FLASH ANALYSIS

ON INFLATION DEVELOPMENTS

2026

MAY

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 MAY 2026

Consumer prices rose by 1.8 percent year-on-year in May 2026. Relative to the 2.1 percent observed in April, the annual growth rate of prices was down by 0.3 percentage point. Core inflation declined by 0.2 percentage point and stood at 2.0 percent. Core inflation excluding indirect tax effects also decreased to 2.0 percent (Chart 1 and Chart 2). Incoming inflation data was below the projection in the March Inflation Report.

The decrease in the annual consumer price index can be primarily linked to the decelerating price dynamics of food and tradables. Within the Bank's measures of underlying inflation developments capturing persistent inflationary trends on a year-on-year basis, the inflation of sticky price products was down to 3.8 percent, and core inflation excluding processed food remained unchanged at 3.0 percent (Chart 3).

On a monthly basis, the price of the total consumer basket and the core inflation basket remained unchanged. In May, the monthly repricing was below the 2017-2020 average in the case of both baskets. Month-on-month core inflation excluding processed food prices, which better reflect underlying developments, was up by 0.1 percent (Chart 4). Our indicators calculated on an annualised 3-month-on-3-month comparison increased in the case of inflation while declining in the case of core inflation, but overall they remained subdued in the case of both baskets. (Chart 5).

The annual inflation of *tradables* declined to 1.0 percent (Chart 6). On a monthly basis, tradables prices decreased by 0.1 percent, which is broadly in line with the average repricings observed between 2017-2020 (Chart 7). Durables prices were down by 0.3 percent due to the fall in the prices of second-hand cars and consumer electronics. Non-durables prices remained unchanged.

The annual price index of *market services* rose to 4.9 percent due to base effects (Chart 8). Month-on-month, prices rose by 0.4 percent, which is in line with the average May repricings that occurred between 2017-2020 (Chart 9). Within the product group, the moderate repricing observed in recent months continued in the case of most services.

According to the MNB's classification, *food* inflation declined to -2.4 percent. Within the product group, unprocessed food prices and processed food prices fell by 2.2 and 2.6 percent, respectively, in annual terms (Chart 10). According to the HCSO's classification, which, unlike the MNB's classification, includes, among others, the 5.7 percent rise in restaurant meal prices, food prices increased by 0.5 percent on a year-on-year basis. Food prices were down by 0.7 percent month-on-month, which is significantly lower than the average repricings that occurred between 2017-2020 (Chart 11). Compared to April, unprocessed food prices declined by 0.8 percent. To the latter, the larger-than-typical May decrease in fresh vegetable prices contributed the most. Processed food prices declined by 0.7 percent, which was primarily explained by the decrease in the price of dairy products.

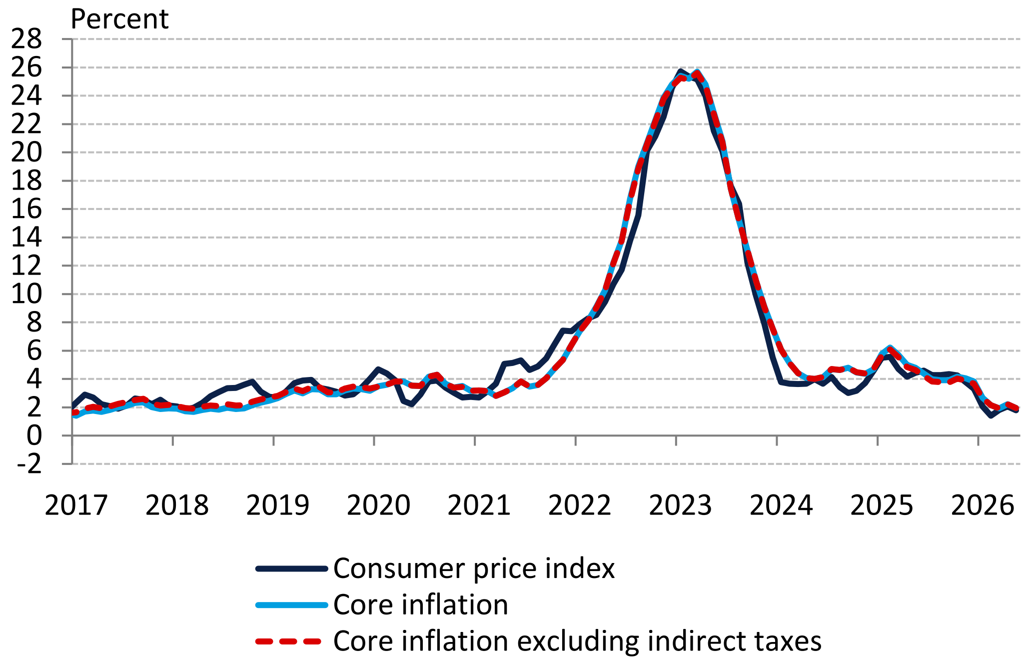
On a monthly basis, *fuel prices* remained unchanged due to protected prices. In annual terms, fuel prices were up by 2.0 percent.

In annual terms, the inflation of *regulated products* and services declined to 2.1 percent, with piped gas inflation declining to -7.1 percent year-on-year. Compared to the previous month, the average consumer price of piped gas declined by 2.1 percent. The lower average residential gas price was the result of decreasing residential gas consumption due to warmer weather than in the previous year. As such, the proportion of the consumption above the amount covered by the utility price freeze measure decreased.

Households' inflation expectations have declined since the start of the year (Chart 12). *Companies' expectations for retail sales price changes* decreased compared to the previous month, but the trend has been slightly increasing in recent months. *Price expectations for services* rose (Chart 13). The prolongation of the conflict in Iran may have played the most significant role in the increase in companies' price expectations.

Budapest, 9 June 2026

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



Note: Seasonally unadjusted core inflation.

Chart 2 Inflation decomposition
annual change

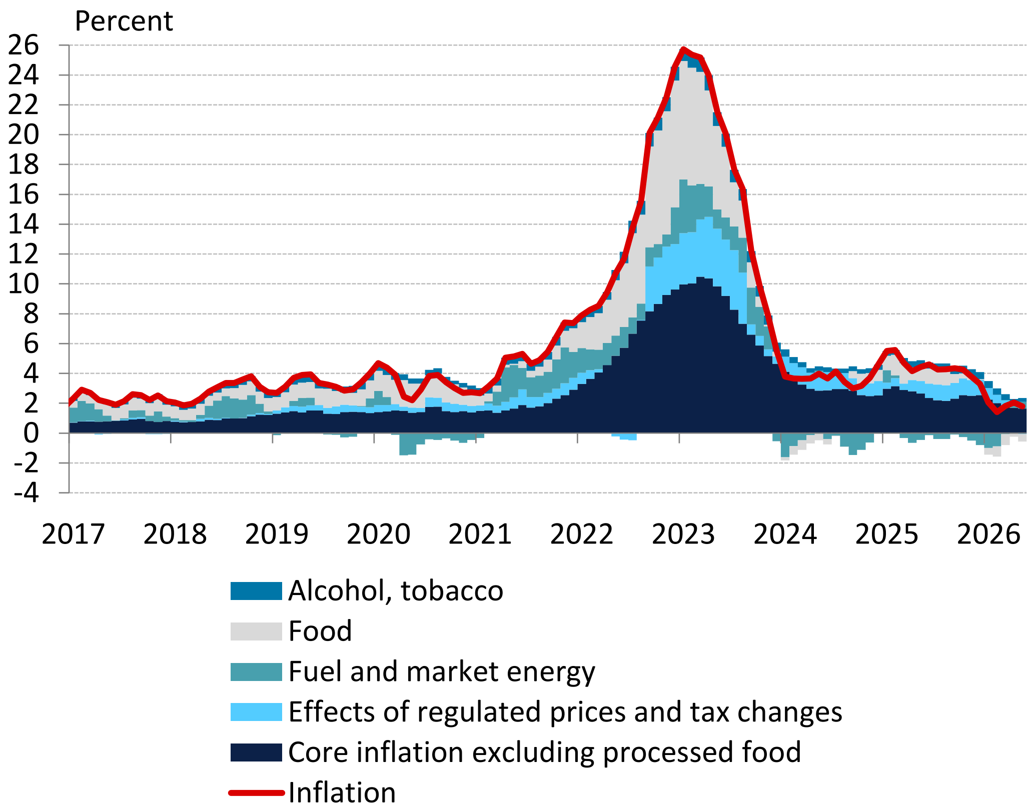
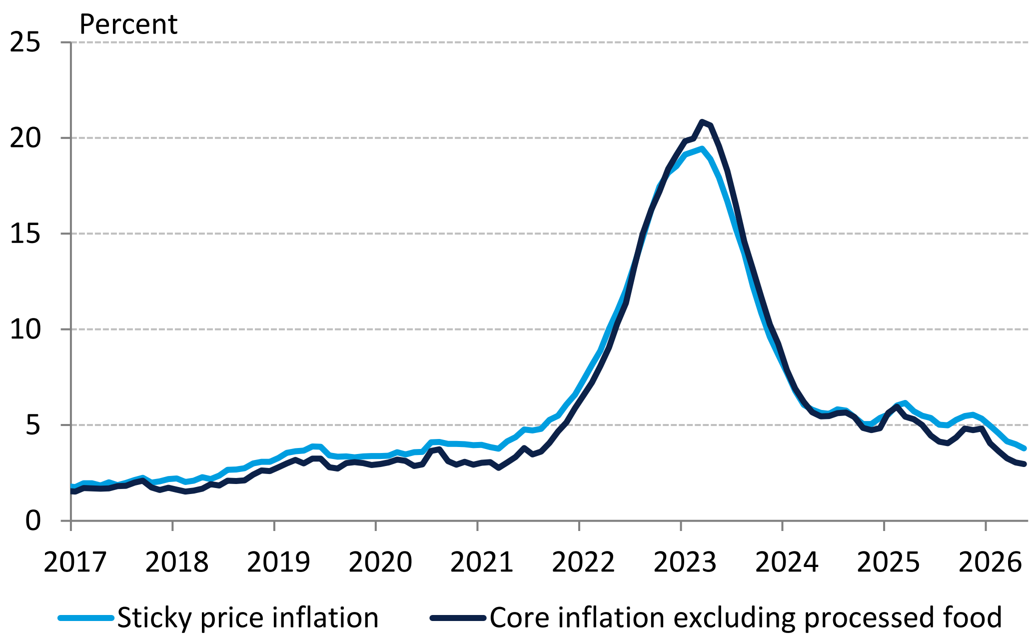


Chart 3 Underlying inflation indicators

annual percentage changes excluding indirect tax effects



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 Monthly change in core inflation excluding processed food

tax-adjusted, seasonally unadjusted monthly percentage changes

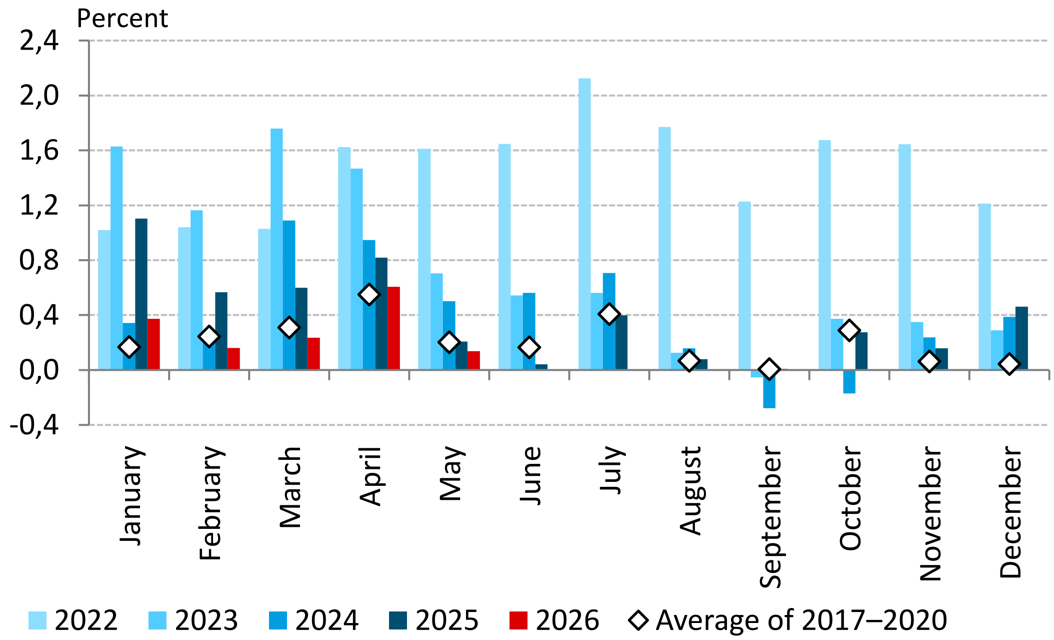


Chart 5 Annualized 3-month change in inflation and core inflation

based on seasonally adjusted data

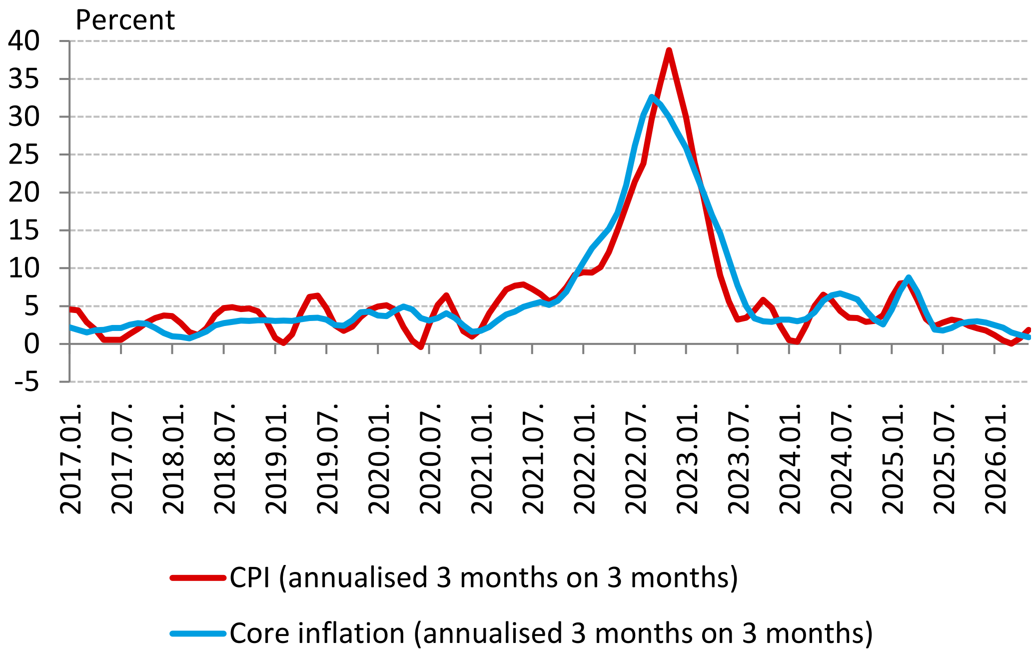


Chart 6 Tradables inflation

seasonally unadjusted annual change

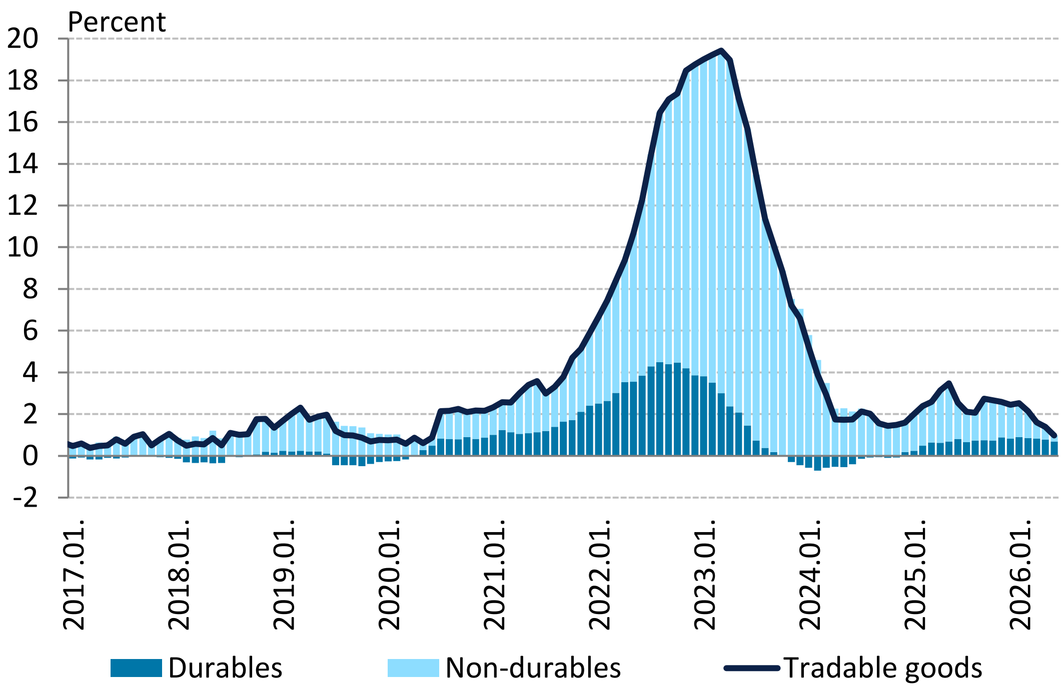


Chart 7 Monthly changes in tradables prices

seasonally unadjusted monthly change

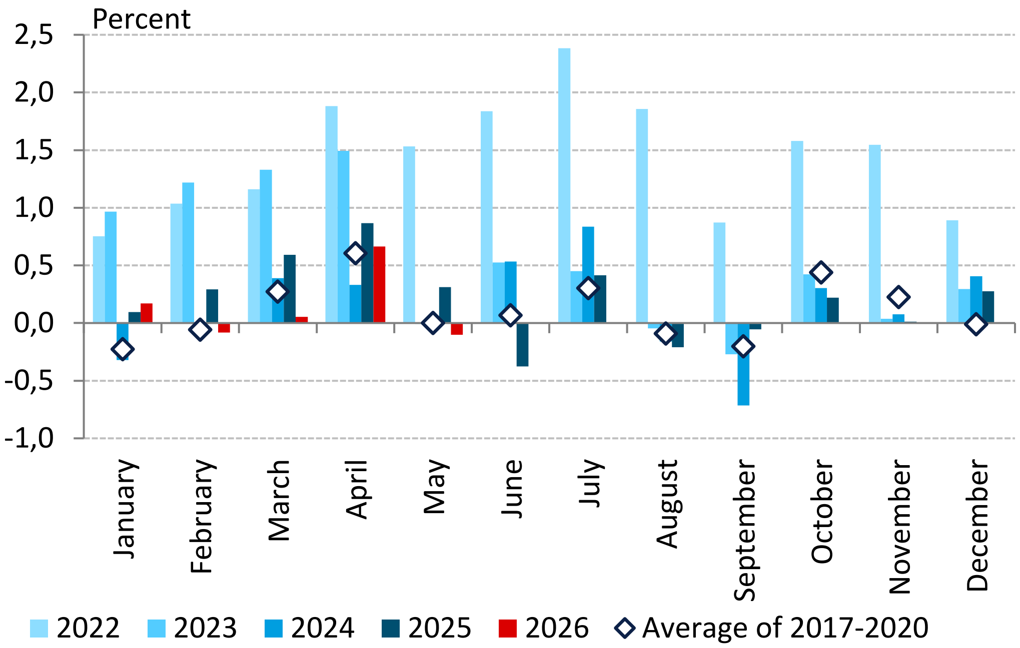


Chart 8 Market services inflation

seasonally unadjusted annual change

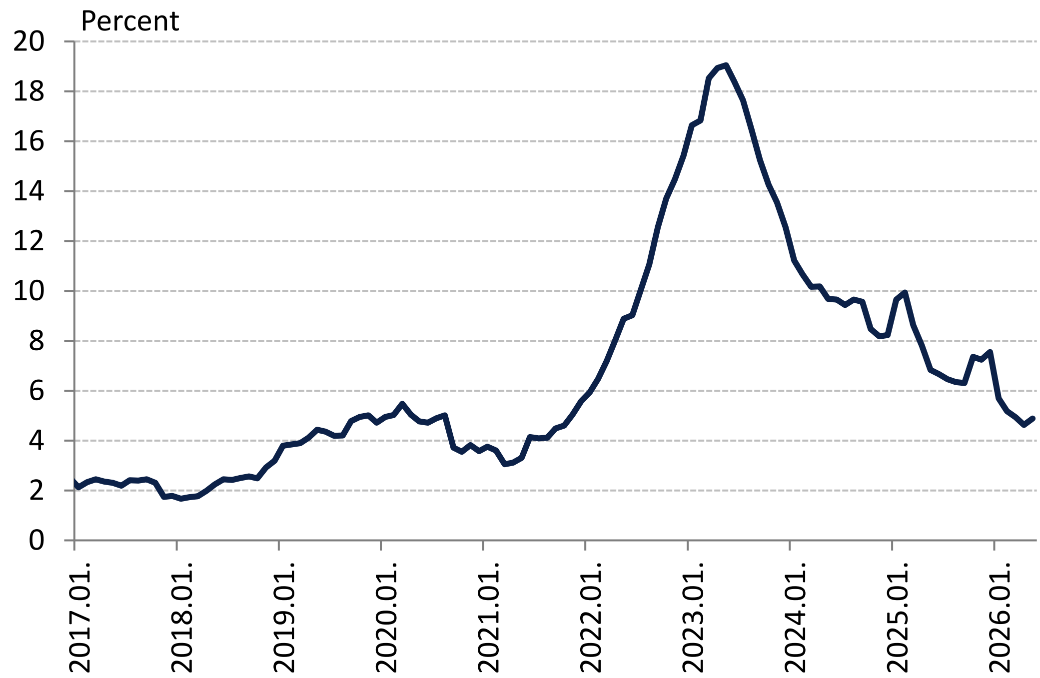


Chart 9 Monthly changes in the price of market services

seasonally unadjusted monthly change

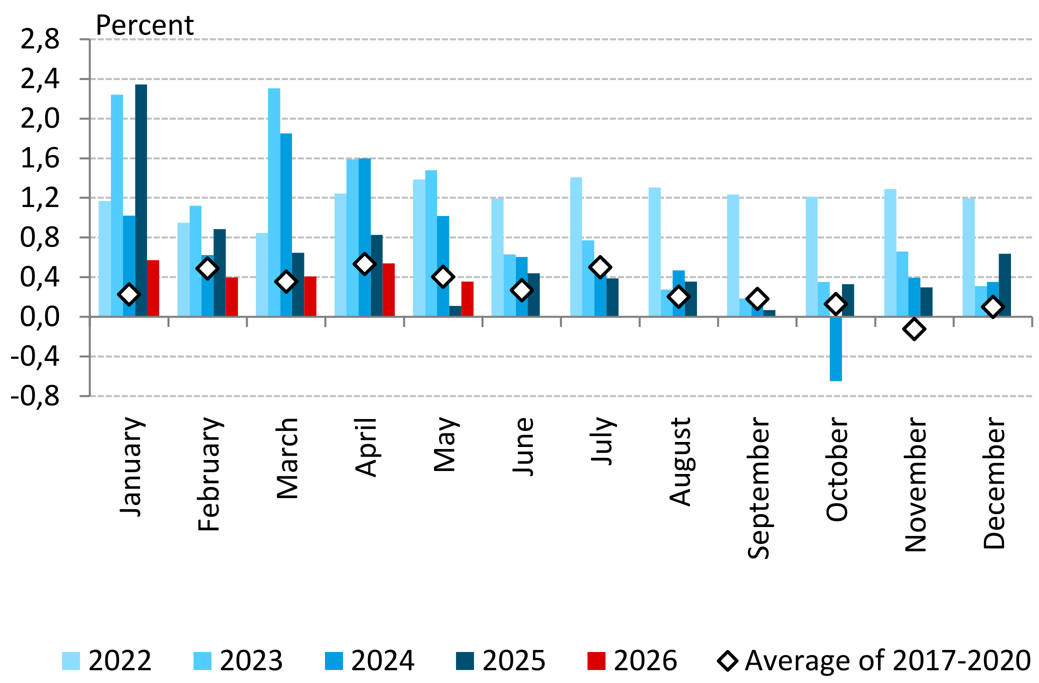
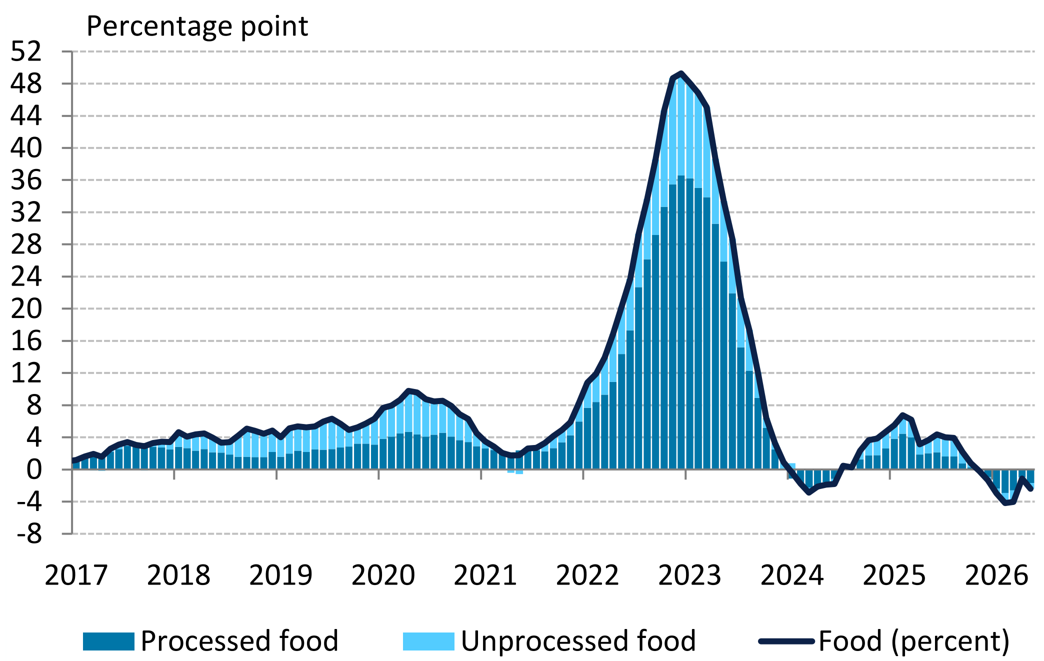


Chart 10 Food inflation

seasonally unadjusted annual data



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

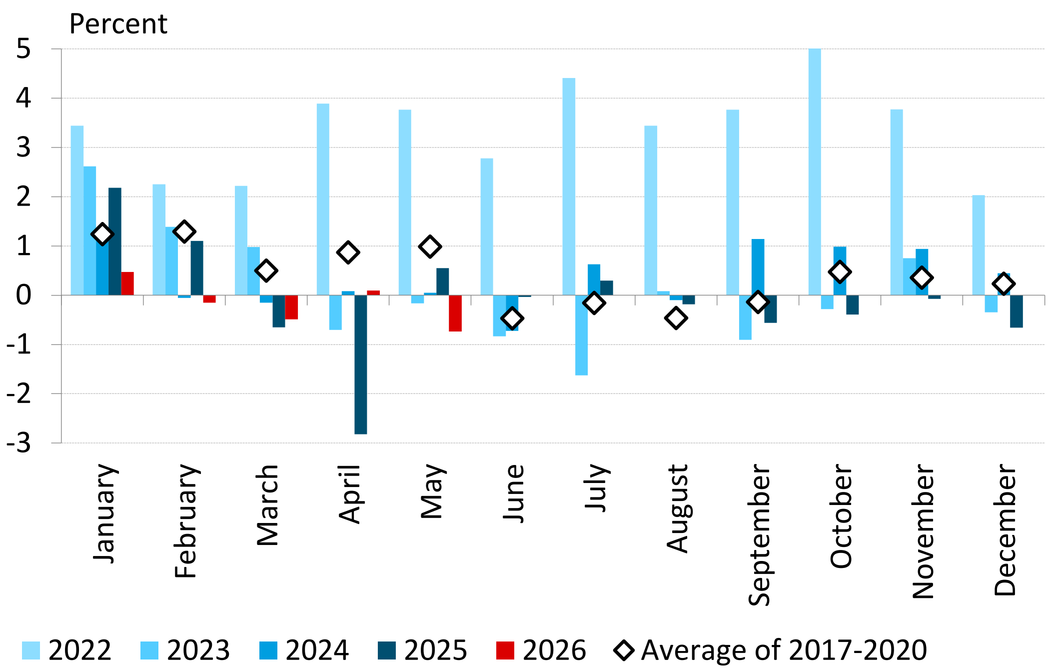


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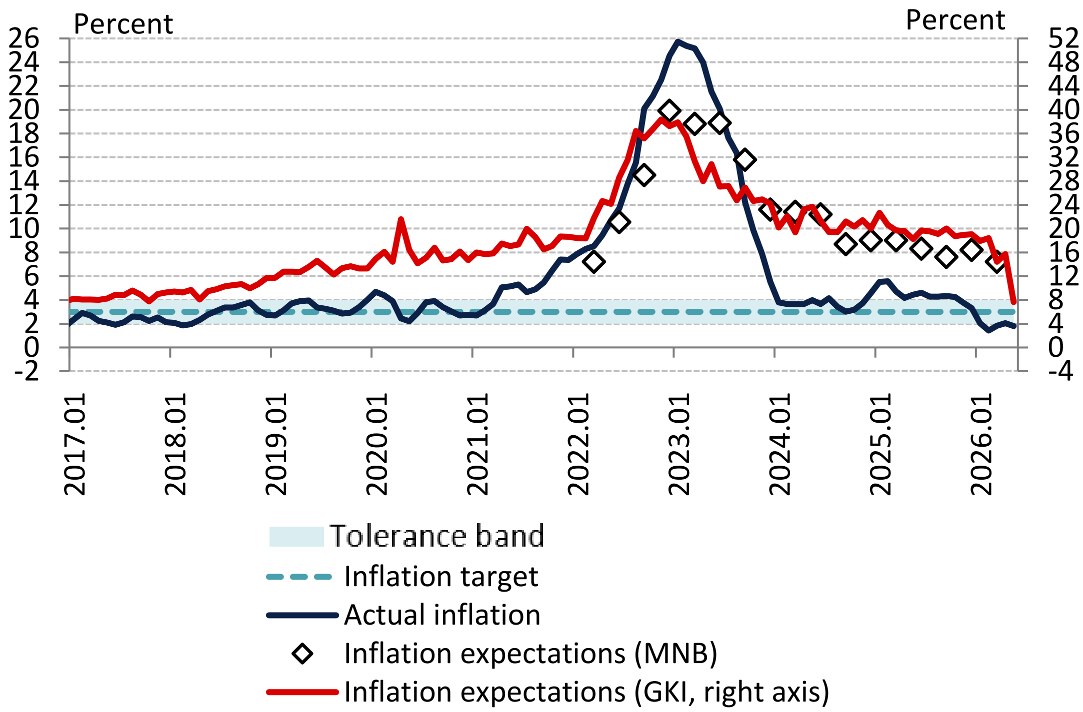
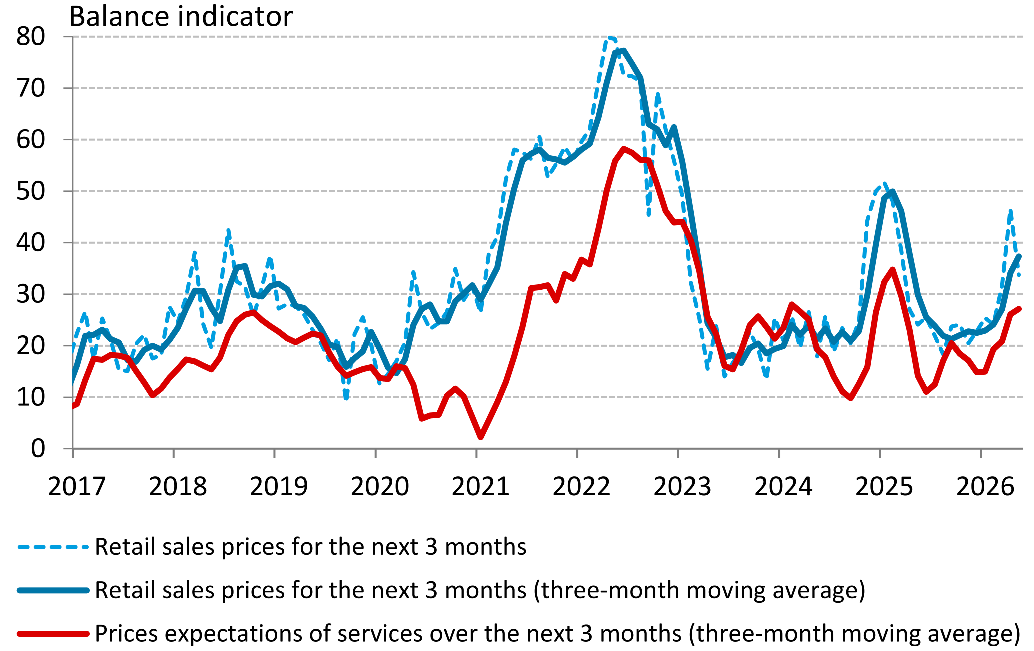
Chart 12 Households' inflation expectations



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, May 2026 (HCSO)					
1.8% (annual change)					
MNB underlying inflation indicators (MNB calculation)					
Contribution of sticky price inflation (percentage points), weight 43.0%	1.6	Contribution of core inflation excluding processed foods (percentage points), weight 55.1%	1.6	Contribution of core inflation excluding taxes (percentage points), weight 67.3%	1.3
Contribution of other items (percentage points), weight 57.0%	0.2	Contribution of other items (percentage points), weight 44.9%	0.1	Contribution of other items (percentage points), weight 32.7%	0.5

Source: HCSO and the MNB's own calculations.
The sum of contributions may differ from the official figures due to rounding.