



FLASH ANALYSIS OF INFLATION DEVELOPMENTS

2025
AUGUST

Article 3 (1) of the MNB Act (Act CXXXIX of 2013 on the Magyar Nemzeti Bank) defines achieving and maintaining price stability as the primary objective of the Magyar Nemzeti Bank. 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/en/publications/studies-publications-statistics/flash-analysis-on-inflation-developments>

ASSESSMENT OF INFLATION DATA FOR AUGUST 2025

Consumer prices rose by 4.3 percent year-on-year in August 2025. Compared to July, the rate of annual price rises remained unchanged. Core inflation fell by 0.1 percentage points and stood at 3.9 percent. Core inflation excluding indirect tax effects fell to 3.6 percent (Chart 1 and Chart 2). In monthly terms, the price of representative consumer basket remained unchanged while the price of core inflation basket rose by 0.1 percent. Inflation was in largely line with the projection in the June Inflation Report with core inflation fluctuating slightly below the projection.

The decline in core inflation was primarily due to the disinflation of market services. Within the Bank's measures of underlying inflation developments capturing persistent inflationary trends, calculated on a year-on-year basis, the inflation of sticky-price products remained unchanged at 4.8 percent. Core inflation excluding processed food fell by 0.1 percent to 3.9 percent (Chart 3).

Similarly to July, mandatory and voluntary price restriction measures had a significant inflation-reducing effect in August. The greatest effect can be tied to the price margin cap on foods. Besides this, the voluntary price restrictions by banks and telecommunication companies and the effect of the price margin cap on household goods also restrain inflation.

In a shorter-term (annualised 3-month-on-3-month) comparison, inflation and core inflation both rose (Chart 4). In case of inflation the rate of price increases from the previous month was slightly higher than the historical average, while it was in line with historical average for core inflation. The price of the basket excluding fuel and regulated product prices was up by 0.1 percent compared to the previous month (Chart 5). Month-on-month core inflation excluding processed food prices, which better reflects underlying developments, rose by 0.1 percent (Chart 6). The monthly repricing was above the historical average for food and market services in August. For tradables, the monthly repricing was slightly lower than the historical average in August.

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

Similarly to the previous month, annual inflation of *tradables* remained at 2.1 percent. In monthly comparison, the product group price decreased by 0.2 percent (Chart 7). Non-durable prices fell by 0.4 percent. The price can primarily be tied to the seasonal change in clothing prices. Durable prices rose by 0.4 percent compared to July, mainly due the increase in furniture prices.

The annual price index of *market services* was 6.3 percent. On a monthly basis, prices increased by 0.4 percent (Chart 8). The rise in the price of hospitality services and rent is the main reason for the price increase in the product group.

According to the MNB's classification, *food* inflation was 3.9 percent, with unprocessed food prices rising by 6.9 percent and processed food prices by 2.4 percent in annual terms within the product group (Chart 9). According to the HCSO data release, food prices increased by 5.9 percent, which includes, among others, the 7.8 percent rise in restaurant meal prices. Food prices fell by 0.2 percent month-on-month (Chart 10). Compared to July, unprocessed food was 0.9 percent less expensive, driven by seasonal food price developments. Processed food prices rose by 0.2 percent on a monthly basis.

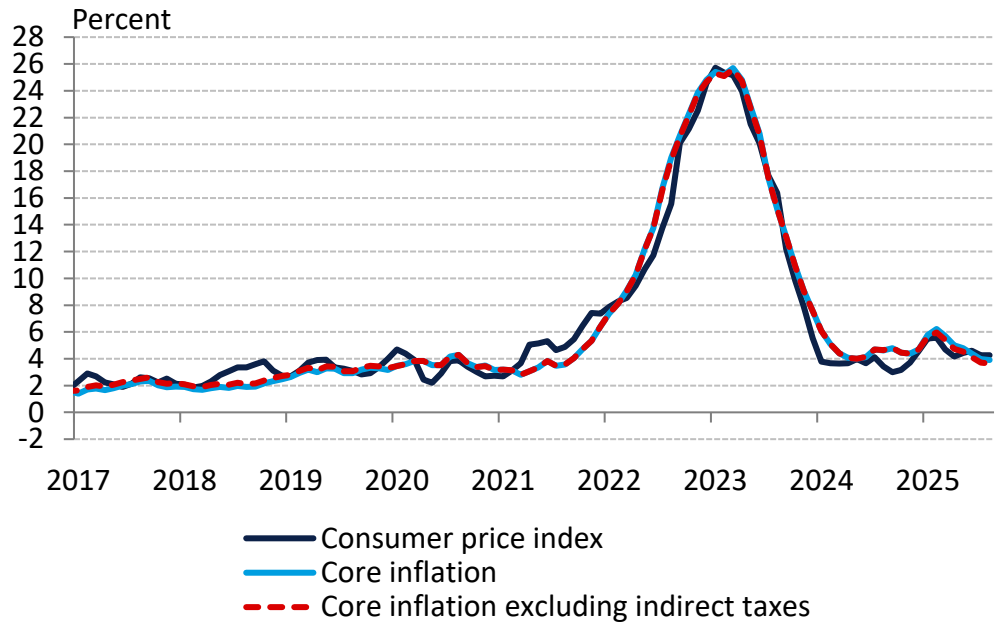
Fuel prices fell by 4.3 percent year-on-year. In monthly terms, fuel prices fell by 0.8 due to the decline in world oil prices.

The prices of regulated products and services rose by 7.6 percent, with piped gas prices rising by 23.1 percent. The price rise of piped gas in the past 12 months contributed to inflation by 0.4 percent. The higher average residential gas price was caused by an increase in household gas consumption due to colder weather than last year, which increased the share of consumption above the volume limit of the lower regulated price. Compared to the previous month, regulated prices rose by 0.1 percent while the price of piped gas remained unchanged.

Households' inflation expectations remain at a high level (Chart 11). In August, *corporate expectations for retail sales price changes* continued to fall while *for services*, there was a slight rise in price expectations but it remained at a subdued level in August (Chart 12).

Budapest, 9 September 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

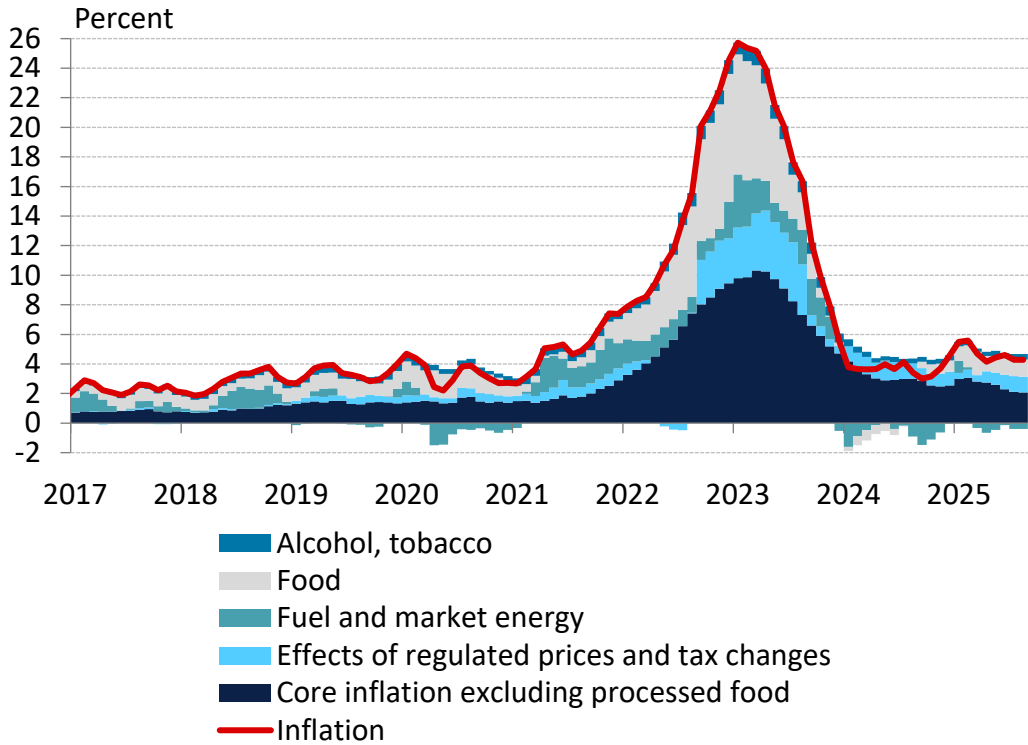
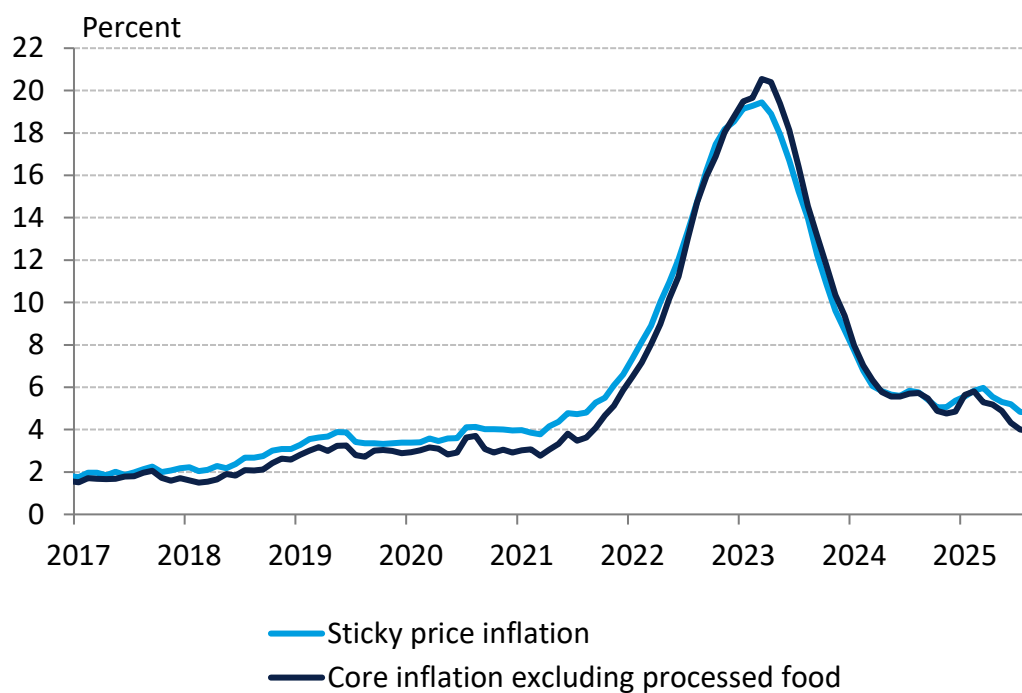


Chart 3 Underlying inflation indicators
annual percentage changes excluding indirect taxes



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

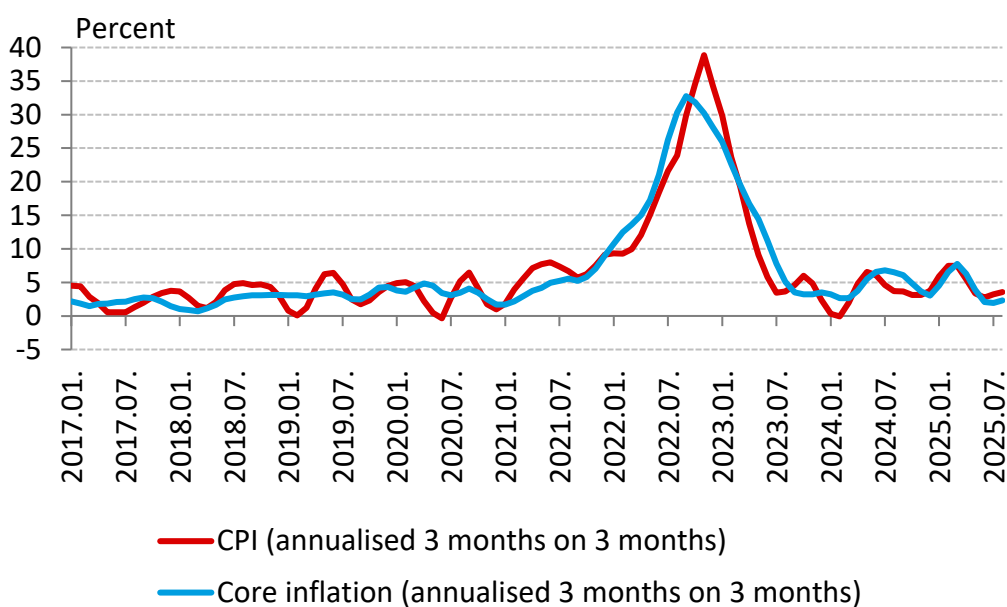


Chart 5 Monthly changes in consumer prices excluding fuel and regulated products prices
tax-adjusted, seasonally unadjusted monthly percentage changes

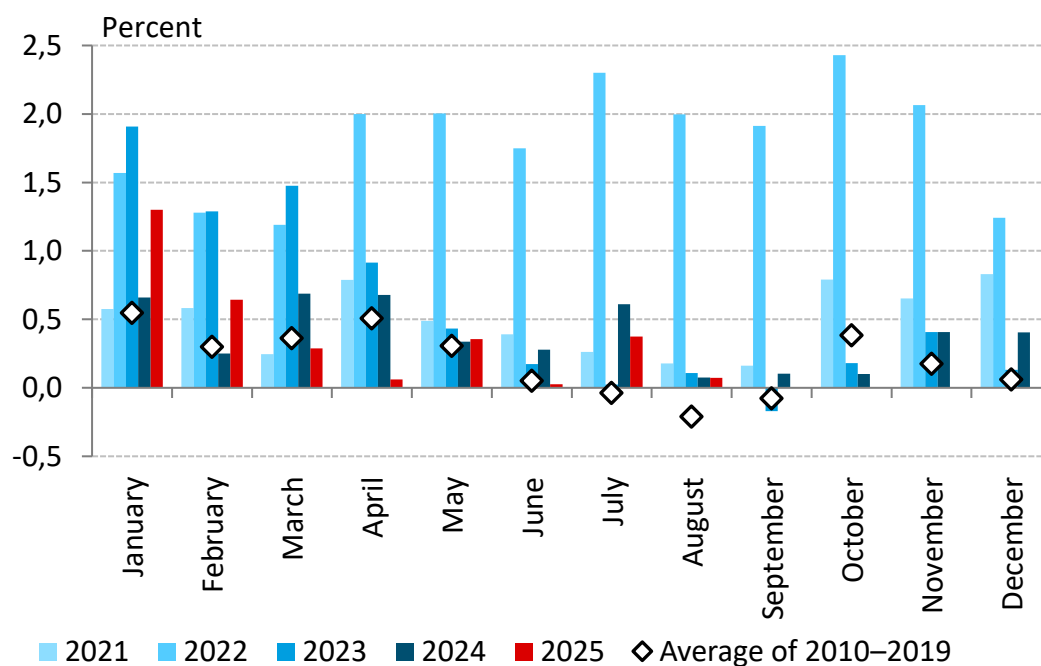


Chart 6 Monthly change in core inflation excluding processed food
tax-adjusted, seasonally unadjusted monthly percentage changes

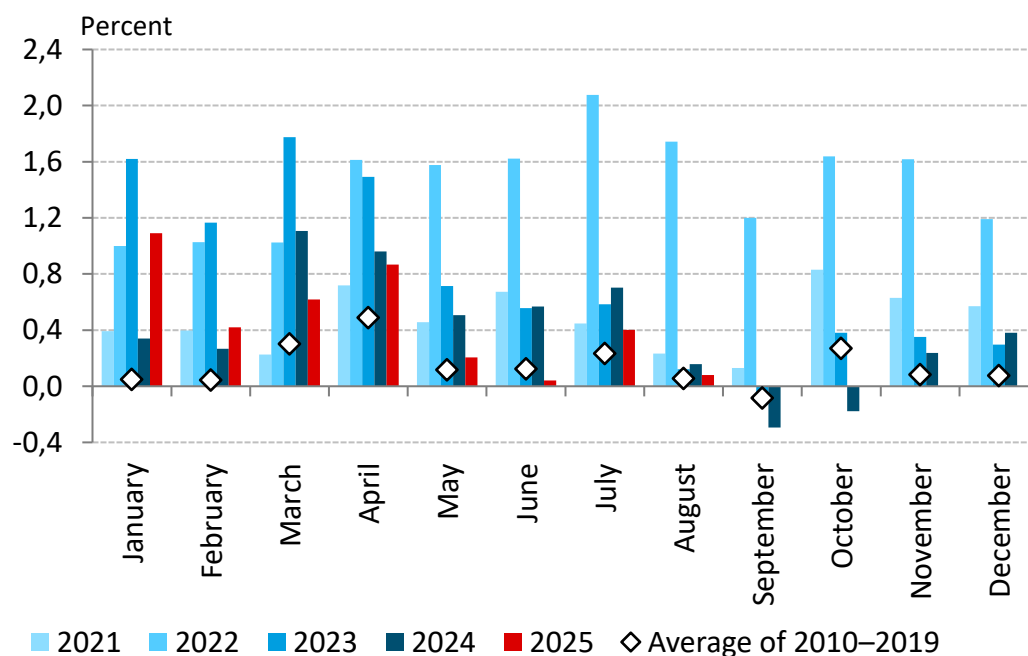


Chart 7 Inflation of tradable goods
seasonally unadjusted monthly change

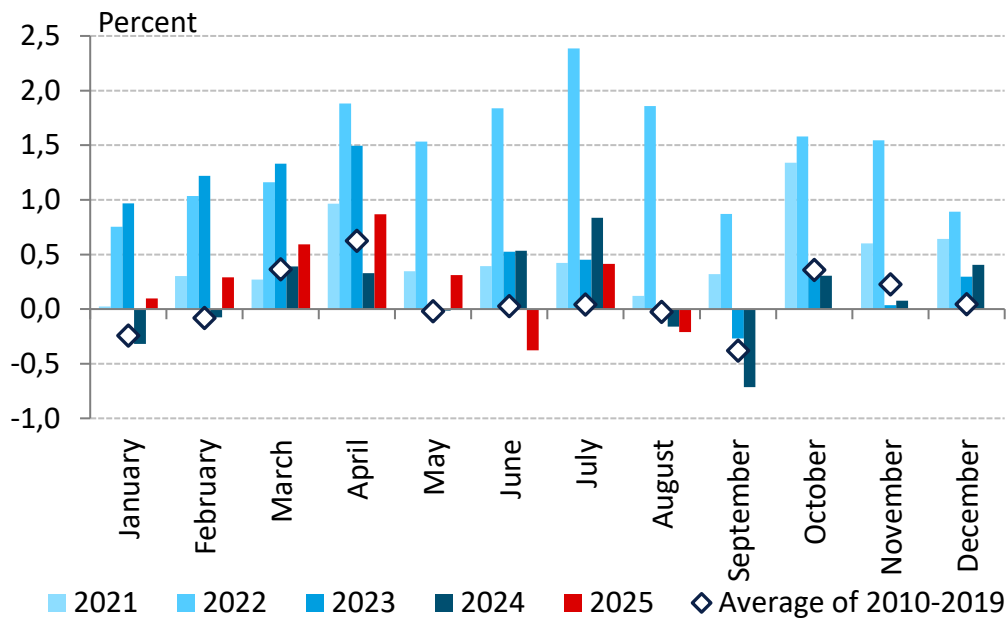


Chart 8 Market services inflation
seasonally unadjusted monthly change

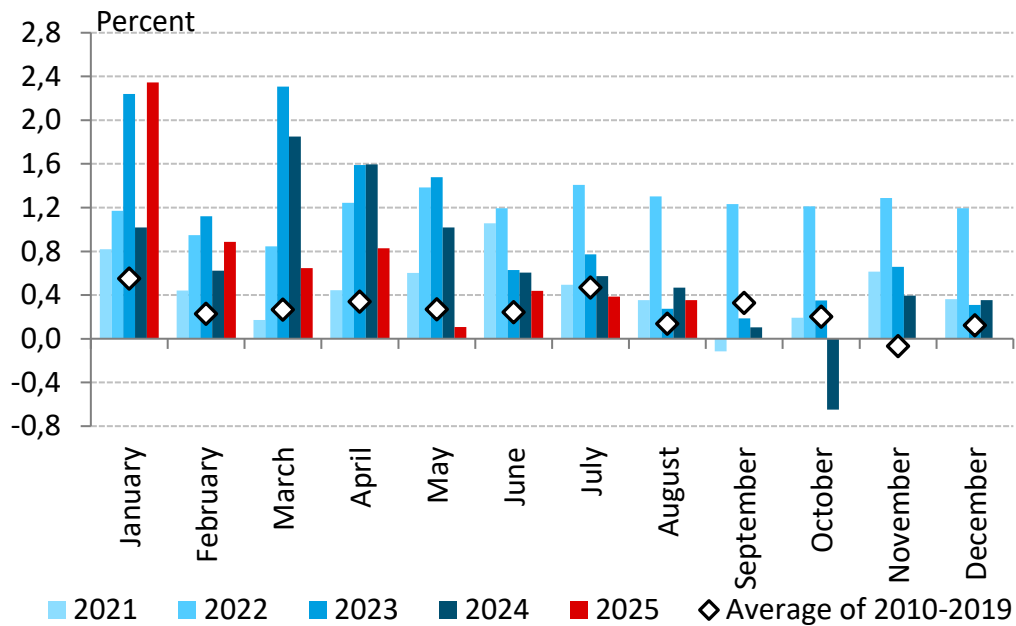
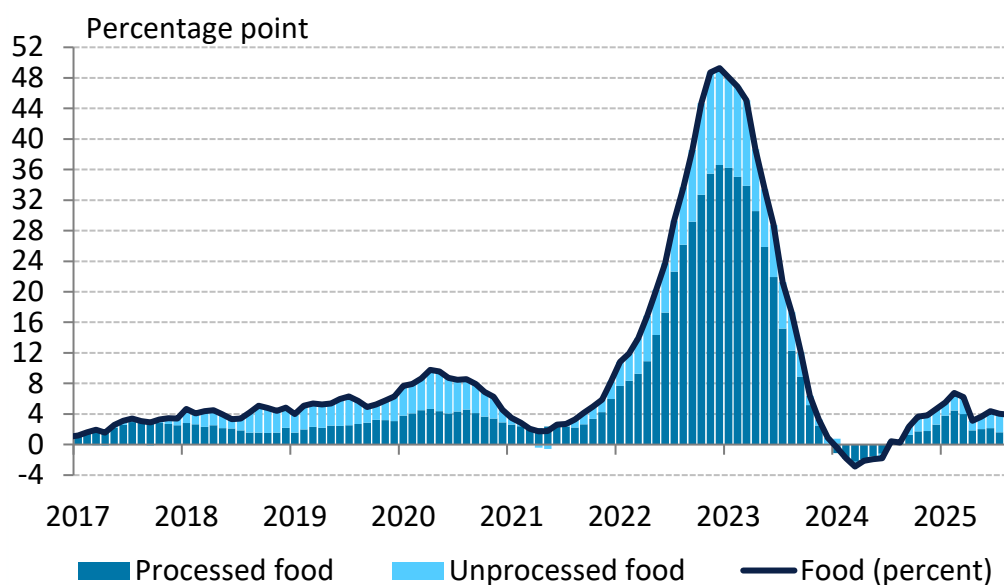
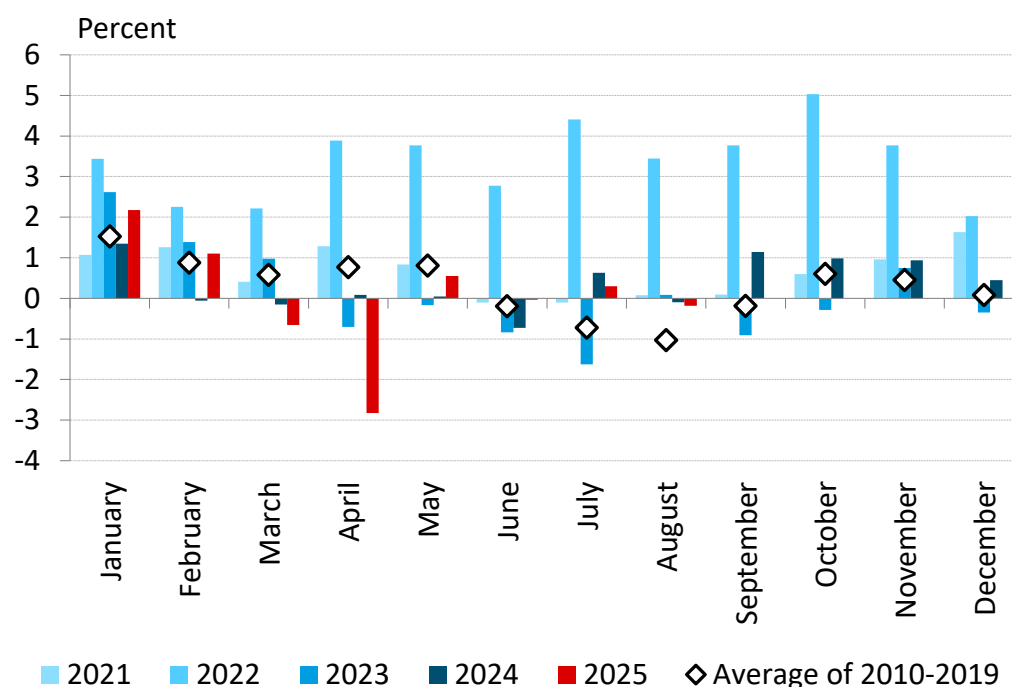


Chart 9 Developments in food price inflation
seasonally unadjusted annual change



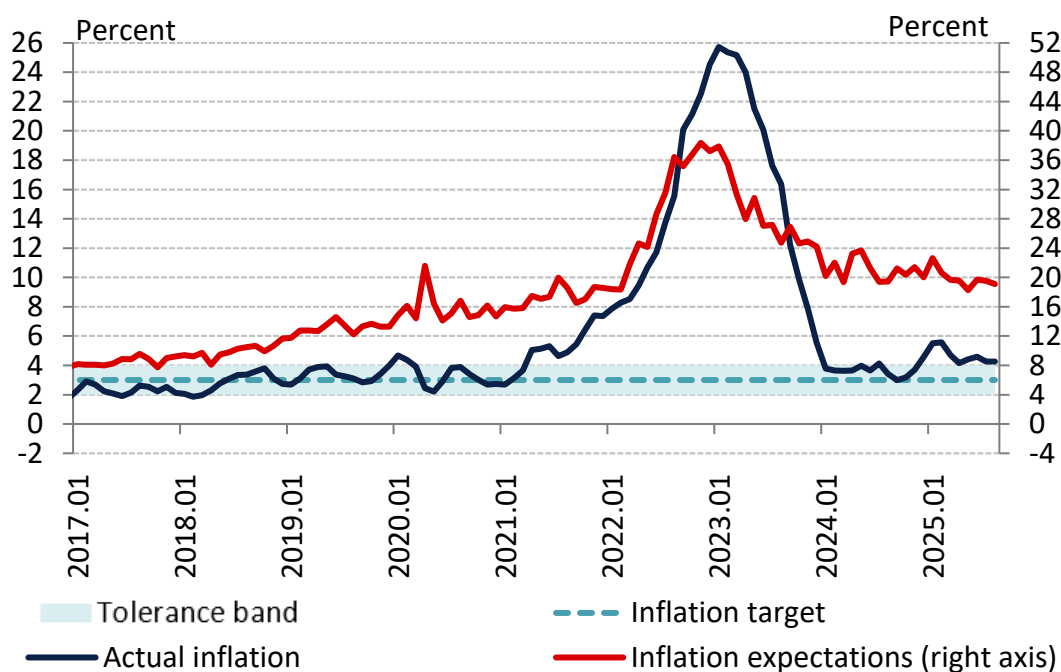
Note: The difference in food price inflation calculated by the HCSO and the MNB is explained by methodological differences. The MNB classifies food-related services as market services (restaurant meals, workplace meals, canteen goods) and the prices of regulated goods and services (school meals, nursery 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



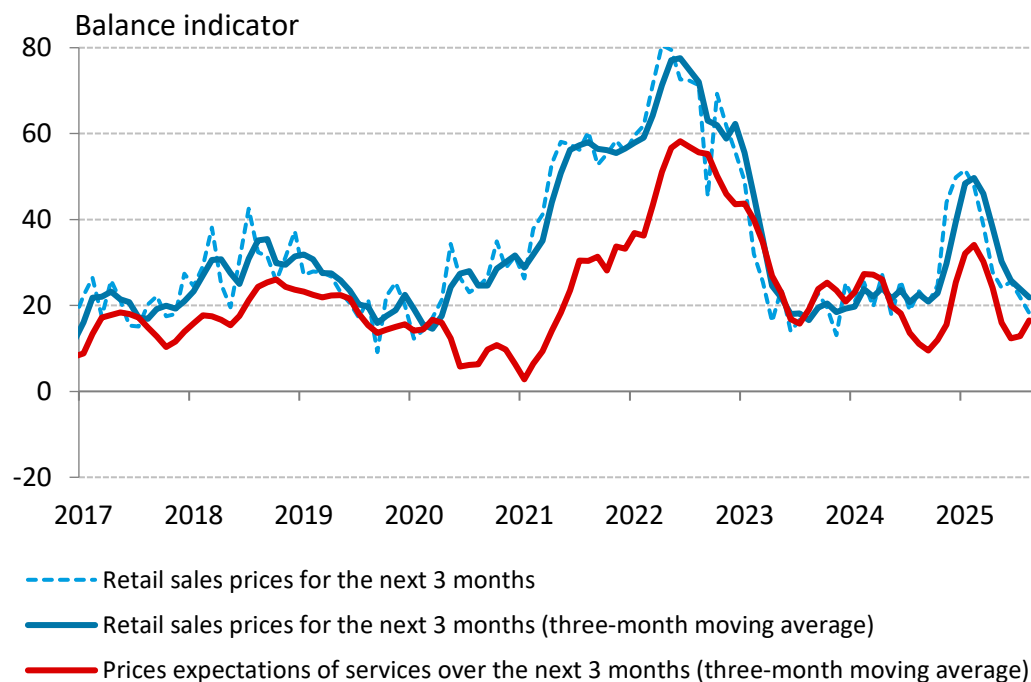
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Chart 11 Households' inflation expectations



Source: HCSO, European Commission, GKI, MNB

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



Source: 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, August 2025 (HCSO)					
4.3% (annual change)					
MNB underlying inflation indicators (MNB calculation)					
Contribution of sticky price inflation (percentage points), weight 40.8%	2.0	Contribution of core inflation excluding processed foods (percentage points), weight 52.9%	2.1	Contribution of core inflation excluding taxes (percentage points), weight 65.3%	2.4
Contribution of other items (percentage points), weight 59.2%	2.3	Contribution of other items (percentage points), weight 47.1%	2.2	Contribution of other items (percentage points), weight 34.7%	1.9

Source: HCSO and the MNB's own calculations.

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