

Global inflation is rising as a result of an increase in costs



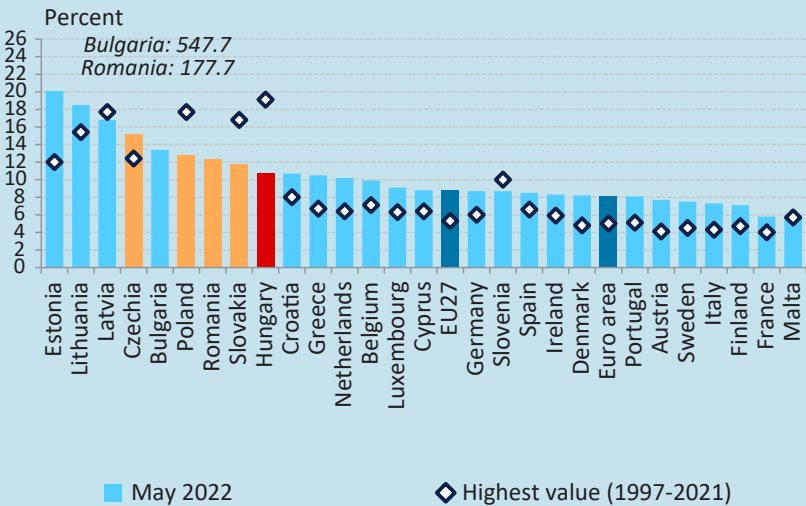
MAIN MESSAGES OF THE MNB'S INFLATION REPORT, 2022 JUNE

Inflation

Inflation is expected to peak in the autumn months.

2022	2023	2024
11.0–12.6	6.8–9.2	2.5–3.5

Inflation reached decade highs in several countries.



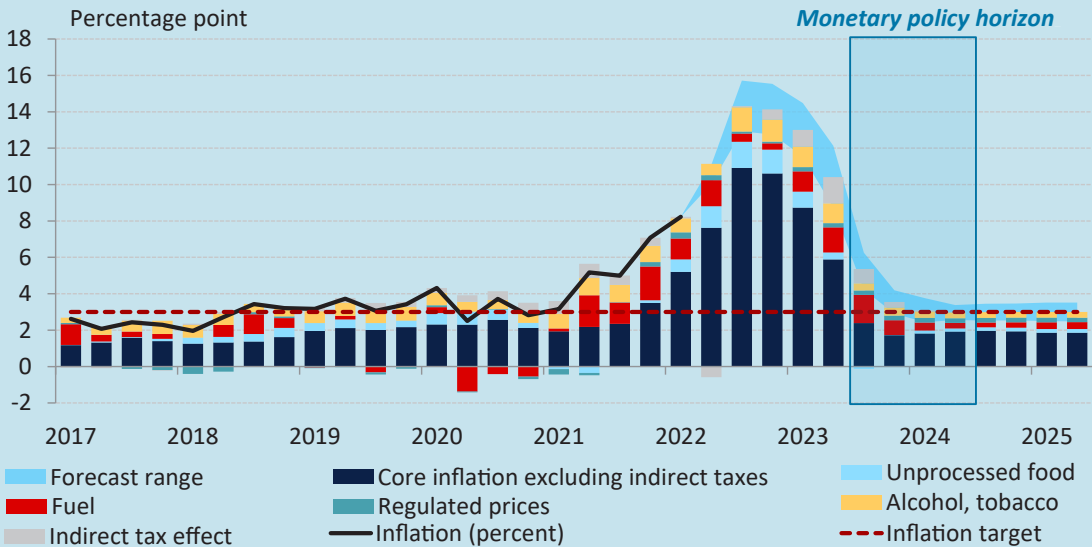
On the costs side, a rise in energy, commodity and food prices continues to increase inflation in Hungary.



The Government's measures affecting fuel and residential energy prices significantly cushion the effect of the increase in global commodity prices on domestic inflation.

The expected phasing-out of the price cap measures is likely to influence significantly the period inflation reaches its peak and the subsequent turnaround.

Inflation is expected to return to the central bank tolerance band in the final quarter of 2023 and reach the 3-percent central bank target in the first half of 2024.



Note: The breakdown shows the mean of the range forecast.

Real economy

The Hungarian economy continues to have a strong ability to grow. The short-term view of economic activity is favourable; however, economic growth in 2023 is surrounded by downside risks.



2022
Stronger, consumption-driven economic growth in 2022.



2023
Slowing economic growth due to a slowdown in consumption, restrained government investment and companies' rising costs.

Expected development of GDP (annual change)

