



PRESS CONFERENCE FOLLOWING THE MONETARY COUNCIL'S DECISION ON 23 SEPTEMBER 2025





MAIN MESSAGES: THE DECISIONS OF THE MONETARY COUNCIL IN SEPTEMBER

- The Council is committed to the achievement of the inflation target in a sustainable manner.
- In the baseline scenario of the September Inflation Report, price stability can be achieved in a sustainable manner by **ensuring tight monetary conditions**.
- Accordingly, a **cautious and patient** approach to monetary policy remains warranted.
- **Maintaining financial market stability and anchoring inflation expectations** remain key.
- **In line with the stability-oriented approach, the Monetary Council left the base rate unchanged at 6.50 percent at today's meeting.**
- The Monetary Council's forward guidance did not change.



MAIN MESSAGES: MACROECONOMIC AND FINANCIAL MARKET ASSESSMENT

GLOBAL ENVIRONMENT

- **The global economic outlook improved slightly.** However, Germany's growth prospects remain subdued.
- **According to market pricing, the interest rate environment in the United States may ease further** in the coming months.

DOMESTIC MACROECONOMIC DEVELOPMENTS

- **The duality in the structure of economic growth persisted during the second quarter.**
- **In August, inflation was 4.3 percent, similar to the previous month.** Price restriction measures had a significant diminishing effect on inflation. However, **strong corporate repricings can still be observed** outside their scope.
- **Household inflation expectations decreased slightly, but remain at a high level.**



MAIN MESSAGES: MACROECONOMIC AND INFLATION FORECAST

MACROECONOMY

- Domestic GDP may grow by 0.6 percent in 2025. Economic performance may increase by 2.8 percent in 2026 and by 3.2 percent in 2027.
- Labor market tightness has eased in the recent period, and looking ahead, wage dynamics will be strongly influenced by the minimum wage and guaranteed wage minimum raise.

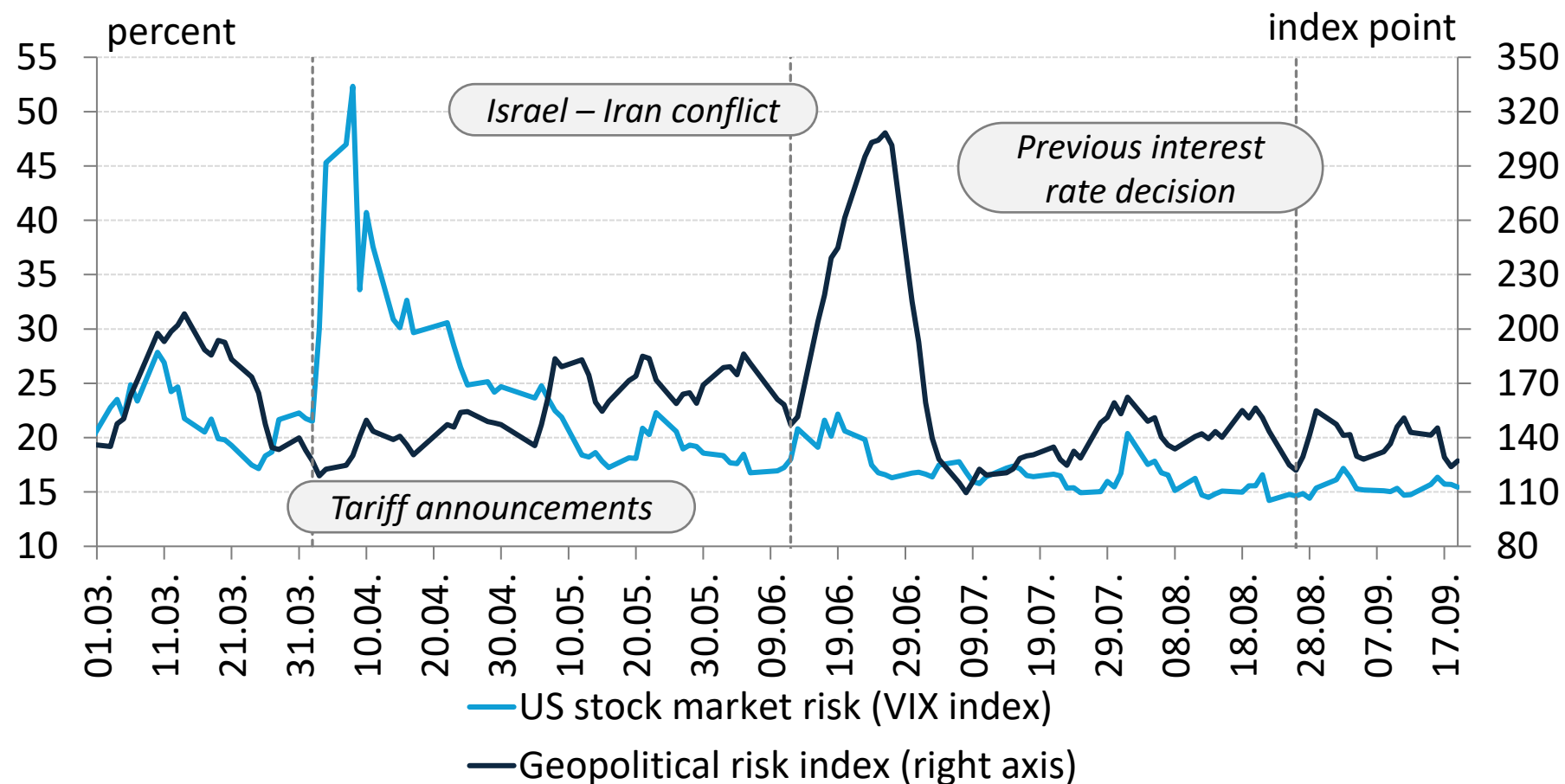
INFLATION

- For the rest of the year, **inflation** is expected to stay above the central bank tolerance band and **may reach the 3 percent inflation target in early 2027.**
- On an annual average, the consumer price index may be at 4.6 percent this year, at 3.8 percent in 2026, and at 3.0 percent in 2027.



INTERNATIONAL FINANCIAL MARKETS CONTINUE TO REACT SENSITIVELY

THE US EQUITY MARKET VOLATILITY INDEX AND THE GEOPOLITICAL RISK INDEX SINCE THE BEGINNING OF MARCH 2025



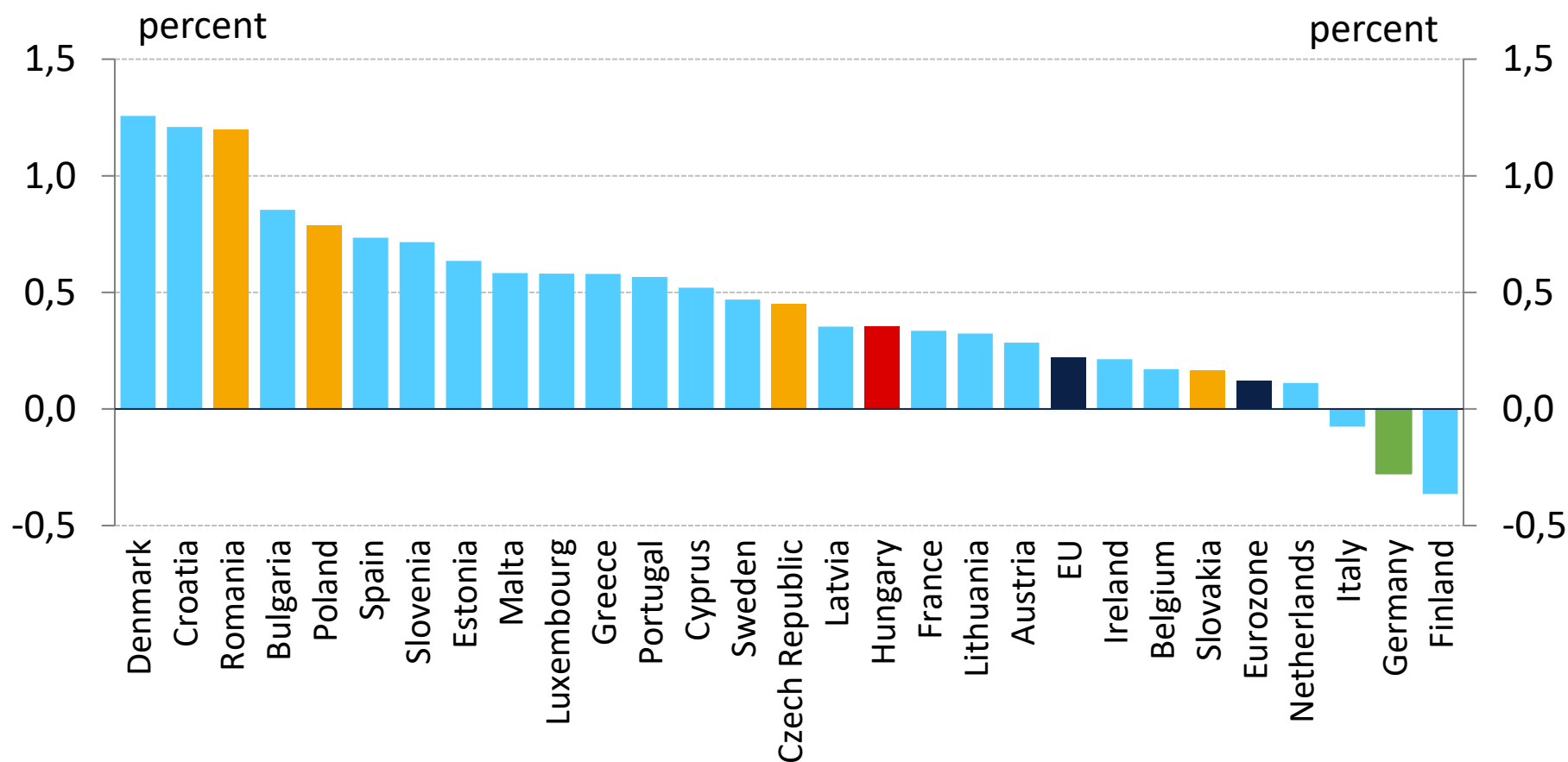
Note | 7-day moving average of the daily geopolitical risk index.

Source | Bloomberg, Matteo Iacoviello



GLOBAL ECONOMIC OUTLOOK IMPROVED SLIGHTLY, HOWEVER, GERMANY'S GROWTH PROSPECTS REMAIN SUBDUED

QUARTERLY CHANGES IN GDP IN THE SECOND QUARTER OF 2025



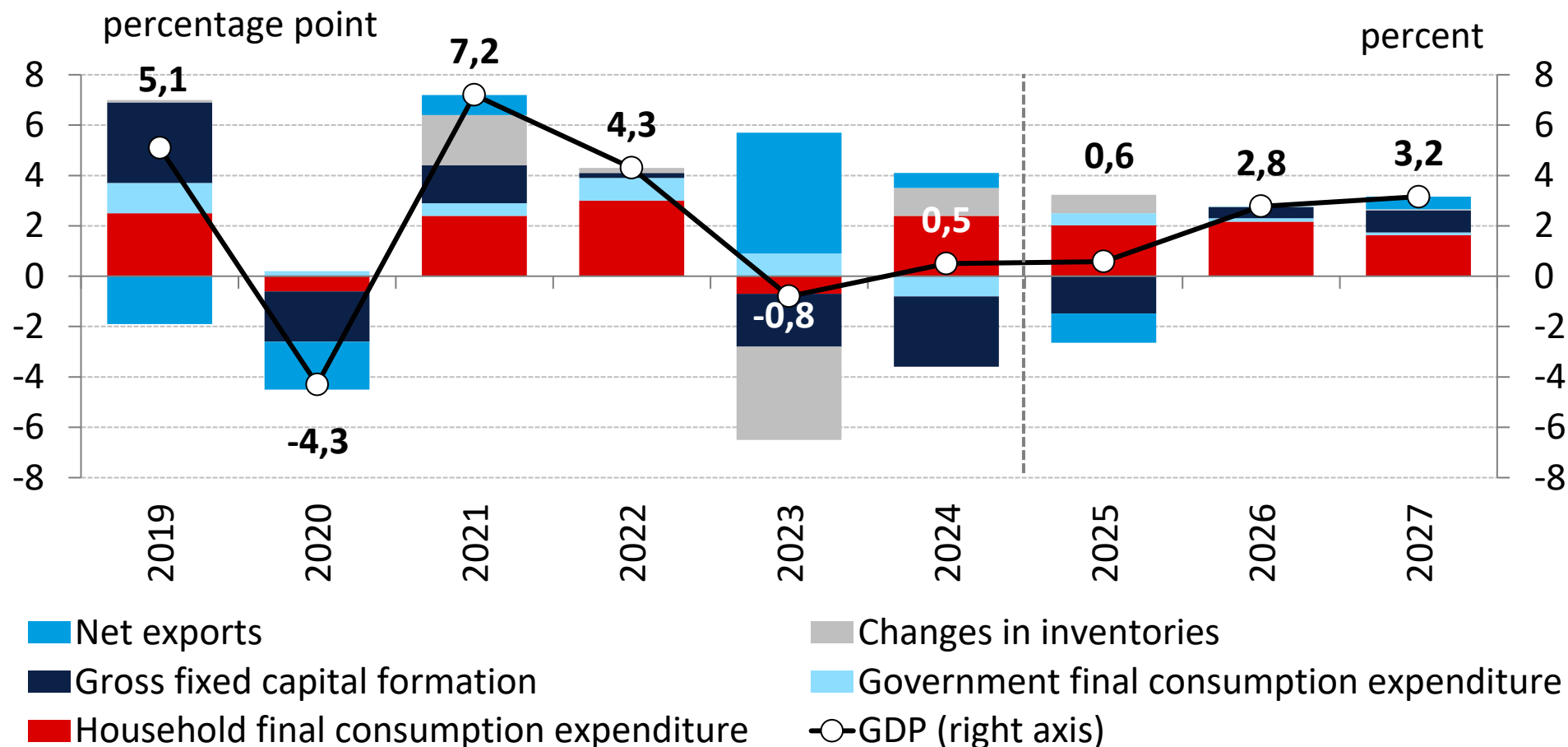
Note | Based on seasonally and calendar adjusted data.

Source | Eurostat | 6



FOR THE REST OF THE YEAR, A SLOW ECONOMIC RECOVERY IS EXPECTED

EXPENDITURE SIDE DECOMPOSITION OF ANNUAL CHANGE IN GDP



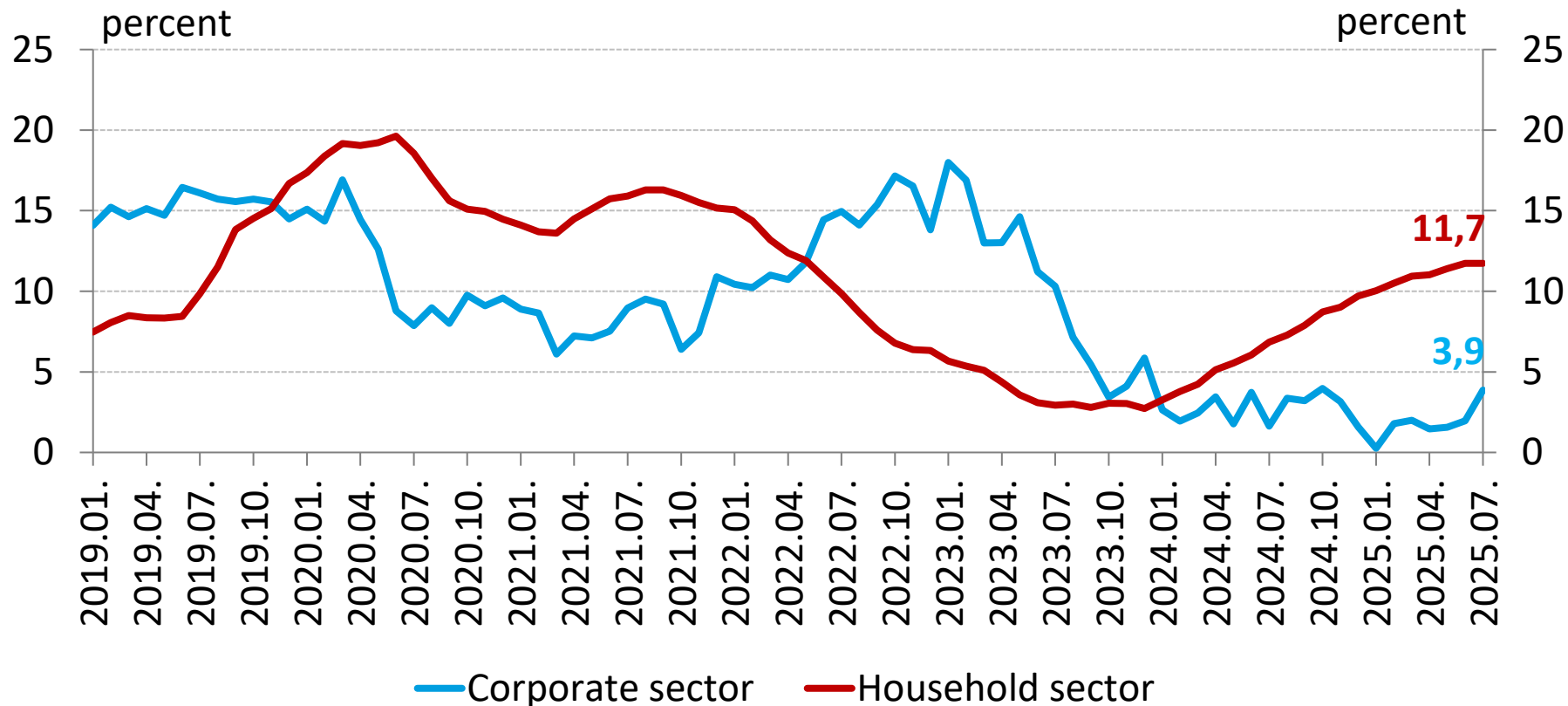
Note | Government final consumption expenditure includes final consumption expenditure of general government and nonprofit institutions.

Source | HCSO, MNB



HOUSEHOLD CREDIT GROWTH IS SUBSTANTIAL, WHILE CORPORATE LENDING GROWTH IS SUBDUED

ANNUAL GROWTH RATE OF CORPORATE AND HOUSEHOLD LOANS OUTSTANDING



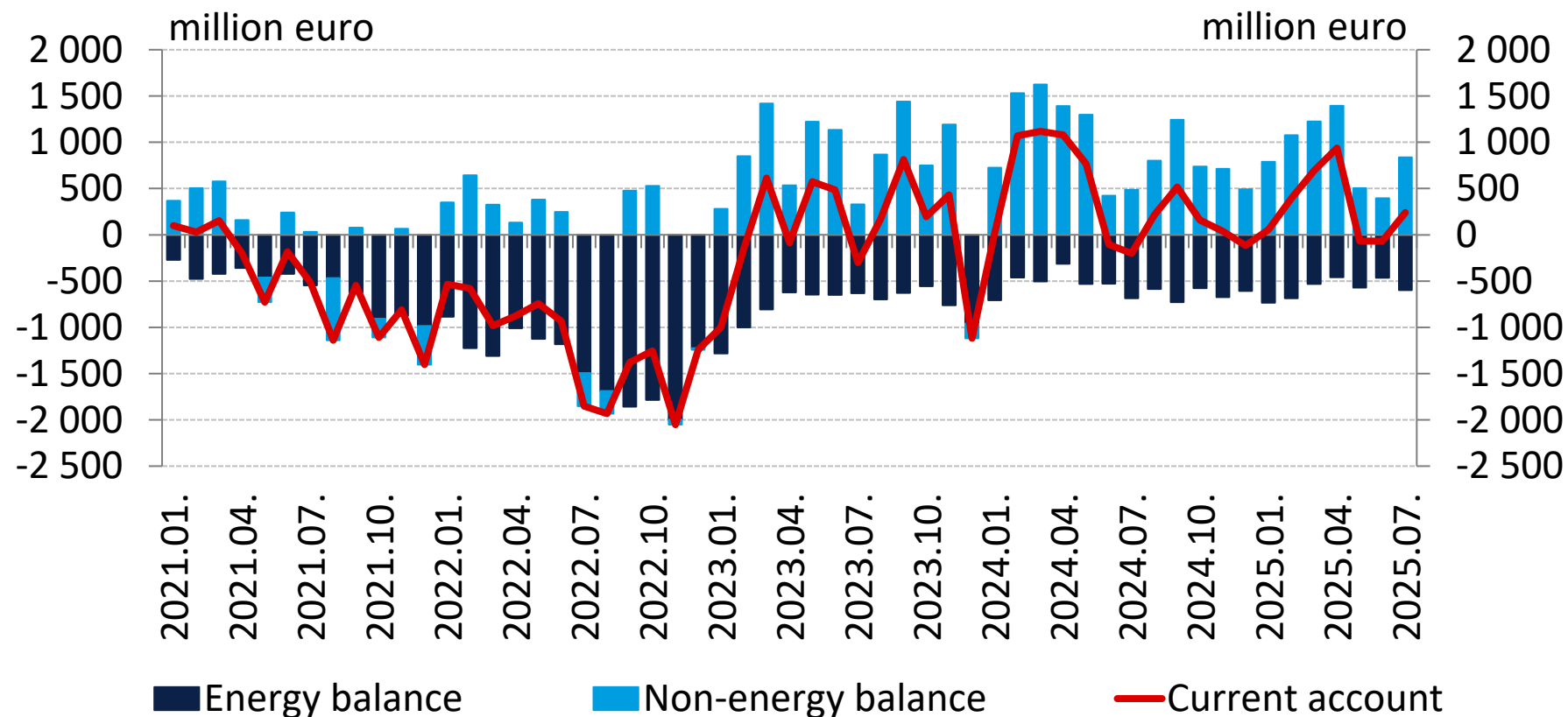
Note | Transaction-based, i.e. growth rate calculated on the basis of the value of new disbursements adjusted for repayments, exchange rate effects and other stock changes. To obtain the growth rate, we also took into consideration the repayments received by Sberbank between March 2022 and August 2022. | 8
Source | MNB



THE CURRENT ACCOUNT BALANCE TURNED INTO A SURPLUS IN JULY

The surplus will undergo a slight, temporary decline in 2025, but the external balance position will gradually improve from the beginning of 2026.

DEVELOPMENTS IN THE CURRENT ACCOUNT AND ENERGY BALANCE



Note | The last monthly value of the energy balance is estimated.

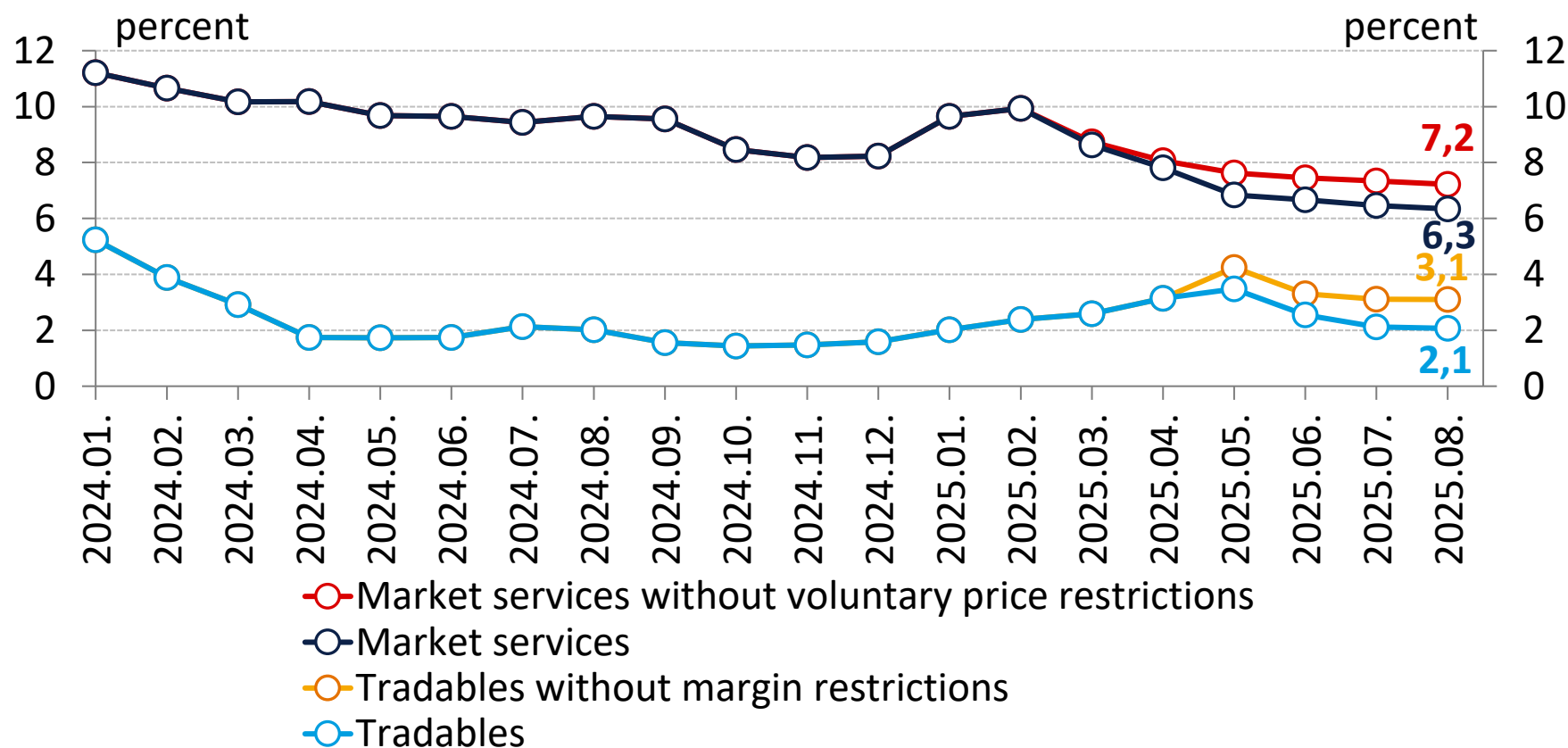
Source | MNB



DOMESTIC INFLATION IS SHAPED BY COMPLEX DEVELOPMENTS

Although global food prices are elevated, price restrictions have an inflation-reducing effect, and the impact of the stronger forint is already noticeable.

INFLATION OF MARKET SERVICES AND TRADABLES

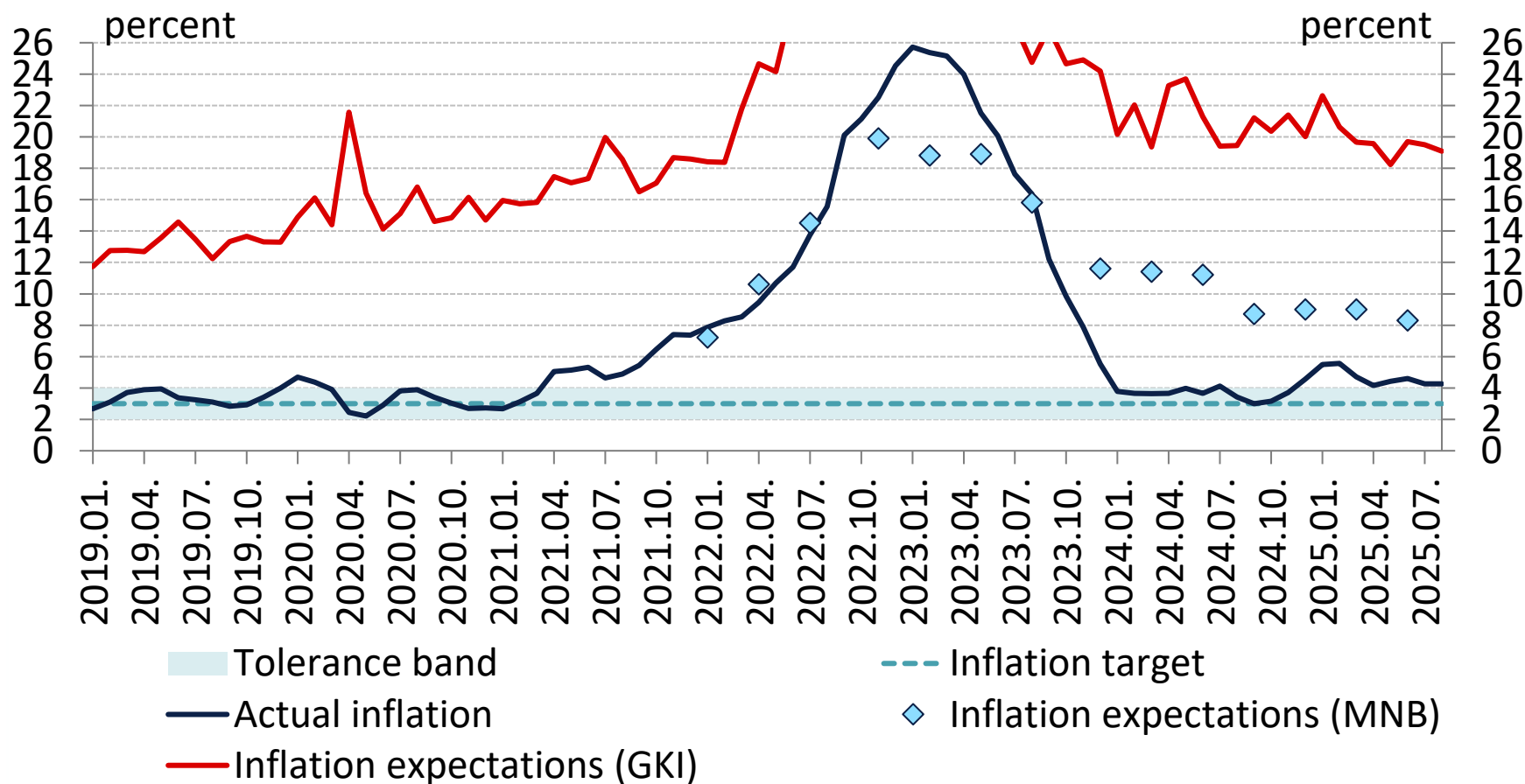




HOUSEHOLD INFLATION EXPECTATIONS DECREASED SLIGHTLY, BUT REMAIN AT A HIGH LEVEL

Short-term corporate price expectations showed subdued dynamics in August.

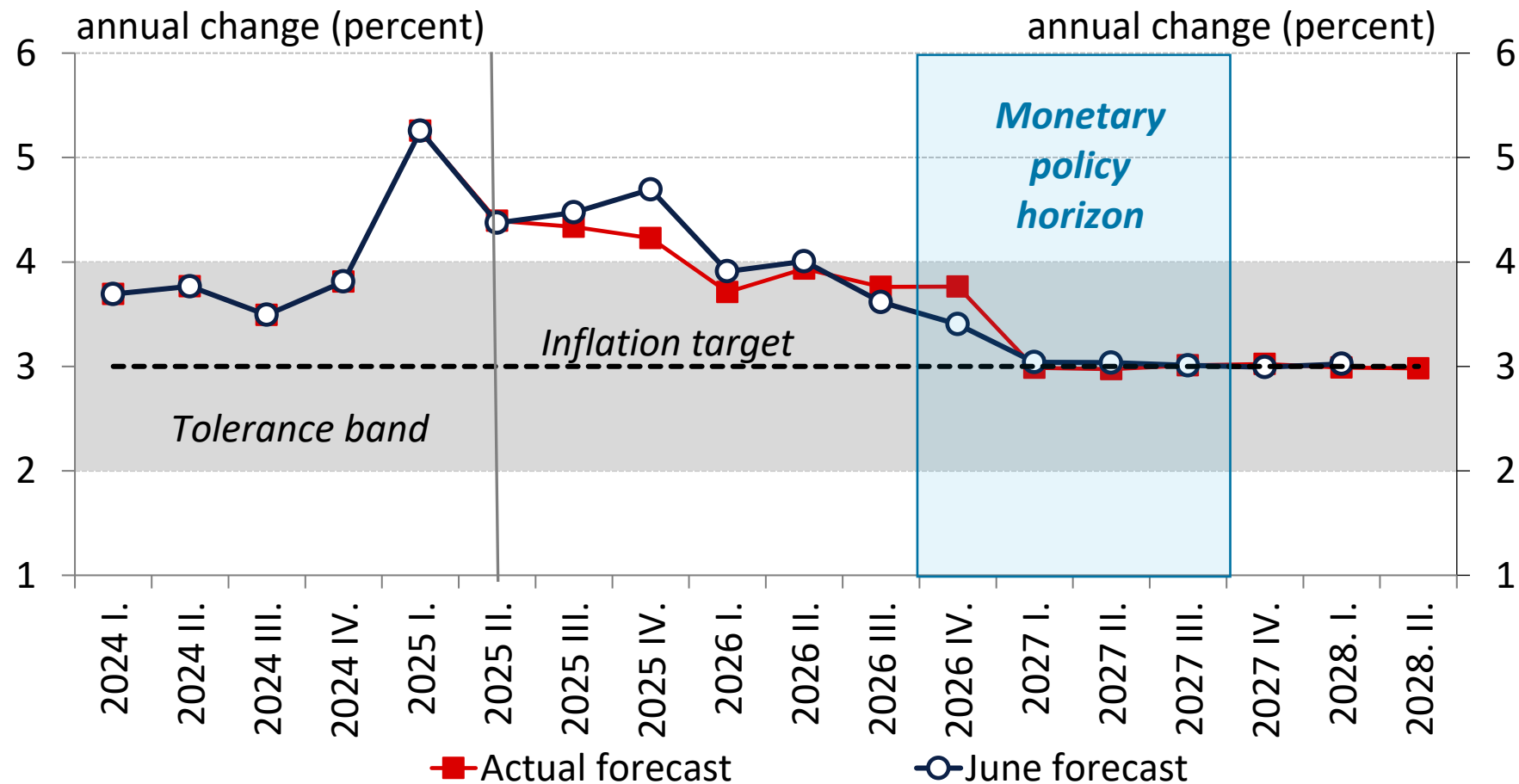
HOUSEHOLD INFLATION EXPECTATIONS





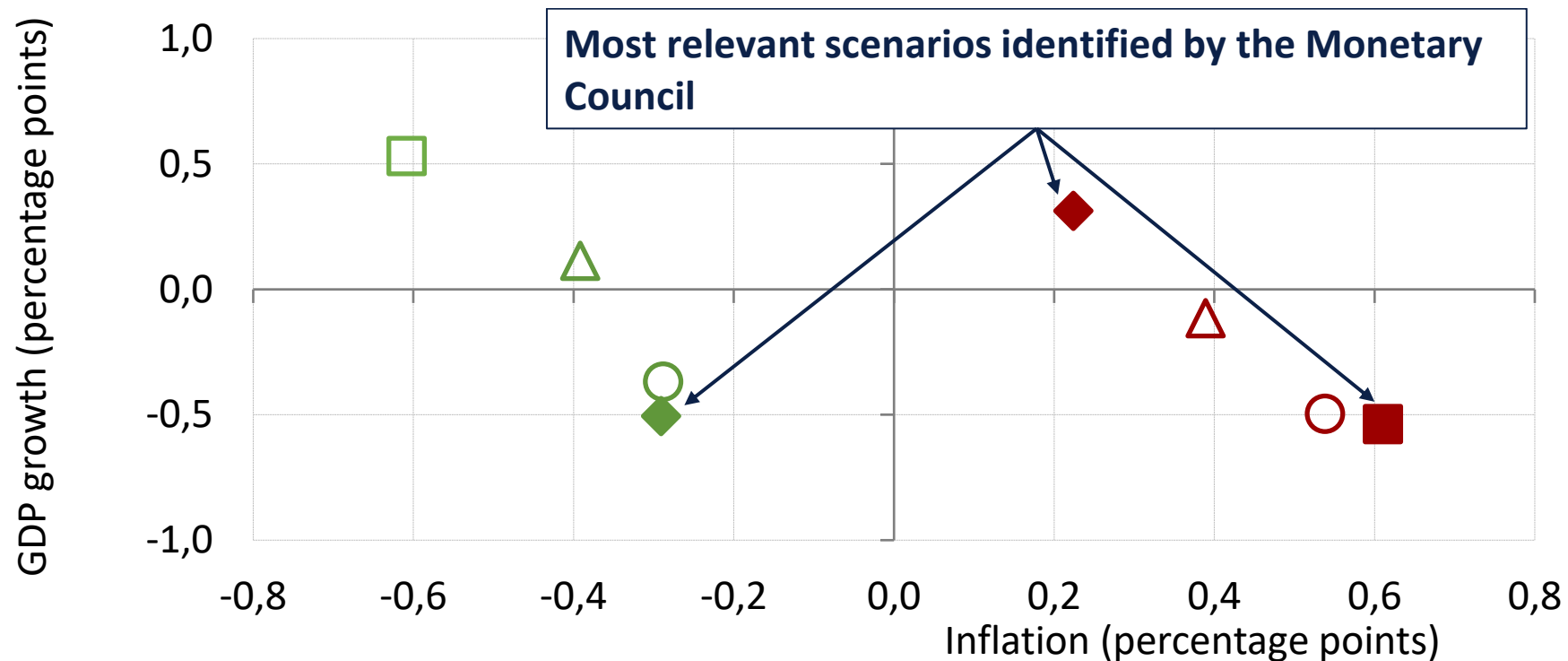
INFLATION WILL REACH THE 3 PERCENT INFLATION TARGET ON THE MONETARY POLICY HORIZON

OUR SEPTEMBER INFLATION FORECAST





THE BASELINE PROJECTION IS SURROUNDED BY MOSTLY UPSIDE RISKS TO INFLATION AND DOWNSIDE RISKS TO GROWTH

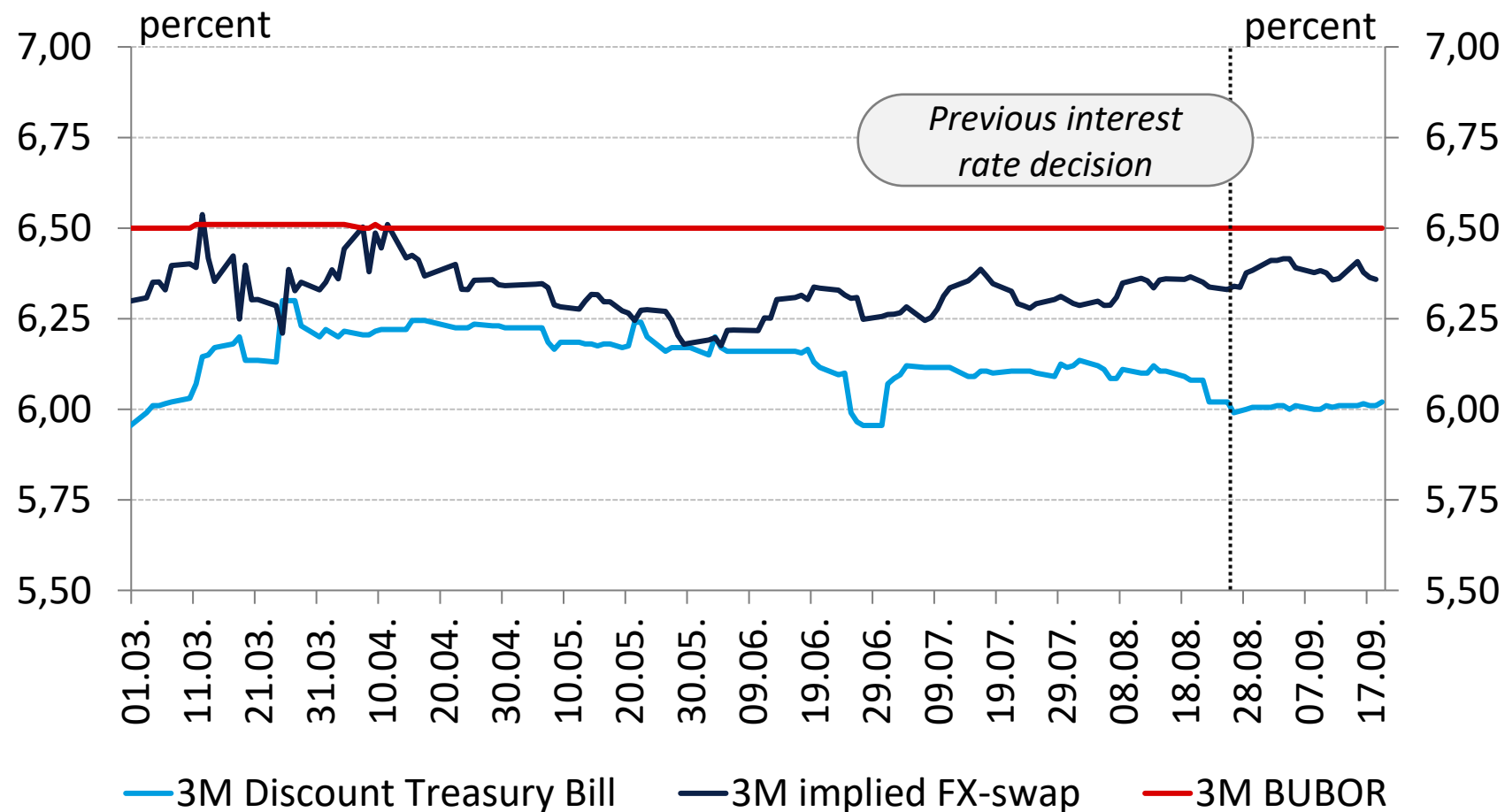


- ◆ Stronger consumption growth
- ◆ Prolonged weak growth in Europe
- Easing of geopolitical risks
- △ Faster decline in inflation expectations
- Escalating geopolitical tensions
- Renewed rise in trade policy tensions
- △ Slower decline in inflation expectations
- Faster easing of labour market tightness



SHORT-TERM MONEY MARKET YIELDS, WHICH ARE IMPORTANT FOR TRANSMISSION, ARE STABLE

3-MONTH FORINT YIELDS





MAINTENANCE OF 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, **a careful and patient approach remains 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.
- In the Council's assessment, **maintaining tight monetary conditions is warranted.**
- **The forward guidance did not change.**



THANK YOU FOR YOUR
ATTENTION!