



PRESS CONFERENCE FOLLOWING THE  
MONETARY COUNCIL'S DECISION ON  
23 JUNE 2026

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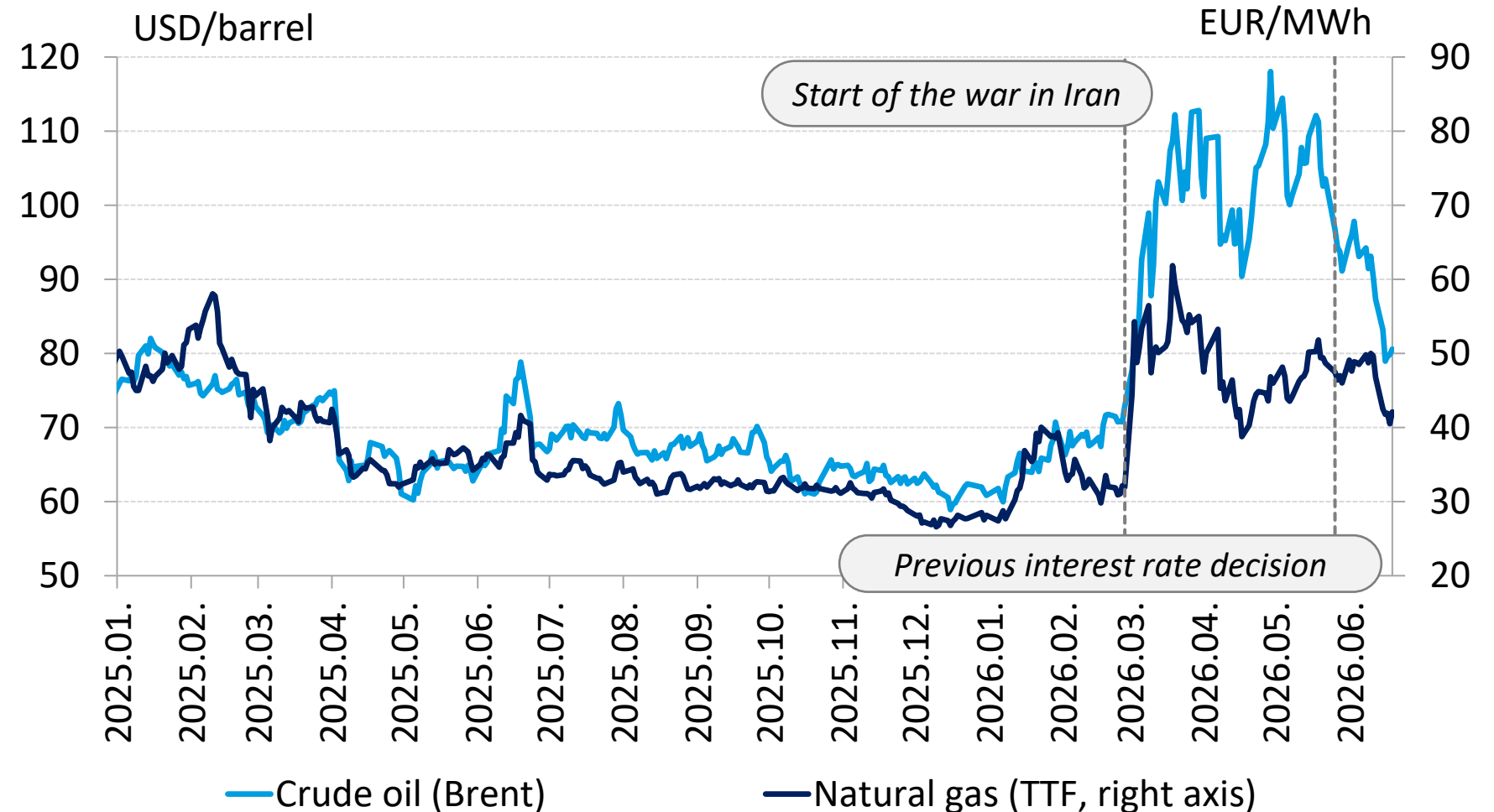
## KEY MESSAGES: THE MONETARY COUNCIL'S ASSESSMENT AND DECISION IN JUNE

- **The Monetary Council is committed to achieving the 3 percent inflation target in a sustainable manner.**
- **The inflation path in the June forecast significantly shifted downwards compared to the one in the March forecast.** The baseline scenario is surrounded by balanced inflation risks.
- **With the easing of geopolitical tensions,** the global risk environment has become more favourable.
- **The lower risk premium on domestic assets remained.**
- **These factors significantly increase the room for monetary policy to manoeuvre.**
- **Accordingly, the Monetary Council reduced the base rate to 6.0 percent at today's meeting.**
- **Looking ahead, if favourable developments persist, the Council – while maintaining a positive real interest rate – sees room for further interest rate cuts throughout the summer.**
- **We will decide on the continuation of the interest rate cuts based on the September Inflation Report.**



# GLOBAL ENERGY PRICES MODERATED DUE TO NEWS OF AGREEMENT BETWEEN USA AND IRAN

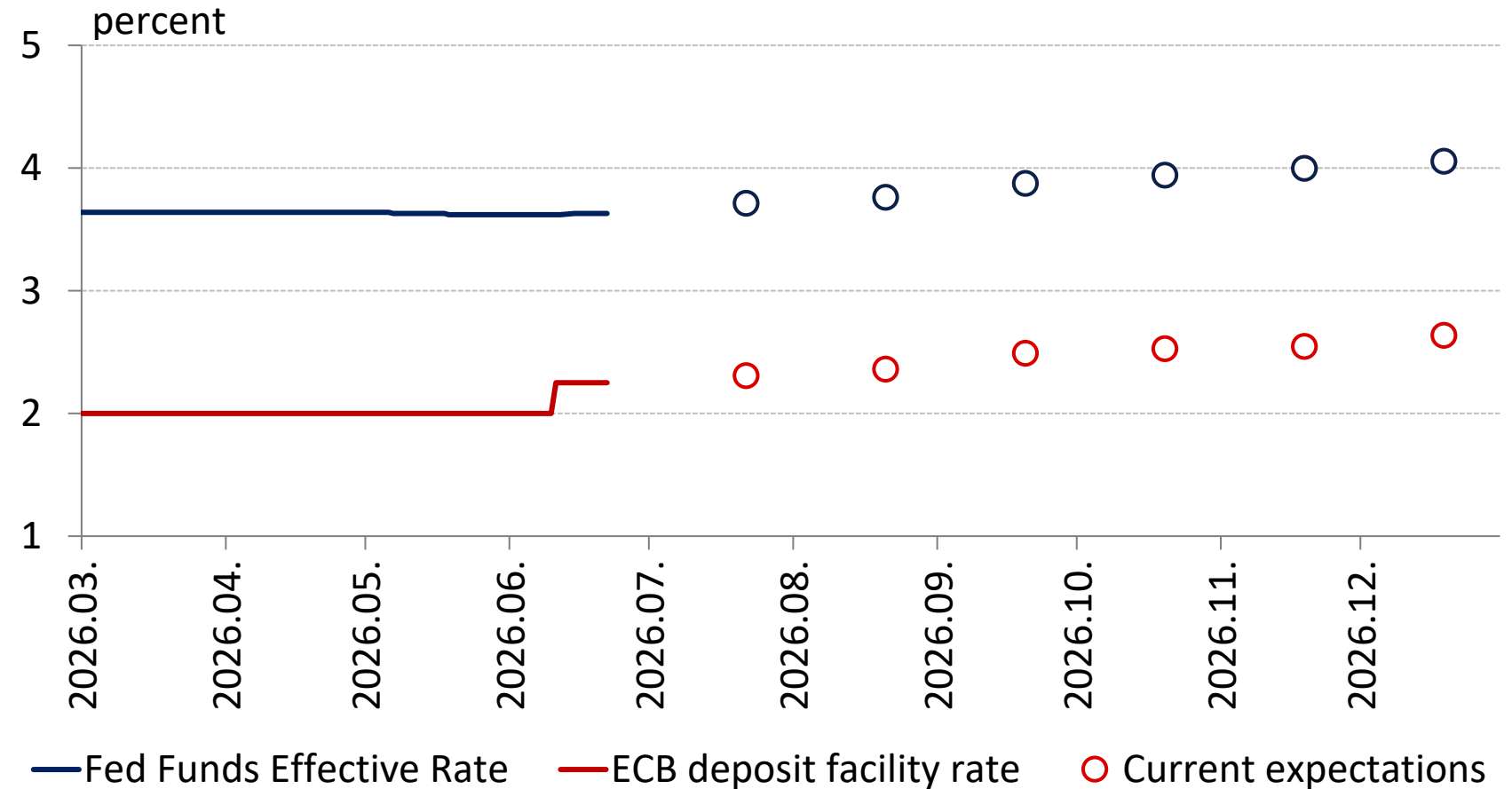
## OIL AND GAS PRICES





# MARKETS PRICE IN RISING 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

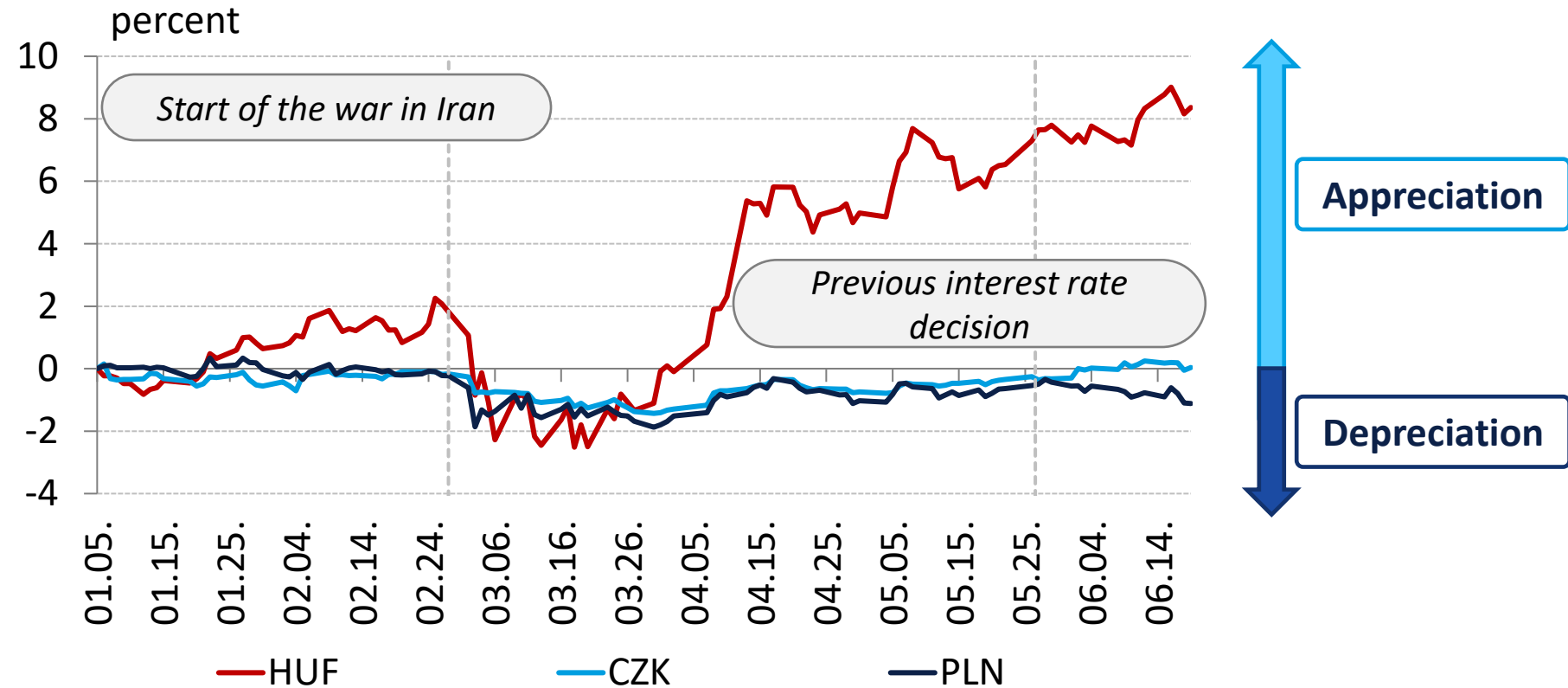




# COUNTRY-SPECIFIC STRENGTHENING OF THE FORINT IN RECENT MONTHS

A stronger forint reduces the rate of price increases and inflation expectations.

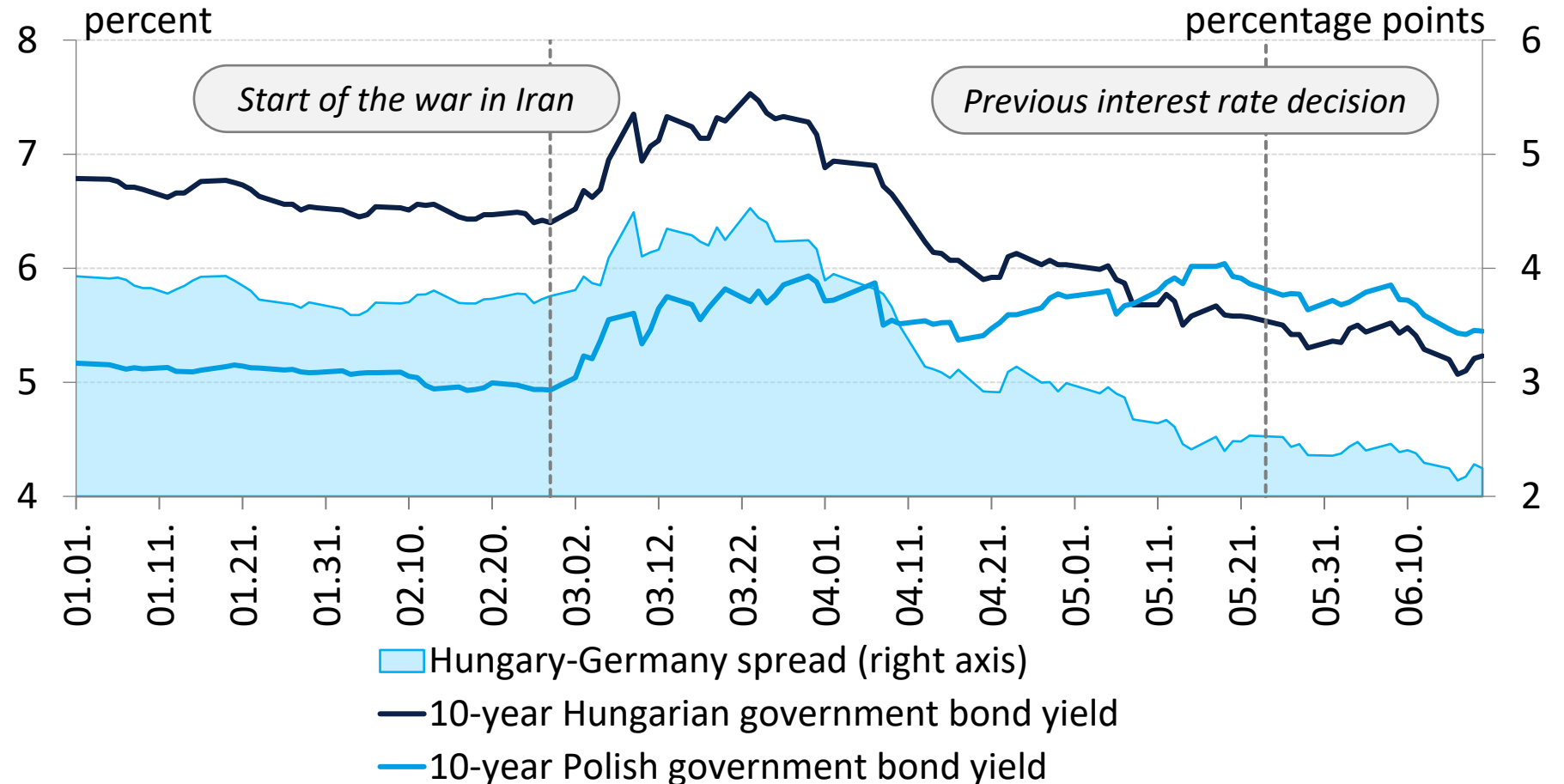
## EXCHANGE RATE OF CEE CURRENCIES AGAINST THE EURO





# HUNGARY'S 10-YEAR GOVERNMENT BOND YIELDS ARE LOWER THAN THE POLISH YIELDS

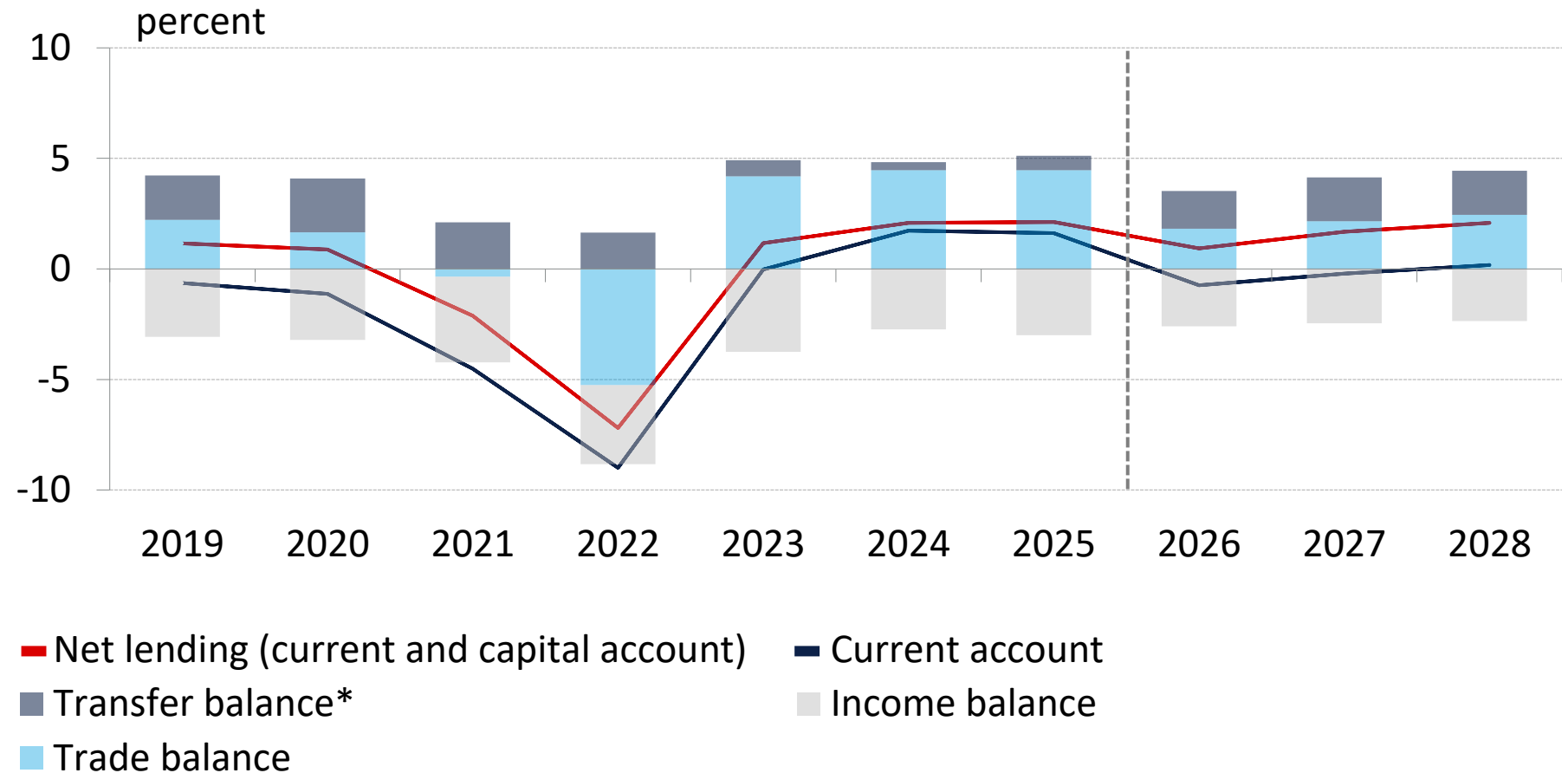
## 10-YEAR GOVERNMENT BOND YIELD IN POLAND AND HUNGARY AND HUNGARY'S YIELD SPREAD AGAINST GERMANY





# THE CURRENT ACCOUNT BALANCE WILL TEMPORARILY DETERIORATE THIS YEAR THEN REMAIN CLOSE TO THE EQUILIBRIUM LEVEL

## CURRENT ACCOUNT AND EXTERNAL POSITION AS A SHARE OF GDP



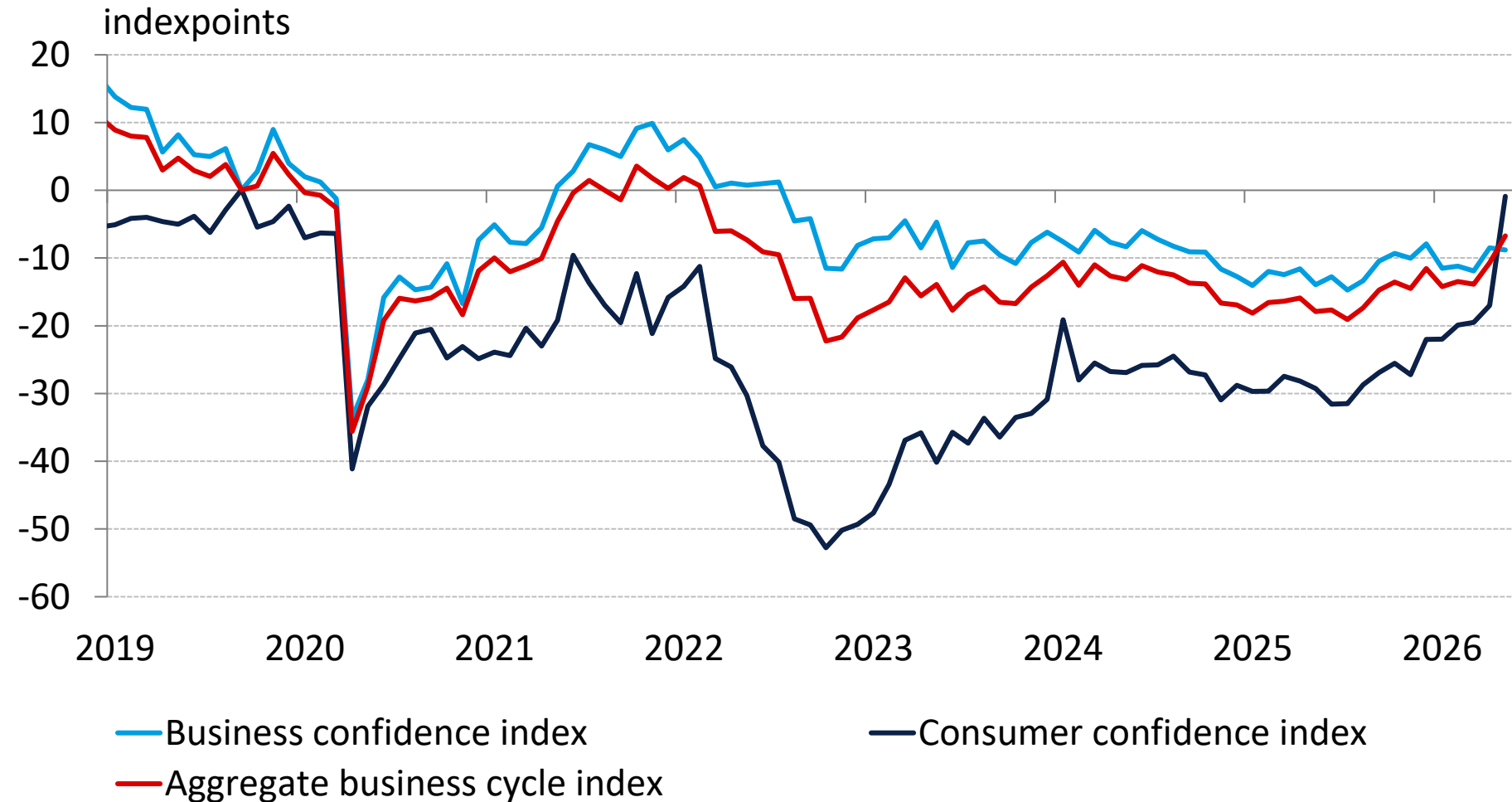
Note | \*The sum of current transfers and the capital account balance.

Source | MNB | 7



# THE IMPROVEMENT IN THE CONSUMER CONFIDENCE INDEX MAY SUPPORT GROWTH

## GKI'S BUSINESS CYCLE INDEX FOR HUNGARY AND ITS COMPONENTS



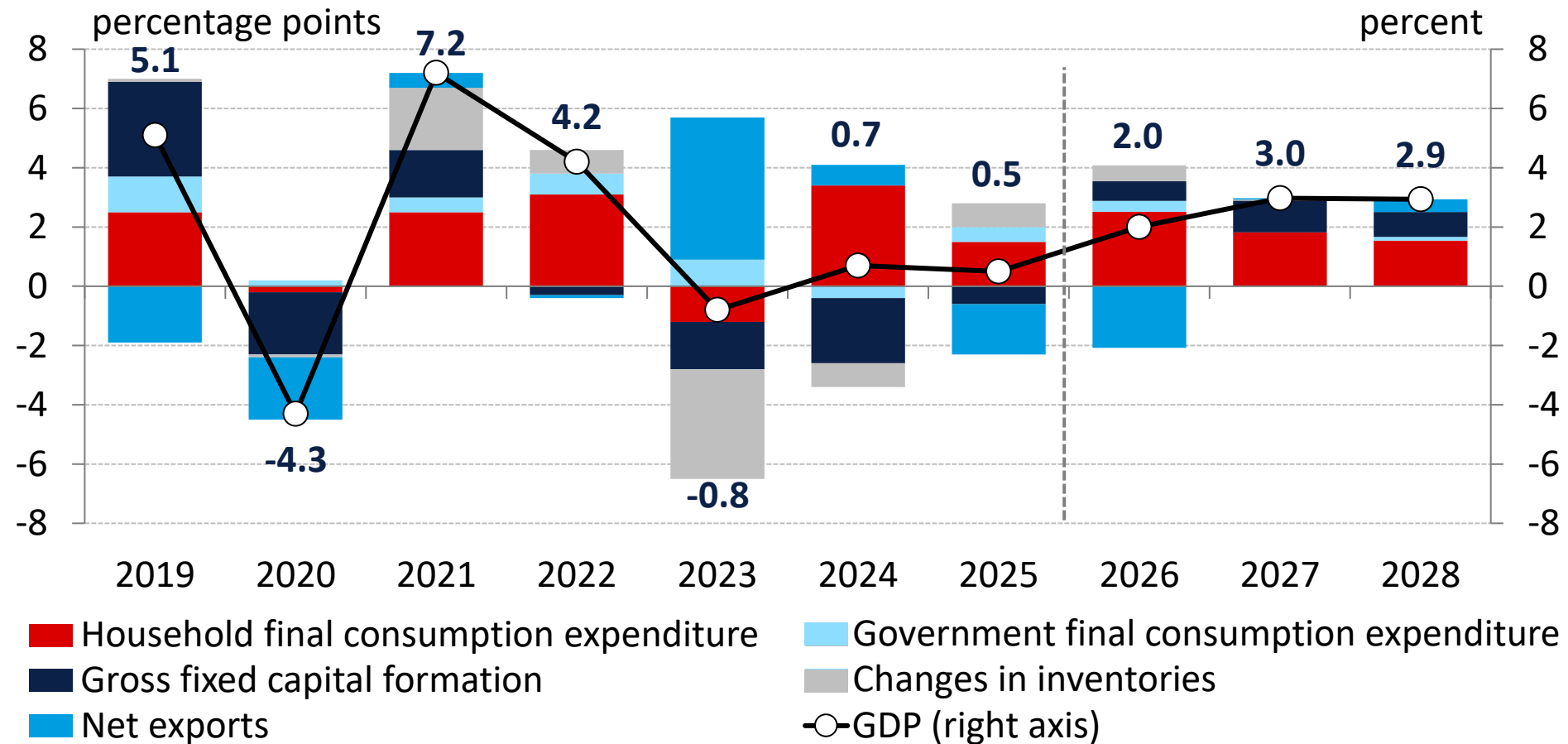
Note | Seasonally adjusted data.

Source | GKI | 8



# FROM 2027 ONWARDS, IN ADDITION TO HOUSEHOLD CONSUMPTION, INVESTMENTS MAY ALSO SIGNIFICANTLY SUPPORT GROWTH

## EXPENDITURE-SIDE DECOMPOSITION OF ANNUAL GDP CHANGE



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



# PRIVATE SECTOR WAGE DYNAMICS WERE SLOWER THAN IN PREVIOUS YEARS, BUT THERE WAS A STRONG RISE IN REAL WAGES

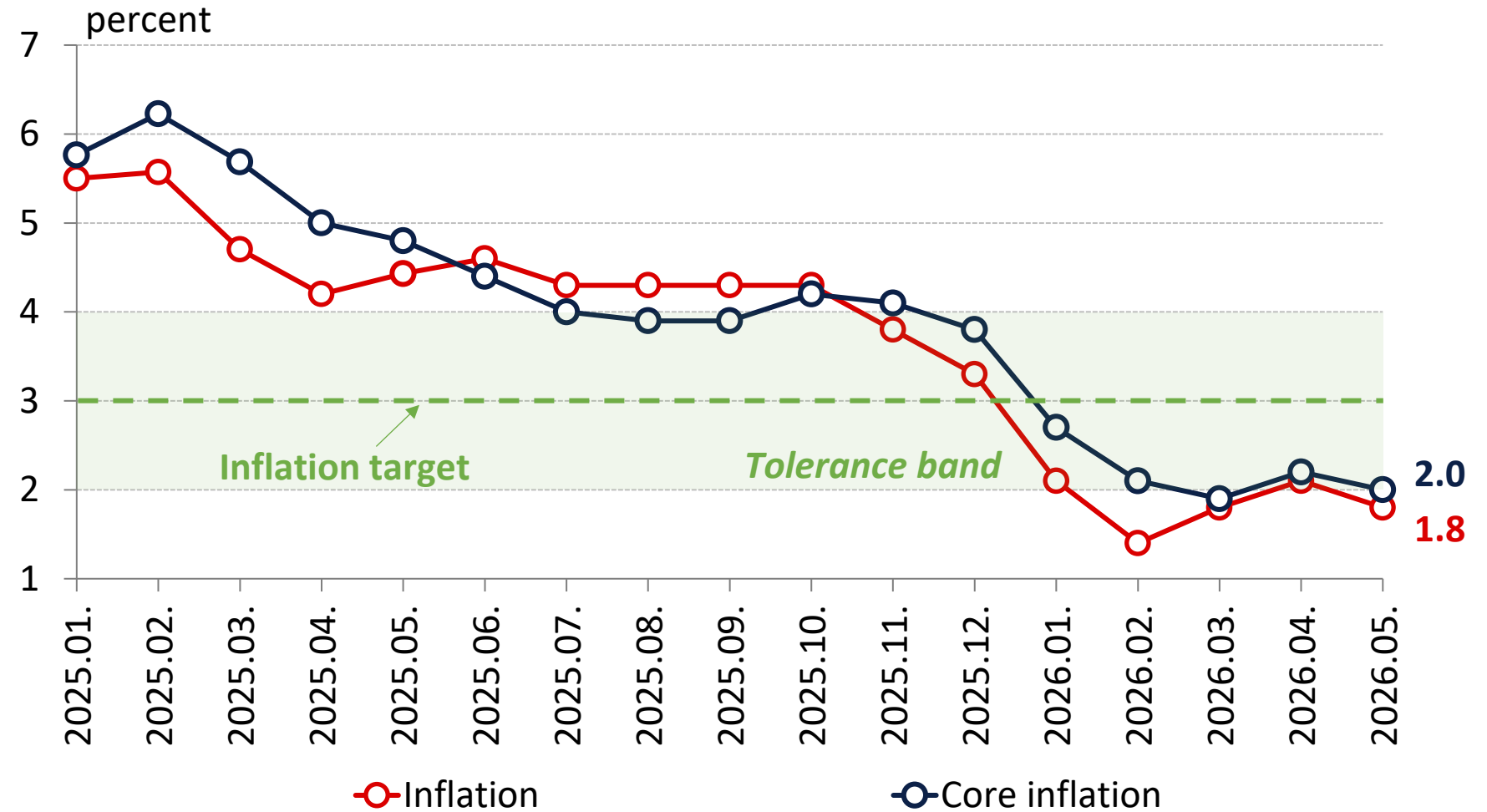
## WAGE DYNAMICS IN THE PRIVATE SECTOR





# INFLATION WAS AT THE LOWER END OF THE TOLERANCE BAND IN MAY

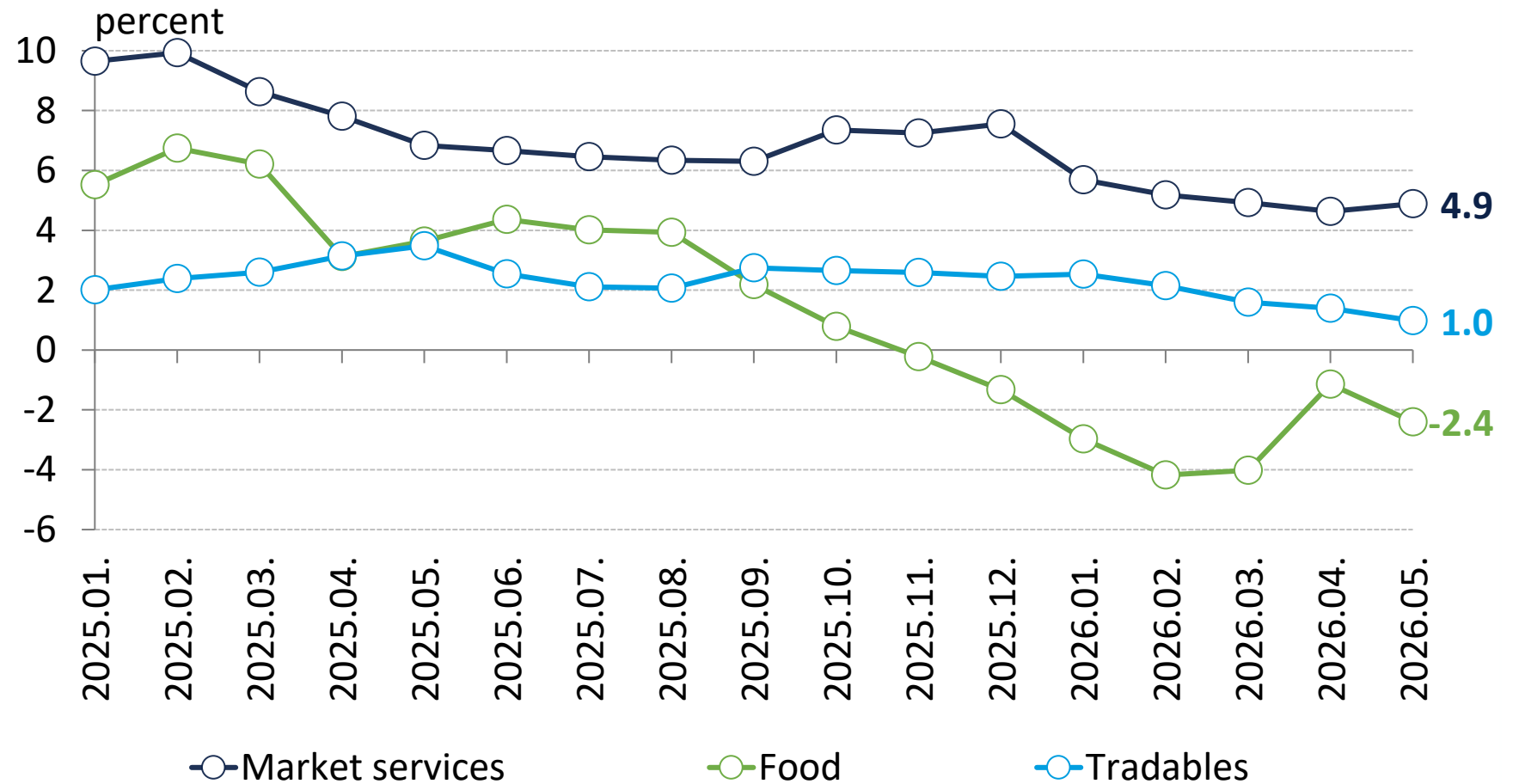
## INFLATION AND CORE INFLATION





# UNDERLYING INFLATION EASED FURTHER

## ANNUAL PRICE CHANGES OF MAIN INFLATION GROUPS



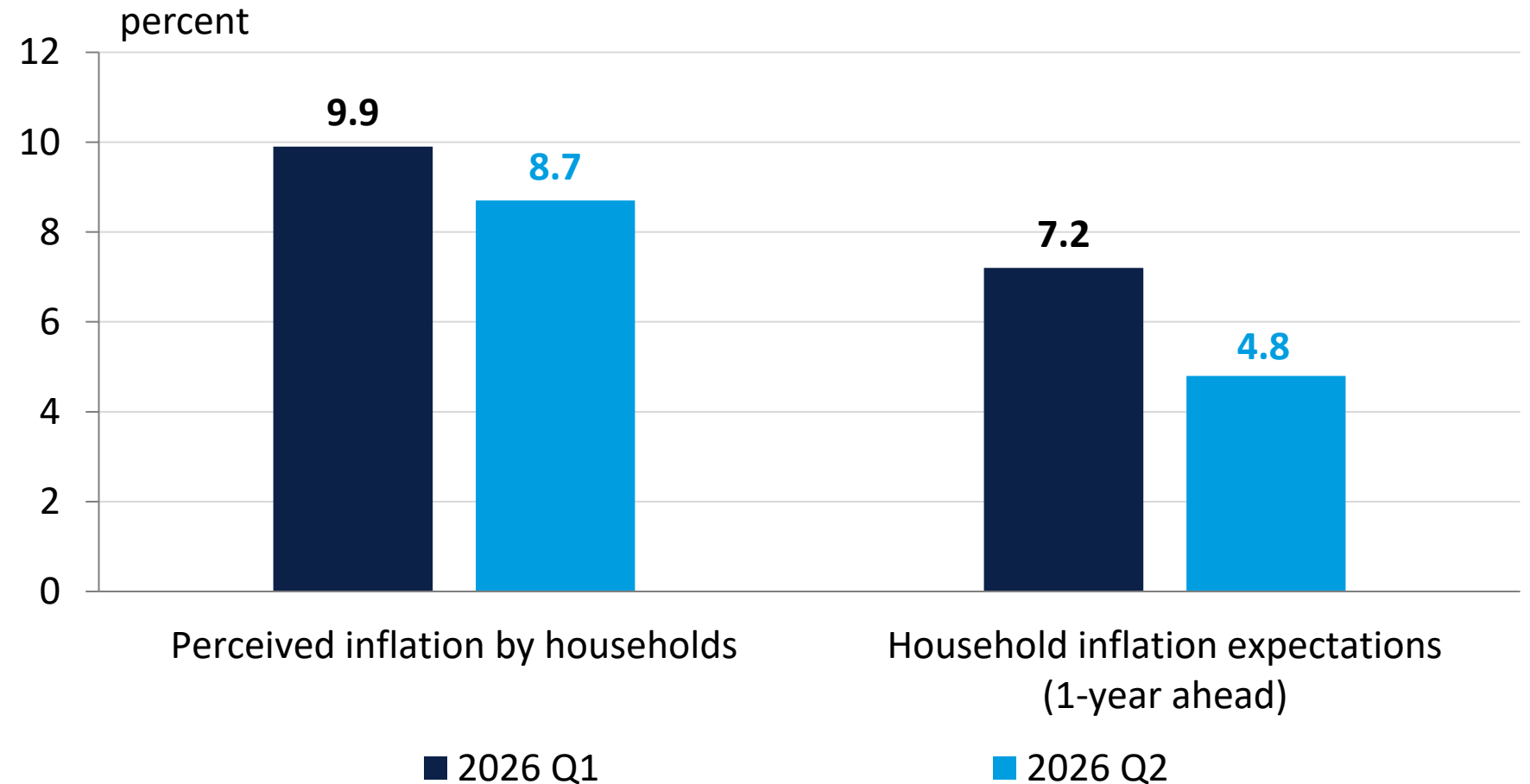
Note | Breakdown according to the MNB's classification.

Source | HCSO, MNB | 12



# HOUSEHOLD INFLATION EXPECTATIONS DECREASED SIGNIFICANTLY

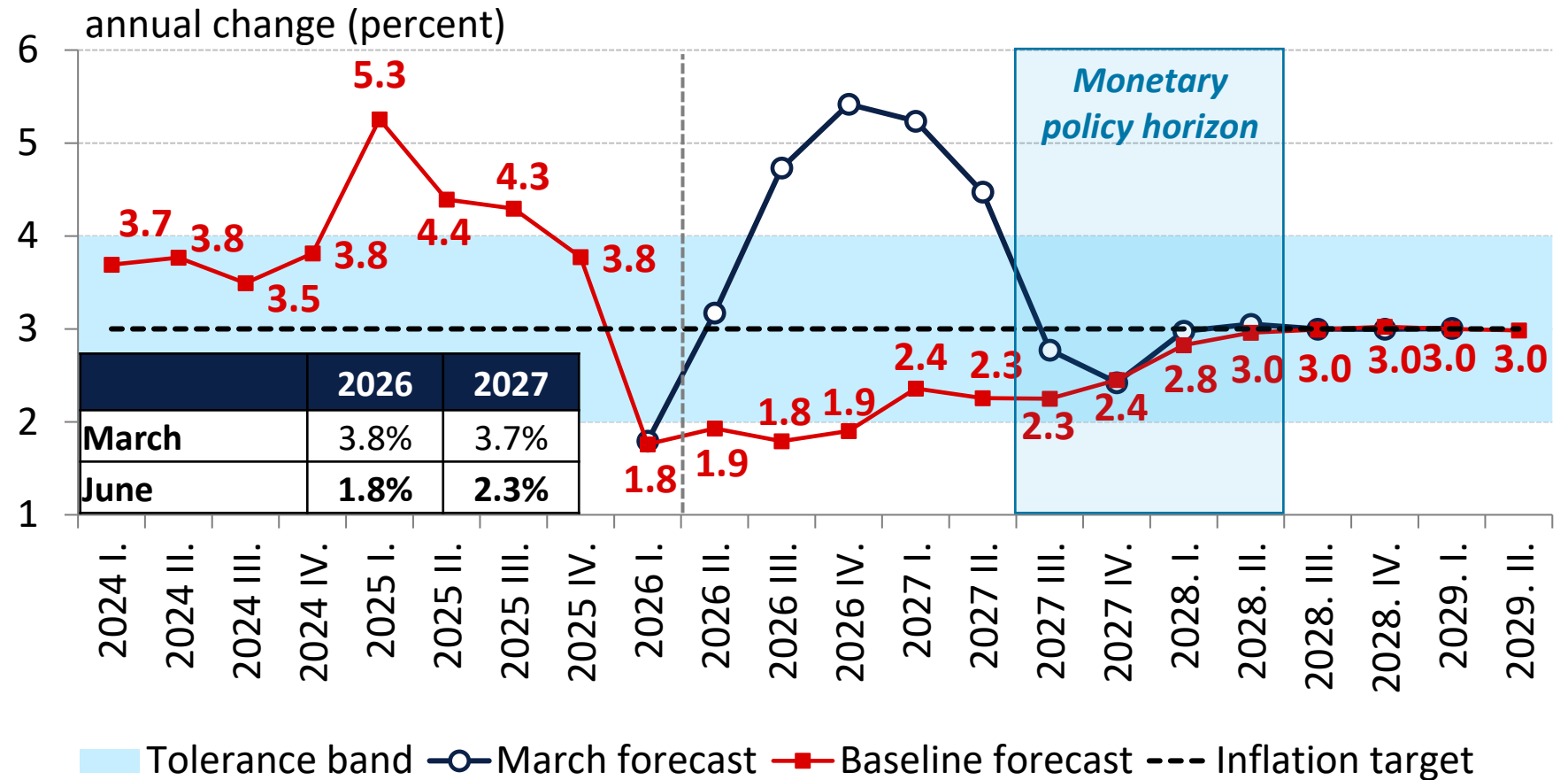
## HOUSEHOLD EXPECTATIONS FOR INFLATION ONE-YEAR AHEAD AND PERCEIVED INFLATION BY HOUSEHOLDS





# THE INFLATION PATH SHIFTED SIGNIFICANTLY DOWNWARDS COMPARED TO MARCH

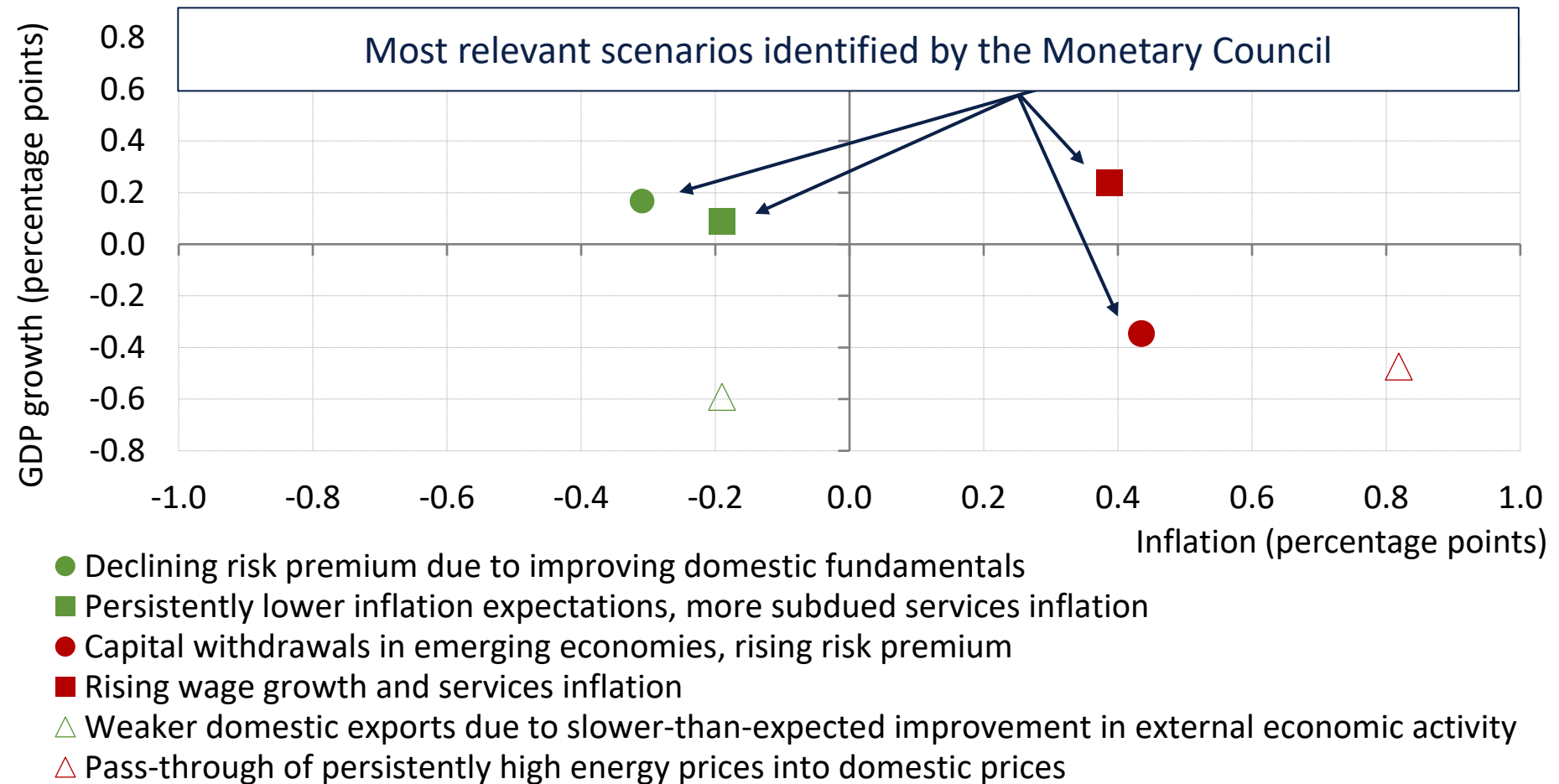
## CURRENT AND MARCH MID-TERM INFLATION FORECAST





# THE BASELINE SCENARIO IN THE JUNE FORECAST IS SURROUNDED BY BALANCED RISKS TO INFLATION

## RISK MAP OF THE MARCH INFLATION REPORT



Note | Average deviations from the baseline over the next 8 quarters

Source | MNB | 15



## THE EURO SALE TRANSACTIONS RELATED TO ENERGY IMPORT COVERAGE CONTRIBUTED EFFECTIVELY TO MAINTAINING STABILITY IN THE FX MARKET

- After the eruption of the Iranian conflict, on 10 March, the Monetary Council **decided to meet major foreign exchange liquidity needs arising from covering energy imports.**
- **The instrument contributed effectively to maintaining stability in the foreign exchange market in the first weeks of the conflict in Iran.** There was interest in the instrument from domestic energy importing companies; there was recourse to it, as well.
- **Energy market risks have eased, and financial market developments became more favourable recently.**
- **Taking this into account, the Monetary Council decided that the instrument will remain available until 30 June 2026.**



## FAVOURABLE DEVELOPMENTS INCREASE THE ROOM FOR MONETARY POLICY TO MANOEUVRE

**The Monetary Council reduced the base rate to 6.0 percent at today's meeting.**

- **The interest rate cut is warranted by the improvement in the inflation outlook and the country's favourable risk assessment. Geopolitical tensions have eased.**
- **We continue to closely monitor international and domestic factors shaping the inflation outlook.**
- **If favourable developments persist, the Council – while maintaining a positive real interest rate – sees room for further interest rate cuts throughout the summer.**



## THE MONETARY COUNCIL'S FORWARD GUIDANCE

*„The Monetary Council is committed to the achievement of the inflation target in a sustainable manner and constantly assesses inflation outlook, global developments, and Hungary’s risk premium. Maintaining the stability of domestic financial markets, especially that of the foreign exchange market, is crucial in anchoring inflation expectations and thus achieving price stability.*

*Looking ahead, if favourable developments persist, the Council – while maintaining a positive real interest rate – sees room for further interest rate cuts throughout the summer, with a decision on their continuation to be made based on the September Inflation Report.”*



THANK YOU FOR YOUR  
ATTENTION!