

Significantly declining inflation in the second half of 2023



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

Inflation

Inflation is expected to rise in 2022, and in the first half of 2023, the downward pressure on prices resulting from a fall in global commodity prices and a decline in consumption in Hungary, is likely to become increasingly pronounced.

2022	2023	2024
13.5–14.5	11.5–14.0	2.5–4.0

FACTORS SUPPORTING THE DECLINE IN INFLATION IN 2023:



global commodity and energy prices are moderated by the recession outlooks



the results of the monetary policy tightening

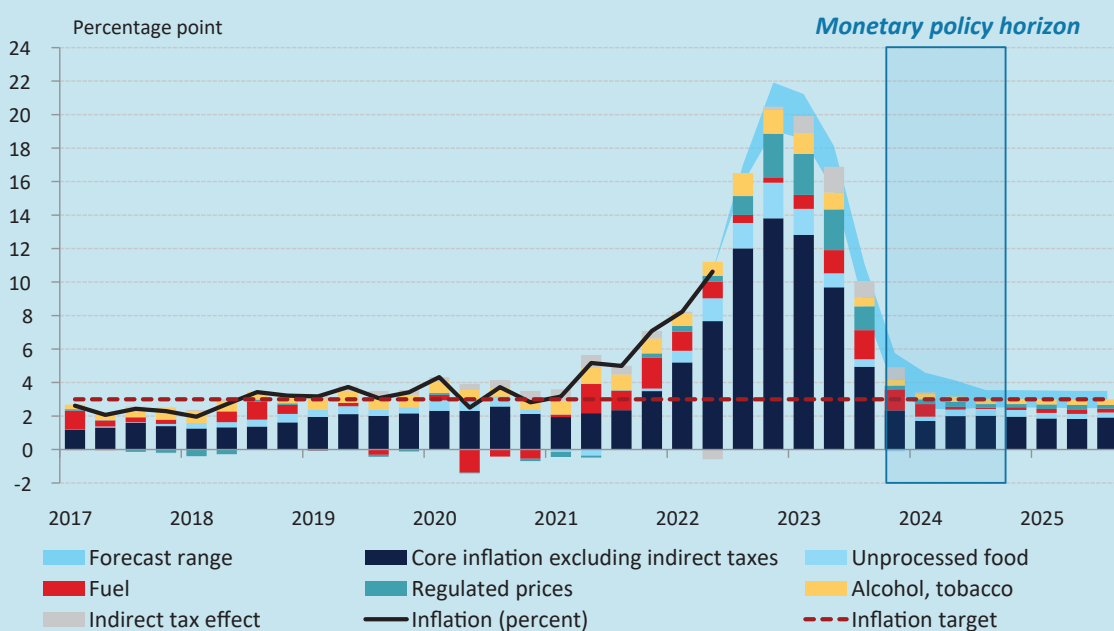


slowdown in consumption restrains the repricings



the base effect

The expected developments in inflation and its main components



Note: The decomposition is based on the midpoint for the forecast range.

Real economy

The strong growth seen in the first half of 2022, slows in the second half of the year; as a result, an annual rise of between 3 percent and 4 percent is expected on average.



Temporarily, economic growth slows down significantly due to rising costs and delayed investment.

2023

The slowdown in the second half of 2022, is expected to spill over to 2023, but economic performance is likely to pick up in the second half of the year.

2024

As commodity prices are expected to normalise and global economy recovers, domestic growth is likely to return to around 4 percent.



Expected developments in GDP (annual change)

