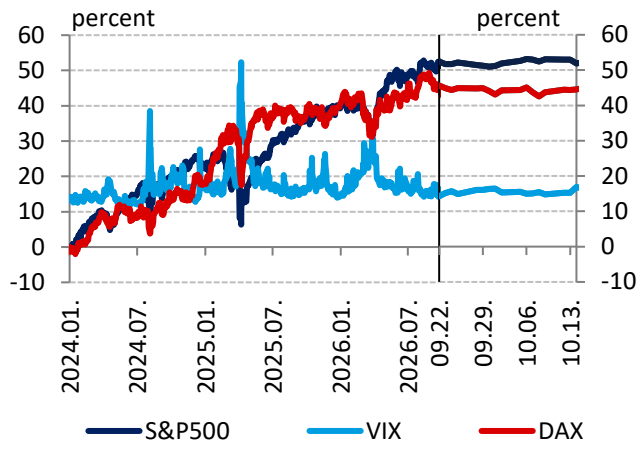
Chart 12: Net borrowing by households



Source: MNB

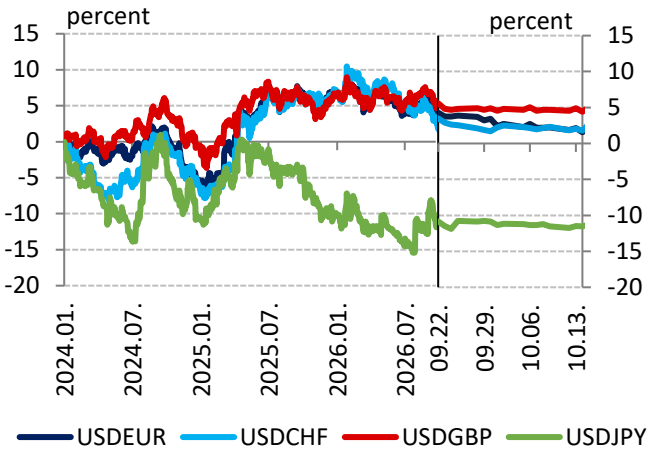
Financial market developments

Chart 13: Stock indices and VIX



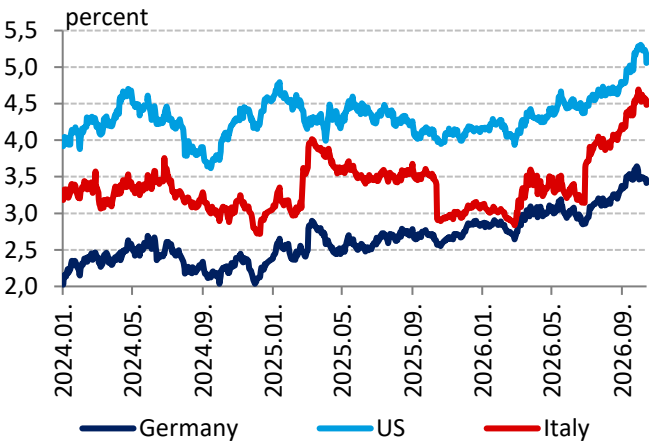
Note: Stock indices (S&P500 and DAX) normalised to the beginning of 2024. Source: Bloomberg

Chart 14: Developed market foreign exchange rates



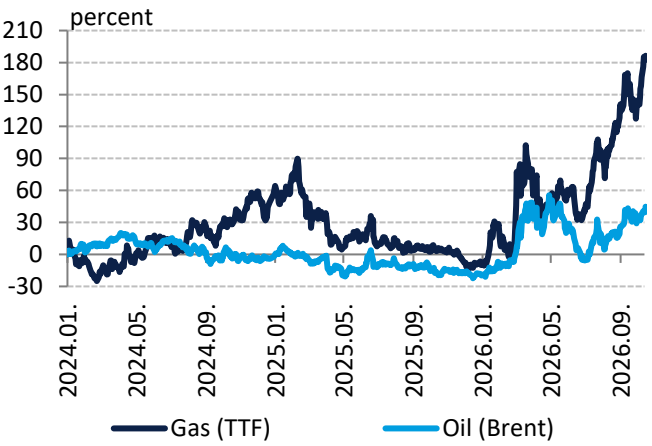
Note: Positive values indicate the appreciation of the variable (second) currency. Source: Bloomberg

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



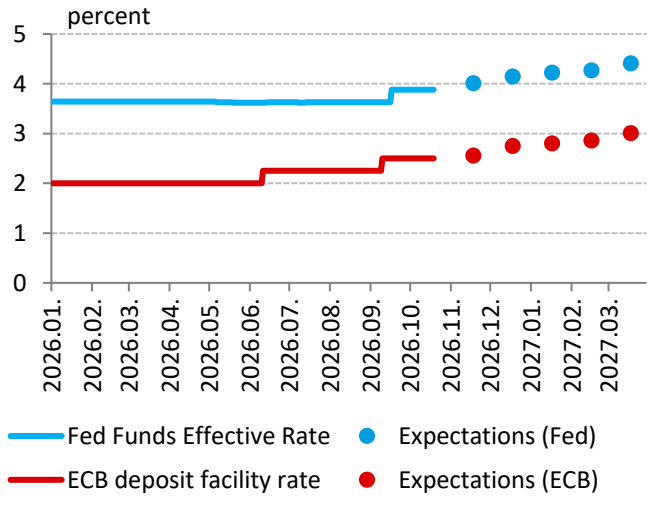
Source: Bloomberg

Chart 16: Global energy prices



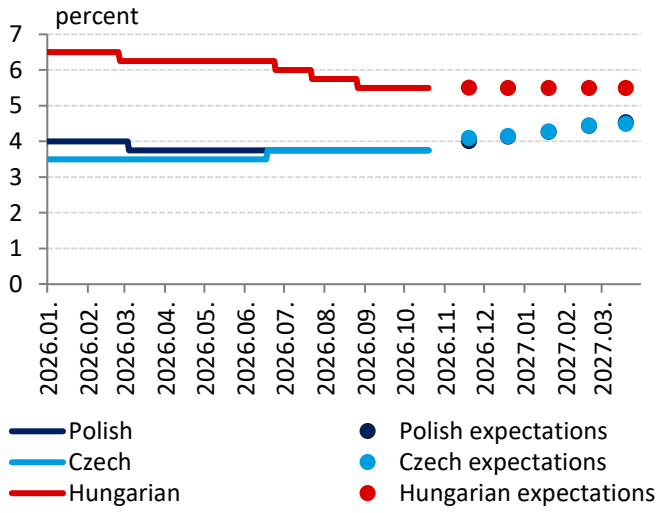
Note: The indicators are normalised to the beginning of January 2024. Source: Bloomberg

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



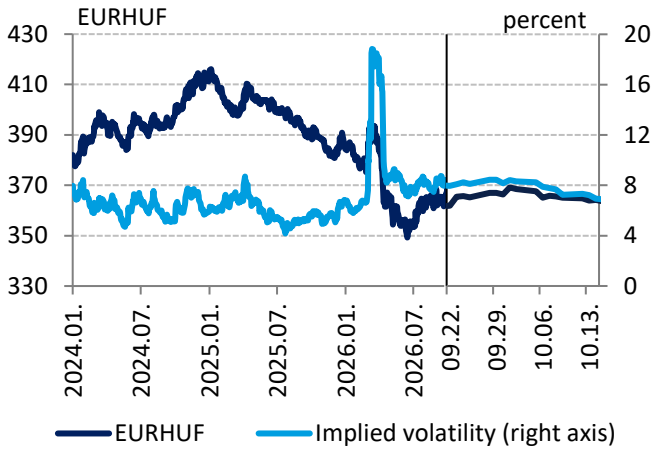
Source: Bloomberg

Chart 18: Market pricing for regional interest rates



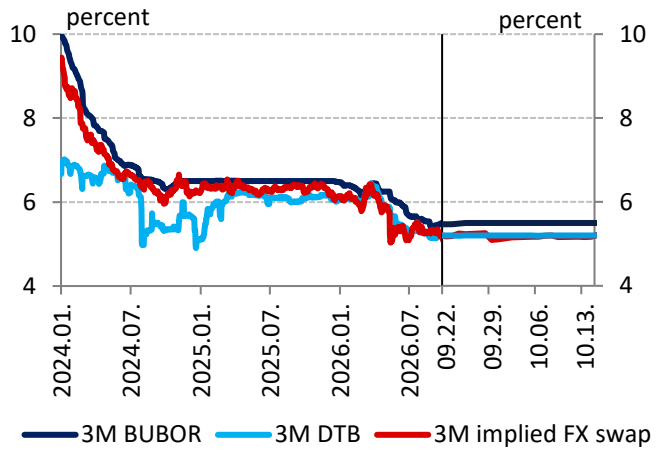
Note: Based on forward pricing. Source: Bloomberg

Chart 19: EUR/HUF exchange rate and implied volatility



Source: Bloomberg

Chart 20: 3-month forint yields



Source: MNB, Reuters