



FLASH ANALYSIS OF INFLATION DEVELOPMENTS

2025

JUNE

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 JUNE 2025

Consumer prices rose by 4.6 percent year-on-year in June 2025. Compared to the 4.4 percent registered in May, the rate of annual price rises increased by 0.2 percentage points. Core inflation fell by 0.4 percentage points and stood at 4.4 percent. Core inflation excluding indirect tax effects fell to 4.1 percent (Chart 1 and Chart 2). In monthly terms, the representative consumer basket and the core inflation basket both rose by 0.1 percent. Both inflation and core inflation were in line with the forecast in the June Inflation Report.

The increase in the annual consumer price index was primarily due to the fact that fuel prices, although still decreasing compared to the corresponding period of the previous year, fell to a lesser extent than in the previous month. The decline in core inflation was caused by a fall in tradables inflation, due to a price margin cap on household goods. The Bank's measures of underlying inflation developments capturing persistent inflationary trends, calculated on a year-on-year basis, also fell. Inflation of sticky-price products stood at 5.2 percent, while core inflation excluding processed food stood at 4.3 percent in June (Chart 3).

Price and margin restriction measures had a significant inflation-reducing effect in June. The greatest effect can be tied to the price margin cap on foods. The effect of the price margin cap on household goods, which came into effect in May, also fully appeared. In addition, voluntary price restrictions by banks and telecommunications companies are also holding down inflation.

In a shorter term (annualised, 3-month-on-3-month) comparison, our calculated indicators showed a deceleration in inflation and core inflation, in which the effect of margin and price restriction measures also plays a role (Chart 4). The rate of change in prices compared with the previous month was in line with the historical average for both inflation and core inflation. The price of the consumer basket excluding fuel and regulated prices did not change significantly compared to the previous month (Chart 5). The price of core inflation products excluding processed food, which better reflects underlying developments, was also at the same level as in the previous month (Chart 6). The monthly repricing was above the historical average for food and market services in June. For tradable goods, the price change in June was lower than the historical average, due to the impact of the price margin cap on household goods.

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

Annual inflation of *tradables* dropped to 2.5 percent. In monthly comparison, the product group price decreased by 0.4 percent (Chart 7). Non-durable prices fell by 0.7 percent, driven by the price margin cap on household goods. Durable prices were 0.3 percent more expensive than in June. The price increase was mainly due to higher prices for second-hand cars and motorcycles.

The annual price index of *market services* was 6.7 percent, substantially unchanged from May. 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.

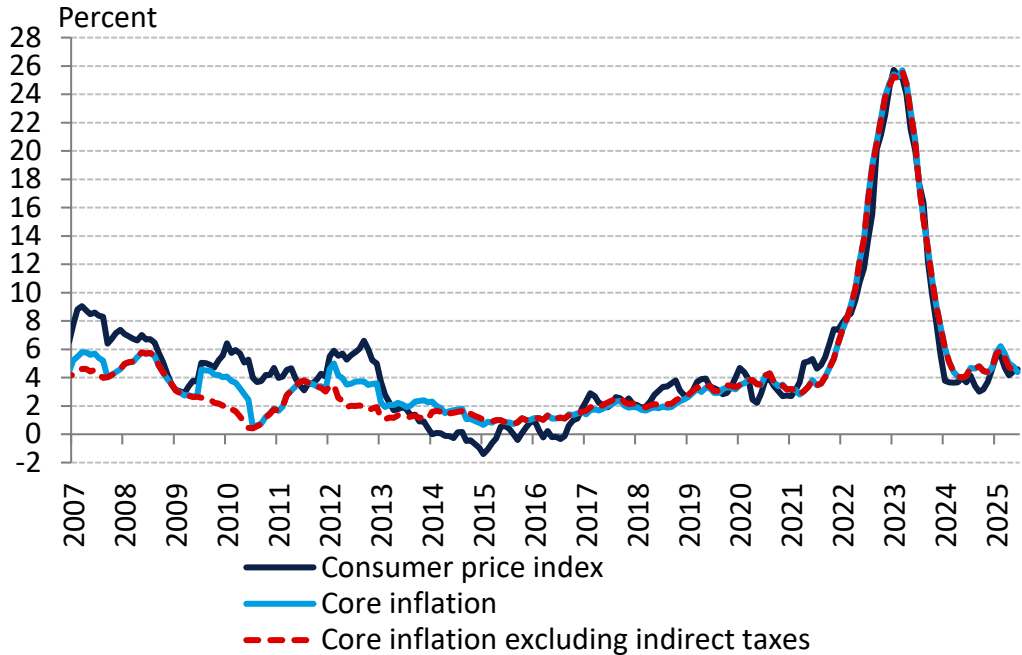
According to the MNB's classification, *food* inflation was 4.4 percent, with unprocessed food prices rising by 6.7 percent and processed food prices by 3.2 percent in annual terms within the product group (Chart 9). According to the HCSO data release, food prices increased by 6.2 percent, which includes, among others, the 8.4 percent rise in restaurant meal prices. Food prices remained unchanged month-on-month (Chart 10). Compared to May, unprocessed food was 0.4 percent cheaper, driven by seasonal food price developments. Processed food prices rose by 0.2 percent on a monthly basis.

Fuel prices rose by 0.5 percent month-on-month. The price of this product group was down by 1.0 percent in annual terms. The monthly increase in prices is explained by rising world oil prices due to increasing geopolitical conflicts.

Household inflation expectations remain at a high level (Chart 11). *Corporate expectations for services and retail sales price changes* fell in June (Chart 12).

Budapest, 8 July 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

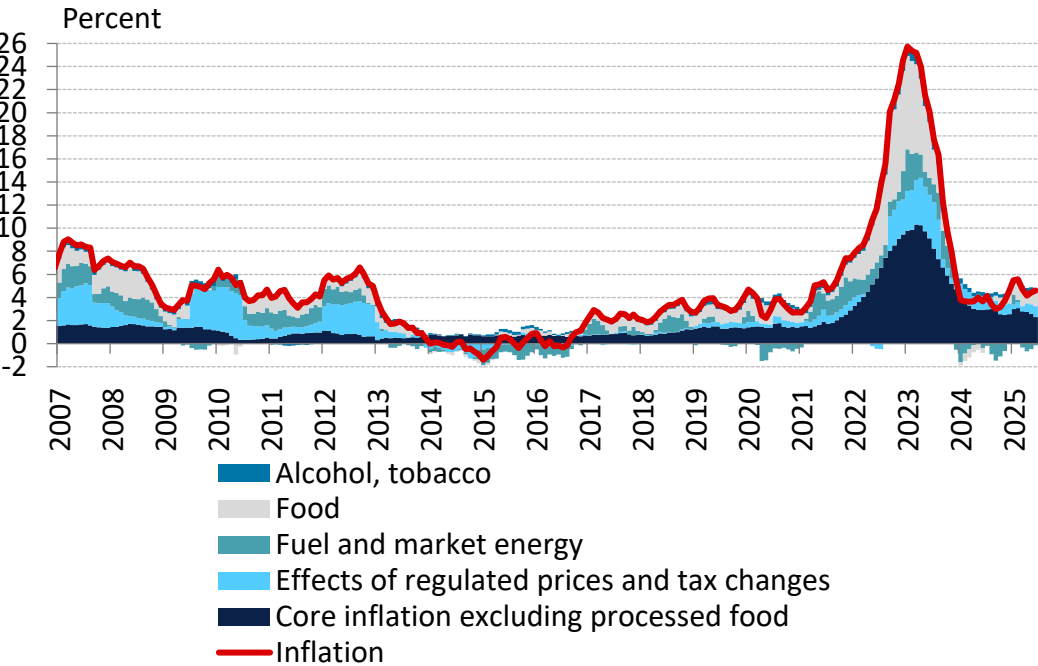
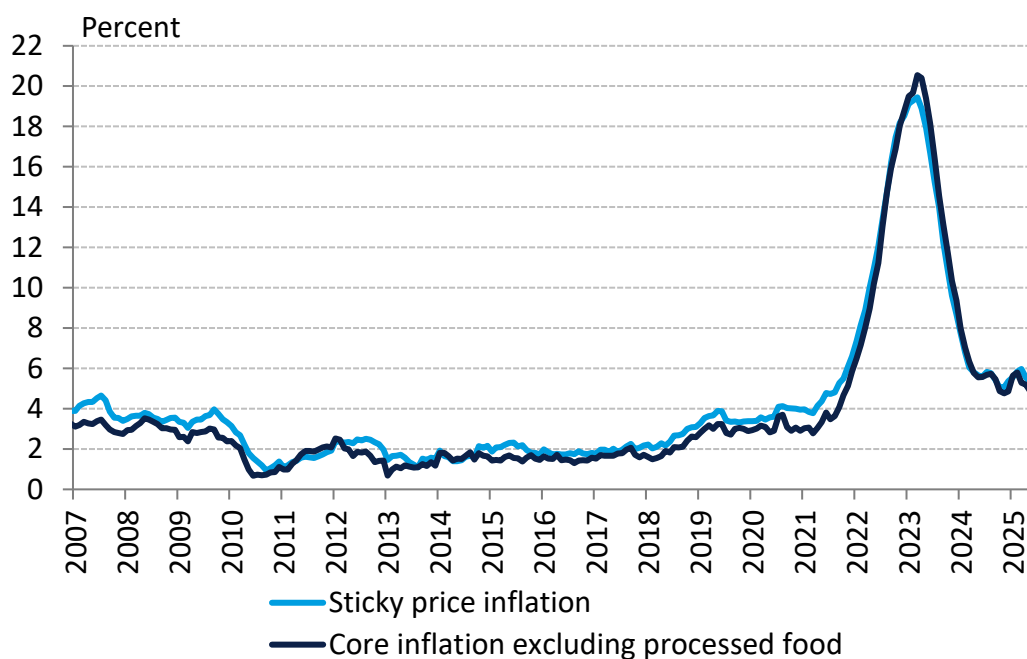


Chart 3 Underlying inflation indicators
annual percentage changes excluding indirect taxes



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

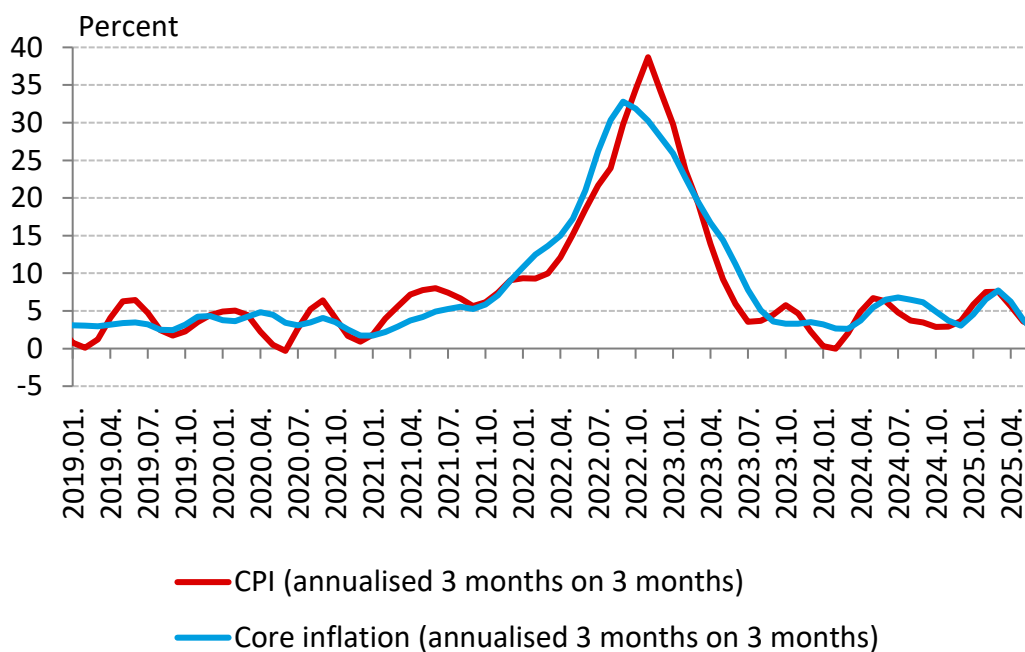


Chart 5 Monthly changes in consumer prices excluding fuel and regulated products prices
tax-adjusted, seasonally unadjusted monthly percentage changes

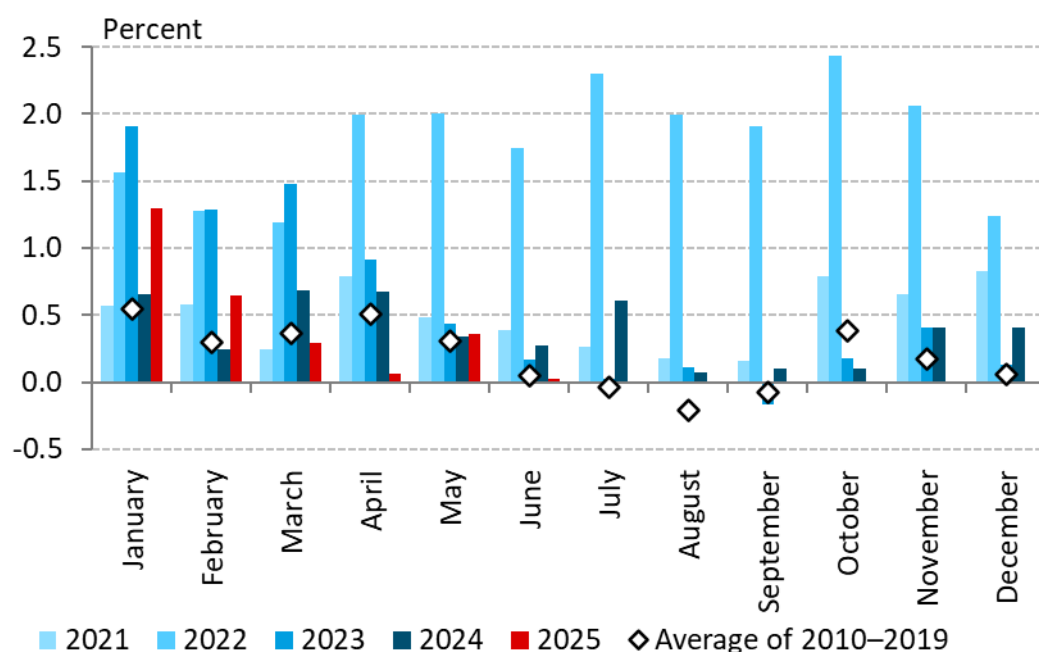


Chart 6 Monthly change in core inflation excluding processed food
tax-adjusted, seasonally unadjusted monthly percentage changes

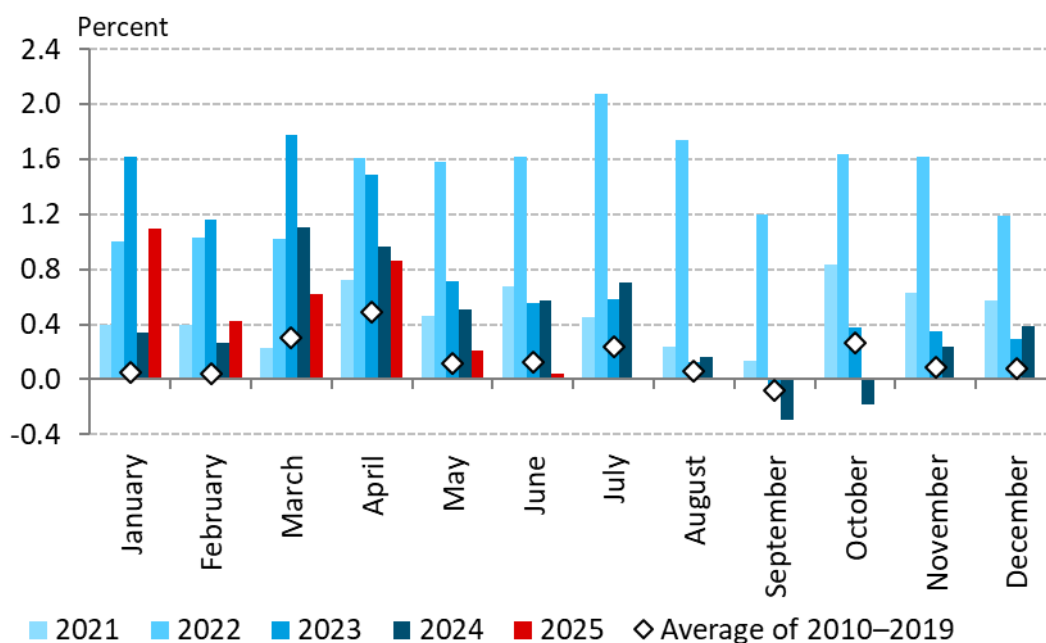


Chart 7 Inflation of tradable goods
seasonally unadjusted monthly change

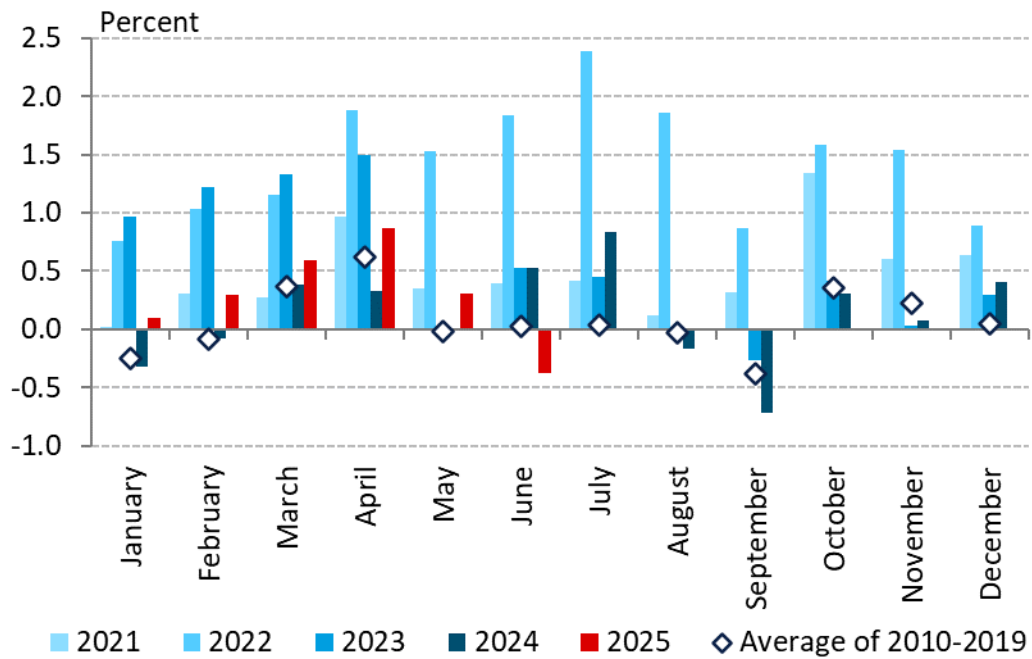


Chart 8 Market services inflation
seasonally unadjusted monthly change

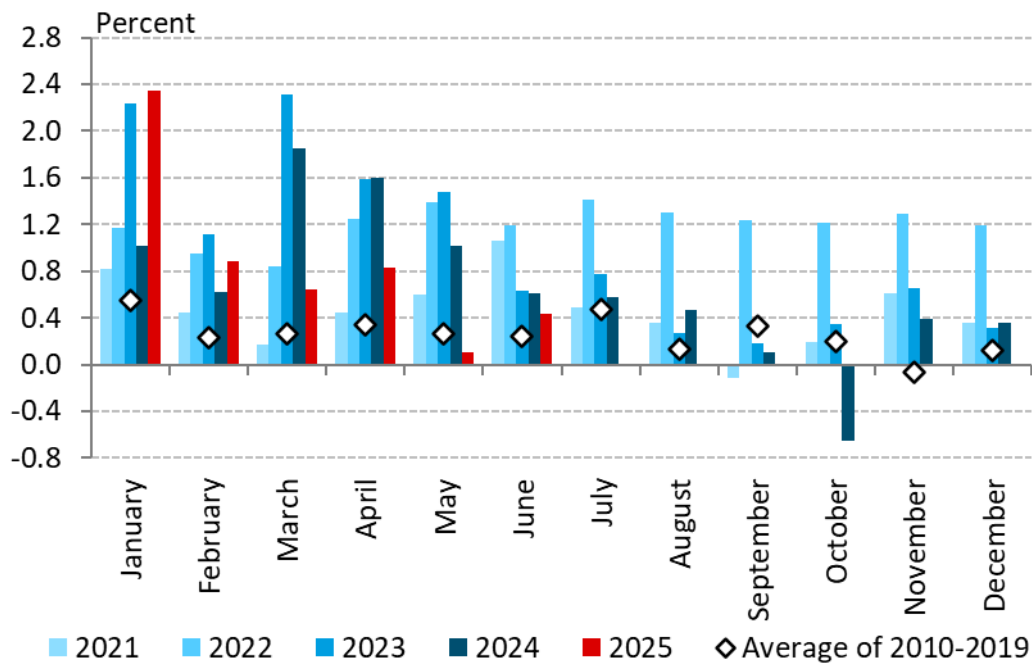
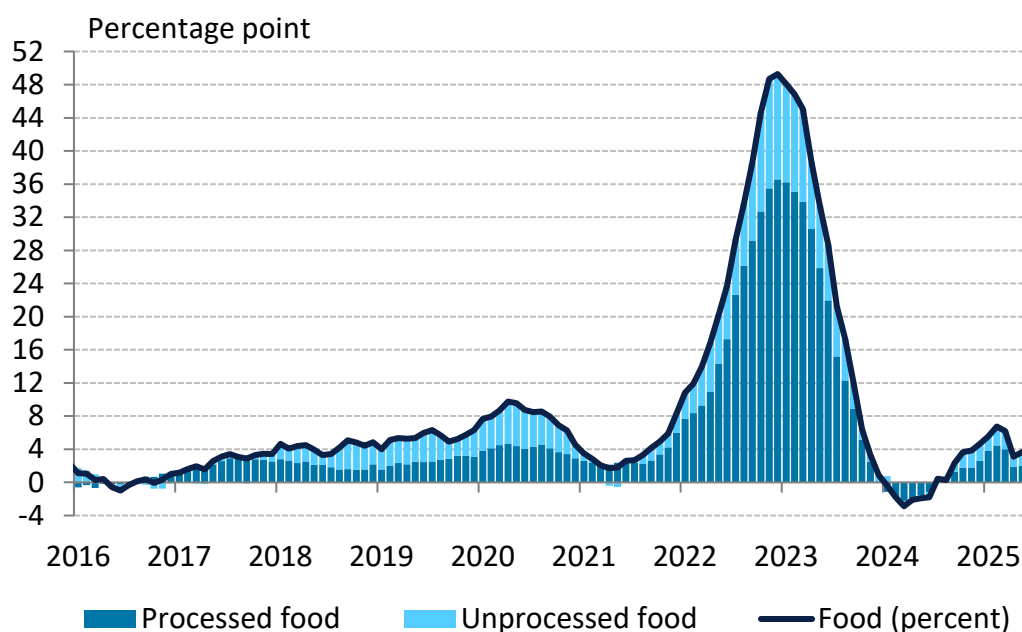
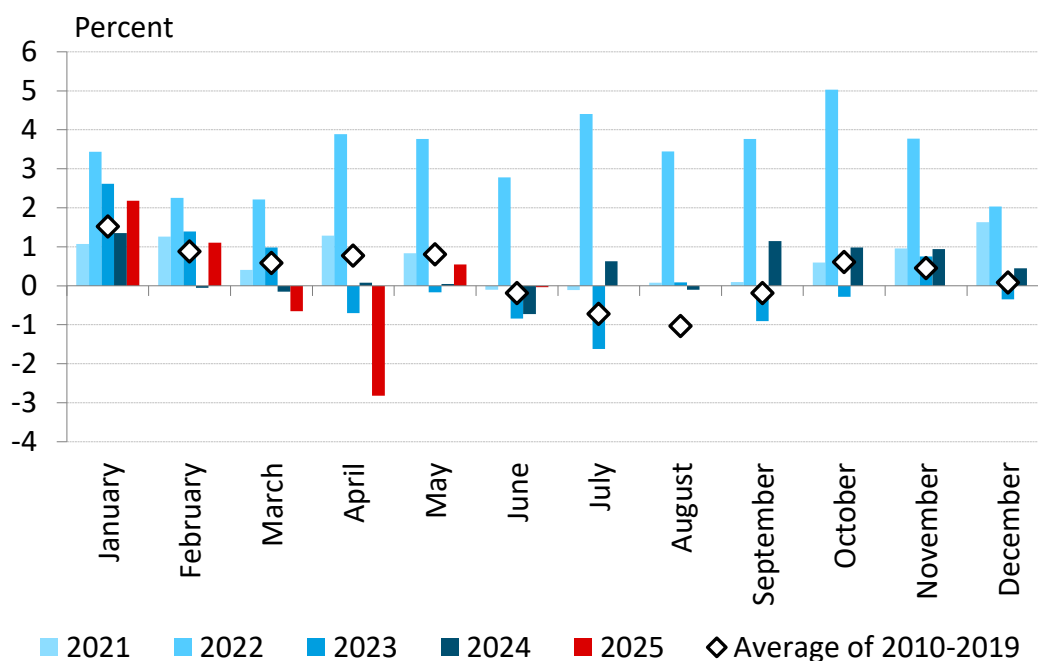


Chart 9 Developments in food price inflation
seasonally unadjusted annual change



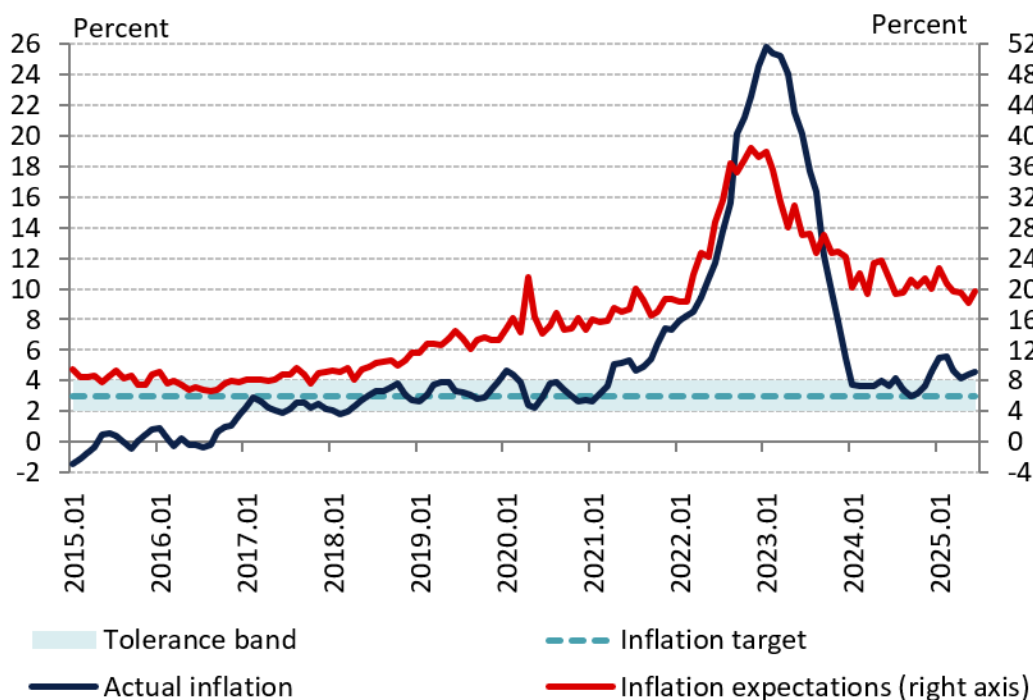
Note: The difference in food price inflation calculated by the HCSO and the MNB is explained by methodological differences. The MNB classifies food-related services as market services (restaurant meals, workplace meals, canteen goods) and the prices of regulated goods and services (school meals, nursery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



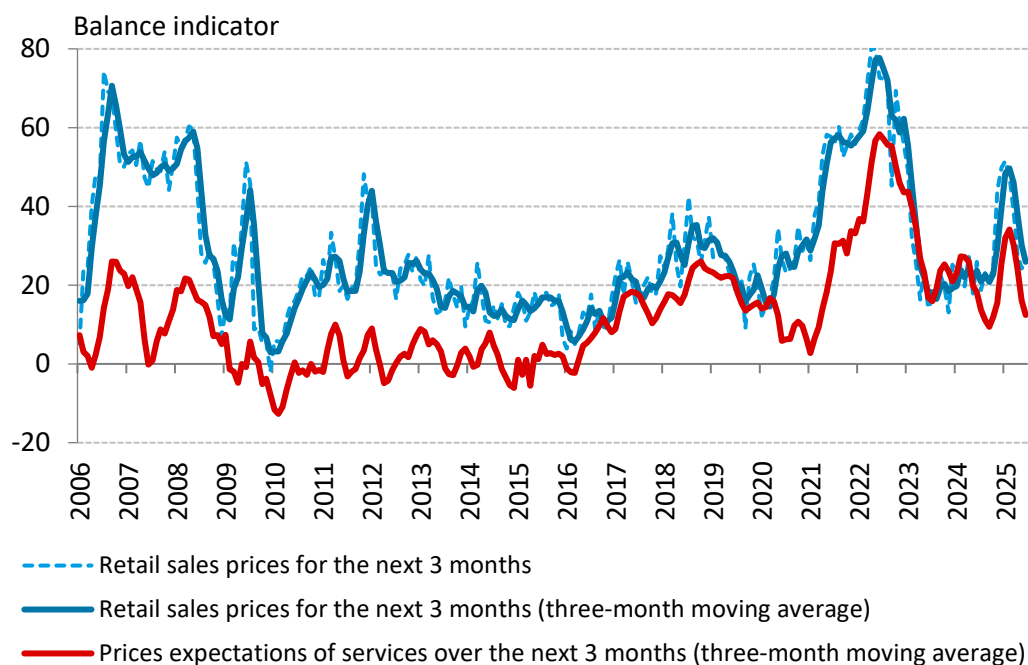
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Chart 11 Households' inflation expectations



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, June 2025 (HCSO)					
4.6% (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%	2.3	Contribution of core inflation excluding taxes (percentage points), weight 65.3%	2.7
Contribution of other items (percentage points), weight 59.2%	2.5	Contribution of other items (percentage points), weight 47.1%	2.3	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