



# FLASH ANALYSIS OF INFLATION DEVELOPMENTS

2025  
JULY

*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 JULY 2025

Consumer prices rose by 4.3 percent year-on-year in July 2025. Compared to the 4.6 percent registered in June, the rate of annual price rises fell by 0.3 percentage points. Core inflation fell by 0.4 percentage points and stood at 4.0 percent. Core inflation excluding indirect tax effects fell to 3.7 percent (Chart 1 and Chart 2). In monthly terms, the representative consumer basket and the core inflation basket both rose by 0.4 percent. Inflation was in line with the projection in the June Inflation Report with core inflation being slightly below the projection.

The decrease in the annual consumer price index was primarily due to a decline in fuel price inflation which was largely driven by base effects. The disinflation of all product groups within core inflation contributed to the decline in core inflation. 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 food stood at 4.8 percent and 4.0 percent, respectively in July (Chart 3).

In July, mandatory and voluntary price restriction measures had a significant inflation-reducing effect similar to June. 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 rose, while core inflation fell slightly (Chart 4). In both inflation and core inflation, the rate of price increases from the previous month was higher than the historical average. The price of the basket excluding fuel and regulated product prices was up by 0.4 percent compared to the previous month (Chart 5). Month-on-month core inflation excluding processed food prices, which better reflect underlying developments, was also 0.4 percent (Chart 6). The monthly repricing was above the historical average for food and tradables in July. For market services, the monthly repricing was slightly lower than the historical average in July.

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

Annual inflation of *tradables* dropped to 2.1 percent. In monthly comparison, the price of the product group increased by 0.4 percent (Chart 7). Non-durable prices rose by 0.7 percent. Durable prices fell by 0.2 percent compared to June, mainly due the decrease in the prices of new passenger cars.

The annual price index of market services was 6.5 percent. On a monthly basis, prices increased by 0.4 percent (Chart 8). The rise in the price of tourism and hospitality services is the main reason for the increase in the price of the product group.

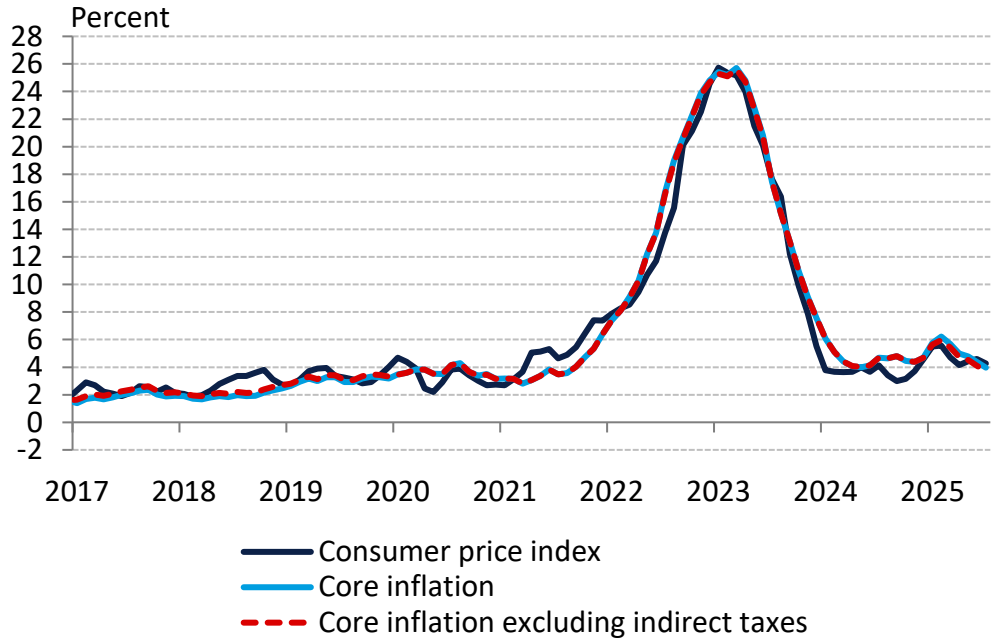
According to the MNB's classification, *food* inflation was 4.0 percent, with unprocessed food prices rising by 7.2 percent and processed food prices by 2.4 percent in annual terms within the product group (Chart 9). According to the HCSO data release, food prices increased by 5.9 percent, which includes, among others, the 8.0 percent rise in restaurant meal prices. Food prices rose by 0.3 percent month-on-month (Chart 10). Compared to June, unprocessed food was 0.5 percent more expensive, driven by seasonal food price developments. Processed food prices rose by 0.2 percent on a monthly basis.

*Fuel prices* rose by 0.3 percent month-on-month. The price of this product group was down by 4.3 percent in annual terms.

*Households' inflation expectations* decreased but remain at a high level (Chart 11). In July, *corporate expectations for retail sales price changes* continued to fall while *for services*, the decline in expectations stopped (Chart 12).

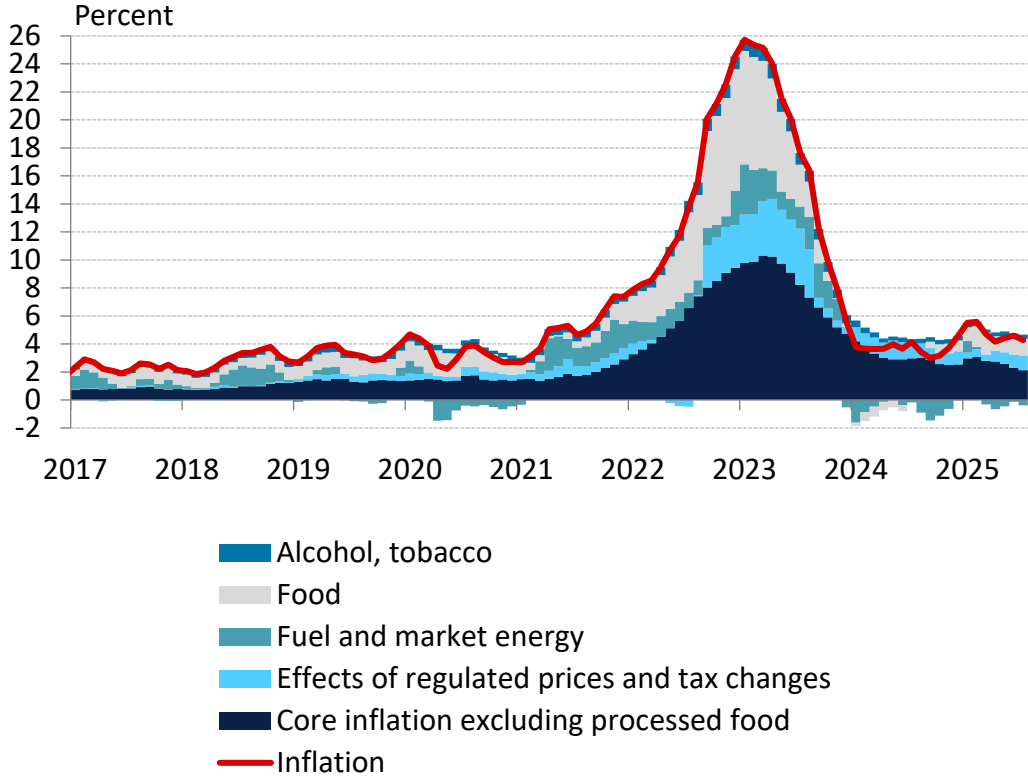
Budapest, 8 August 2025

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

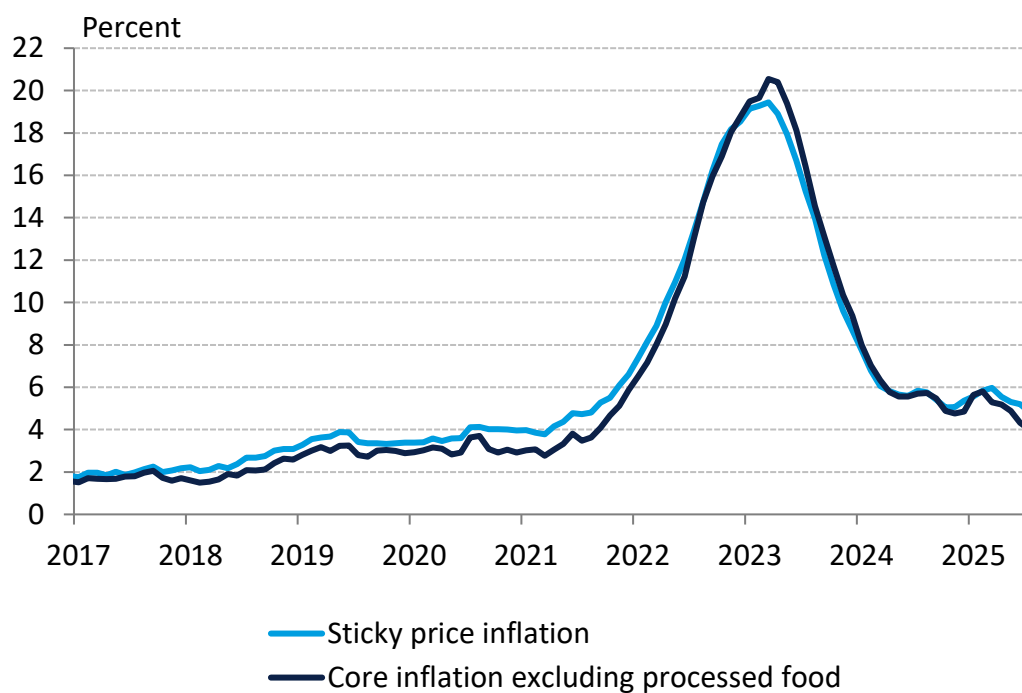


*Note: Seasonally unadjusted core inflation.*

**Chart 2 Inflation decomposition**  
annual change

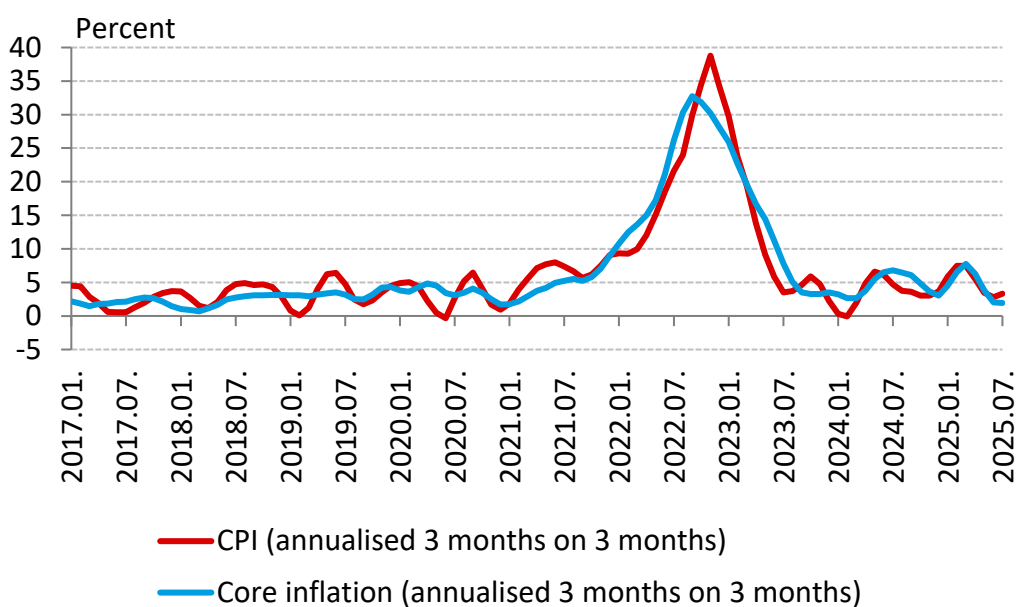


**Chart 3 Underlying inflation indicators**  
annual percentage changes excluding indirect taxes

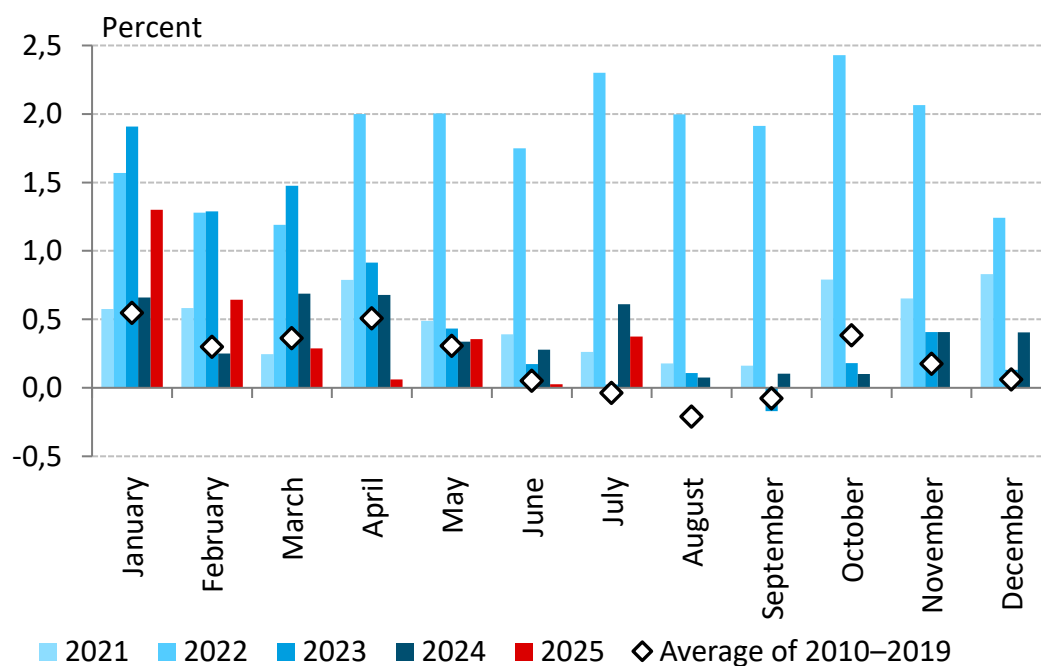


*Note: Inflation of sticky-price products is composed of items of the consumer price index where maximum 15 percent of elementary prices change monthly on average. MNB calculation based on data released by the HCSO. Core inflation excluding processed foods with unchanged content is equivalent with the 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.*

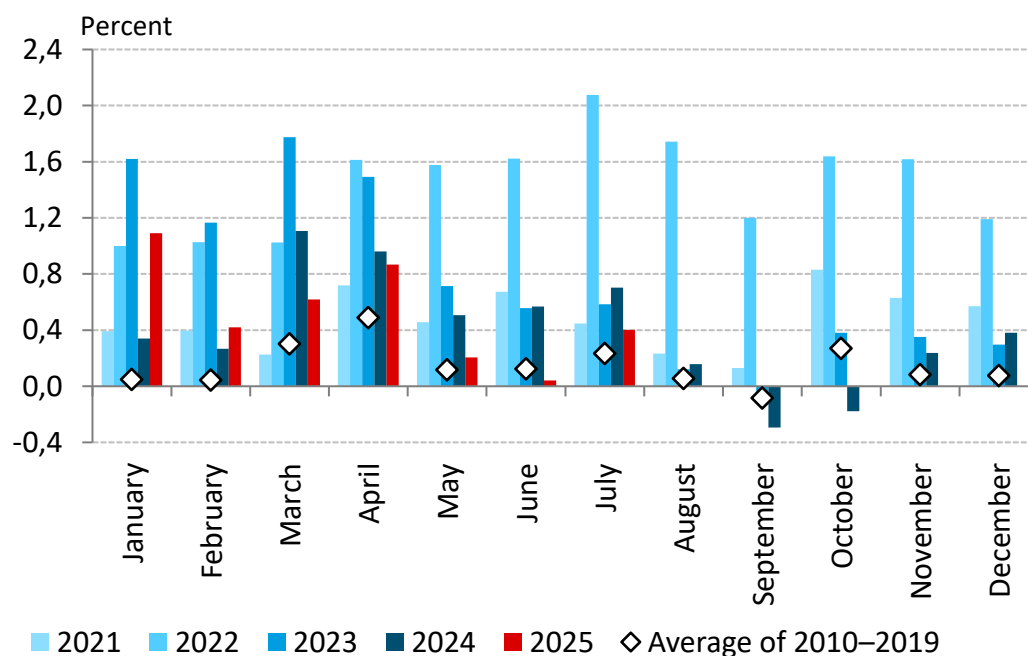
**Chart 4 3-month annualised change in inflation and core inflation**  
Based on seasonally adjusted data



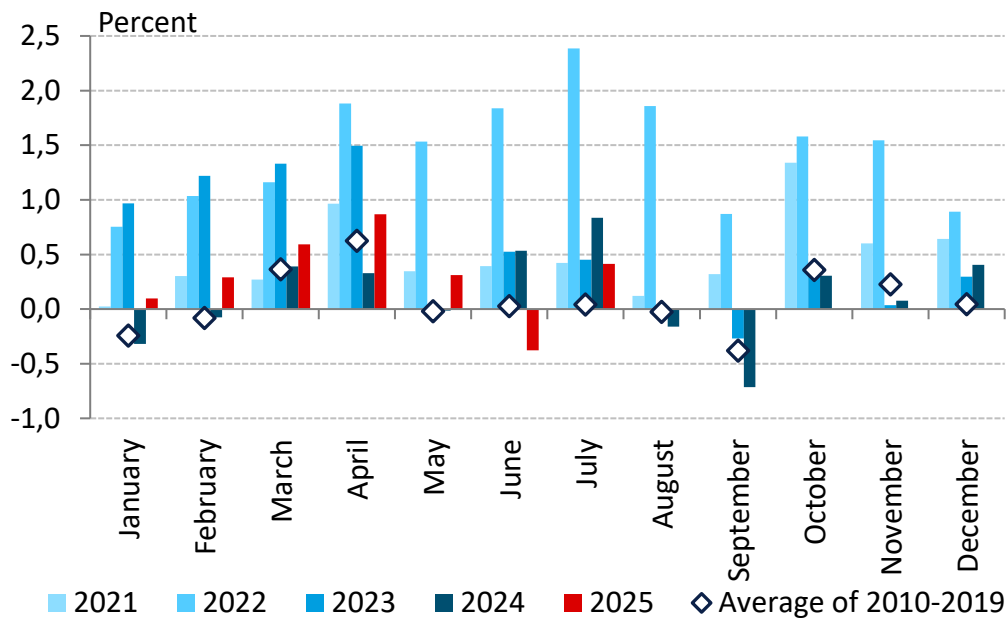
**Chart 5 Monthly changes in consumer prices excluding fuel and regulated products prices**  
tax-adjusted, seasonally unadjusted monthly percentage changes



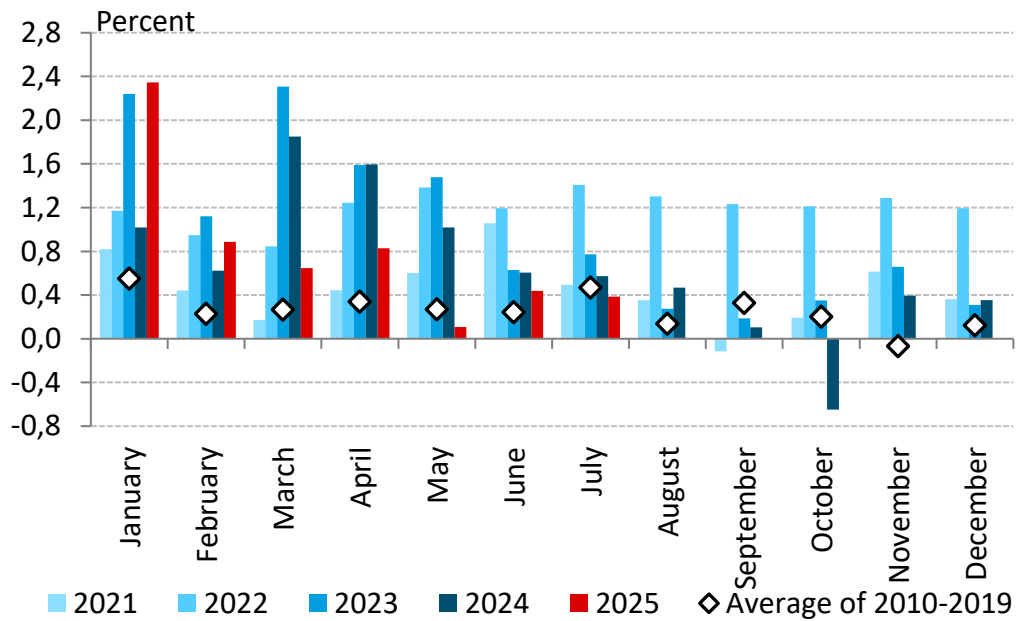
**Chart 6 Monthly change in core inflation excluding processed food**  
tax-adjusted, seasonally unadjusted monthly percentage changes



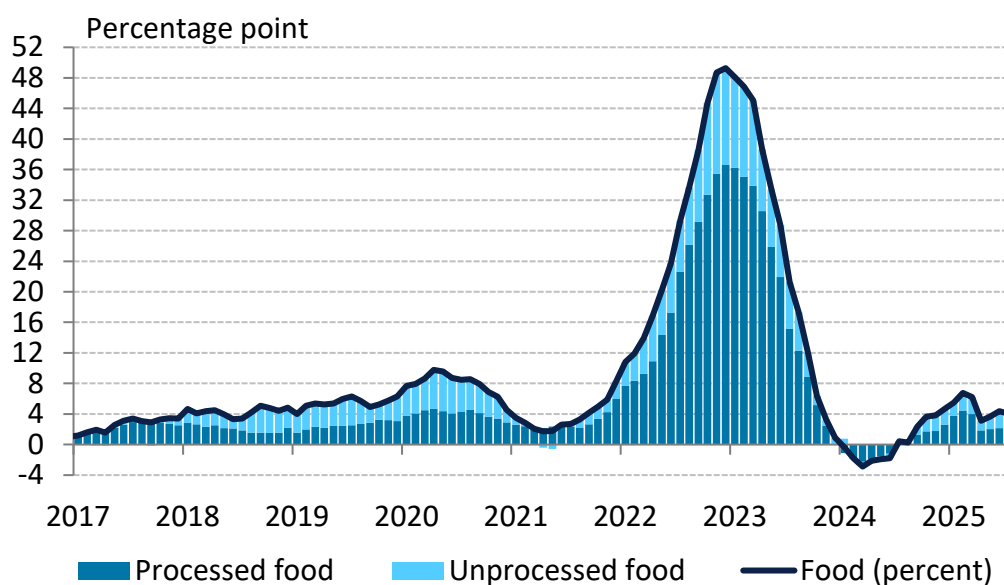
**Chart 7 Inflation of tradable goods**  
seasonally unadjusted monthly change



**Chart 8 Market services inflation**  
seasonally unadjusted monthly change

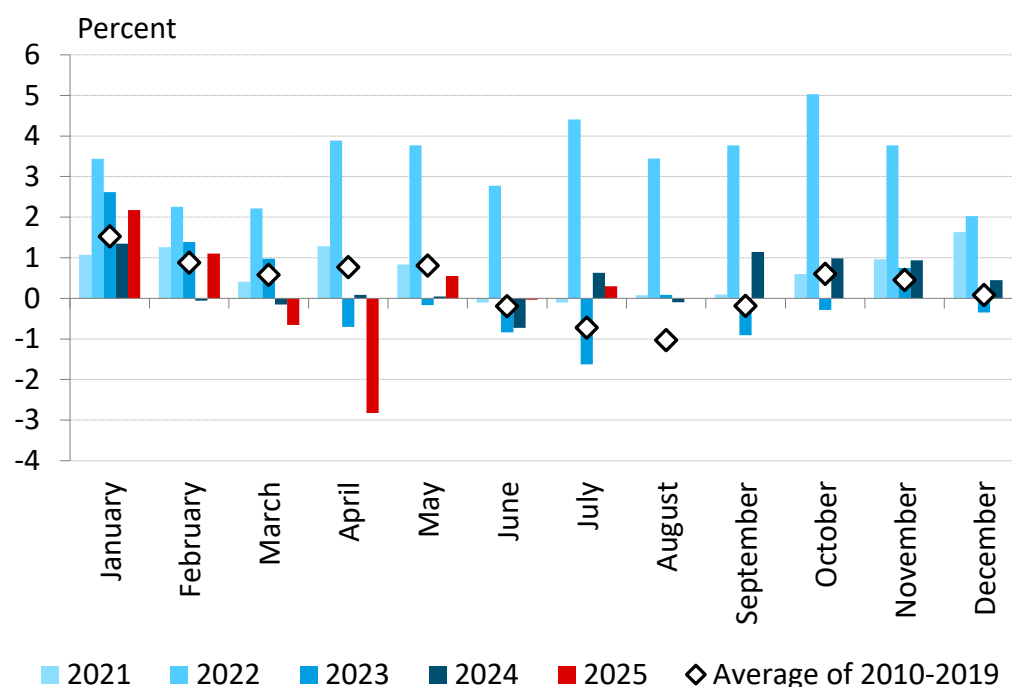


**Chart 9 Developments in food price inflation**  
seasonally unadjusted annual change



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).

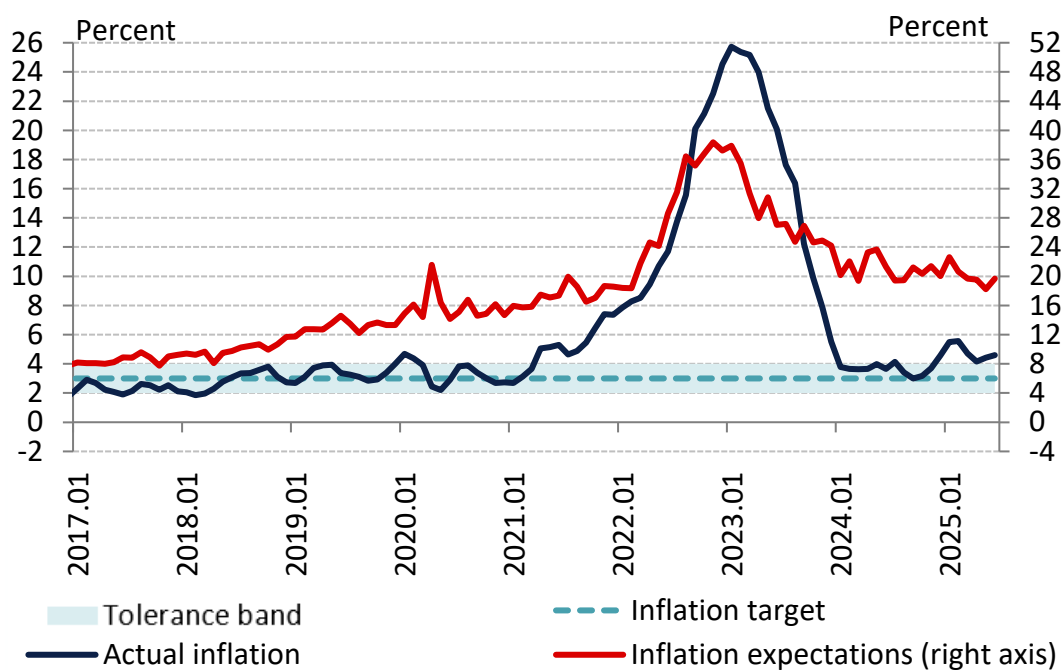
**Chart 10 Monthly changes in food prices**  
seasonally unadjusted monthly change



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).

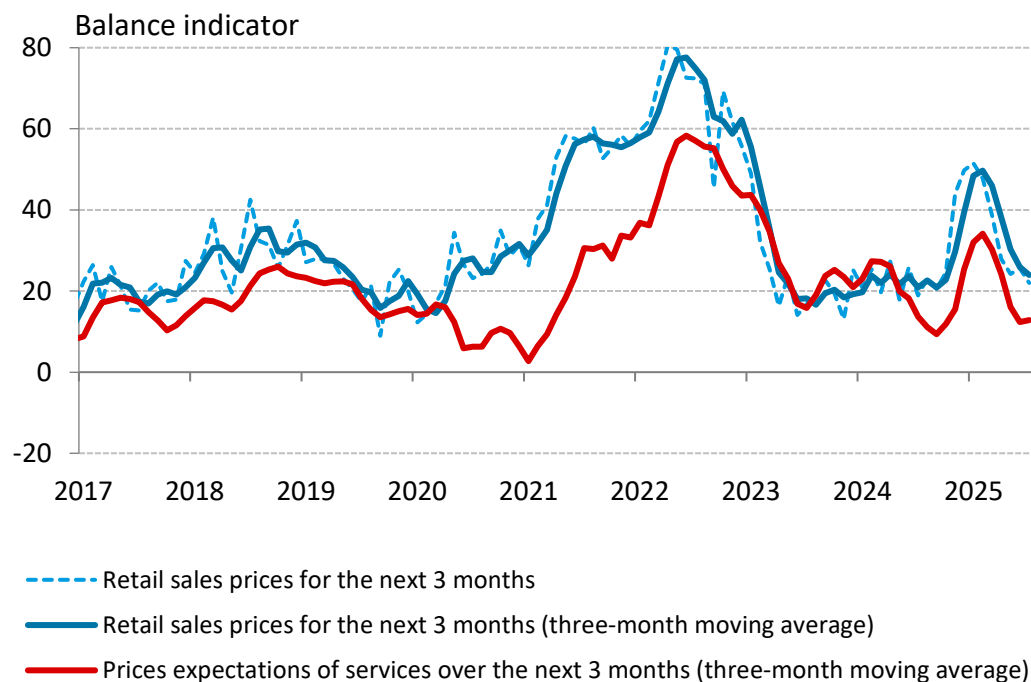


Chart 11 Households' inflation expectations



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, July 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%	1.8

Source: HCSO and the MNB's own calculations.

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