



FLASH ANALYSIS OF INFLATION DEVELOPMENTS

APRIL

2025

Article 3 (1) of the Central Bank Act (Act CXXXIX of 2013 on the Magyar Nemzeti Bank) defines the achievement and maintenance of price stability as the Magyar Nemzeti Bank's primary objective. Assessments of inflation developments have key importance in monetary policy decision-making. The MNB attaches a high priority to informing the general public on a continuous basis and thereby to improving the transparency and predictability of its decisions. Consistent with this principle, the Magyar Nemzeti Bank produces publicly available analyses of its assessments of inflation developments and the extent of medium-term inflationary effects on a monthly basis.

The publicly available analyses and the related statistical databases are accessible on the MNB's website at:

<https://www.mnb.hu/kiadvanyok/elemzesek-tanulmanyok-statisztikak/gyorselemzesek/gyorselemzes-az-inflacio-alakulasarol>

ASSESSMENT OF INFLATION DATA FOR APRIL 2025

In April 2025, consumer prices rose by 4.2 percent in annual terms. Compared to the 4.7 percent registered in March the rate of annual price rises decreased by 0.5 percentage points. Core inflation fell by 0.7 percentage points and stood at 5.0 percent. Core inflation excluding indirect tax effects fell to 4.7 percent (Chart 1 and Chart 2). On a monthly basis, the average price of the overall consumer basket and the core inflation basket prices rose by 0.2 percent and 0.1 percent, respectively. Inflation and core inflation were within the forecast range of the March Inflation Report.

The decline in the annual consumer price index was driven to the largest extent by a decline in food and fuel prices, which was in part offset by a rise in regulated product inflation. The fall in core inflation was caused by a drop in the inflation of processed food and market services. The Bank's measures of underlying inflation developments capturing persistent inflationary trends, calculated on a year-on-year basis, also fell. The inflation of sticky-price products and core inflation excluding processed foods stood at 5.4 percent and 5.2 percent, respectively in April (Chart 3).

In a shorter term (annualised, 3-month-on-3-month) comparison, our calculated indicators showed a deceleration in inflation and core inflation (Chart 4). Price changes on the previous month were more moderate than historical averages in both inflation and core inflation. The price of the basket calculated excluding fuel and regulated product prices was up by 0.1 percent from the previous month (Chart 5). Month-on-month core inflation excluding processed food, which better reflect underlying developments, was 0.9 percent (Chart 6). The extent of the April repricings regarding tradables and market services was above the historical average, while in the case of food prices it was below the historical average.

Below is a brief analysis of price changes across the main product categories.

The annual inflation of *tradables* rose to 3.1 percent. In a monthly comparison, the product group price increased by 0.9 percent (Chart 7). Durables prices remained unchanged, and those of non-durables rose, in turn, by 1.2 percent compared to March. Price rises within product groups excluding non-durables primarily reflected the seasonal increases in clothing prices.

The annual price index of *market services* eased to 7.8 percent, which was largely attributable to the unwinding of the effect of last year's backward-looking repricings. On a monthly basis, prices increased by 0.8 percent, which was primarily explained by the inflation of catering services (Chart 8).

According to the MNB's classification, *food* price inflation was 3.1 percent, with unprocessed food prices rising by 4.0 percent and processed food prices by 2.8 percent in annual terms within the product group (Chart 9). According to the HCSO data release, food prices increased by 5.4 percent, which includes the 8.1 percent rise in restaurant meal prices. Prices within the product group were affected by the profit margin cap introduced in mid-March. Monthly food prices were down by 2.8 percent (Chart 10). Compared to March, the inflation of unprocessed food fell by 2.1 percent, largely driven by a decline in poultry and pork prices affected by the profit margin cap. Processed food prices fell by 3.2 percent month on month, primarily due to decreases in milk and dairy products prices.

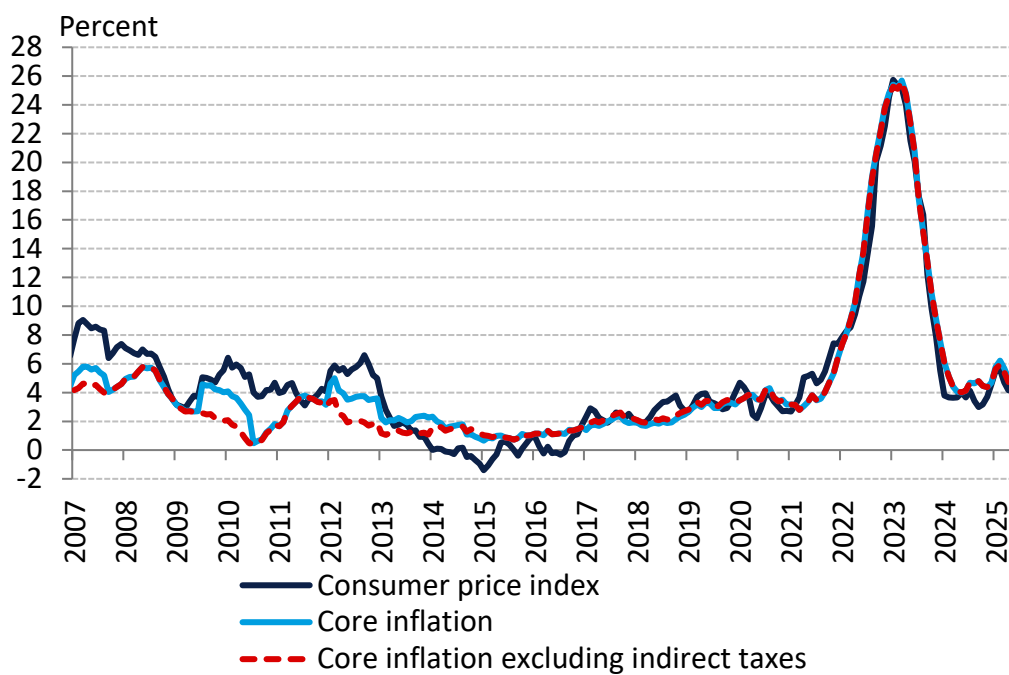
Fuel prices fell by 1.4 percent on a monthly basis. The price of this product group was down by 7.1 percent in annual terms. The falling global oil prices arising from the tariff war, made the largest contribution to the fall in prices.

The prices of regulated products and services rose by 1.8 percent relative to March, mostly driven by higher piped gas and subsidised pharmaceuticals average consumer prices. The average residential gas price was higher, which was caused by an increase in household gas consumption due to colder winter weather, which increased the share of consumption above the volume limit of the official price.

Households' inflation expectations remain at a high level, following an increase seen in the second half of last year. However, in Hungary, the percentage of respondents expecting prices to increase at a faster rate, looking ahead, fell in April relative to the previous month. (Chart 11). *Corporate expectations for services and retail sales price changes* fell in April; however, they remain at high levels (Chart 12).

Budapest, 09 May 2025

Chart 1 Consumer price index, core inflation and core inflation excluding indirect taxes
annual change



Note: Seasonally unadjusted core inflation.

Chart 2 Inflation decomposition
annual change

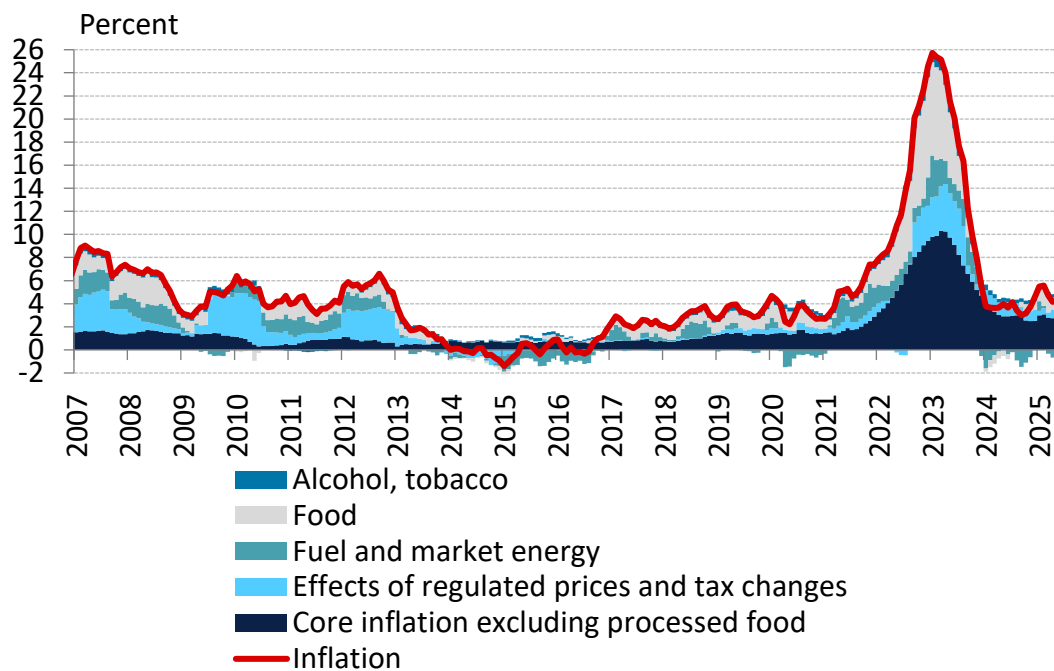
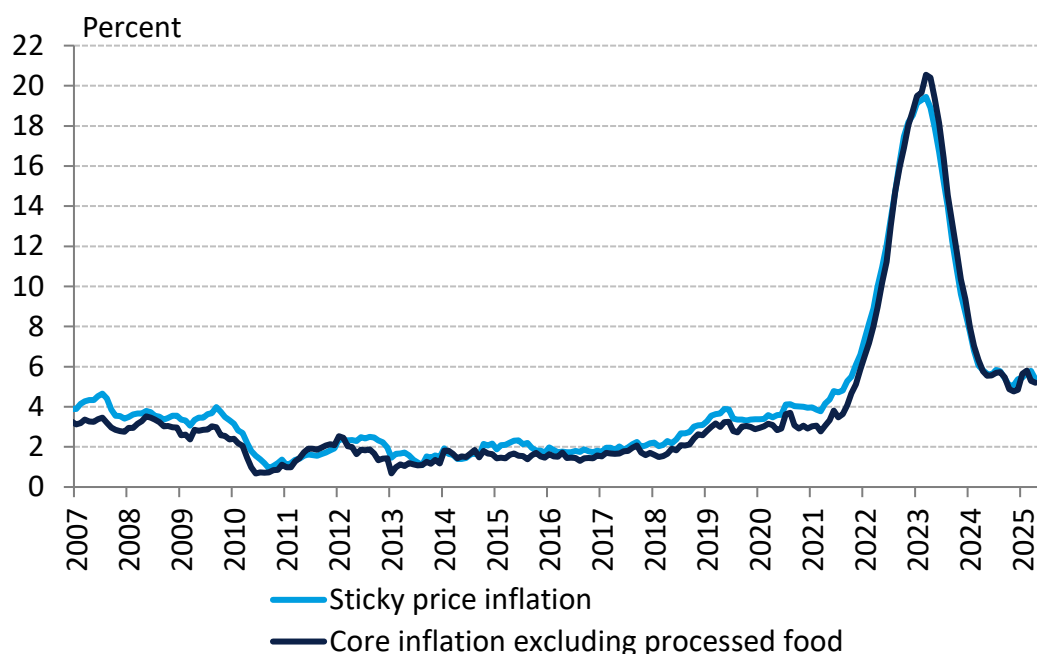


Chart 3 Underlying inflation indicators
annual percentage changes excluding indirect taxes



Note: Inflation of sticky-price products is composed of items of the consumer price index where maximum 15 percent of elementary prices change monthly on average. MNB calculation based on data released by the HCSO. Core inflation excluding processed foods with unchanged content is equivalent with the earlier demand sensitive inflation. The new name is justified by the fact that the previous name might be ambiguous in a period of significant cost shocks with general effects.

Chart 4 3-month annualised change in inflation and core inflation
Based on seasonally adjusted data

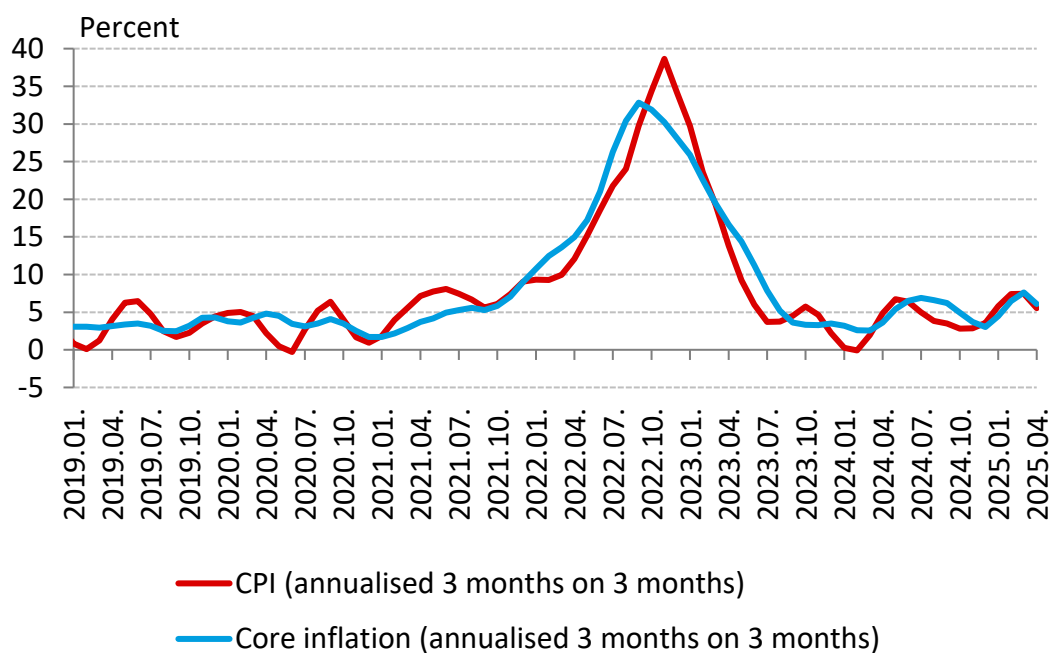


Chart 5 Monthly changes in consumer prices excluding fuel and regulated products prices
tax-adjusted, seasonally unadjusted monthly percentage changes

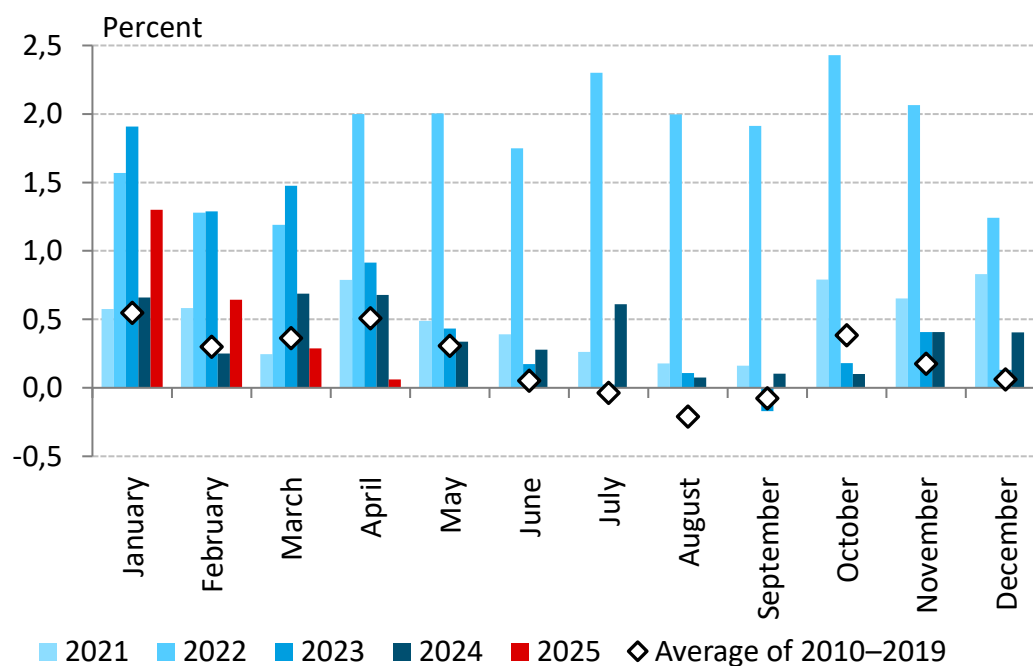


Chart 6 Monthly change in core inflation excluding processed food
tax-adjusted, seasonally unadjusted monthly percentage changes

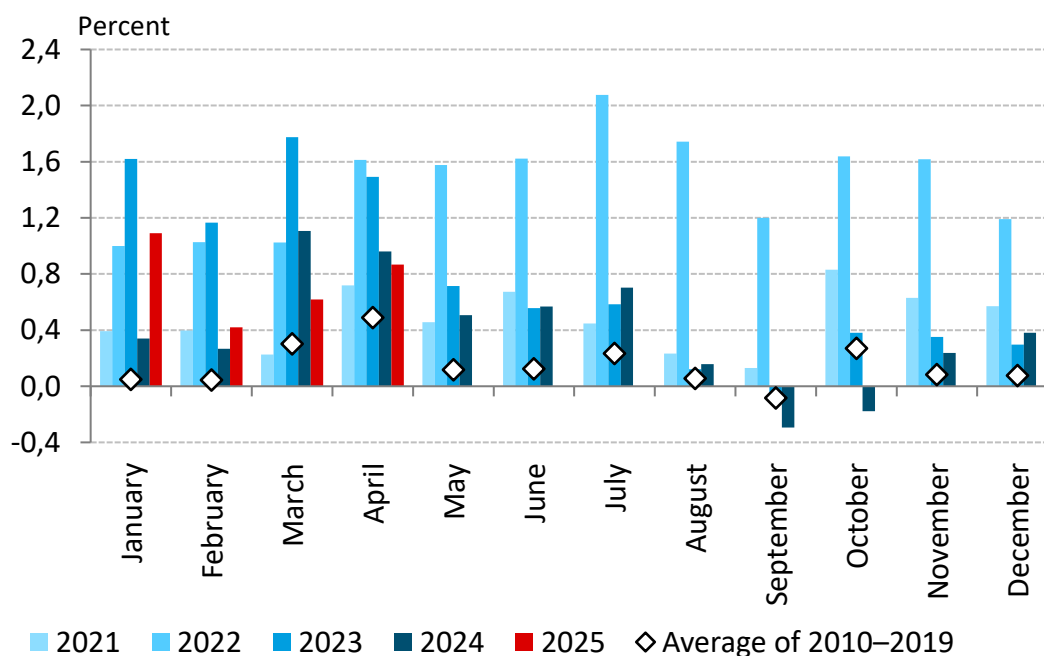


Chart 7 Inflation of tradable goods
seasonally unadjusted monthly change

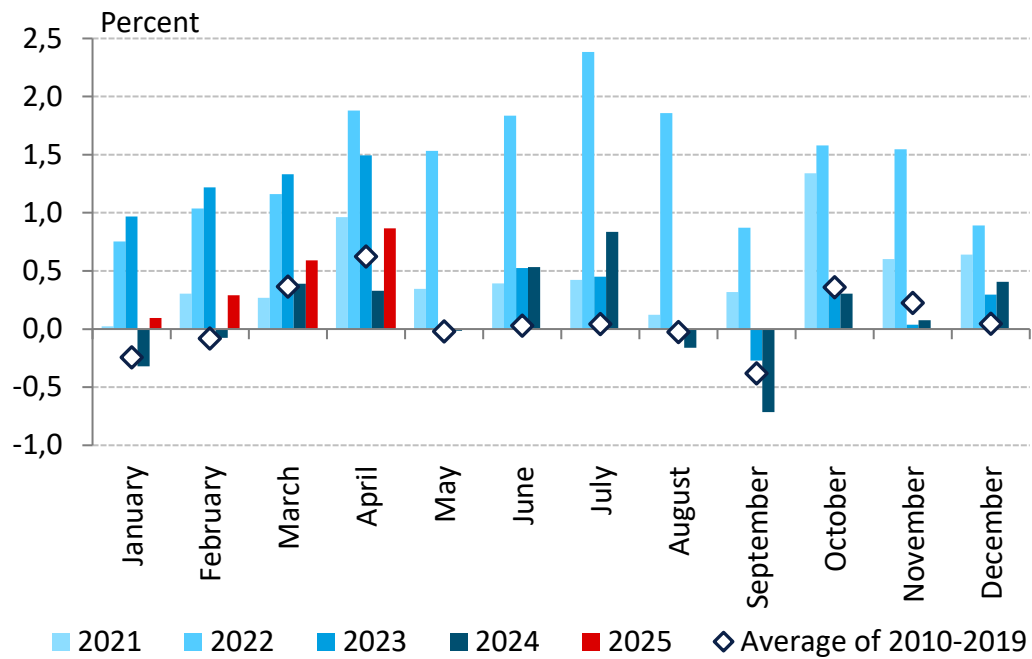


Chart 8 Market services inflation
seasonally unadjusted monthly change

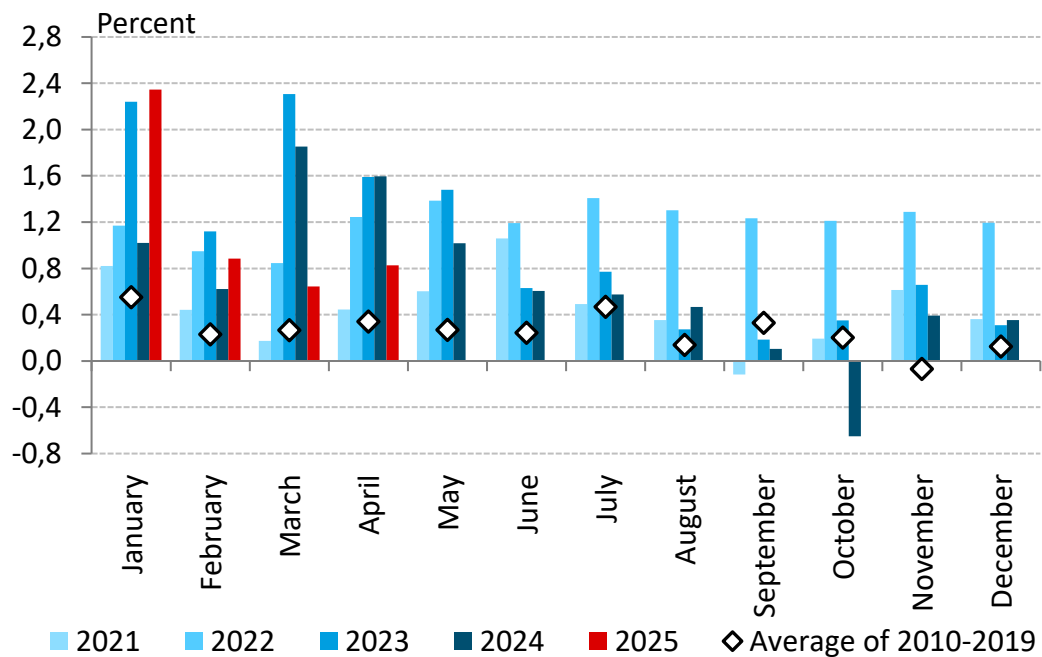
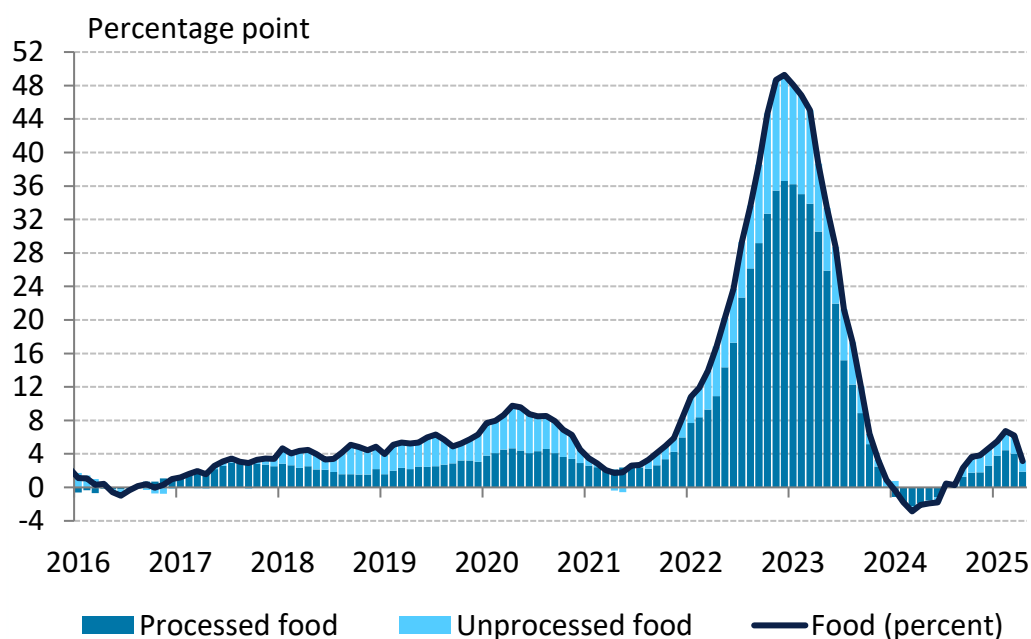
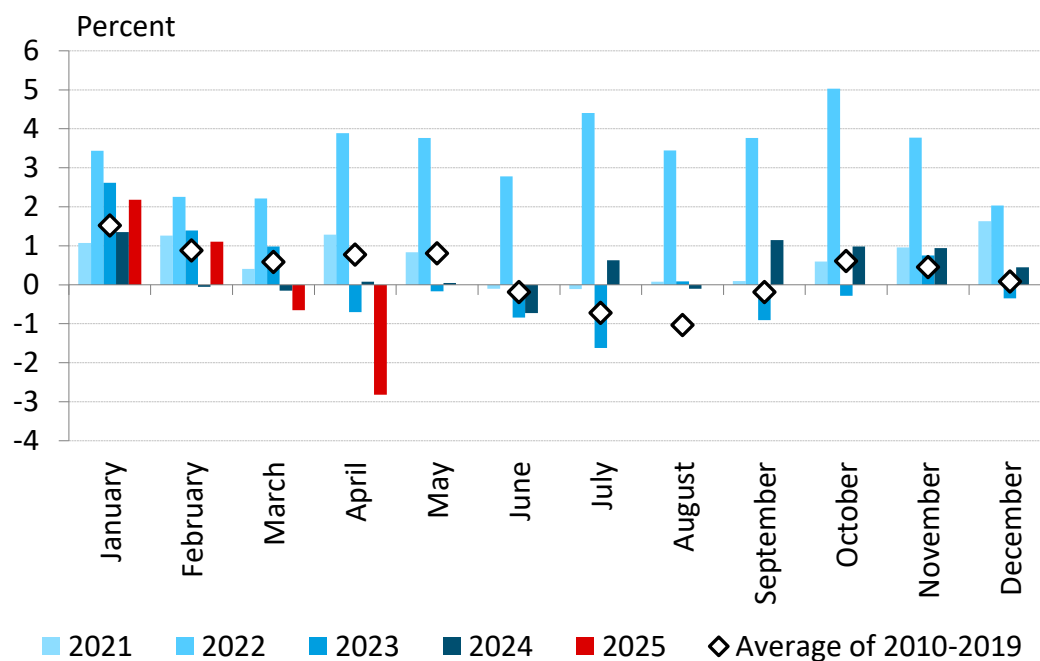


Chart 9 Developments in food price inflation
seasonally unadjusted annual change



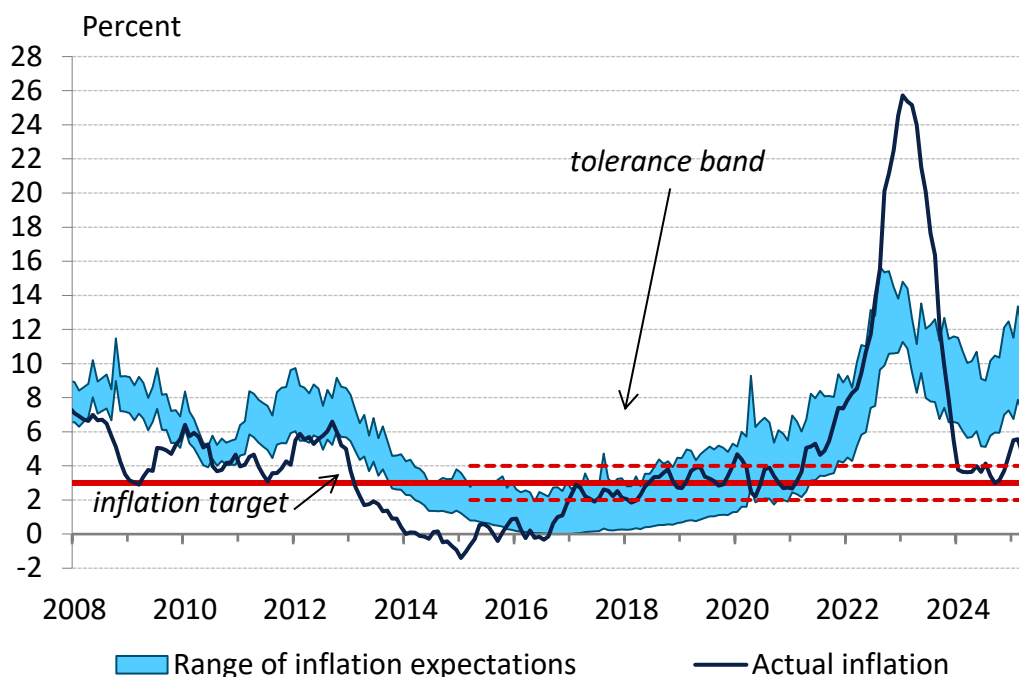
Note: The difference in food price inflation calculated by the HCSO and the MNB is explained by methodological differences. The MNB classifies food-related services as market services (restaurant meals, workplace meals, canteen goods) and the prices of regulated goods and services (school meals, nursery and kindergarten meals), and some beverages as non-durable industrial goods (coffee, tea, soft drinks).

Chart 10 Monthly changes in food prices
seasonally unadjusted monthly change



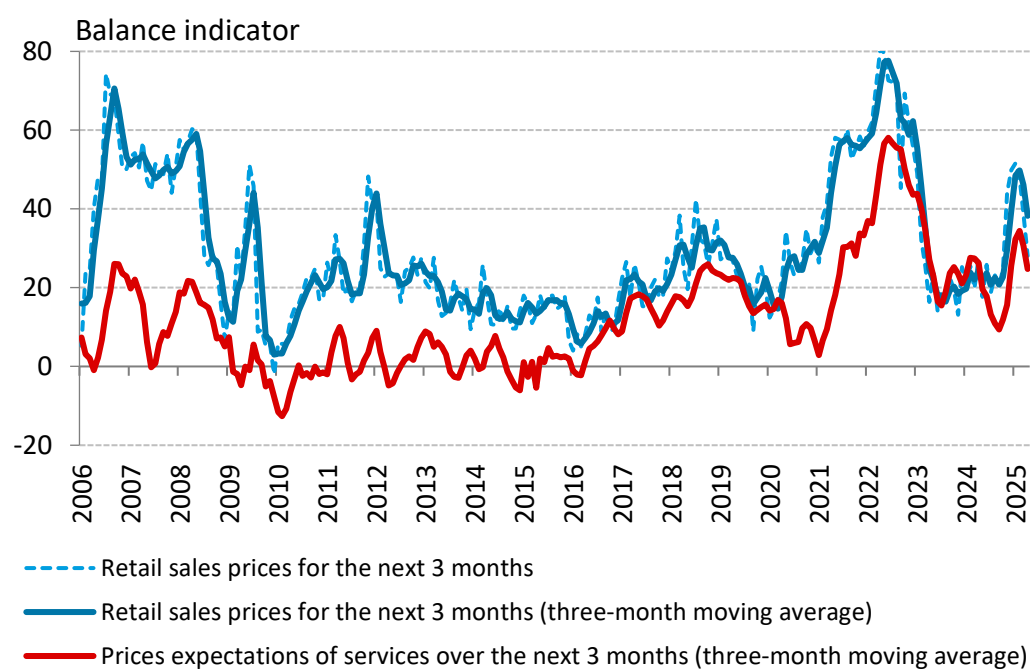
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Chart 11 Households' inflation expectations



Sources: MNB calculations based on European Commission data; and HCSO.

Chart 12 Changes in the expectations for retail sales and services prices in Hungary



Sources: MNB's own calculations based on data from the European Commission

Table 1 Annual change in the consumer price index and contribution of the measures of underlying inflation

Consumer price index, April 2025 (HCSO)					
4.2% (annual change)					
MNB underlying inflation indicators (MNB calculation)					
Contribution of sticky price inflation (percentage points), weight 40.8%	2.2	Contribution of core inflation excluding processed foods (percentage points), weight 52.9%	2.7	Contribution of core inflation excluding taxes (percentage points), weight 65.3%	3.1
Contribution of other items (percentage points), weight 59.2%	2.0	Contribution of other items (percentage points), weight 47.1%	1.4	Contribution of other items (percentage points), weight 34.7%	1.1

Sources: HCSO and the MNB's own calculations.

The sum of contributions may differ from the official figures due to rounding.