

Inflation is going to fall from March onwards, its annual average is expected to be between 4.5 and 5.1 percent



MAIN MESSAGES OF THE MNB'S INFLATION REPORT, MARCH 2025

Real economy

Economic growth is expected to pick up gradually and to accelerate at a more balanced pace from next year.



Consumption is likely to remain the driver of growth due to rising real wages and tax cuts by the Government.

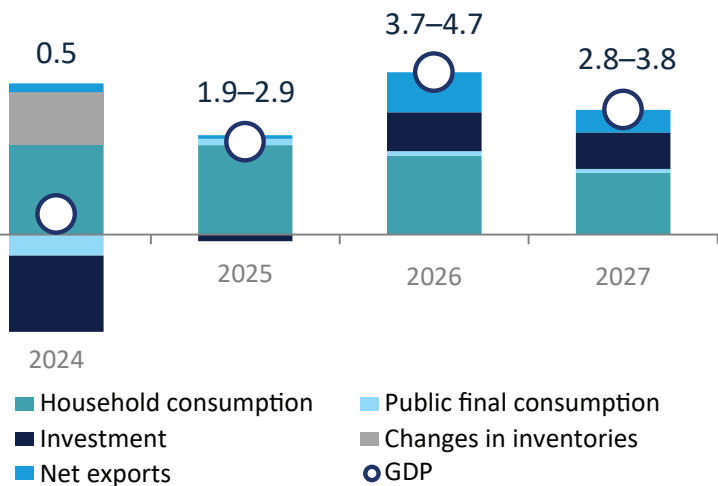


The large capacity-enhancing industrial investment projects may start production at the end of 2025 and during 2026.



Gradual expansion in external demand is expected to stimulate domestic exports in the medium term.

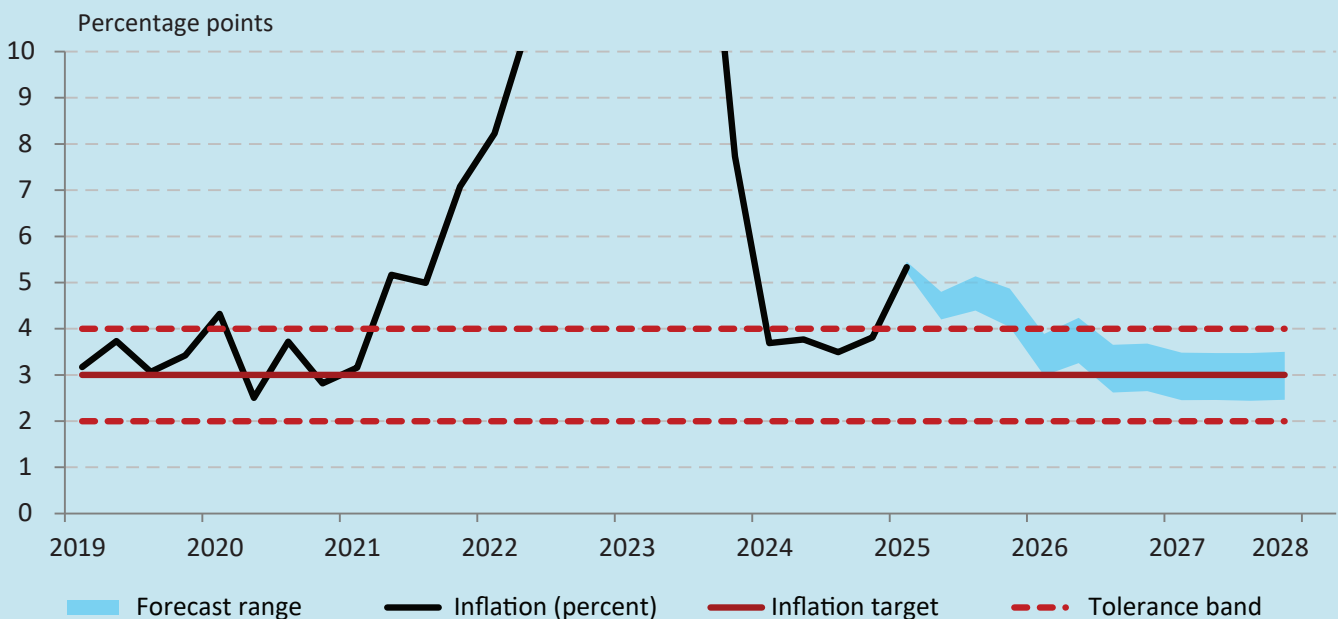
Expected movements in GDP (annual change)



Inflation

2025 4.5 – 5.1 2026 2.9 – 3.9 2027 2.5 – 3.5

- The rise in inflation at the beginning of the year was mainly explained by increases in food and services prices.
- The implementation of profit margin caps is expected to reduce prices within the affected product group in the spring months.
- The rate of price increases is likely to return to the central bank tolerance band at the beginning of 2026, approaching the 3 percent inflation target at the end of that year.
- Reducing inflation is key for sustainable economic growth.



Source: HCSO, MNB