



PRESS CONFERENCE FOLLOWING THE MONETARY COUNCIL'S DECISION ON 16 DECEMBER 2025





KEY MESSAGES: THE MONETARY COUNCIL'S DECISION IN DECEMBER

- The Council is committed to achieving the 3 percent inflation target in a sustainable manner.
- The Monetary Council kept the base rate unchanged at 6.50 percent at its meeting today.
- Maintaining **tight monetary conditions** and a **careful and patient** approach to monetary policy are warranted.
- **Corporate price adjustments at the start of the year**, as well as the **timing and impact of the withdrawal of price restriction measures** carry uncertainty regarding the outlook for inflation.
- The Council is constantly assessing incoming macroeconomic data and the inflation outlook, based on which it will take decisions on the level of the base rate in a **cautious and data-driven manner from meeting to meeting**.



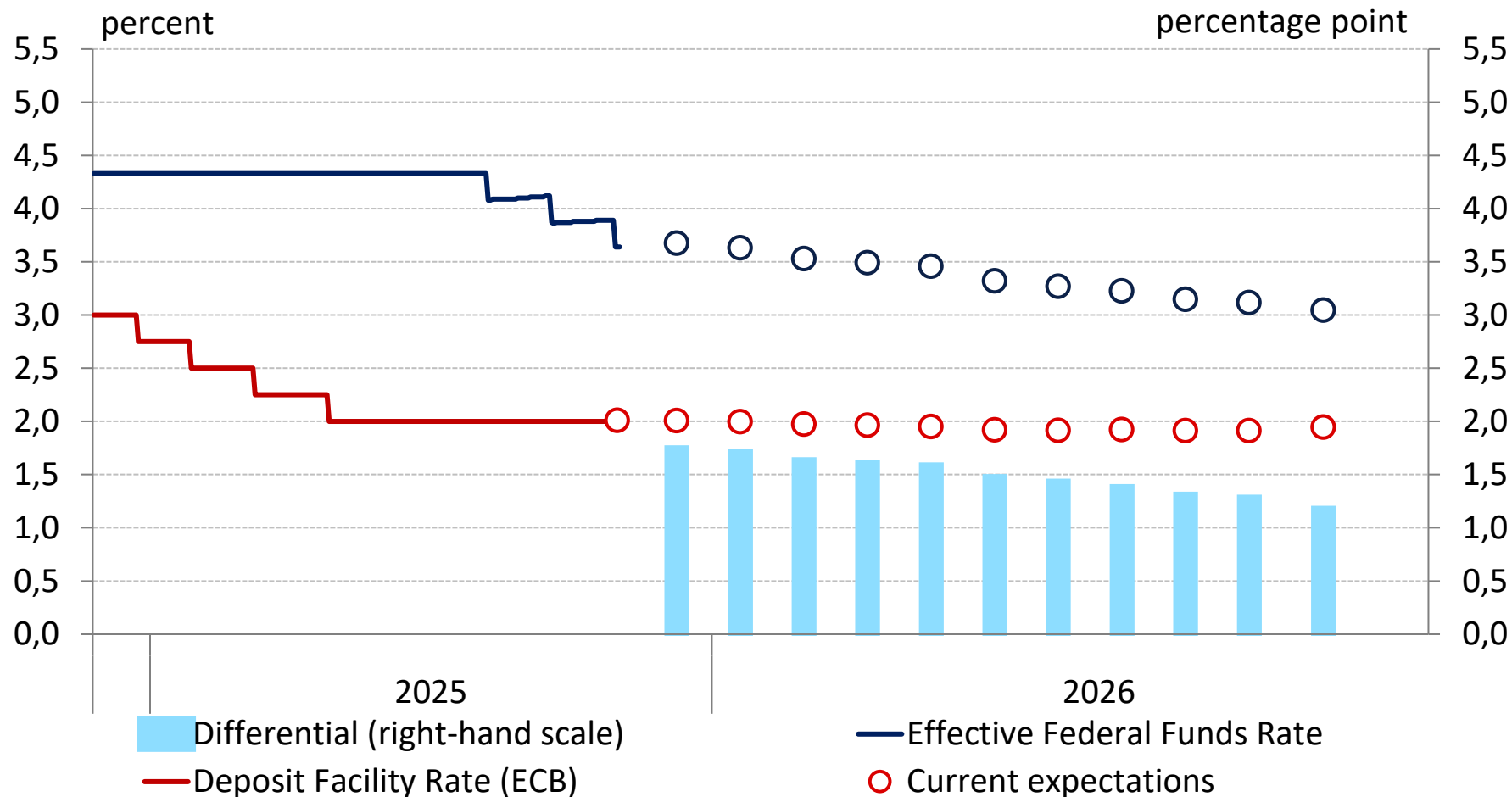
KEY MESSAGES: MACROECONOMIC AND FINANCIAL MARKET ASSESSMENT AND THE DECEMBER FORECAST

- **Global investor sentiment has improved** since the previous rate decision.
- From next year onwards, both internal and external factors will contribute to the **pick-up in domestic growth**.
- **Underlying inflation is moderating.** We expect lower average inflation for 2025 and 2026 compared to our September forecast.
- The rate of price increases will **briefly decline below the inflation target in early 2026 before temporarily rising near the upper bound of the tolerance band**.
- **The inflation target may be achieved** in a sustainable manner in **2027 H2**.



THE EXTERNAL INTEREST RATE ENVIRONMENT MAY MODERATE FURTHER

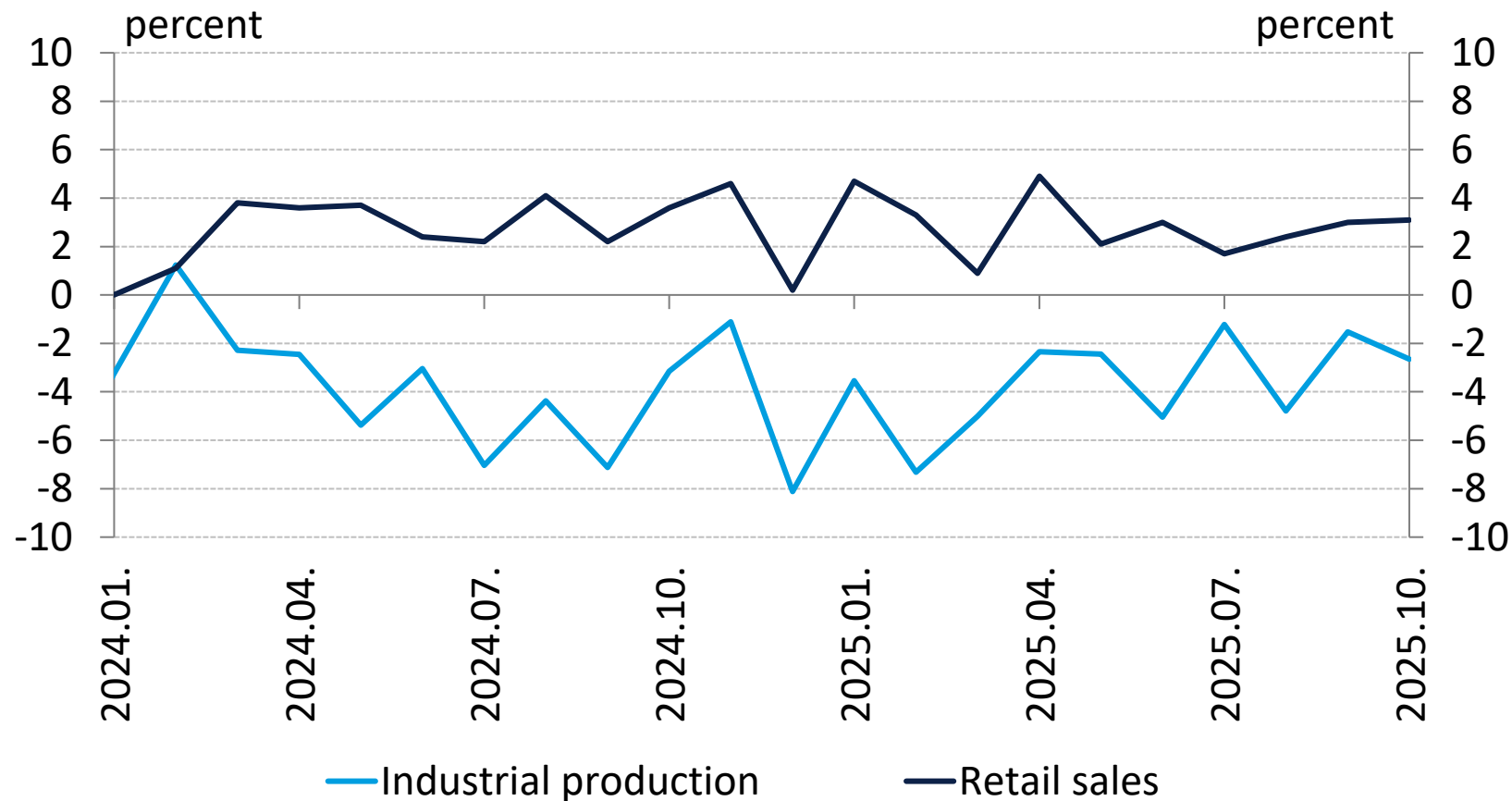
EXPECTED INTEREST RATE TRAJECTORIES OF THE FEDERAL RESERVE AND THE EUROPEAN CENTRAL BANK BASED ON MARKET PRICING





DUALITY HAS PERSISTED IN THE STRUCTURE OF DOMESTIC GROWTH

YEAR-ON-YEAR CHANGE IN THE VOLUME OF INDUSTRIAL PRODUCTION AND RETAIL SALES



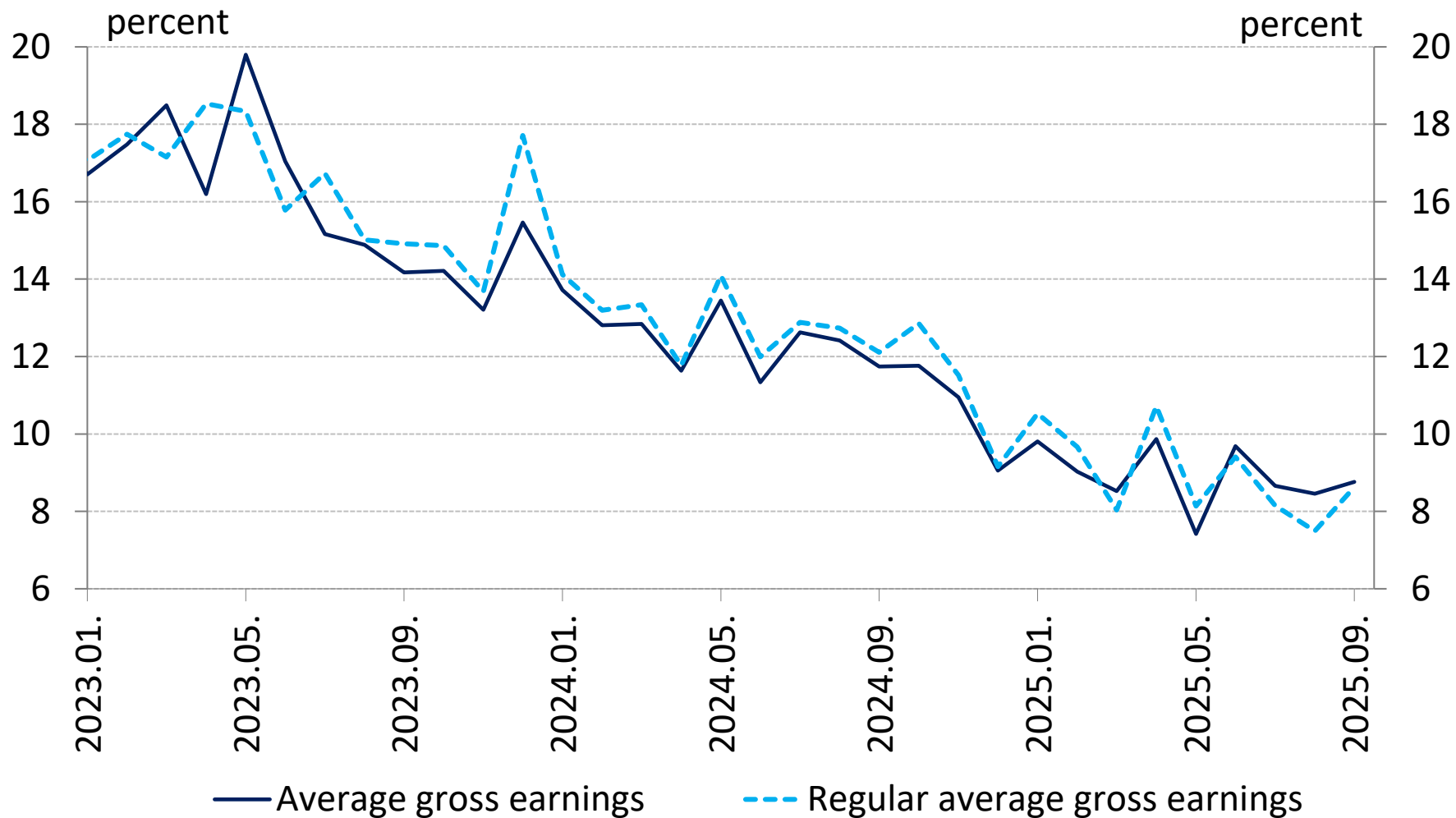
Note | Seasonally and calendar adjusted data for industrial production, calendar adjusted data for retail sales.

Source | HCSO | 5



WAGE GROWTH IS SLOWING AS LABOUR MARKET TIGHTNESS EASES

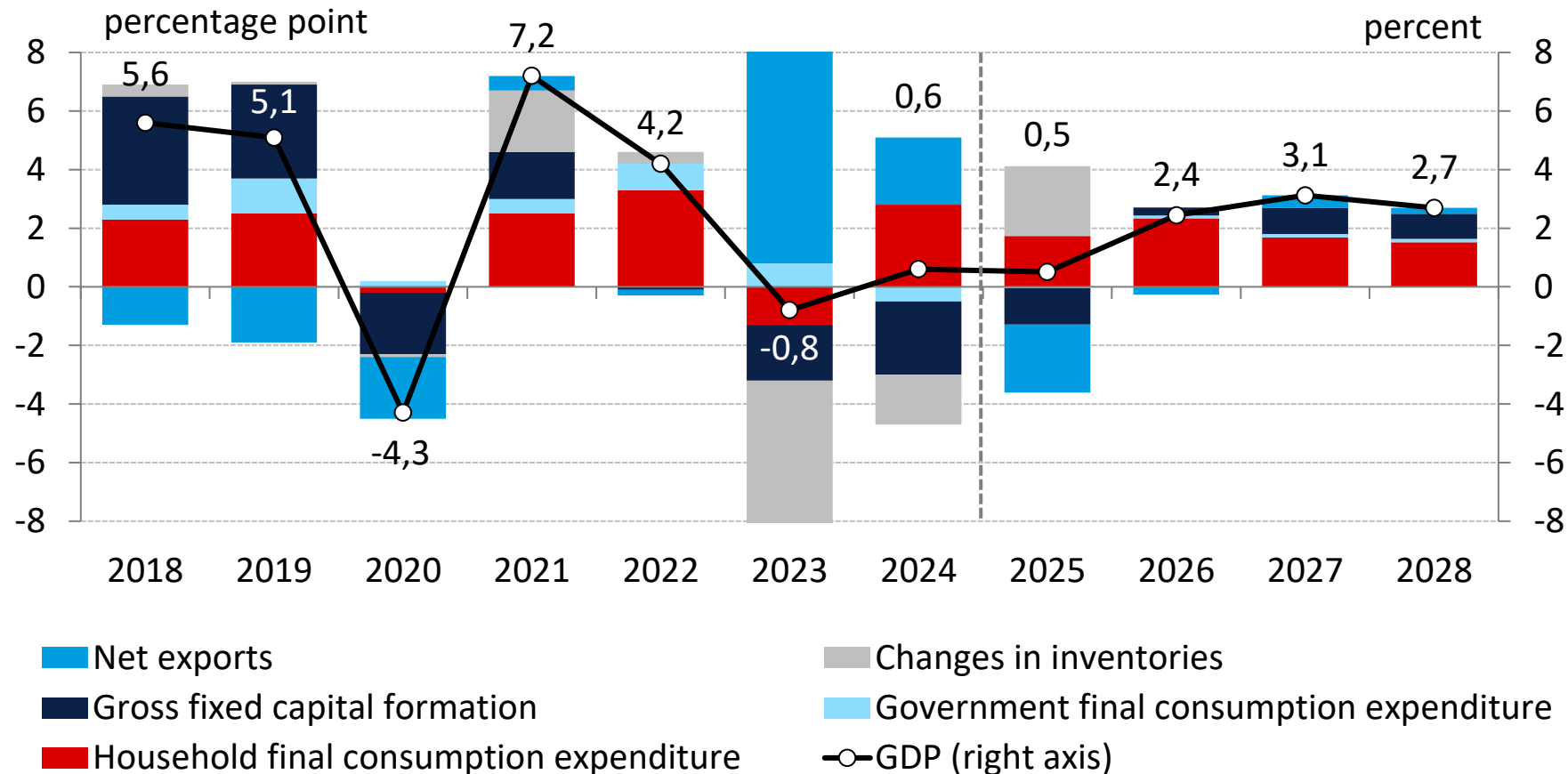
YEAR-ON-YEAR GROWTH OF AVERAGE GROSS EARNINGS IN THE PRIVATE SECTOR





ECONOMIC ACTIVITY MAY GRADUALLY IMPROVE FROM THE END OF THE YEAR; A MORE BALANCED STRUCTURE OF GROWTH IS EXPECTED FROM 2027 ONWARD

EXPENDITURE SIDE DECOMPOSITION OF YEAR-ON-YEAR CHANGE IN GDP



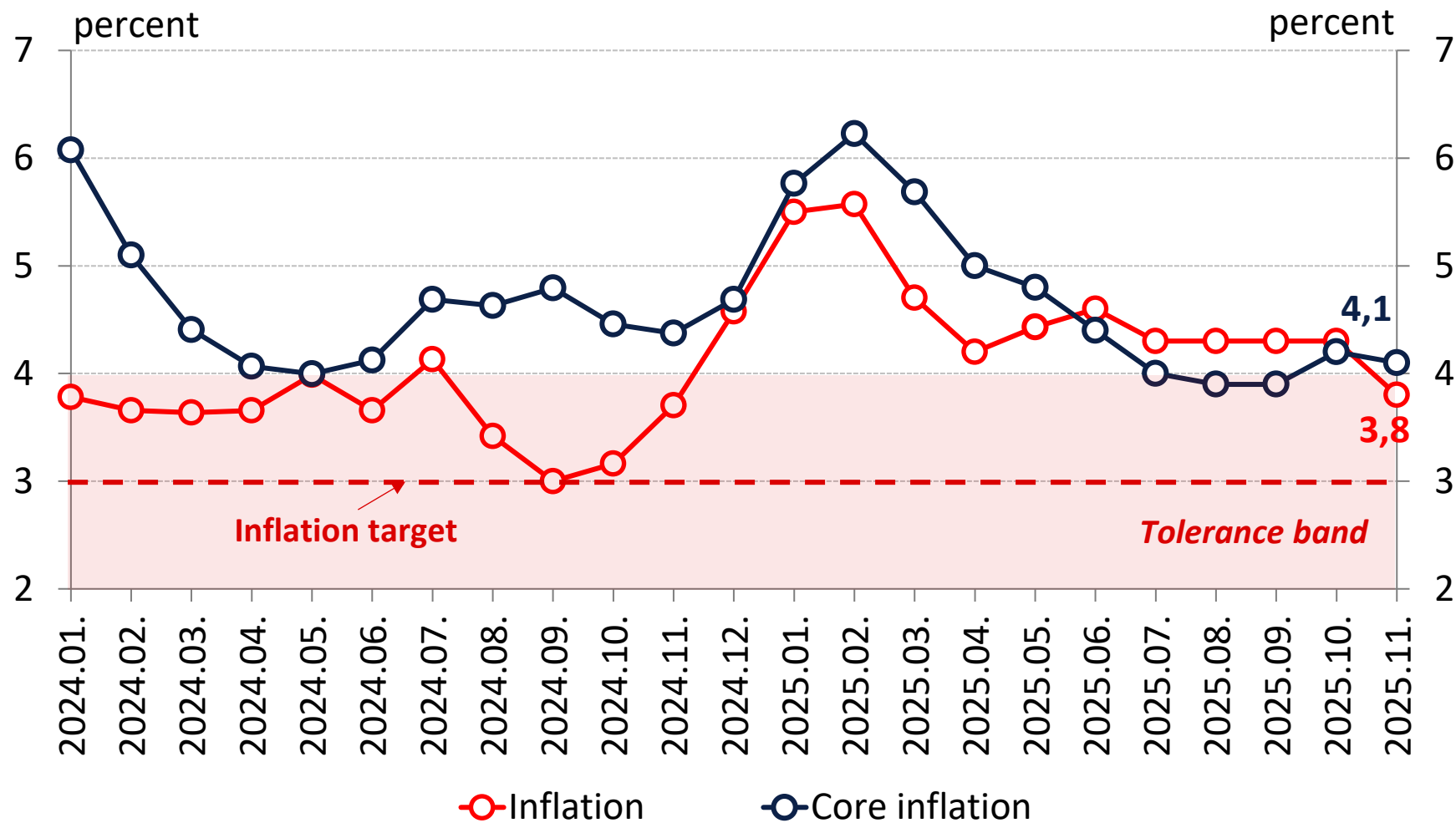
Note | *Government final consumption expenditure includes final consumption expenditure, as well as the transfers of the general government and nonprofit institutions.

Source | HCSO, MNB forecast



INFLATION HAS RETURNED TO THE TOLERANCE BAND IN NOVEMBER

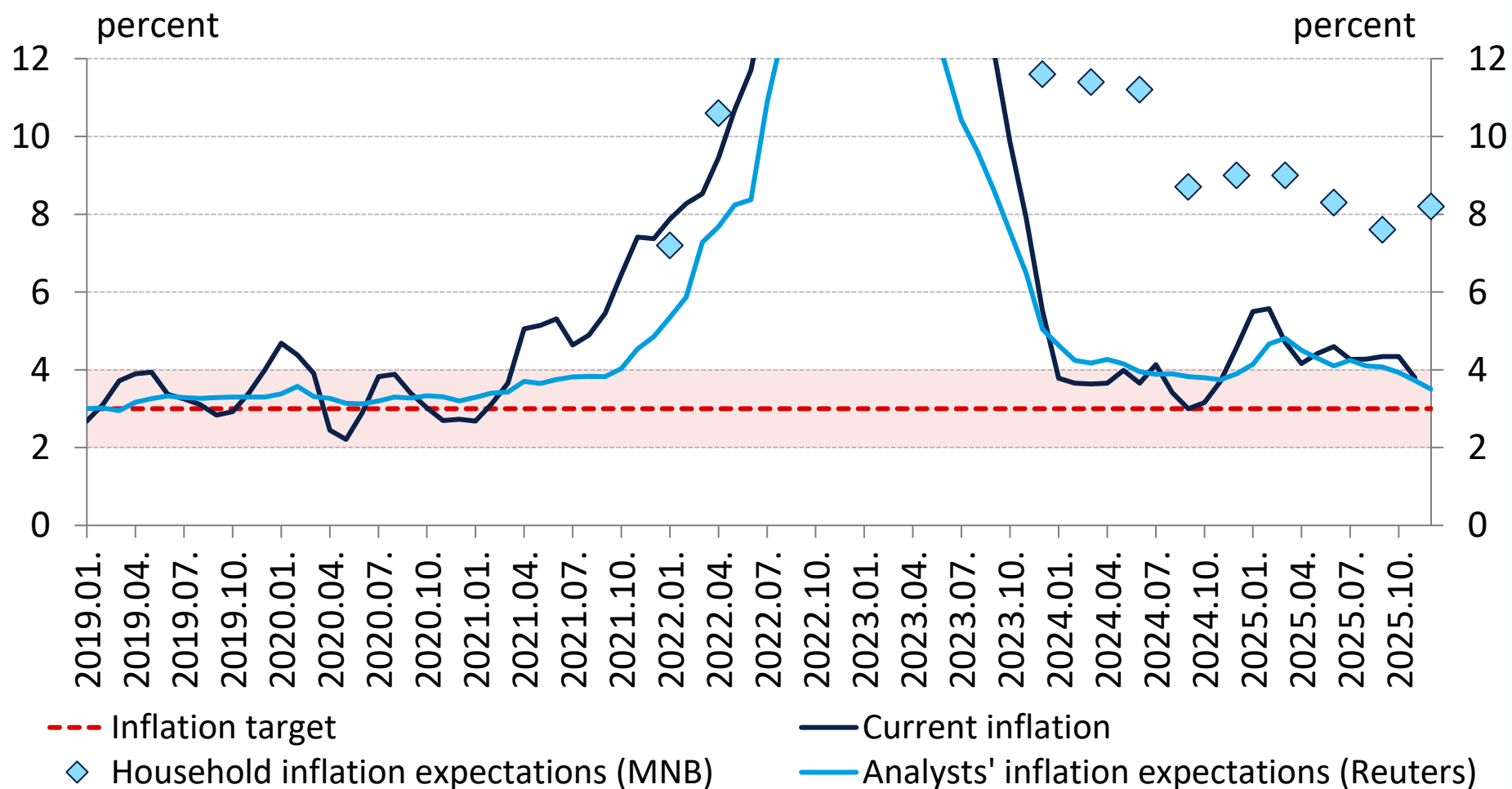
HEADLINE AND CORE INFLATION





INFLATION EXPECTATIONS REMAIN STAGNANT

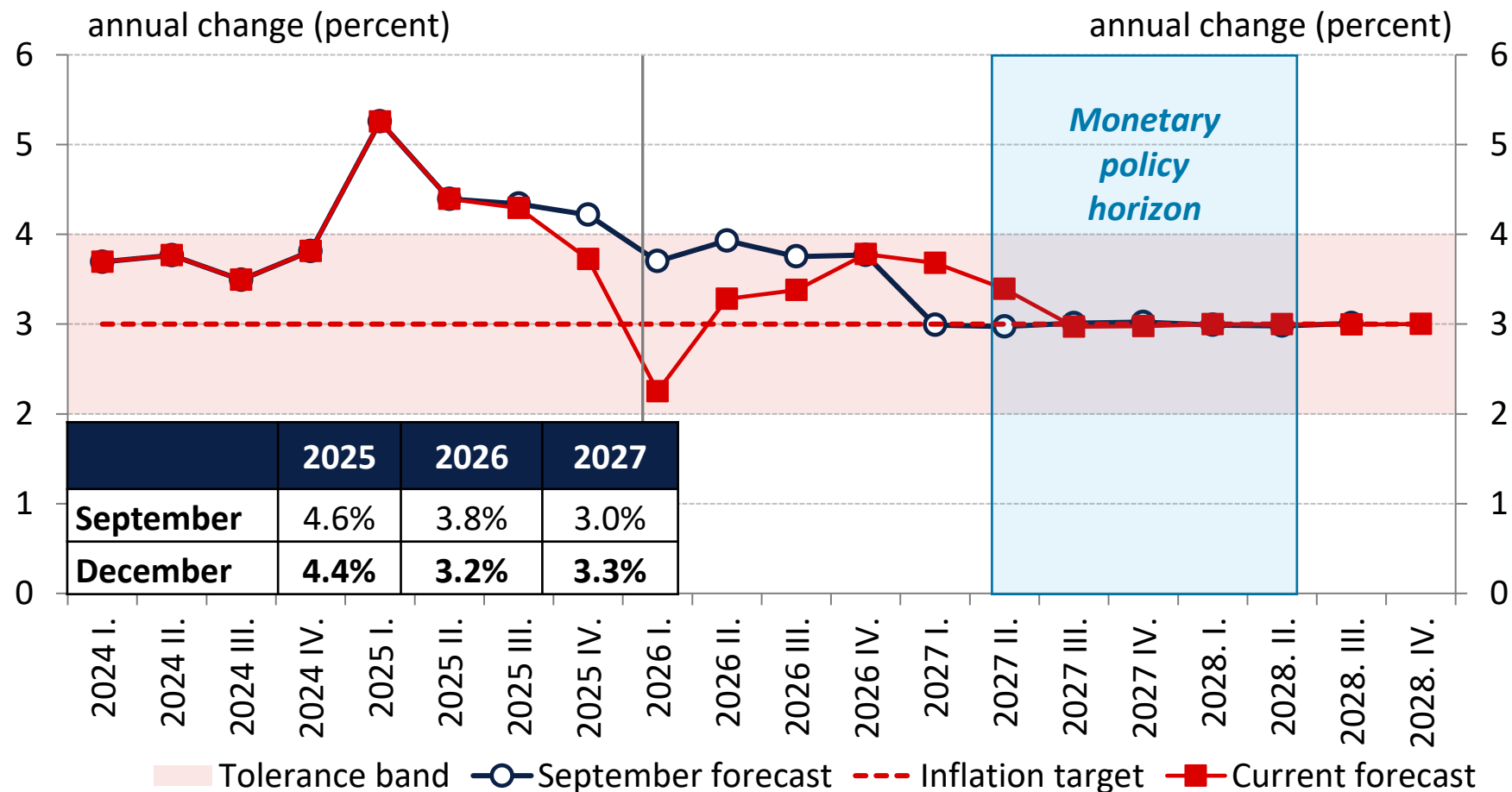
HOUSEHOLDS' AND ANALYSTS' EXPECTATIONS FOR INFLATION ONE YEAR AHEAD





INFLATION IS EXPECTED TO STAY PERSISTENTLY WITHIN THE TOLERANCE BAND; HOWEVER, THE TARGET MAY BE REACHED AT A LATER DATE

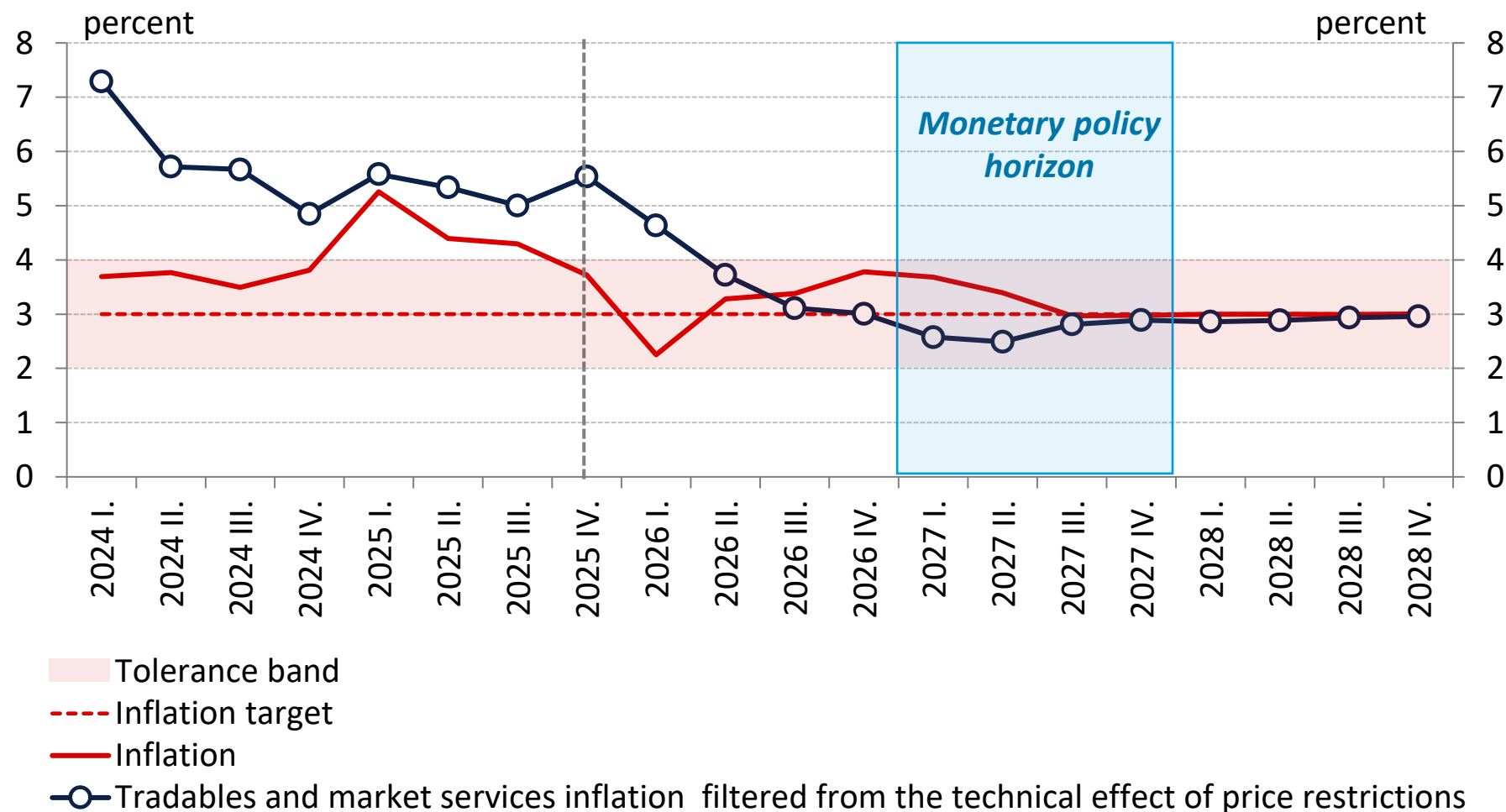
THE INFLATION TRAJECTORY UNDER OUR CURRENT PROJECTION COMPARED TO THE SEPTEMBER FORECAST





UNDERLYING INFLATION IS MORE FAVOURABLE COMPARED TO THE SEPTEMBER FORECAST

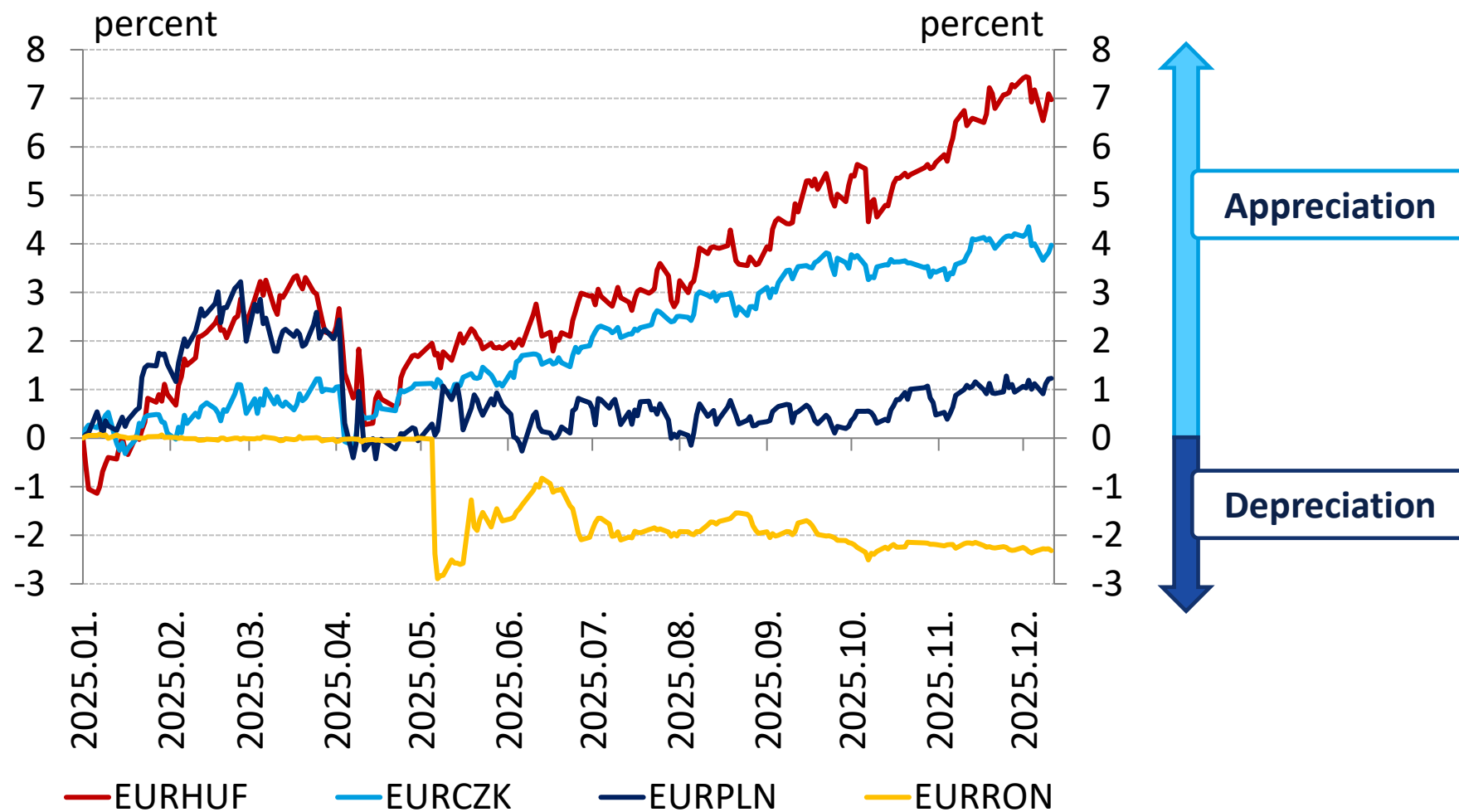
PROJECTION FOR UNDERLYING INFLATION





DISINFLATION IS SUPPORTED BY A STRONGER FORINT

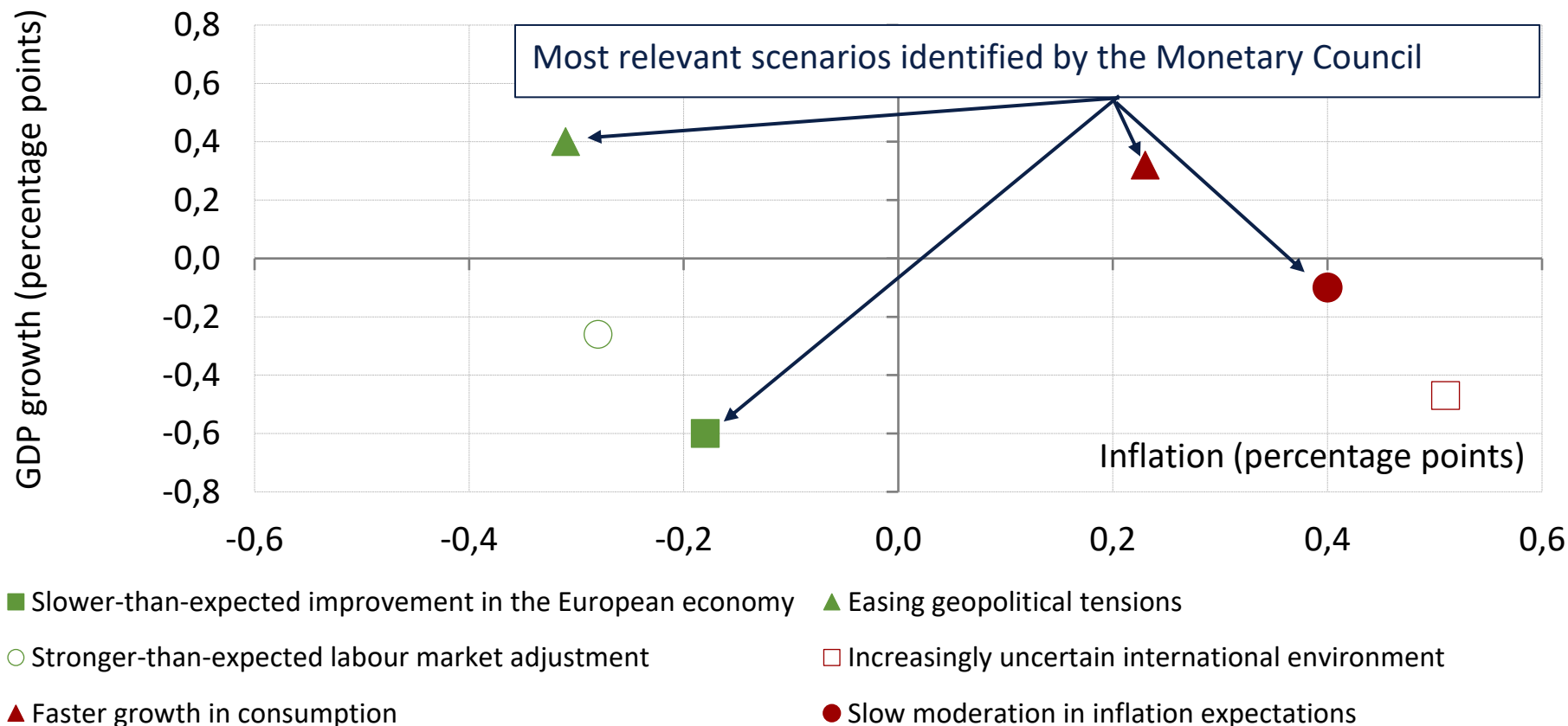
CEE EXCHANGE RATES SINCE THE START OF 2025





THE BASELINE INFLATION PROJECTION OF THE DECEMBER FORECAST IS SURROUNDED BY BALANCED RISKS

THE IMPACT OF ALTERNATIVE SCENARIOS ON OUR FORECAST



Note | The risk map presents the average difference between the inflation and growth path of the alternative scenarios and the baseline forecast over the next 8 quarters. The red markers represent tighter, and the green markers represent looser monetary policy than in the baseline forecast.



MAINTAINING TIGHT MONETARY CONDITIONS IS WARRANTED

In line with the stability-oriented approach, the Monetary Council left the base rate unchanged at 6.50 percent at today's meeting.
The interest rate corridor also remained unchanged.

- In the Council's assessment, **maintaining tight monetary conditions** and **a careful and patient approach** remain warranted.
- **By ensuring a positive real interest rate**, the Bank contributes to the anchoring of inflation expectations and to the achievement of the inflation target in a sustainable manner.



THE MONETARY COUNCIL'S FORWARD GUIDANCE

*„The Council is constantly assessing incoming macroeconomic data and factors influencing the inflation outlook, in particular repricings at the start of the year and the stability of financial markets, based on which it will **take decisions on the level of the base rate in a cautious and data-driven manner from meeting to meeting.**”*



THANK YOU FOR YOUR
ATTENTION!