Mihály Varga
Governor | Magyar Nemzeti Bank

Press Conference
25 August 2026

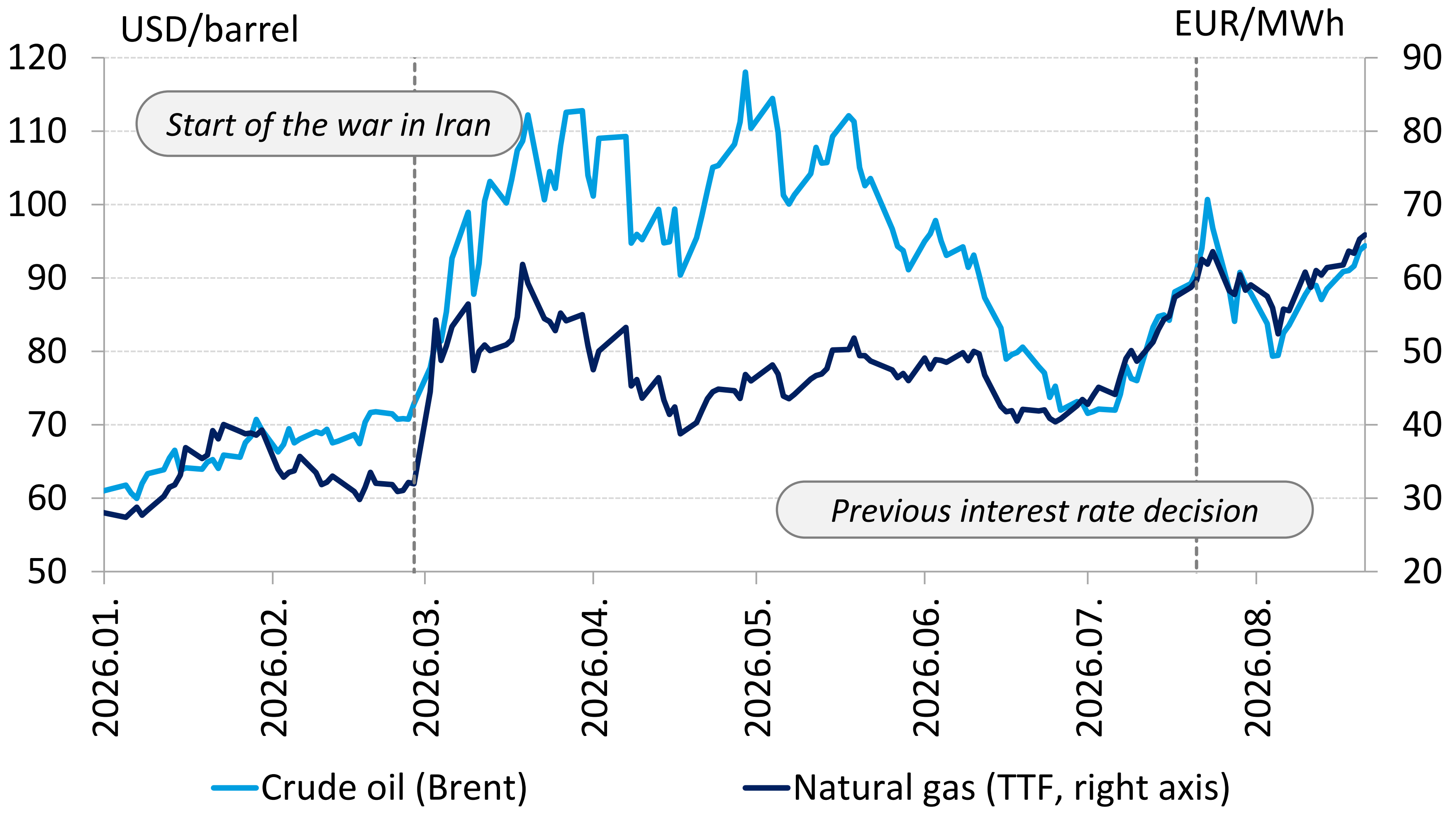
PRESS CONFERENCE FOLLOWING THE MONETARY COUNCIL’S DECISION ON 25 AUGUST 2026

KEY MESSAGES: THE MONETARY COUNCIL'S ASSESSMENT AND DECISION IN AUGUST

- **The Monetary Council is committed to achieving the inflation target in a sustainable manner.**
- Inflation developments were **below the baseline scenario projected in June, while the risk premium** on domestic assets **has remained stable.**
- **The Council reduced the base rate to 5.50 percent at today's meeting**.
- Looking ahead, Hungary's risk assessment will be primarily influenced by **the fiscal path, expectations regarding the adoption of the euro, as well as the external market environment.**
- **In line with its schedule for the year, the MNB began the review of the inflation target in the spring of 2026.** The conclusion of the review will be announced during the autumn.
- We will **decide on the future path of the base rate based on the September Inflation Report.**

GLOBAL INVESTOR SENTIMENT CONTINUES TO BE SHAPED BY GEOPOLITICAL DEVELOPMENTS IN THE MIDDLE EAST

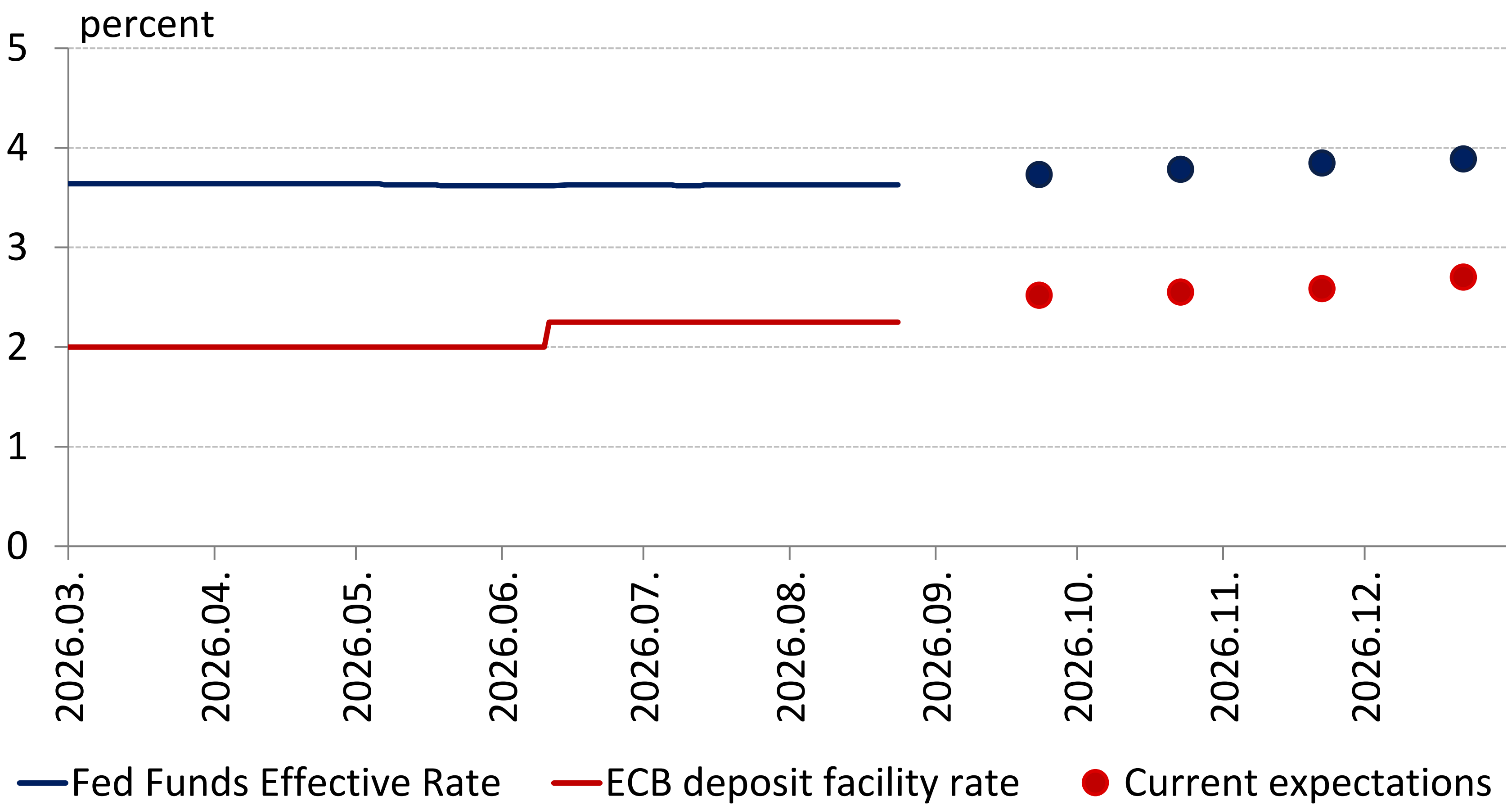
OIL AND GAS PRICES



Source | Bloomberg

MARKETS PRICE IN SLIGHT INCREASES IN INTEREST RATES FROM BOTH THE ECB AND THE FED

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

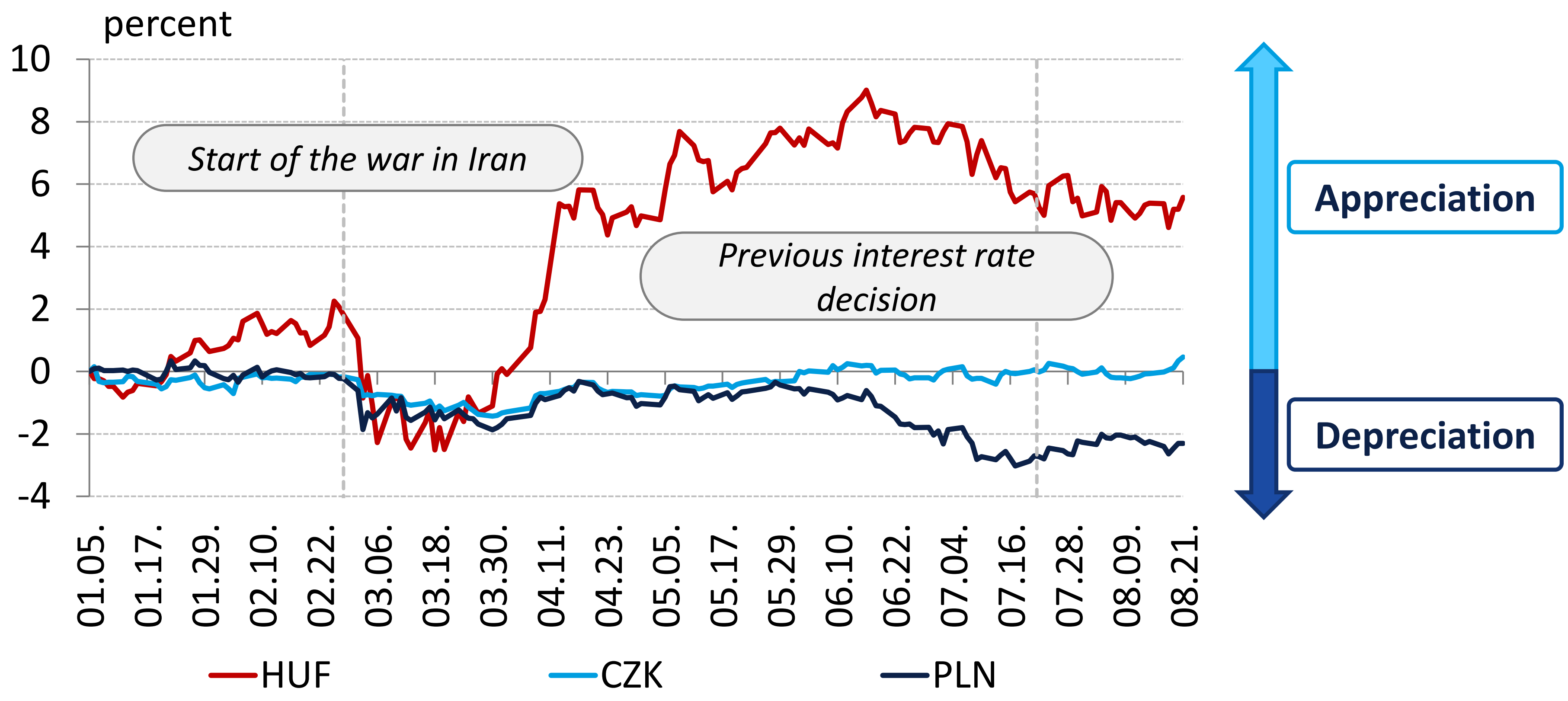


Source | Bloomberg

THE EXCHANGE RATE REMAINED IN THE STRONGER RANGE OBSERVED IN RECENT MONTHS

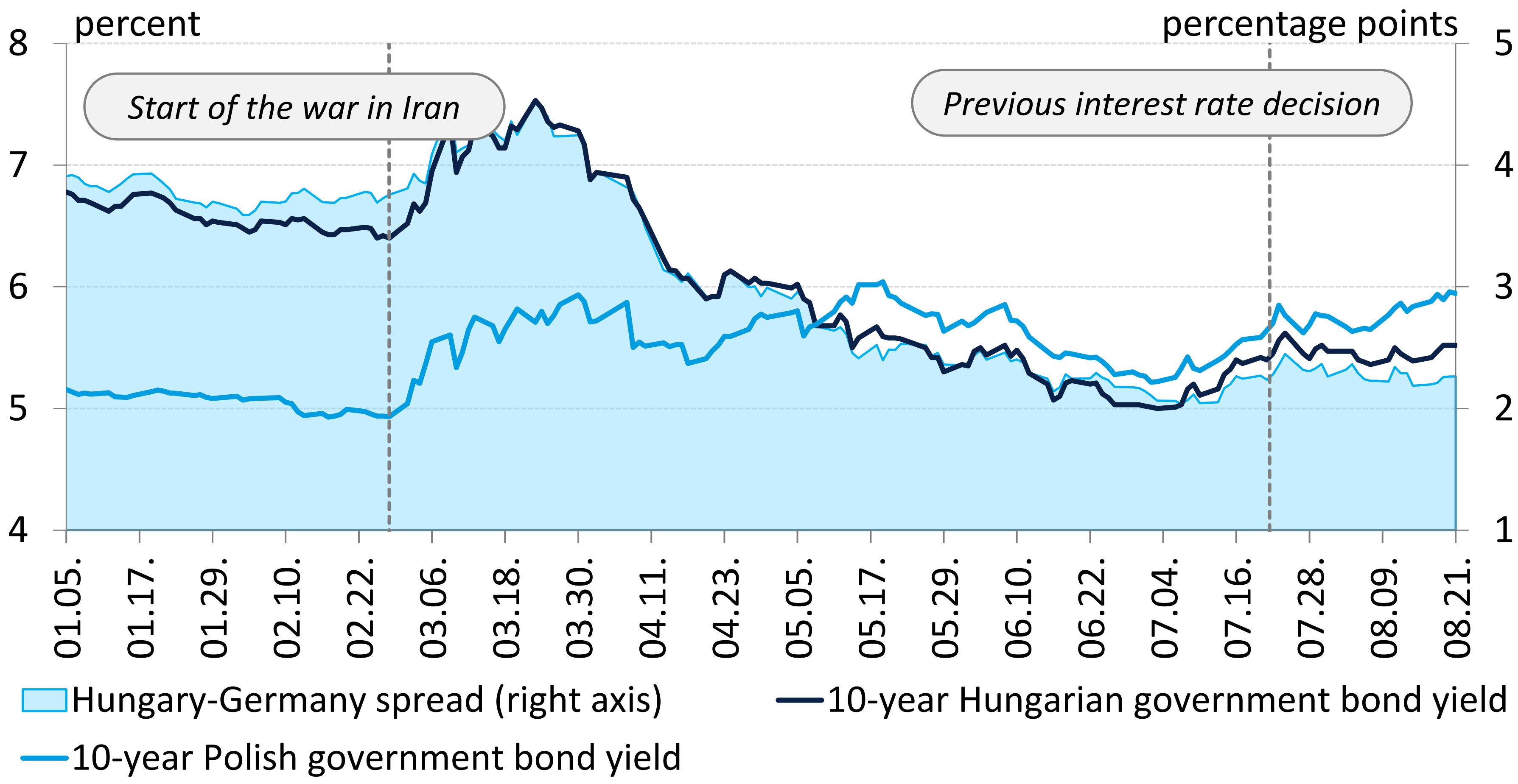
Maintaining the stability of the foreign exchange market supports the anchoring of inflation expectations and thus contributes to the achievement of price stability.

EXCHANGE RATE OF CEE CURRENCIES AGAINST THE EURO



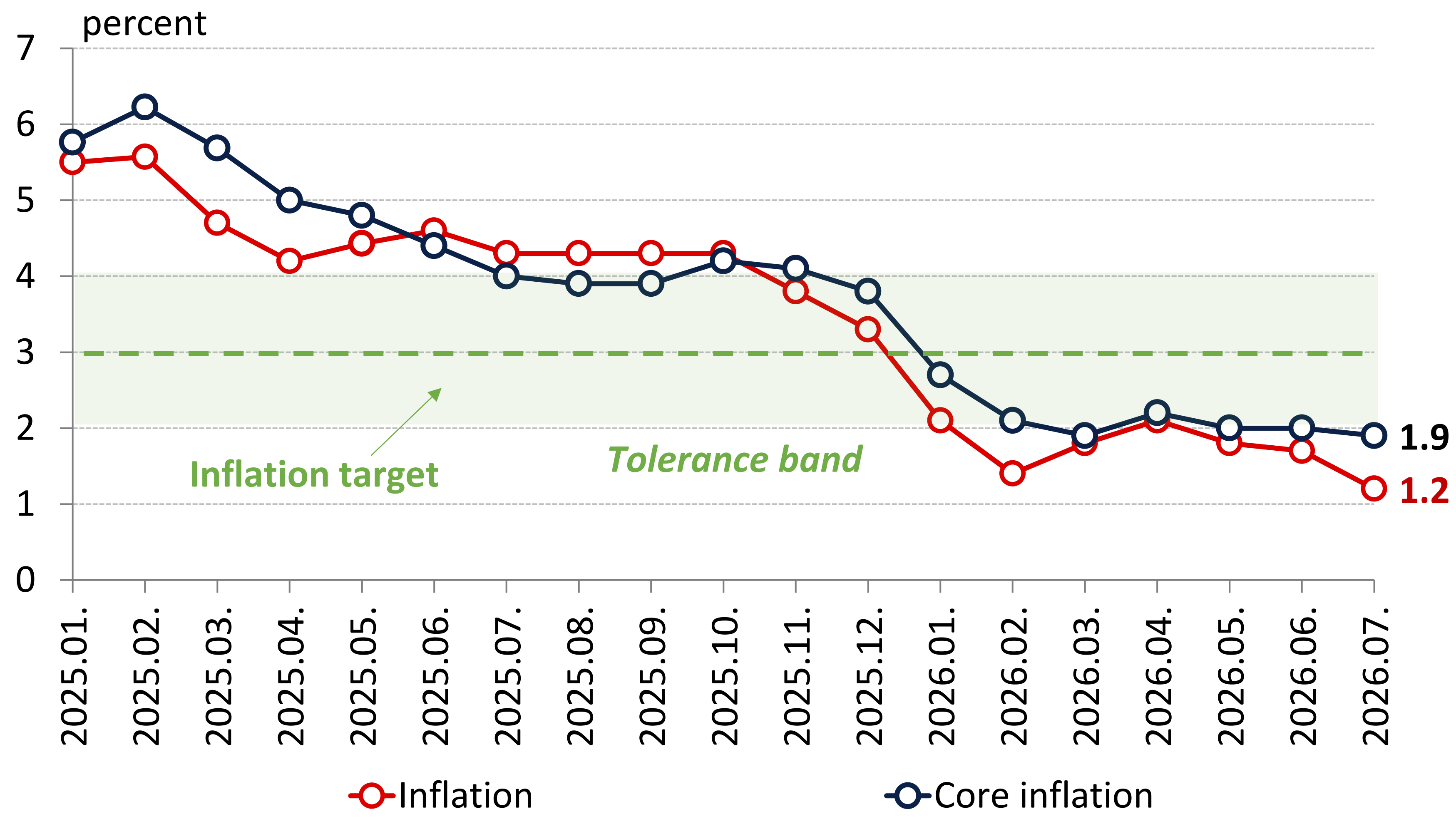
THE RISK PREMIUM ON DOMESTIC ASSETS HAS STABILISED AT LOWER LEVELS OVER THE PAST MONTHS

10-YEAR GOVERNMENT BOND YIELD IN POLAND AND HUNGARY AND HUNGARY'S YIELD SPREAD AGAINST GERMANY



INFLATION DEVELOPMENTS WERE BELOW EXPECTATIONS

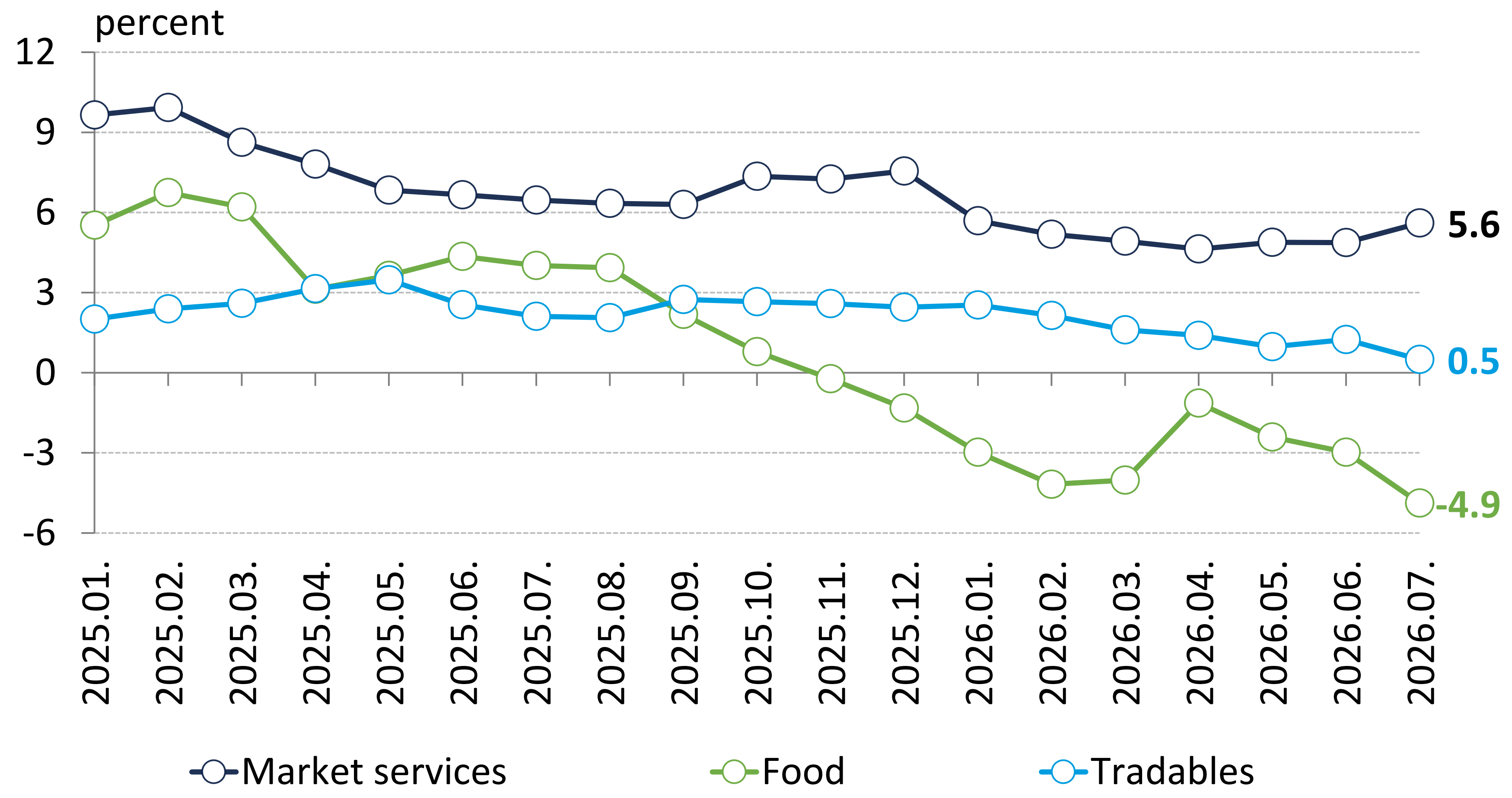
INFLATION AND CORE INFLATION



Source | HCSO

THE DISINFLATIONARY EFFECT OF A STEADILY STRONGER EXCHANGE RATE IS GRADUALLY EMERGING

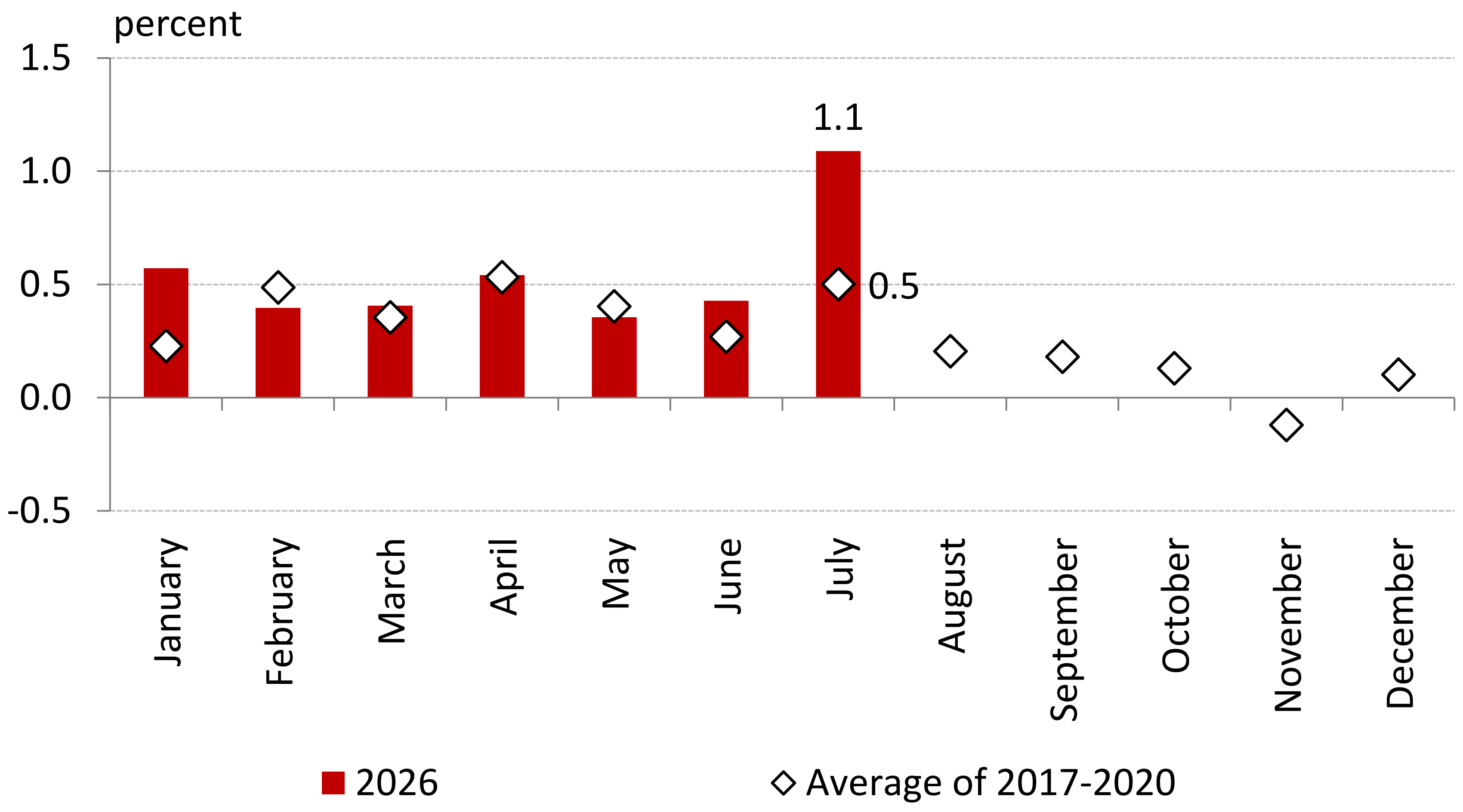
ANNUAL PRICE CHANGES OF MAIN INFLATION GROUPS



Note | Breakdown according to the MNB’s classification.
Source | HCSO, MNB

THE WITHDRAWAL OF VOLUNTARY PRICE RESTRICTIONS SIGNIFICANTLY INCREASED THE INFLATION OF MARKET SERVICES

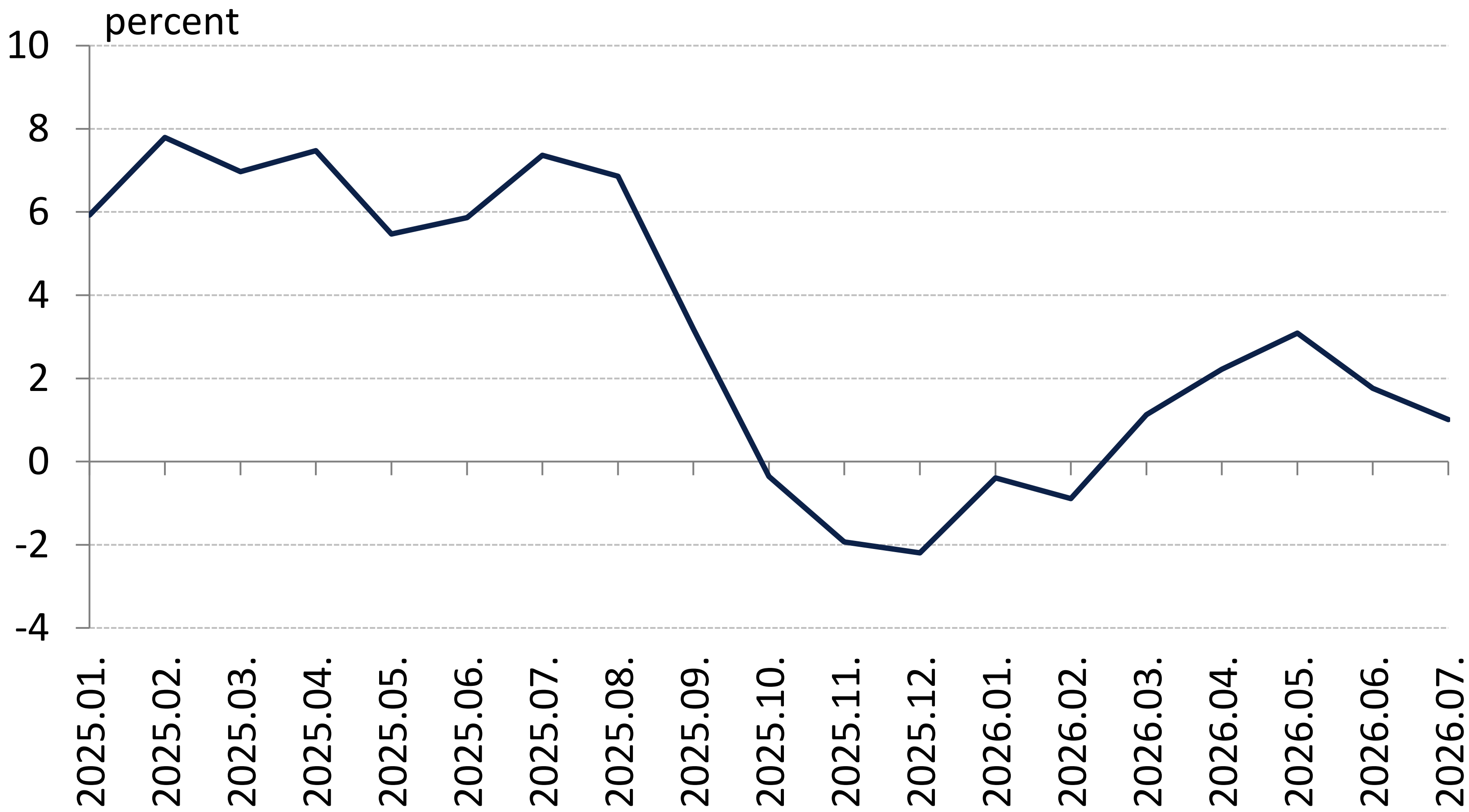
MONTHLY PRICE CHANGES IN MARKET SERVICES



Note | Seasonally not adjusted monthly change.
Source | HCSO, MNB

THE DROUGHT IN HUNGARY DAMPENS ECONOMIC GROWTH

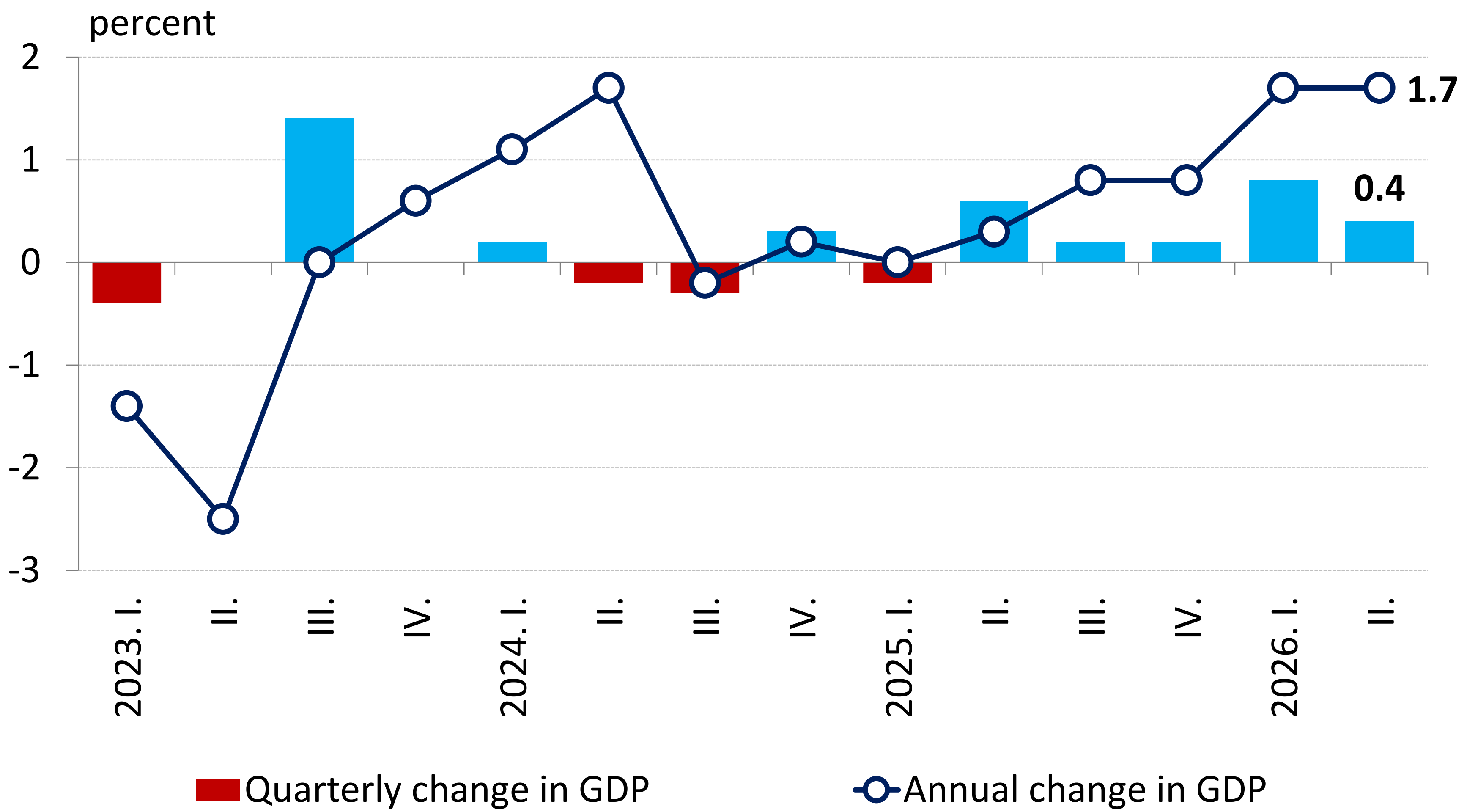
THE FAO INTERNATIONAL FOOD PRICE INDEX



Note | Year-on-year changes in the Food Price Index.
Source | FAO

GDP GREW BY 1.7 PERCENT IN Q2 IN ANNUAL TERMS

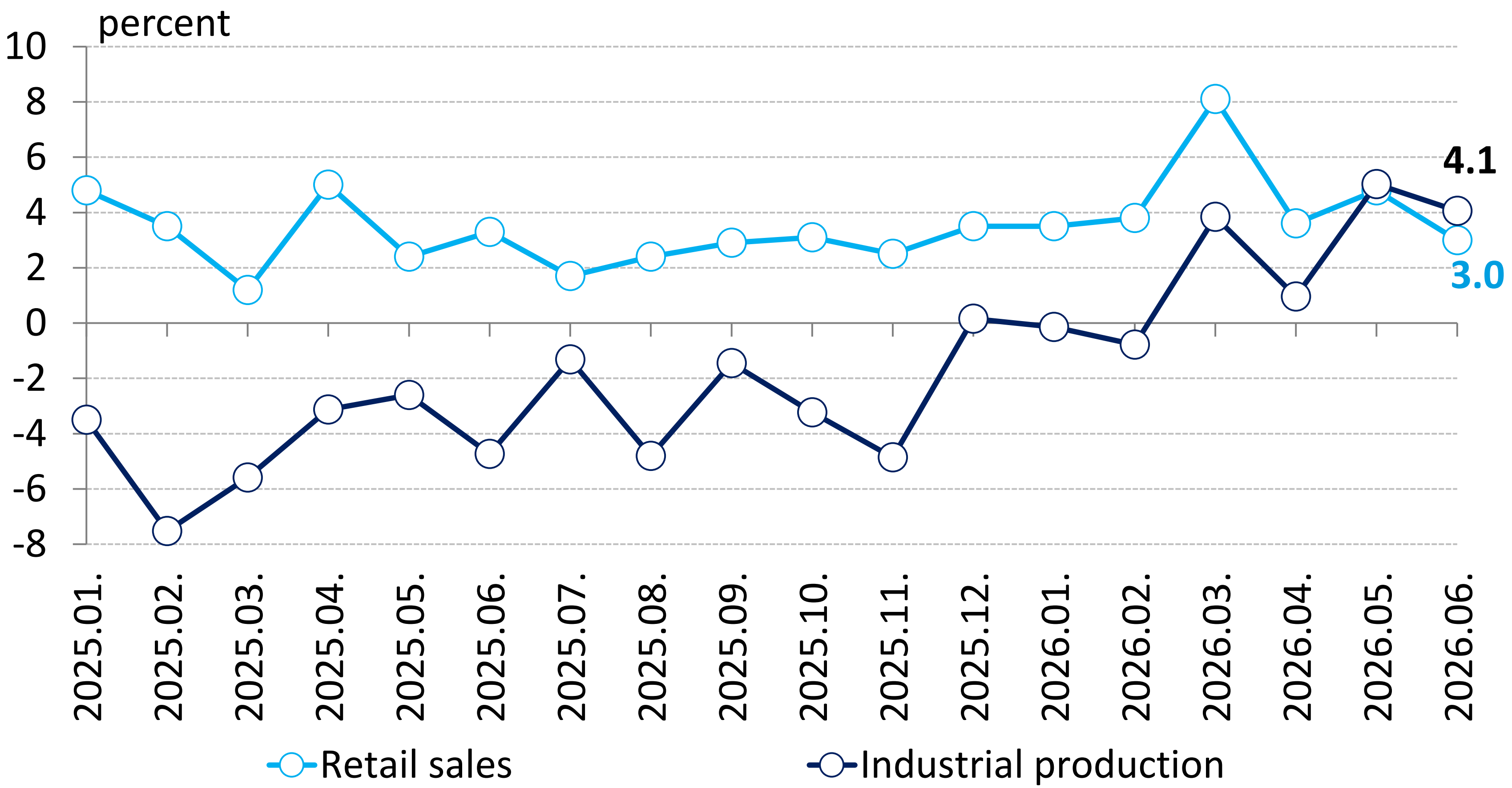
ANNUAL AND QUARTERLY CHANGES IN GDP



Note | Quarterly change based on seasonally and calendar adjusted data.
Source | HCSO

DOMESTIC INDUSTRIAL PRODUCTION AND RETAIL SALES CONTINUED TO INCREASE IN JUNE

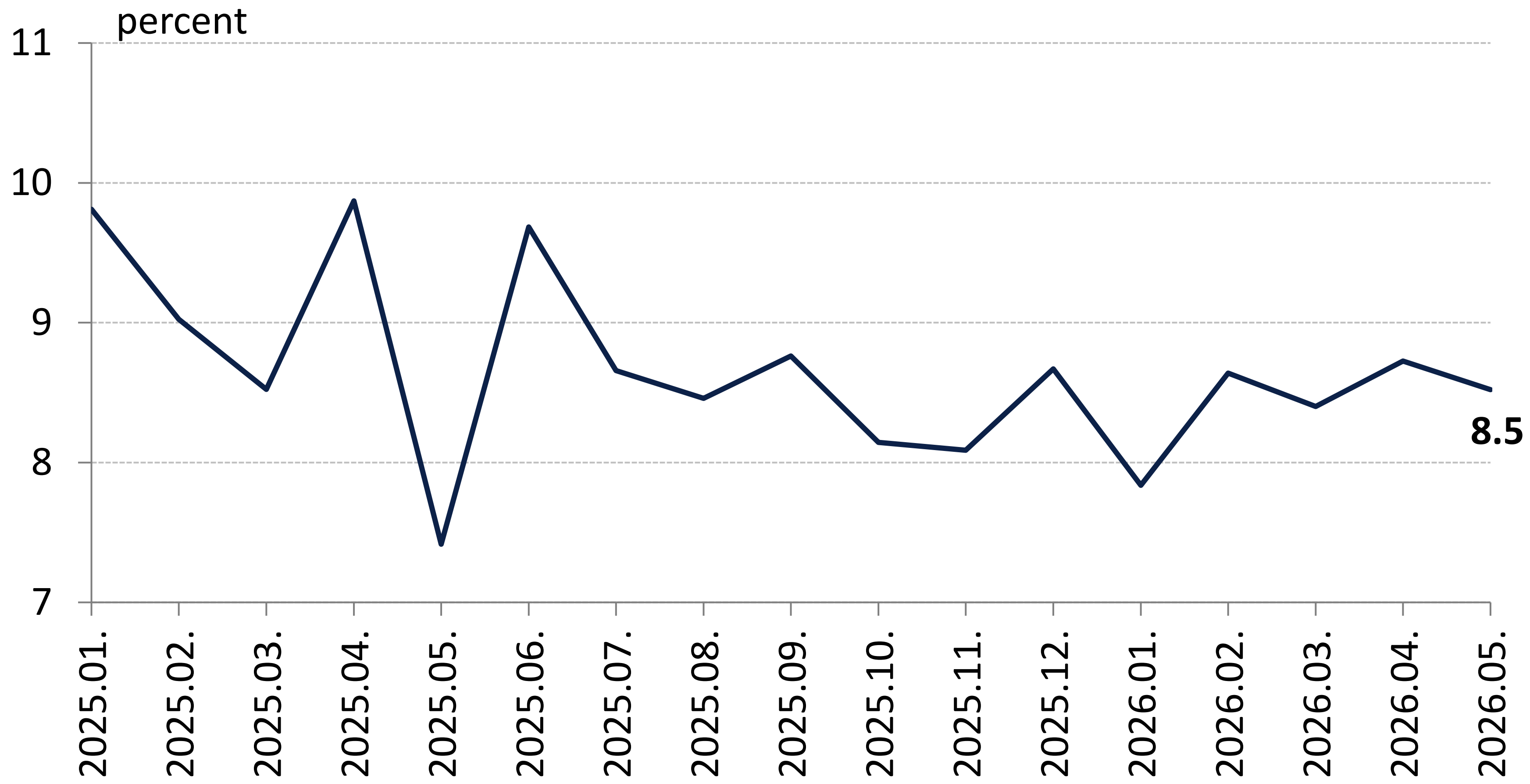
ANNUAL GROWTH RATE OF RETAIL SALES AND INDUSTRIAL PRODUCTION



Note | Retail sales data adjusted for workday effects. Industrial production data adjusted for seasonal and workday effects.
Source | HCSO, MNB

WAGE GROWTH REMAINS STRONG

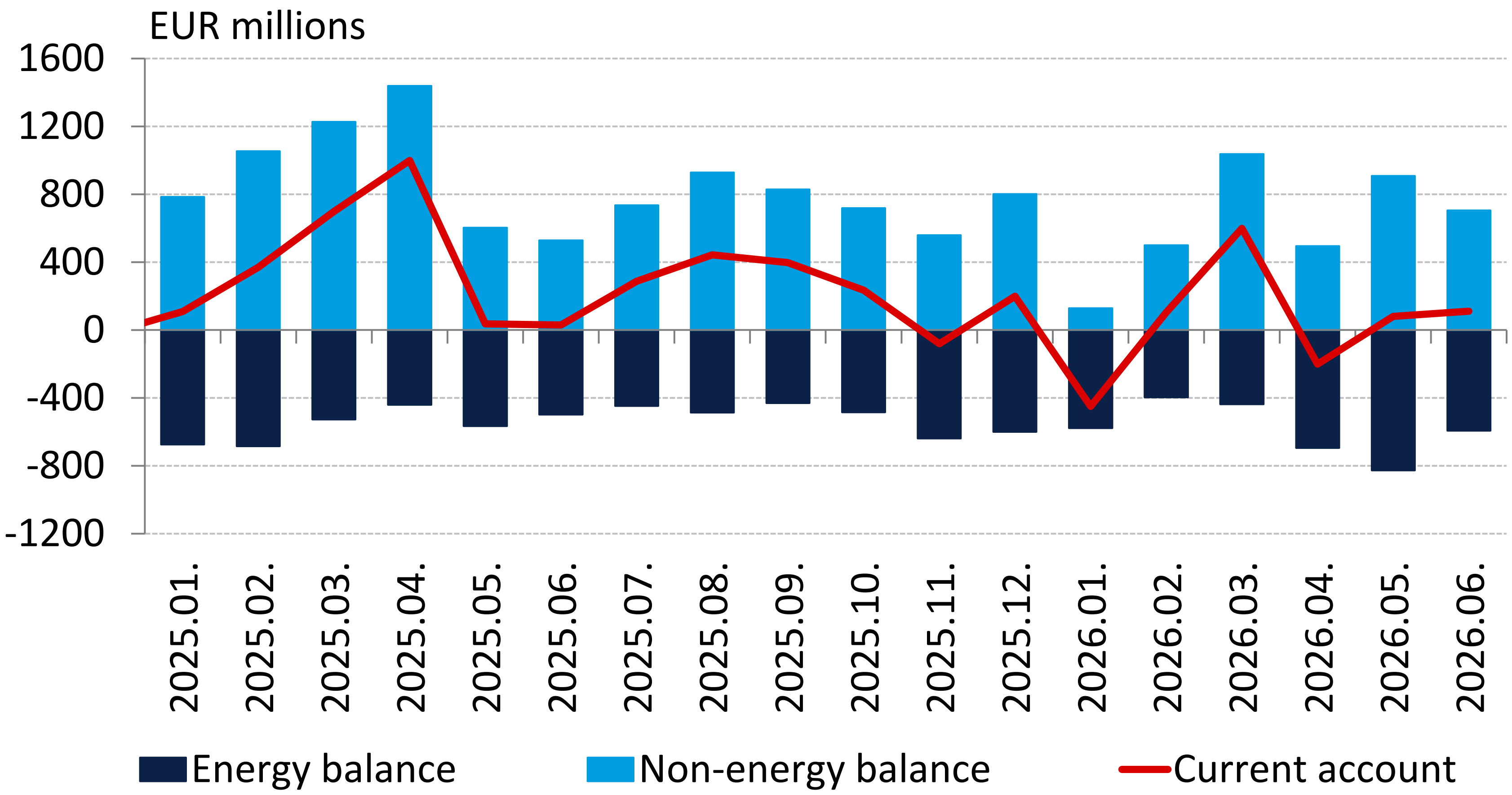
ANNUAL CHANGES IN GROSS AVERAGE WAGES IN THE PRIVATE SECTOR



Source | HCSO

THE CURRENT ACCOUNT WAS IN A SURPLUS IN JUNE

CURRENT ACCOUNT AND ENERGY BALANCE



Source | MNB, HCSO

FAVOURABLE DOMESTIC FACTORS HAVE PRESERVED THE MONETARY COUNCIL'S ROOM TO MANOEUVRE

The Monetary Council reduced the base rate to 5.50 percent at today's meeting.

- Inflation developments were **below the baseline scenario projected in June,** while Hungary's **risk assessment has remained favourable.**
- We continue to closely monitor **international and domestic factors shaping the inflation outlook.**
- Looking ahead, **Hungary's risk assessment will be** influenced by expectations regarding **the fiscal path and the adoption of the euro,** as well as the **external market environment.**

THE MONETARY COUNCIL'S FORWARD GUIDANCE

*„**The Monetary Council is committed to achieving the inflation target in a sustainable manner** and constantly assesses the inflation outlook, global developments, and Hungary's risk premium. While ensuring a positive real interest rate, maintaining the stability of financial markets, especially that of the foreign exchange market, supports the anchoring of inflation expectations and thus contributes to the achievement of price stability.*

The Council will decide on the future path of the base rate based on the September Inflation Report."

THANK YOU FOR YOUR ATTENTION!