



FLASH ANALYSIS ON INFLATION DEVELOPMENTS

2025
DECEMBER

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 DECEMBER 2025

Consumer prices rose by 3.3 percent year-on-year in December 2025. Relative to the 3.8 percent observed in November, the annual growth rate of prices fell by 0.5 percentage points. Standing at 3.8 percent, core inflation fell by 0.3 percentage point. Core inflation excluding indirect tax effects fell to 3.6 percent (Chart 1 and Chart 2). Incoming inflation data was above the projection in the December Inflation Report. In 2025, annual average inflation and core inflation were 4.4 and 4.6 percent, respectively.

The decline in the annual consumer price index was primarily driven by a decrease in the inflation of fuel and processed food prices. Core inflation, which was lower than in November, was caused primarily by processed foods; this was partly offset by the rising annual price dynamics of market services. Among 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 fell by 0.2 percentage point and stood at 5.2 percent. In contrast, core inflation excluding processed food rose to 4.7 percent and the inflation of tradables and market services excluding the price-reducing effect of the price restrictions at the time of their introduction, rose to 5.7 percent (Chart 3).

In monthly terms, the price of the representative consumer basket and the core inflation basket grew by 0.1 and 0.3 percent, respectively. Month-on-month core inflation excluding processed food prices, which better reflect underlying developments, rose by 0.5 percent (Chart 4). In December, the monthly repricing was higher than the 2017-2020 average for market services and tradables, while for food, it was lower. Our indicators calculated on an annualised 3-month-on-3-month comparison both fell for inflation and core inflation (Chart 5).

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

The annual inflation of *tradables* fell from 2.6 to 2.5 (Chart 6). On a monthly basis, tradables prices rose by 0.3 percent (Chart 7). Durables prices were up by 0.4 percent compared to November, which was primarily explained by the increase in the prices of new passenger cars and televisions. Month-on-month, non-durable prices rose by 0.2 percent.

The annual price index of *market services* rose from 7.2 percent to 7.6 percent (Chart 8). On a monthly basis, prices rose by 0.6 percent, which was primarily explained by the increase in the prices of services related to telecommunication and tourism (Chart 9).

According to the MNB's classification, *food* inflation was -1.3 percent, with unprocessed food prices falling by 1.2 percent and processed food prices by 1.4 percent in annual terms within the product group (Chart 10). According to the HCSO data release, food prices increased by 2.6 percent, which includes, among others, the 8.0 percent rise in restaurant meal prices. Annual food inflation is restrained by the price margin restrictions introduced in mid-March 2025 and extended to additional products on 1 December 2025. Food prices fell by 0.7 percent month-on-month (Chart 11). Compared to November, unprocessed food prices fell by 0.6 percent, driven primarily by seasonal food price developments. However, a considerable price decrease was seen in pork prices as well. On a monthly basis, processed food prices fell by 0.7 percent, which was primarily caused by the decrease in the price of milk, cheese and salami.

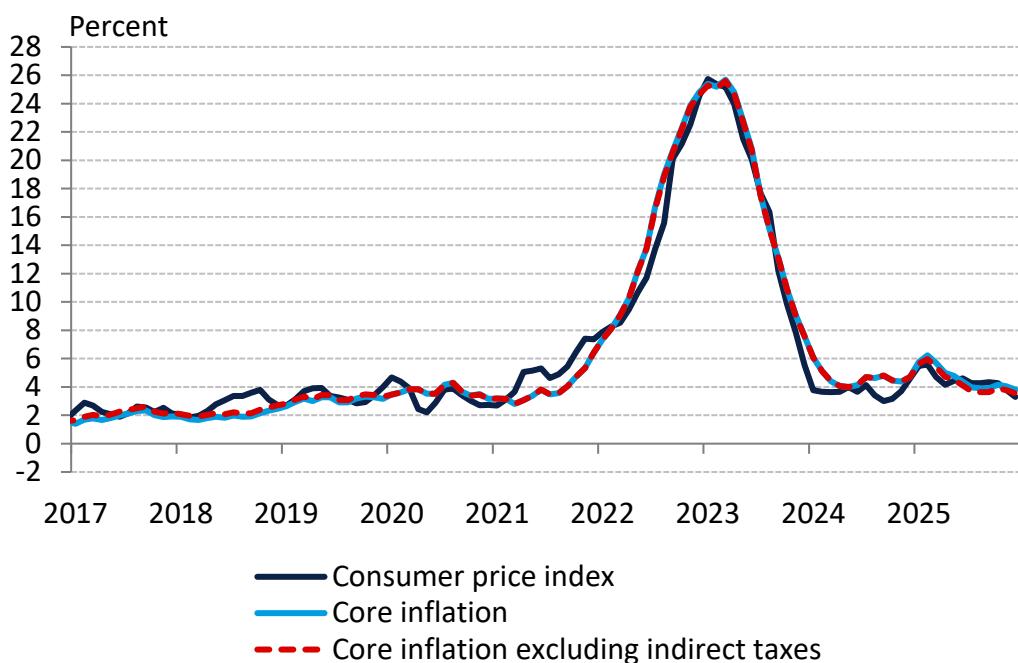
Fuel prices were down by 8.6 percent in annual terms. On a monthly basis, fuel prices fell by 1.7 percent, which was driven by a decrease in global fuel prices.

In annual terms, the prices of regulated products and services rose by 7.2 percent, with piped gas prices rising by 19.8 percent. The price rise of piped gas in the past 12 months contributed to December inflation by 0.3 percentage points. The higher average residential gas price was caused by an increase in household gas consumption due to colder weather last year than in 2024, which increased the share of consumption above the volume limit of the lower regulated price. Compared to the previous month, the average price of regulated products and market services rose by 0.3 percent. Within this, piped gas prices rose by 1.4 percent.

Households' inflation expectations remain at higher levels than during the period when the inflation target was achieved. (Chart 12). *Companies' expectations for retail sales price changes* and *price expectations for services* declined. Both remained at a subdued level in December (Chart 13).

Budapest, 13 January 2026

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

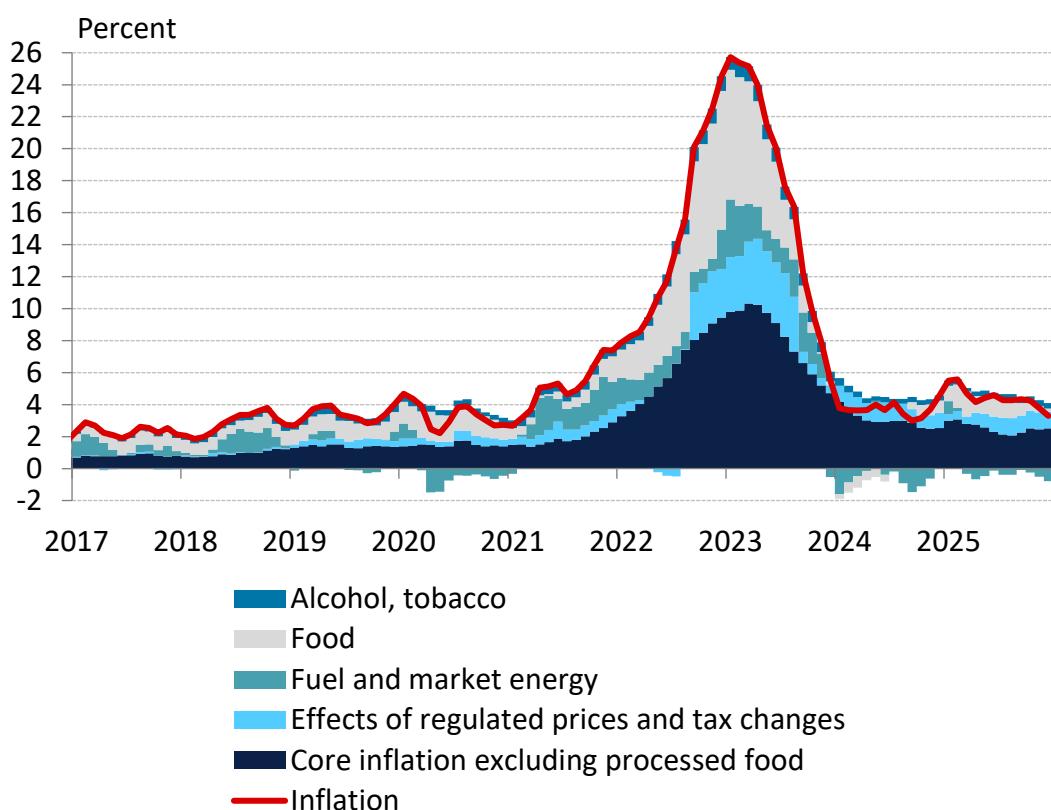
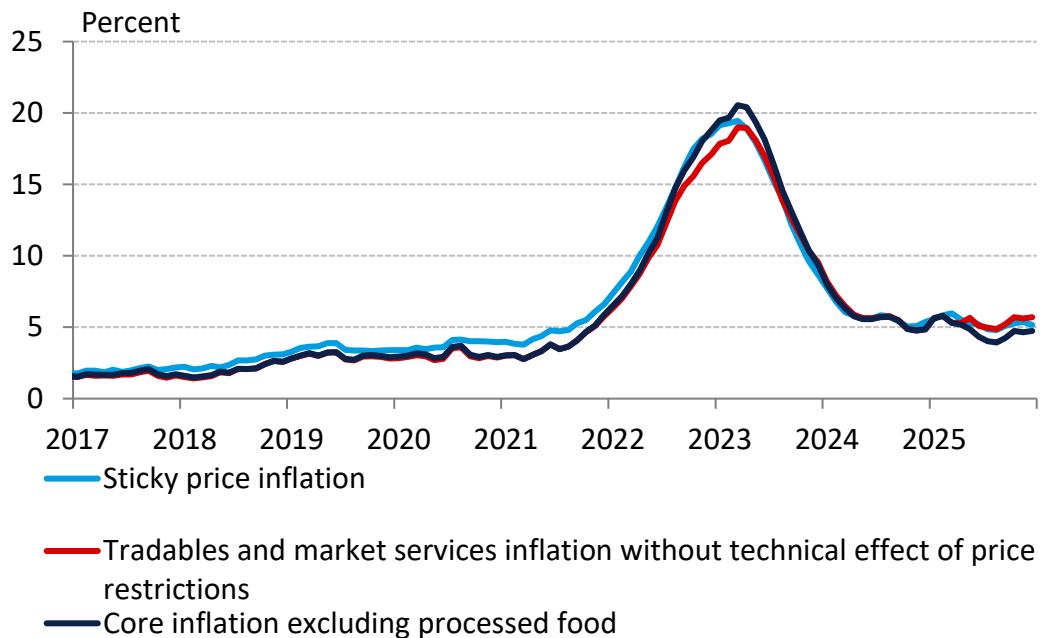


Chart 3 Underlying inflation indicators
annual percentage changes excluding indirect taxes



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. The technical effect of the margin restriction includes the price-reducing effect of the measure at the time of its introduction.

Chart 4 Monthly change in core inflation excluding processed food
tax-adjusted, seasonally unadjusted monthly percentage changes

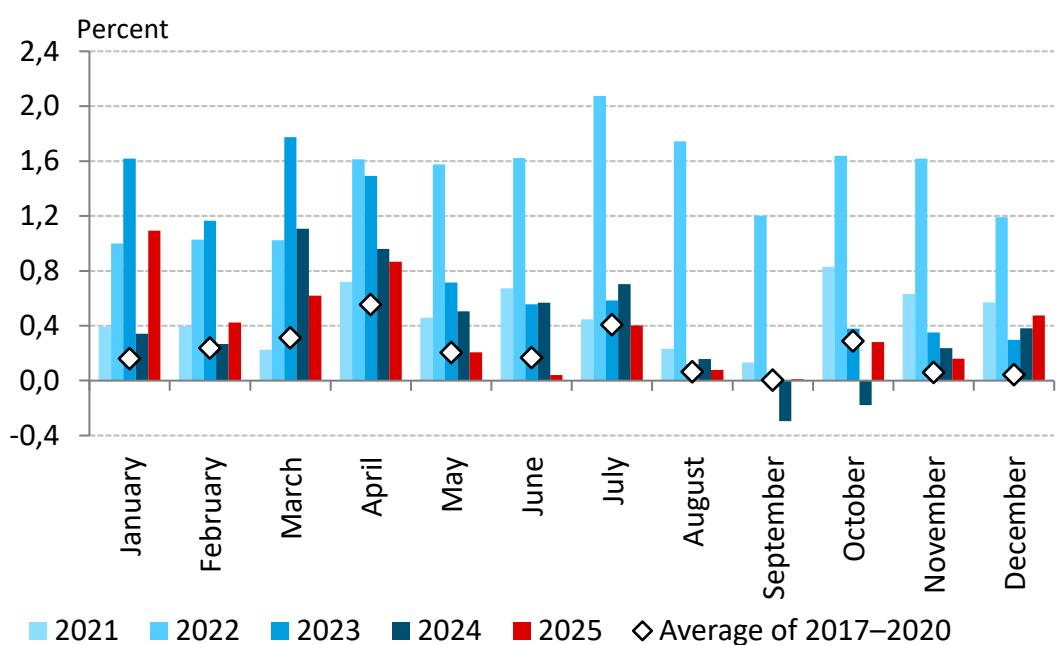


Chart 5 3-month annualised change in inflation and core inflation
based on seasonally adjusted data

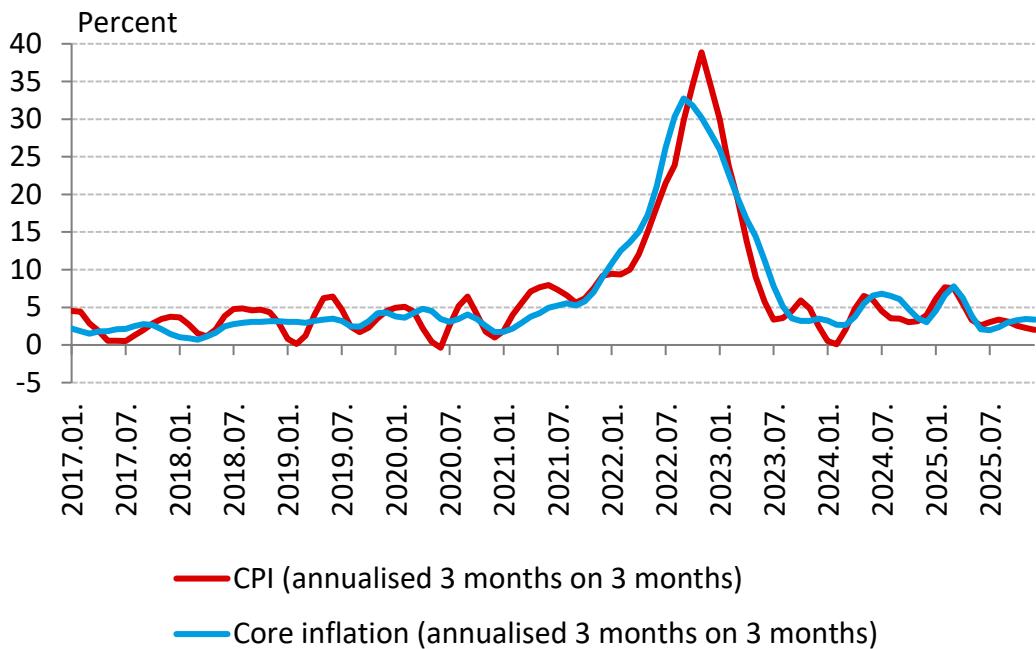


Chart 6 Inflation of tradable goods
seasonally unadjusted annual change

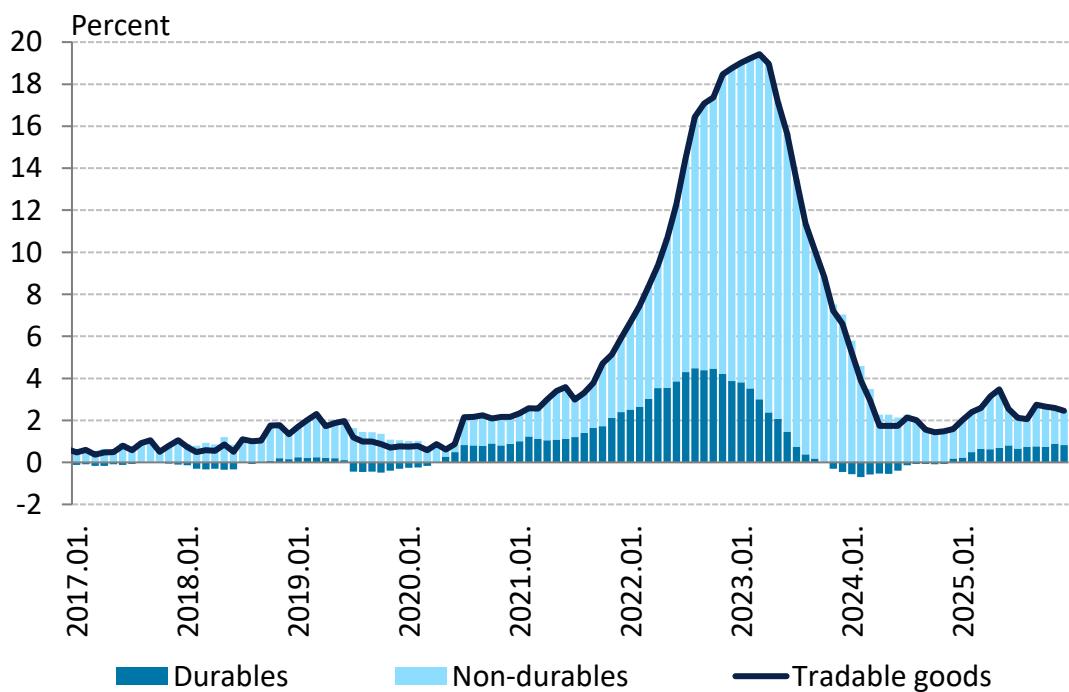


Chart 7 Monthly changes in tradables prices
seasonally unadjusted monthly change

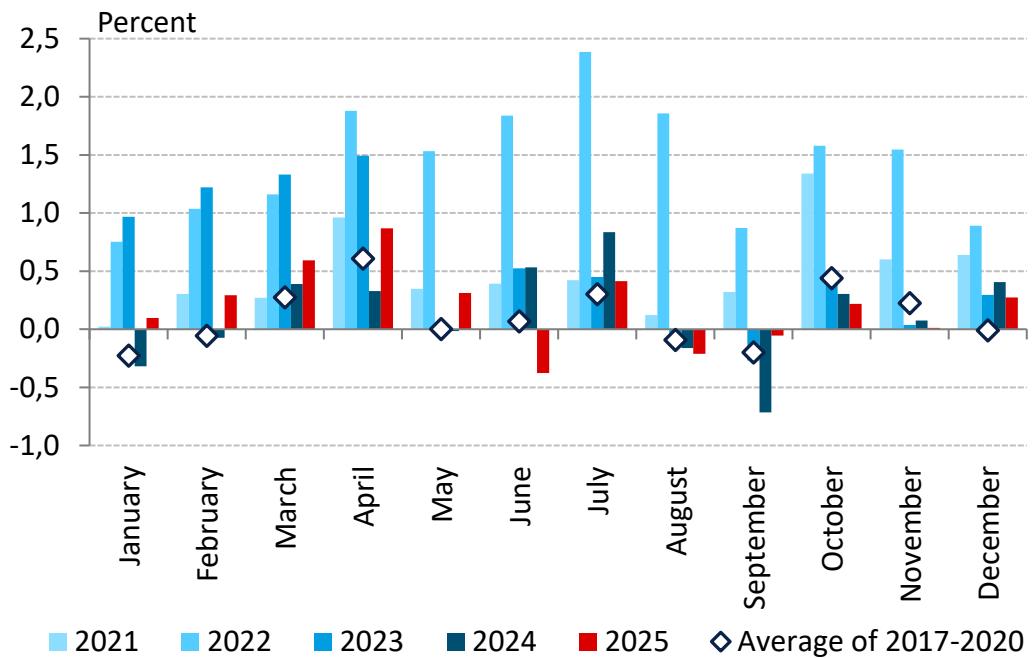


Chart 8 Market services inflation
seasonally unadjusted annual change

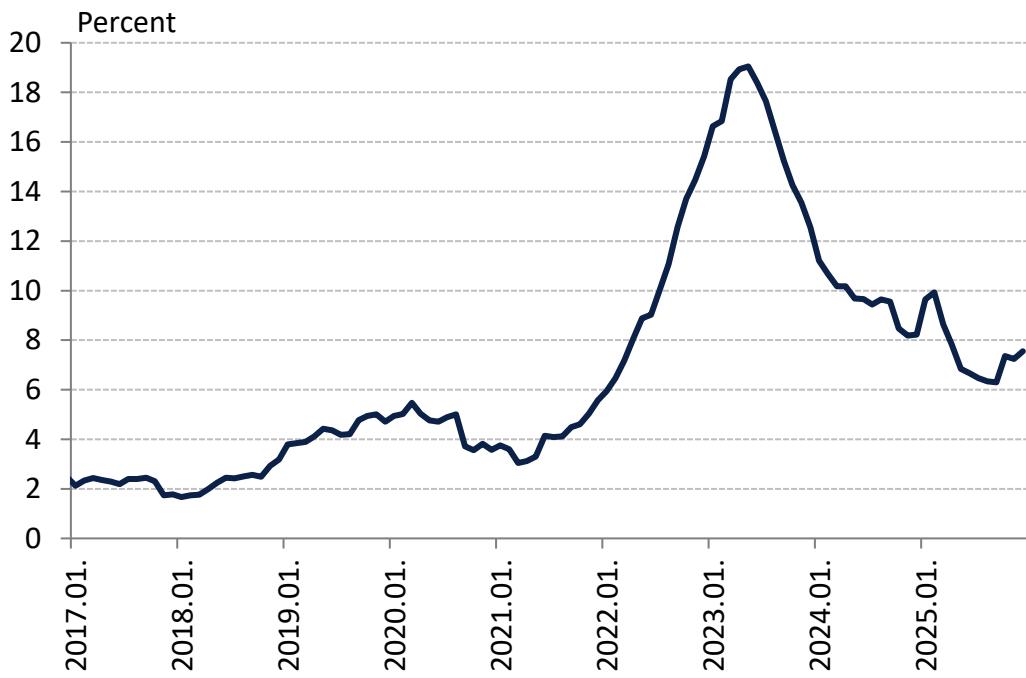


Chart 9 Monthly changes in market prices
seasonally unadjusted monthly change

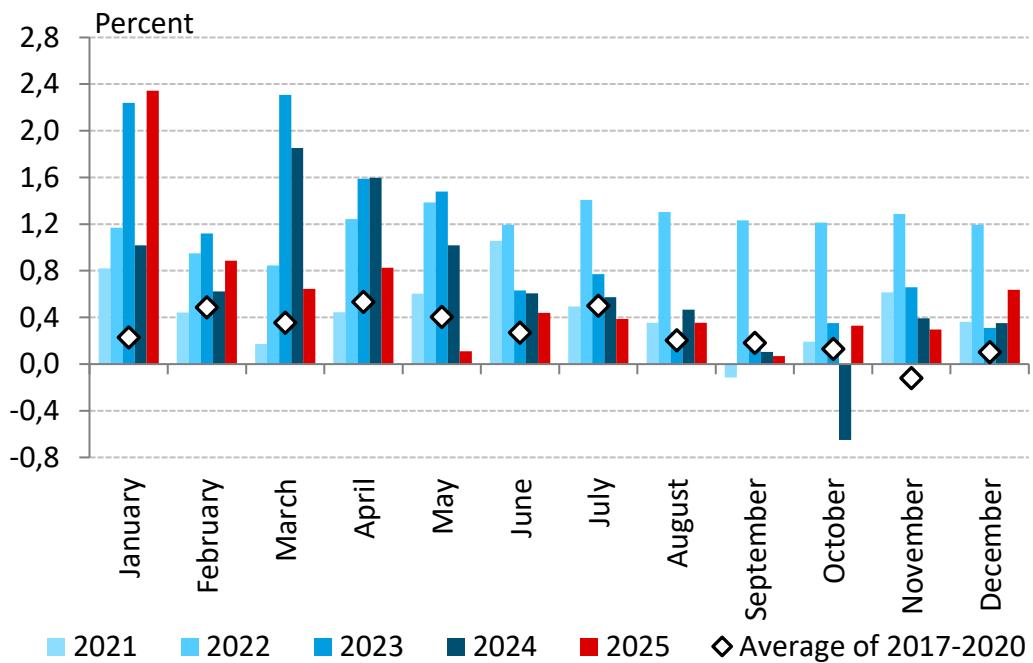
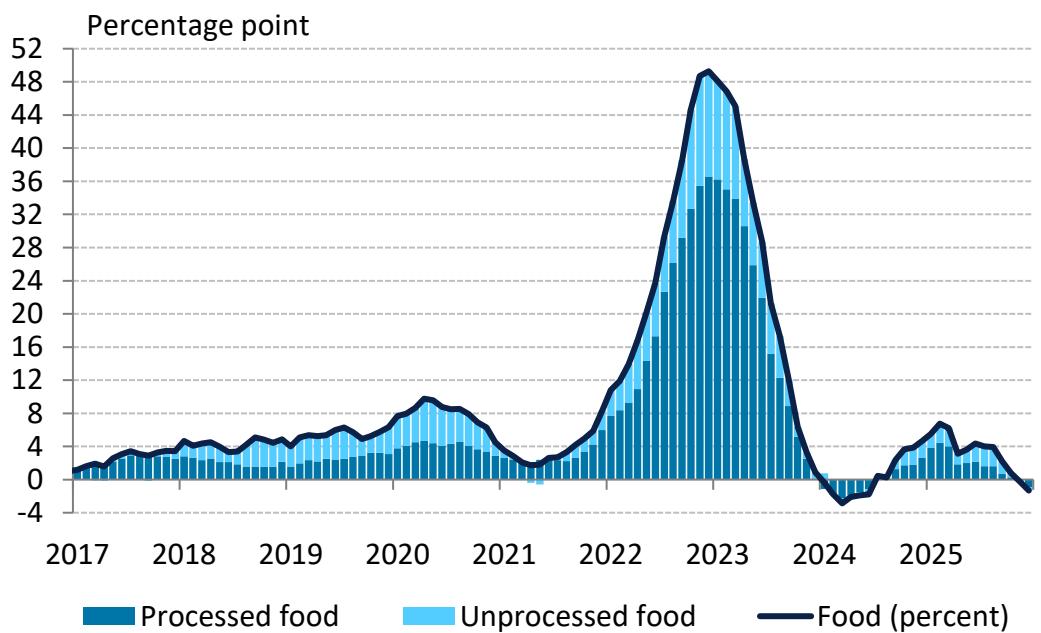
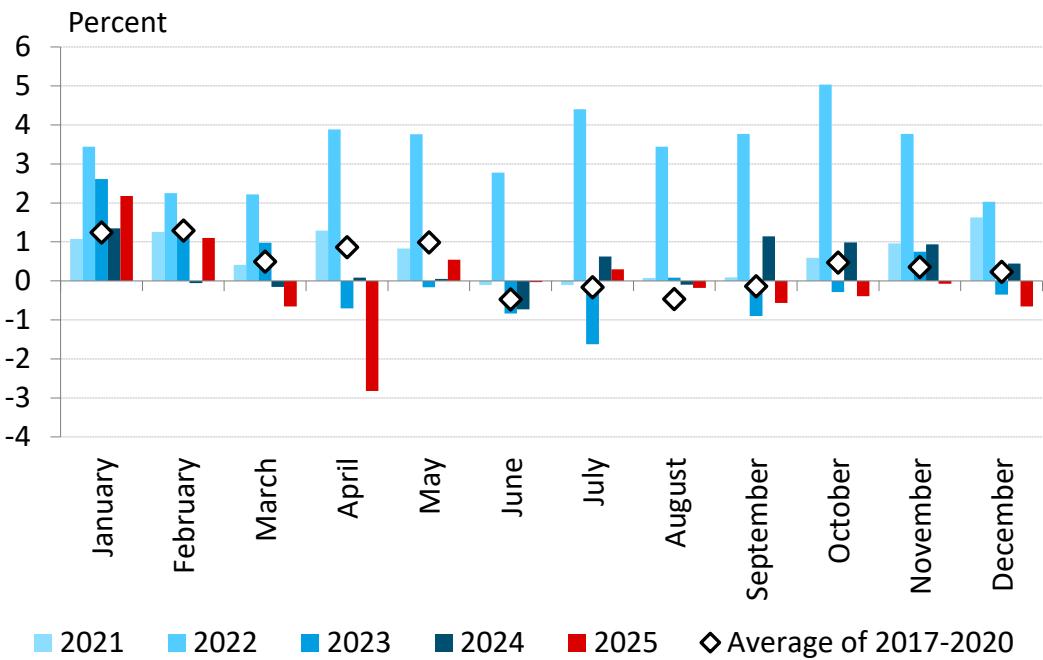


Chart 10 Food inflation
seasonally unadjusted annual change



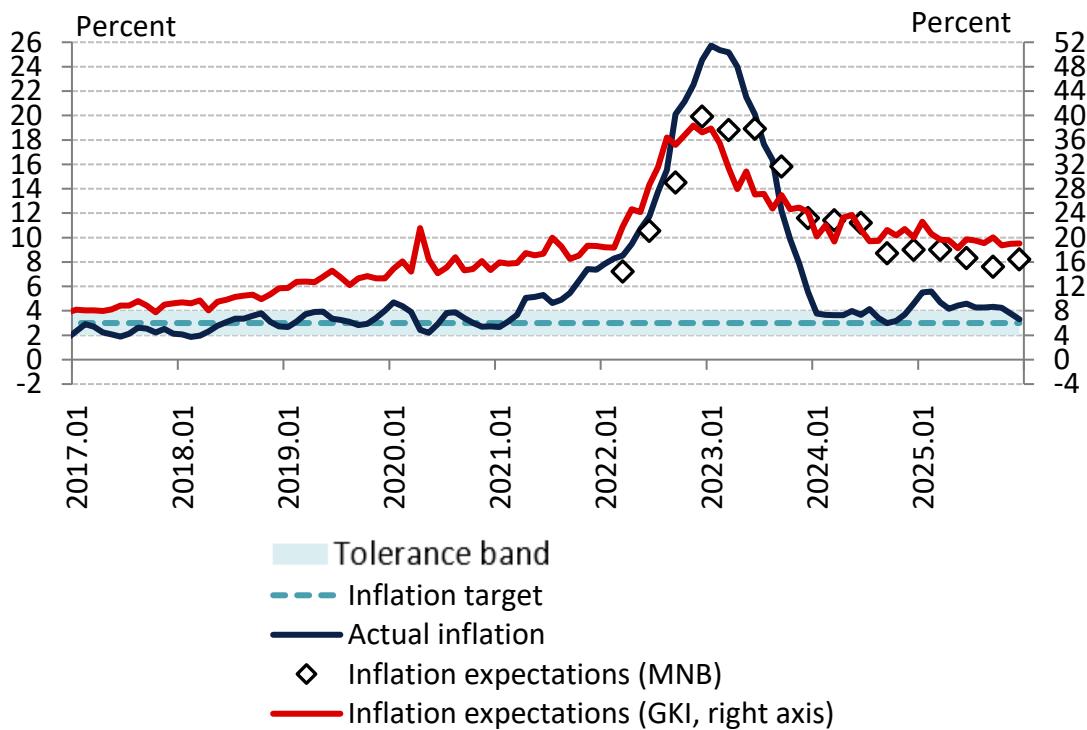
Note: The difference in food price inflation calculated by the HCSO and the MNB is explained by methodological differences. The MNB classifies food-related services as market services (restaurant meals, workplace meals, canteen goods) and the prices of regulated goods and services (school meals, nursery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

Chart 11 Monthly changes in food prices
seasonally unadjusted monthly change



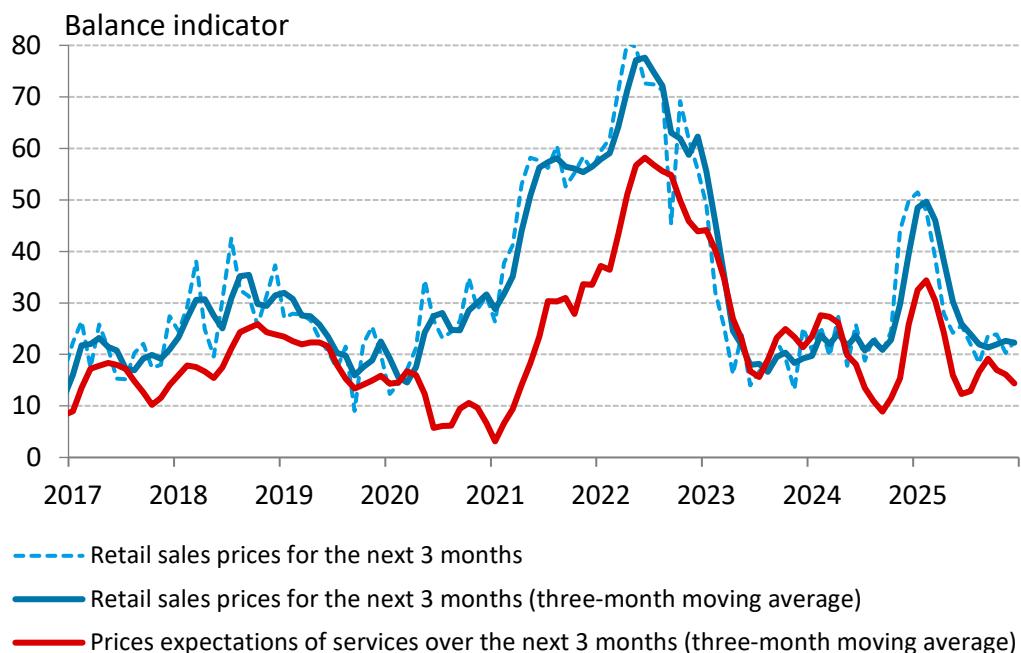
Note: The difference in food price inflation calculated by the HCSO and the MNB is explained by methodological differences. The MNB classifies food-related services as market services (restaurant meals, workplace meals, canteen goods) and the prices of regulated goods and services (school meals, nursery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

Chart 12 Households' inflation expectations



Source: HCSO, European Commission, GKI, MNB

Chart 13 Developments in expectations for retail sales price changes and services price changes



Source: MNB calculation based on data released by the European Commission

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

| Consumer price index, December 2025 (HCSO) | | | | | |
|--|-----|--|-----|--|-----|
| 3.3% (annual change) | | | | | |
| MNB underlying inflation indicators (MNB calculation) | | | | | |
| Contribution of sticky price inflation (percentage points), weight 40.8% | 2.1 | Contribution of core inflation excluding processed foods (percentage points), weight 52.9% | 2.5 | Contribution of core inflation excluding taxes (percentage points), weight 65.3% | 2.3 |
| Contribution of other items (percentage points), weight 59.2% | 1.2 | Contribution of other items (percentage points), weight 47.1% | 0.8 | Contribution of other items (percentage points), weight 34.7% | 1.0 |

Source: HCSO and the MNB's own calculations.

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