Mihály Varga
Governor | Magyar Nemzeti Bank

Press Conference
24 March 2026

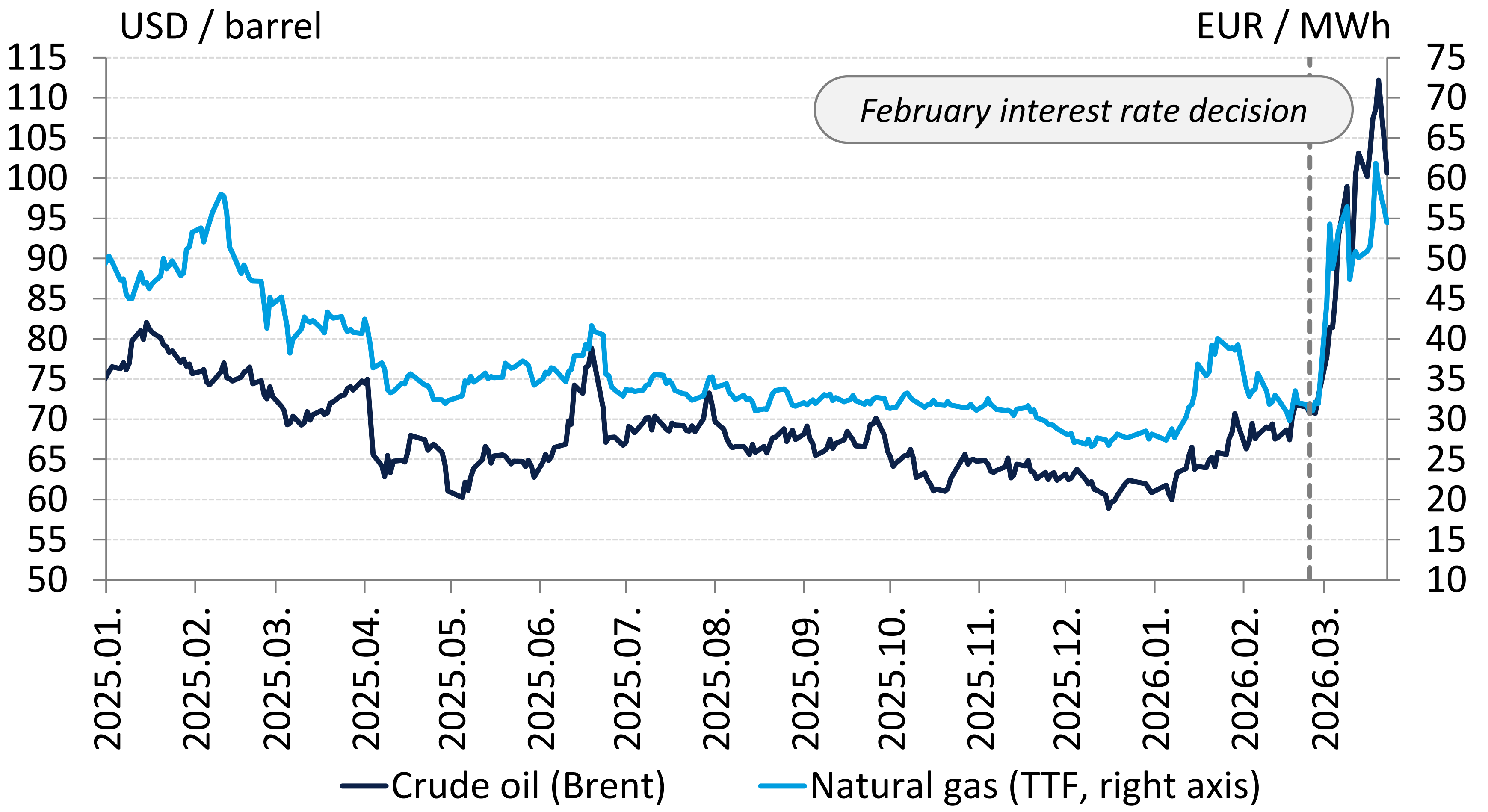
PRESS CONFERENCE FOLLOWING THE MONETARY COUNCIL’S DECISION ON 24 MARCH 2026

KEY MESSAGES: THE MONETARY COUNCIL'S ASSESSMENT AND THE MARCH DECISION

- **The Council is committed to achieving the 3 percent inflation target in a sustainable manner.**
- **Geopolitical events are causing significant uncertainty. However, the fundamentals** of the Hungarian economy **are notably stronger than at the beginning of the energy crisis in 2022.**
- **The inflation target may be achieved in a sustainable manner in 2027 H2.** The projection **is surrounded by** mostly **upside risks to inflation**.
- **The Monetary Council left the base rate unchanged at 6.25 percent at today's meeting.**
- A cautious assessment of international developments and **a careful, patient approach to monetary policy are warranted.**
- The Council is constantly assessing **the impact of incoming macroeconomic data and financial market developments on the inflation outlook,** based on which **it will take decisions on the level of the base rate in a cautious and data-driven manner.**

OIL AND GAS PRICES HAVE RISEN MARKEDLY DUE TO THE CONFLICT IN IRAN

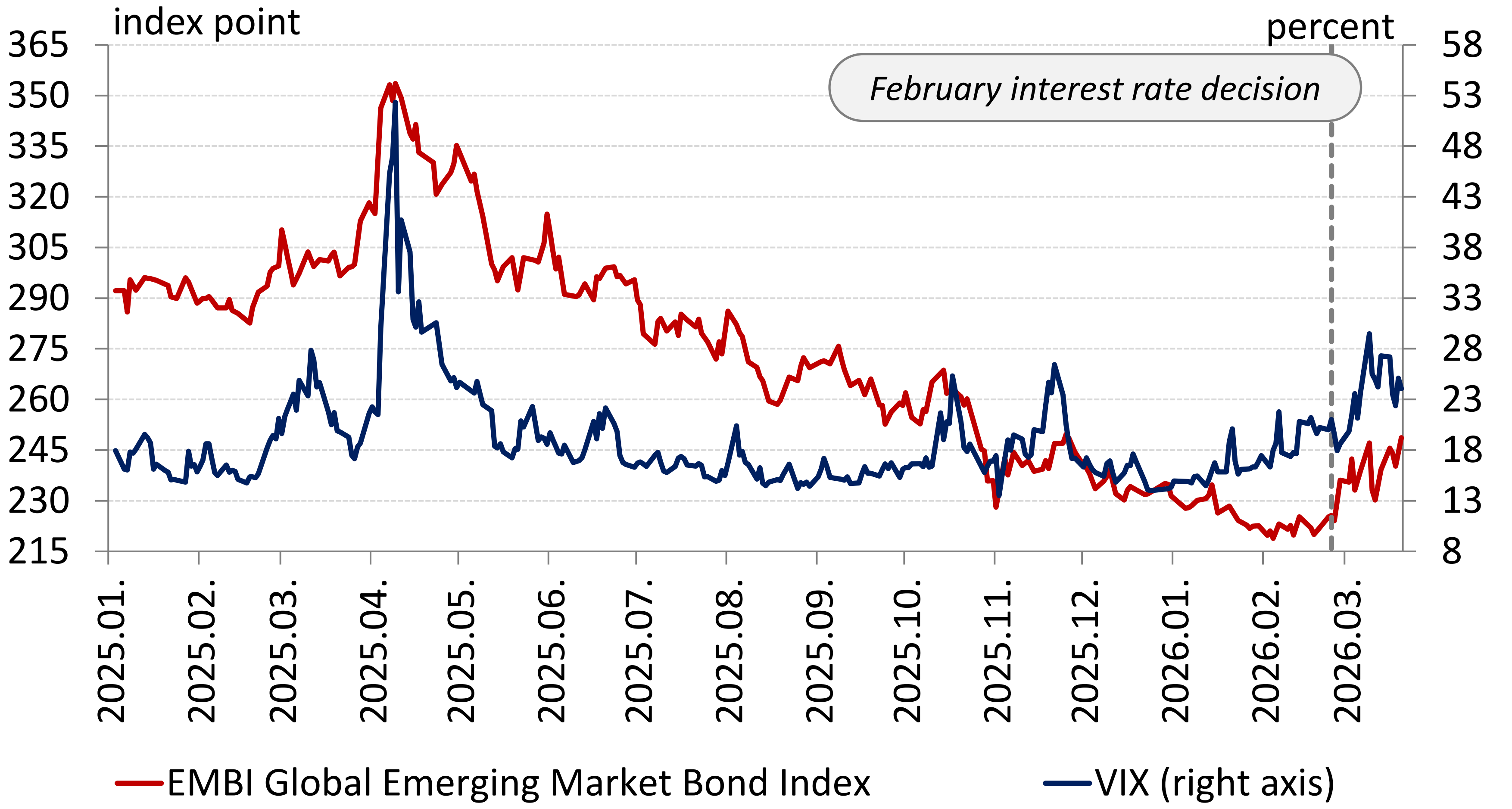
OIL AND GAS PRICES



Source | Bloomberg

GEOPOLITICAL TENSIONS HAVE SIGNIFICANTLY INCREASED RISK AVERSION

THE EMBI GLOBAL INDEX MEASURING EMERGING MARKET BOND SPREADS AND THE VIX INDEX MEASURING US STOCK MARKET VOLATILITY

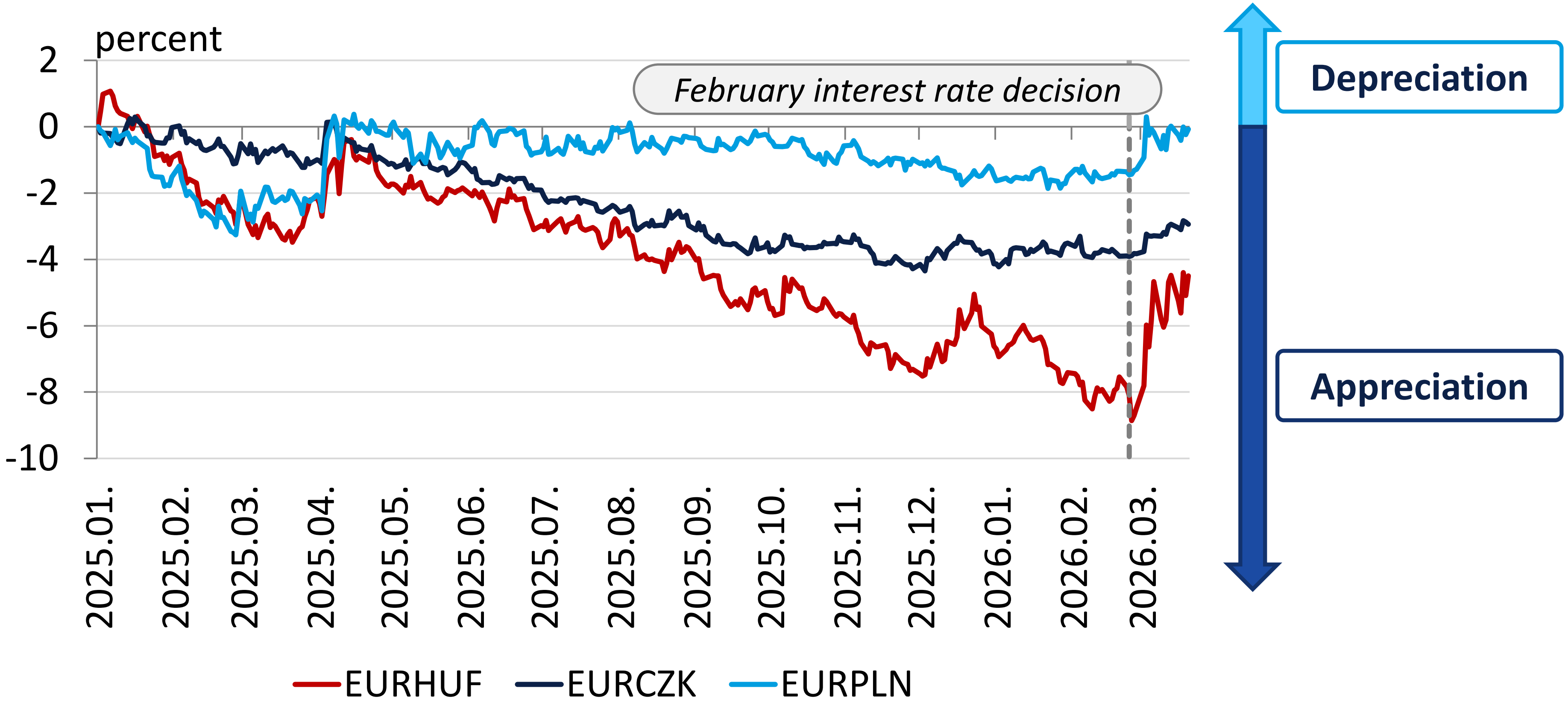


Soruce | Bloomberg

THE FORINT WEAKENED MORE THAN REGIONAL CURRENCIES

Maintaining the stability of the foreign exchange market is of key importance in reducing inflation expectations.

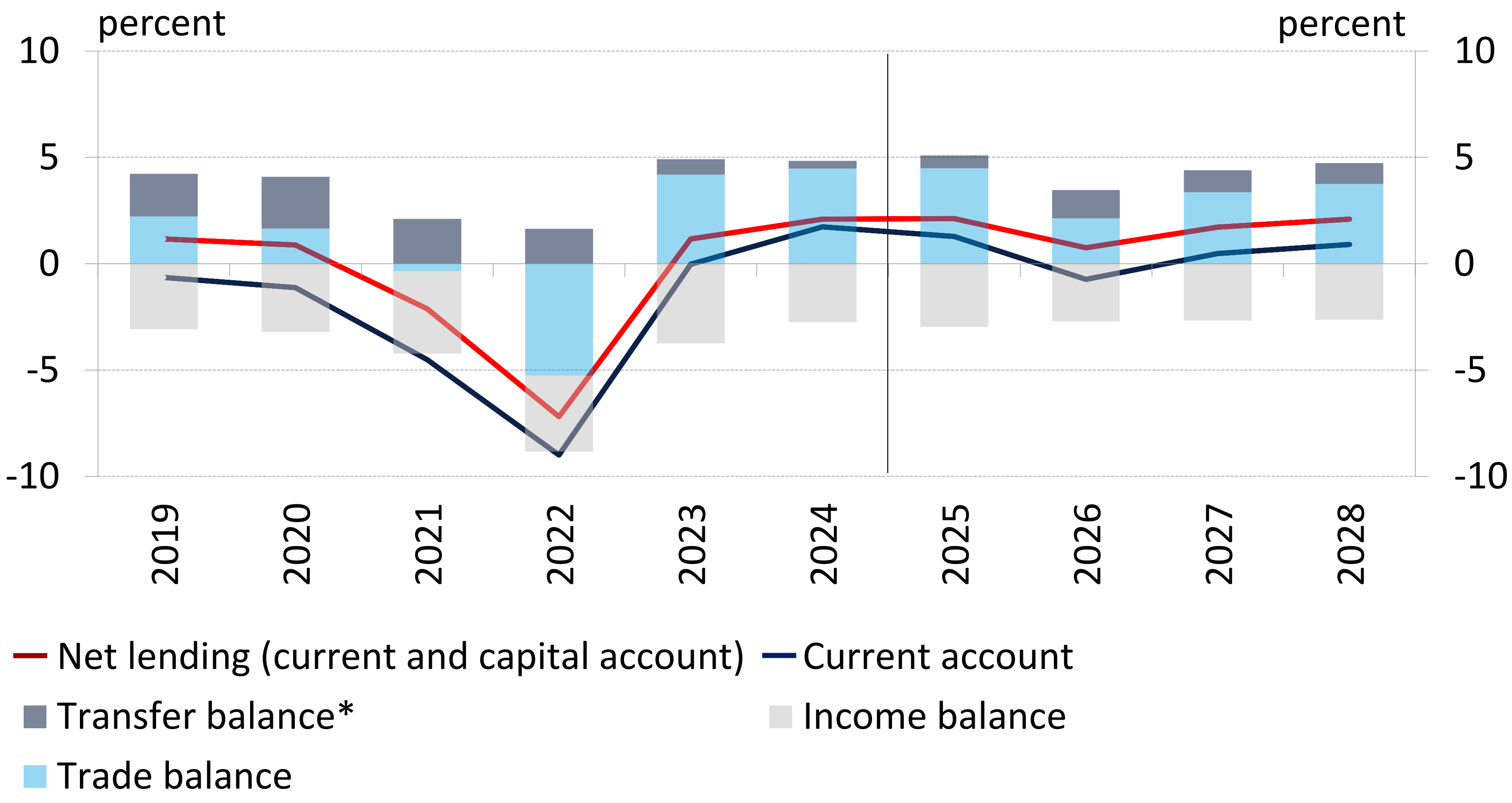
CEE EXCHANGE RATES



Source | Bloomberg

THE CURRENT ACCOUNT SURPLUS IS TEMPORARILY DECLINING, BUT NET LENDING REMAINS STRONG

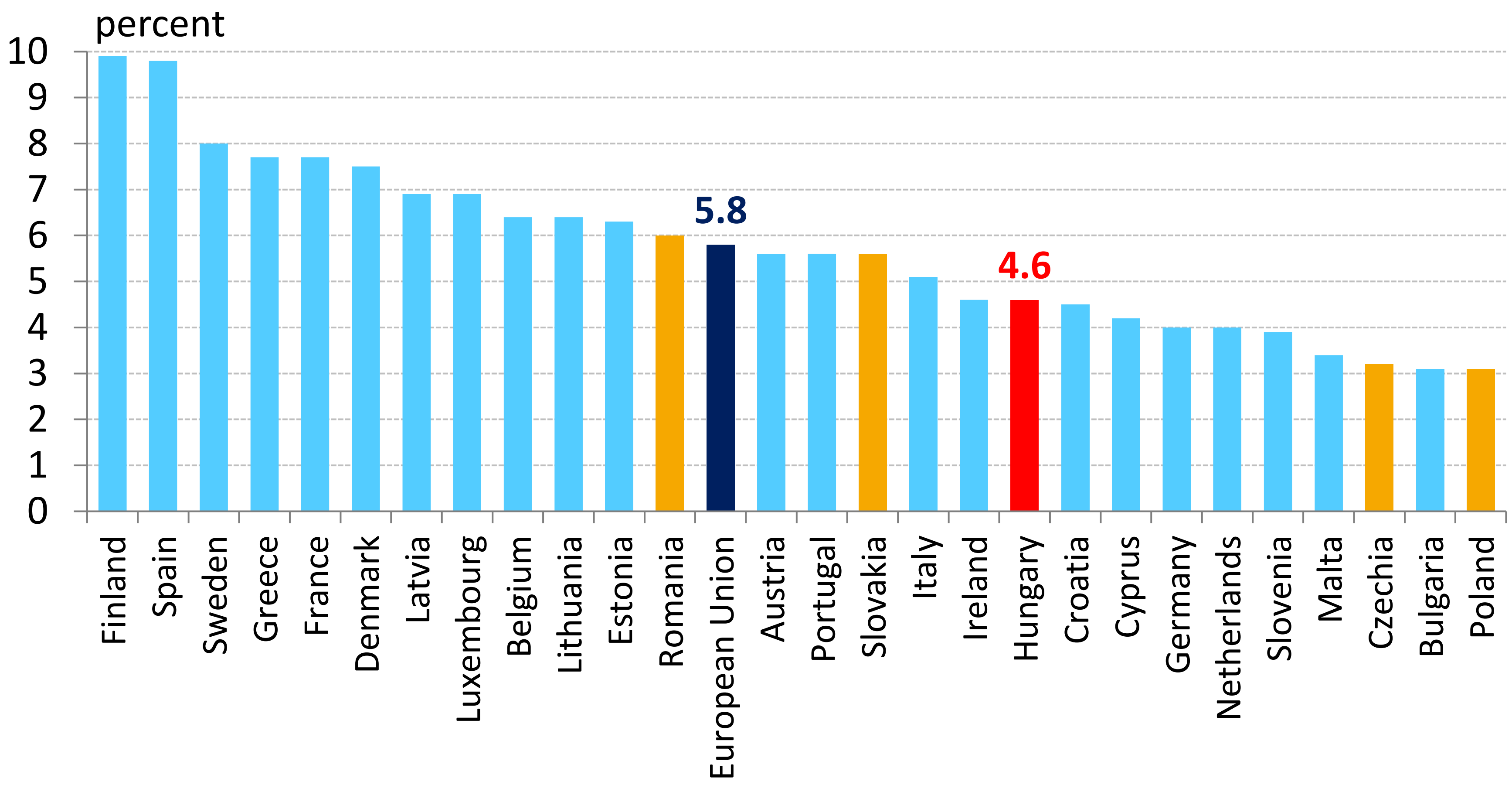
EXPECTED DEVELOPMENT OF THE CURRENT ACCOUNT BALANCE



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

LABOUR MARKET REMAINS RESILIENT

UNEMPLOYMENT RATES IN THE EUROPEAN UNION



Note | January 2026. Seasonally adjusted data. The Hungarian value is according to the HCSO headline figure.
Source | Eurostat, HCSO

THE EFFECTS OF THE WAR IN IRAN CARRY GLOBAL INFLATIONARY RISKS…

…however, Hungary's balance indicators and domestic inflation are better positioned than at the onset of the energy crisis in 2022.

		Early 2022	Currently
Reduced external inflation pressures	Euro area inflation	**5.9%** (February 2022)	**1.9%** (February 2026)
Stronger domestic fundamentals	Current account balance as a percentage of GDP	**-5.9%** (2022 Q1)	**1.8%** (2025 Q3)
Monetary stability	Domestic inflation	**8.3%** (February 2022)	**1.4%** (February 2026)
Monetary stability	Foreign exchange reserves	**~ EUR 36 billion** (February 2022)	**~ EUR 60 billion** (February 2026)

Source | MNB, HCSO, IMF

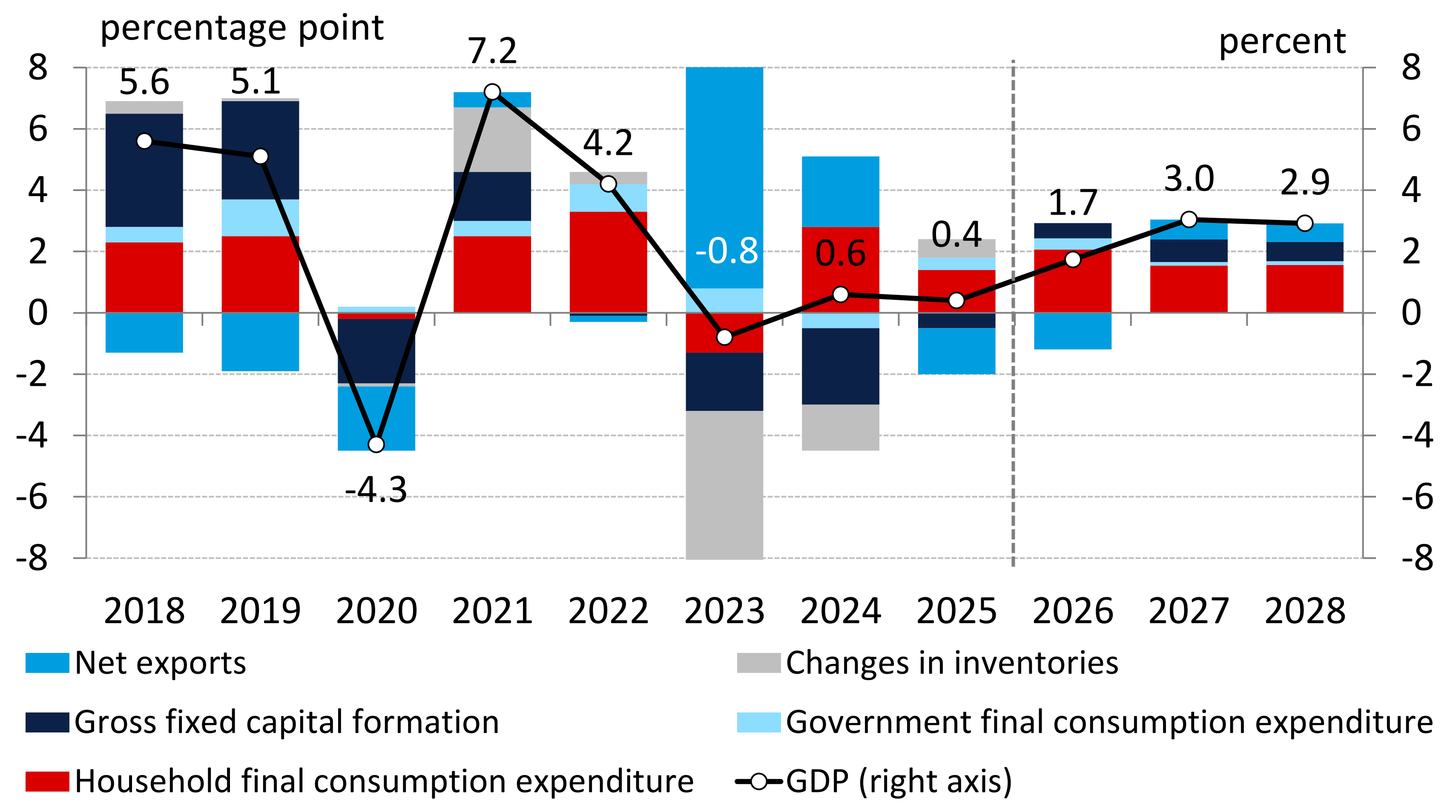
THE MNB'S TARGETED INSTRUMENT HELPS MAINTAIN THE STABILITY OF FOREIGN EXCHANGE MARKETS

On 10 March, the Monetary Council decided to meet major foreign exchange liquidity needs arising from covering energy imports.

- In the current uncertain environment, maintaining **the stability of the foreign exchange market is crucial** in anchoring inflation expectations and thus achieving price stability.
- Available reserves have risen recently, with **foreign exchange reserves reaching historically high levels.**
- The central bank's targeted measure ensures the **continuing stability of the foreign exchange market** amid the increased demand for foreign currency liquidity from energy imports.

THE ECONOMY WILL CONTINUE TO STRENGTHEN THIS YEAR, BUT GEOPOLITICAL EVENTS DAMPEN GROWTH

EXPENDITURE-SIDE DECOMPOSITION OF ANNUAL GDP CHANGE

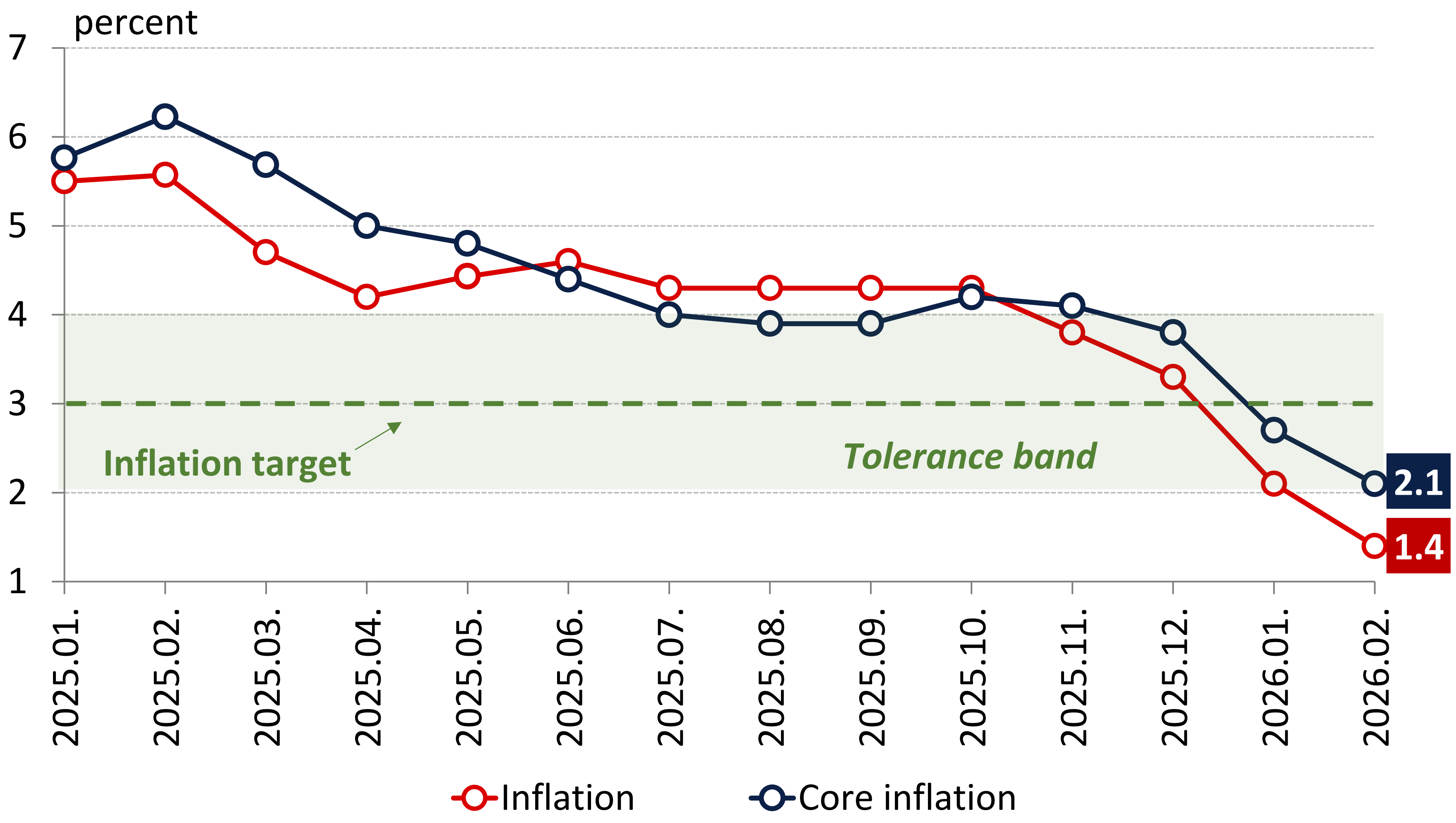


Note | Government final consumption expenditure also includes transfers.

Source | HCSO, MNB

INFLATION FELL FURTHER IN FEBRUARY, AND REPRICINGS AT THE START OF THE YEAR WERE HISTORICALLY LOW

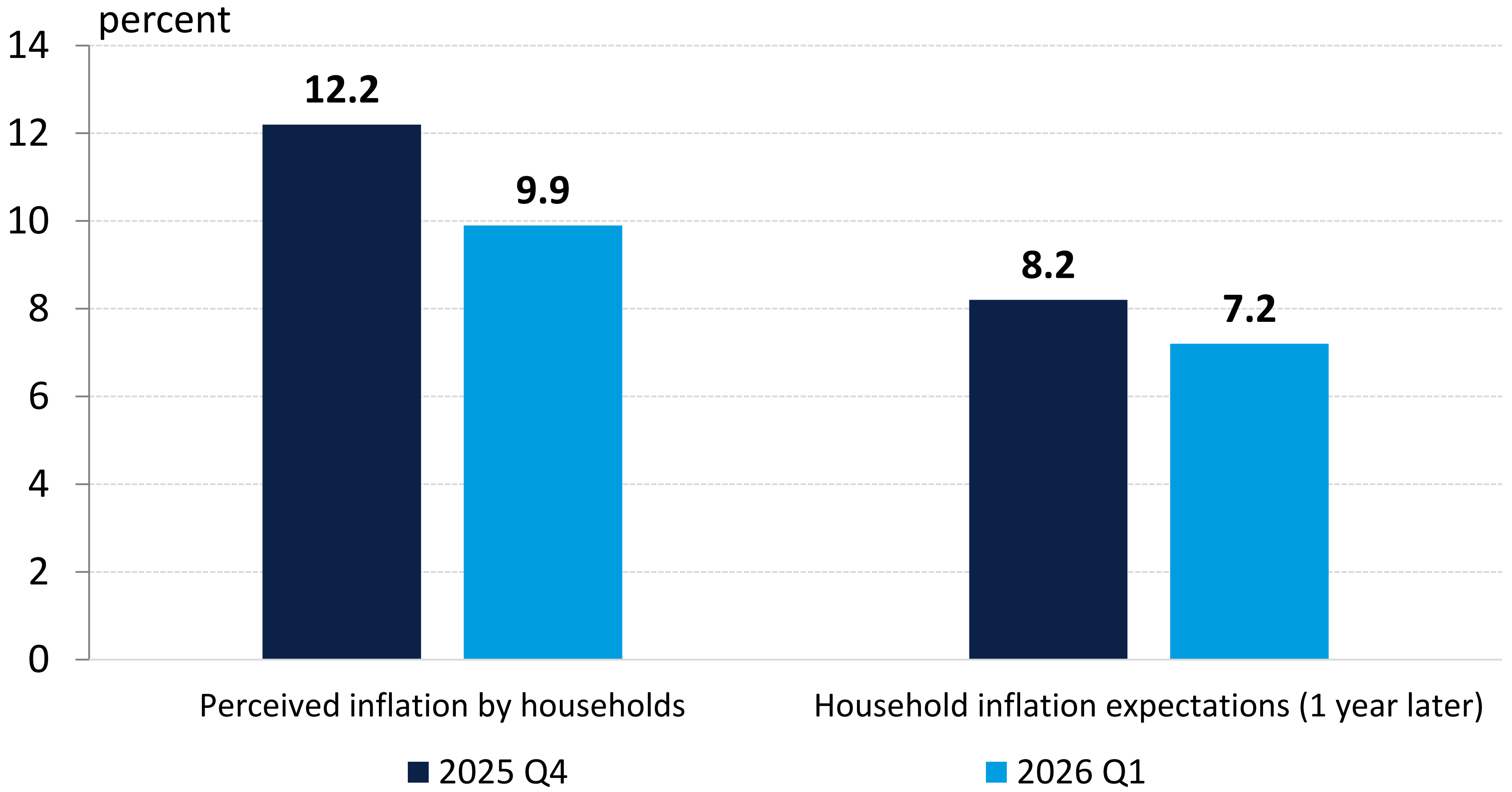
HEADLINE AND CORE INFLATION



Source | HCSO

HOUSEHOLD INFLATION EXPECTATIONS DECREASED

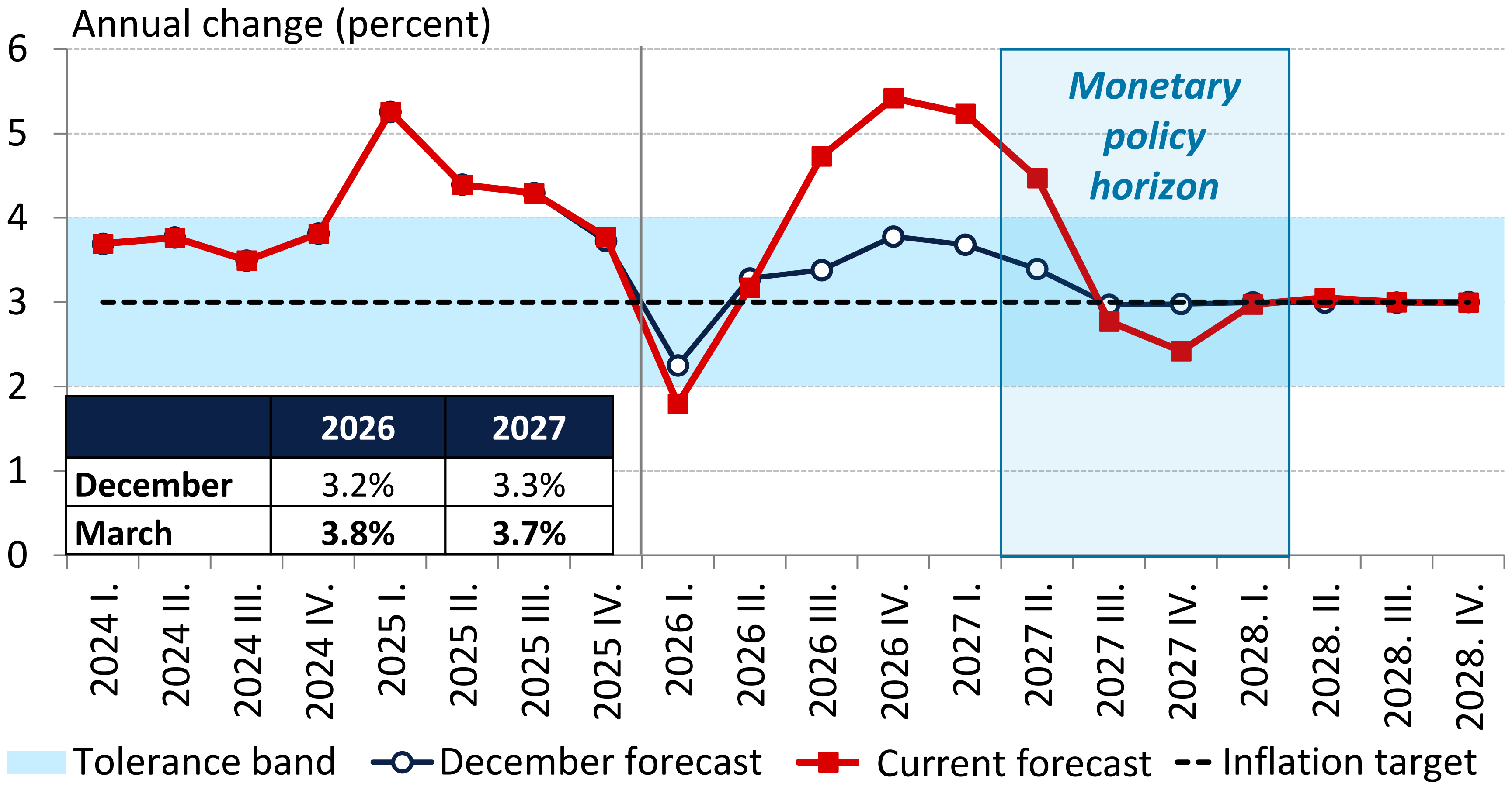
HOUSEHOLD EXPECTATIONS FOR INFLATION ONE YEAR AHEAD AND PERCEIVED INFLATION BY HOUSEHOLDS



Source | MNB

INFLATION WILL RETURN TO THE CENTRAL BANK TARGET IN A SUSTAINED MANNER IN 2027 H2

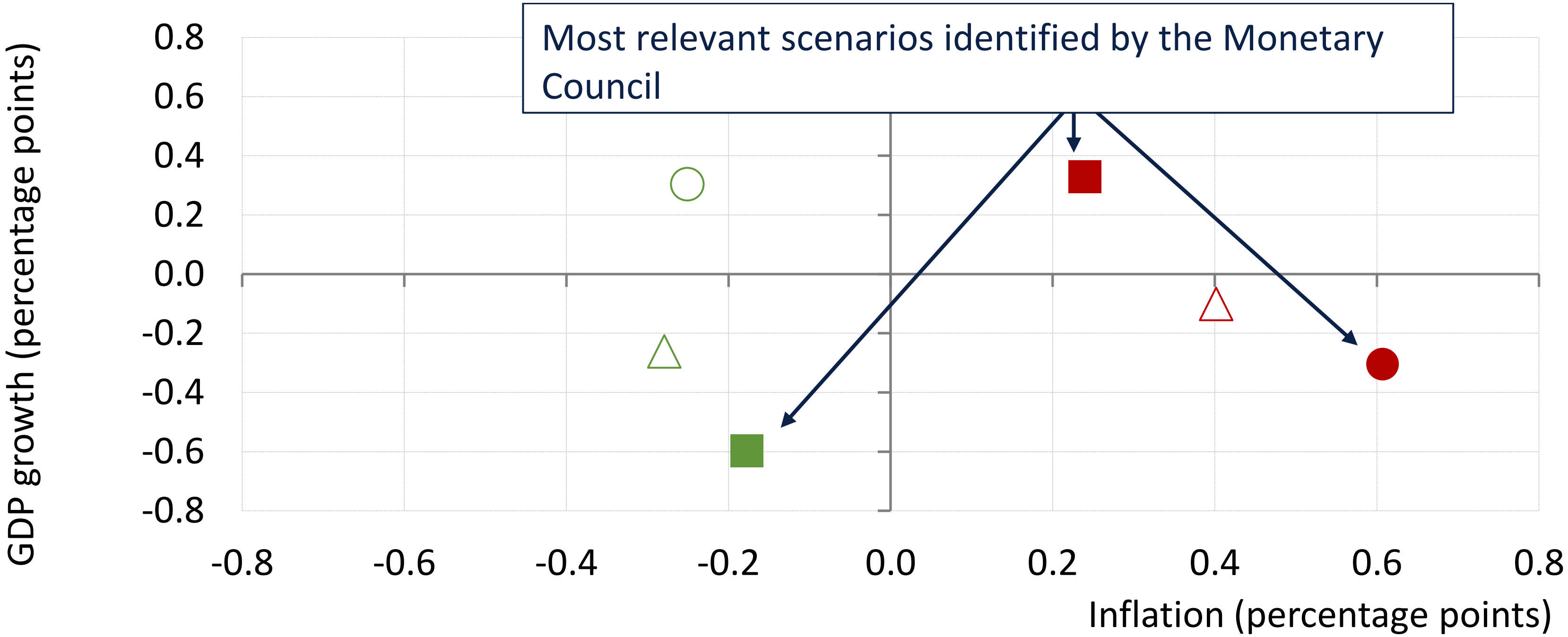
CURRENT AND DECEMBER MID-TERM INFLATION FORECAST



	2026	2027
December	3.2%	3.3%
March	**3.8%**	**3.7%**

THE MARCH BASELINE PROJECTION IS SURROUNDED BY MOSTLY UPSIDE RISKS TO INFLATION

RISK MAP OF THE MARCH INFLATION REPORT



- ● Higher risk premium and energy prices due to prolonged geopolitical tensions
- ■ Faster growth in consumption due to a decline in the savings rate
- ■ Weaker domestic export due to slower-than-expected improvement in external economic activity
- △ Slower moderation in inflation expectations in an uncertain environment
- △ Easing labour market tightness and lower employment
- ○ Lower risk premium and energy prices due to the rapid resolution of geopolitical tensions

Note | Average deviations from the baseline in the next 8 quarters.
Source |MNB

CAREFUL ASSESSMENT OF DEVELOPMENTS AND CAUTION ARE WARRANTED

The Monetary Council left the base rate unchanged at 6.25 percent at today’s meeting.

- Regarding financial market developments, a **stability-oriented approach to monetary policy is necessary.**
- The persistence of geopolitical events and their impact on the inflation outlook require **continued and cautious analysis.**
- **Careful and patient approach to monetary policy remains.**
- **Maintaining tight monetary conditions is warranted.**

THE MONETARY COUNCIL'S FORWARD GUIDANCE

*"A **careful and patient** approach to monetary policy remains necessary due to inflation risks arising from geopolitical tensions and the uncertain financial market environment. The Monetary Council is committed to the achievement of the inflation target in a sustainable manner. **Maintaining tight monetary conditions is warranted.** The Council is constantly assessing the impact of incoming macroeconomic data and financial market developments on the inflation outlook, based on which it will take decisions on the level of the base rate in **a cautious and data-driven manner.**"*

THANK YOU FOR YOUR ATTENTION!