



# FLASH ANALYSIS OF INFLATION DEVELOPMENTS

October

2024

*Article 3 (1) of the Central Bank Act (Act CXXXIX of 2013 on the Magyar Nemzeti Bank) defines the achievement and maintenance of price stability as the Magyar Nemzeti Bank's primary objective. 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 analysis has been prepared by the Economic Forecasts and Analysis Directorate and approved by Gergely Baksay, Executive Director Economic and Fiscal Analysis and Statistics.*

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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 OCTOBER 2024

Consumer prices rose by 3.2 percent in annual terms in October 2024. The annual rate of inflation was up by 0.2 percentage points from September. Core inflation and core inflation excluding indirect tax effects decreased by 0.3 percentage points compared to the previous month with both measures standing at 4.5 percent (Chart 1 and Chart 2). On a monthly basis, the price of the total consumer basket increased by 0.1 percent, while the price of the core inflation basket remained unchanged. Inflation and core inflation were lower compared to the forecast in the September Inflation Report.

The increase in annualised CPI was driven by stronger food and fuel price growth, partly offset by declining annual price increases for market services. The deceleration in annual core inflation was caused by a fall in the prices of market services, including mainly telecommunication services, compared to the previous month. The Bank's measures of underlying inflation developments capturing persistent inflationary trends, calculated on a year-on-year basis, fell. The inflation of sticky-price products was 5.0 percent and core inflation excluding processed food prices was 4.9 percent (Chart 3).

In a shorter-term (annualised 3-month-on-3-month) comparison, both core and headline inflation fell (Chart 4). The rate of price changes from the previous month was slightly lower than the historical average in headline inflation and significantly lower in core inflation. The price of the basket calculated excluding fuel and regulated product prices was up by 0.1 percent from the previous month (Chart 5). Month-on-month core inflation excluding processed food prices, which better reflects underlying developments, was -0.2 percent (Chart 6). The rate of repricings in October was below the historical average in market services and tradables, and above it in food.

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

The annual inflation of *tradables* fell to 1.4 percent. The price of this product group was up by 0.3 percent on a monthly basis (Chart 7). Non-durables prices rose by 0.4 percent, while durables prices remained unchanged. The former was mainly caused by higher prices of clothing, linked to the change of season, which was partly offset by lower pet food prices.

Annual price index of *market services* declined to 8.5 percent. Prices fell by 0.6 percent month on month, representing an unprecedented historical decline in this main product group (Chart 8). This sharp change in data is explained by a fall of 7 percent in the prices of mobile and internet services (Chart 9).

The growth in *food prices*, according to the MNB's classification, rose to 3.6 percent. Within this product group, unprocessed food and processed food prices rose by 5.7 percent and 2.7 percent, respectively in annual terms (Chart 10). According to HCSO data release, food prices were up by 4.5 percent, which includes the rise of 7.6 percent in restaurant meal prices. Compared to September, unprocessed food prices increased by 1.9 percent, mainly due to higher fresh fruit, vegetables and poultry meat prices. Processed food prices were up by 0.5 percent on a monthly basis, which was mainly attributable to price increases in milk, dairy products, and fruit juices (Chart 11).

*Fuel prices* rose by 0.8 percent on a monthly basis as a result of the increases in global oil prices. Prices decreased by 5.2 percent in annual terms.

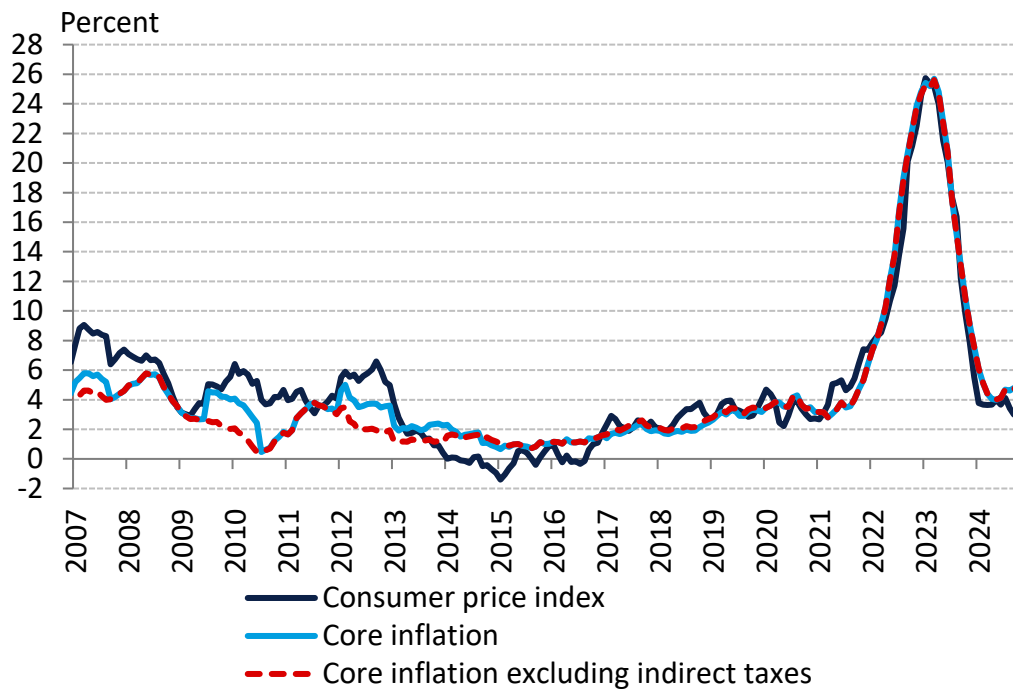
The prices of *regulated products and services* fell by 0.2 percent compared to September.

*Households' inflation expectations* have been following a declining trend since the beginning of last year showing a more increased volatility than historically seen (Chart 12). *Corporate expectations for services prices* and *retail sales prices* remained significantly below the levels seen in 2022 (Chart 13).

Prepared by Géza Rippel

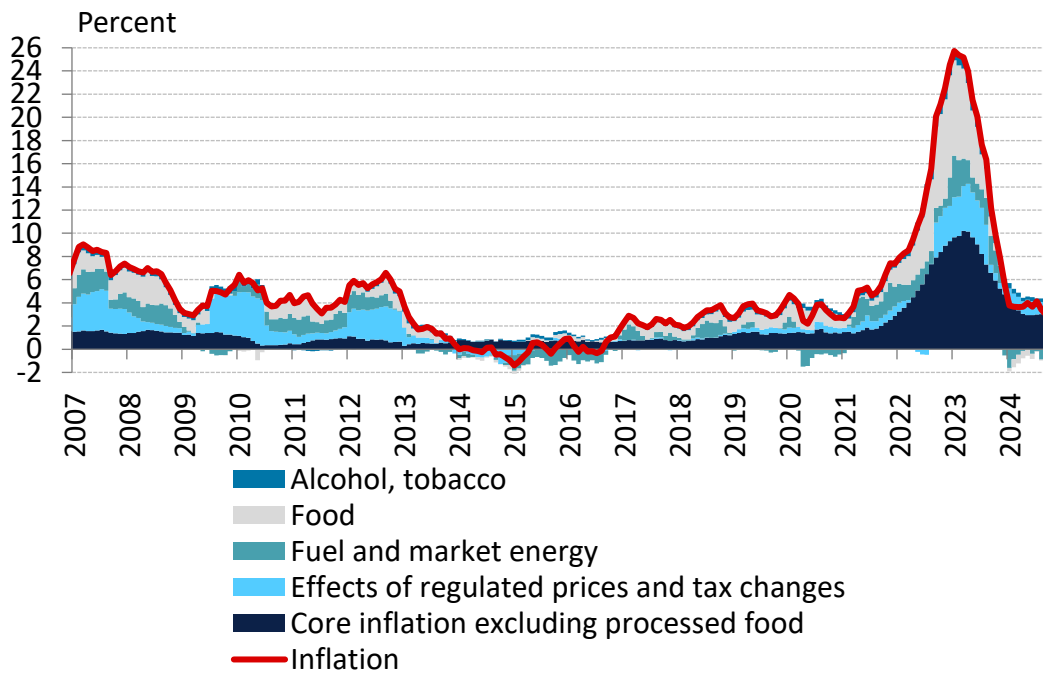
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**Chart 1 Consumer price index, core inflation and core inflation excluding indirect taxes**  
annual change

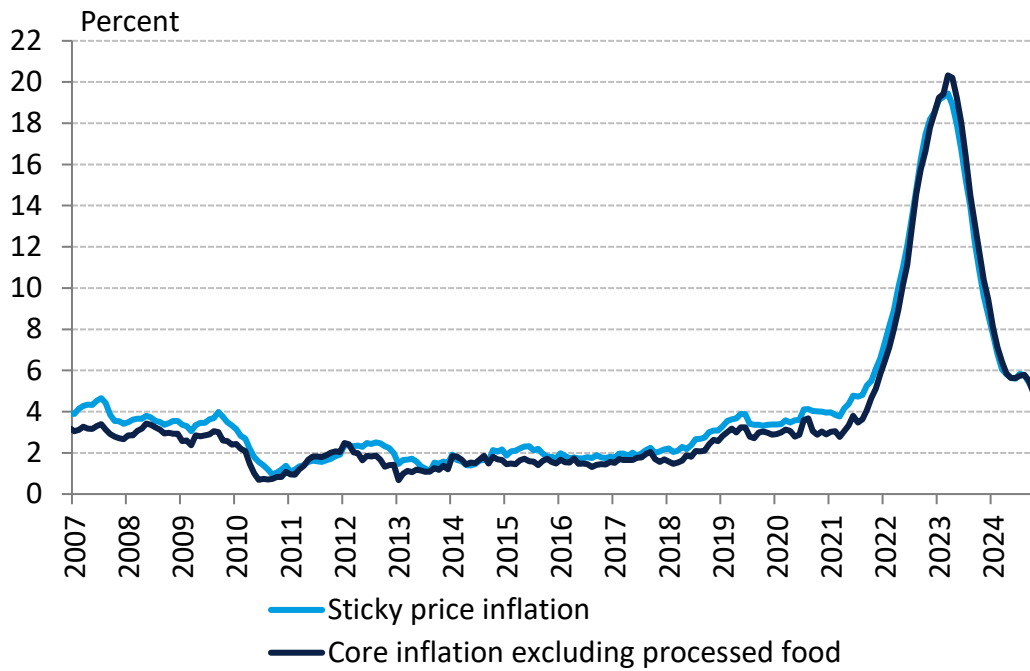


Note: Seasonally unadjusted core inflation.

**Chart 2 Inflation decomposition**  
annual change

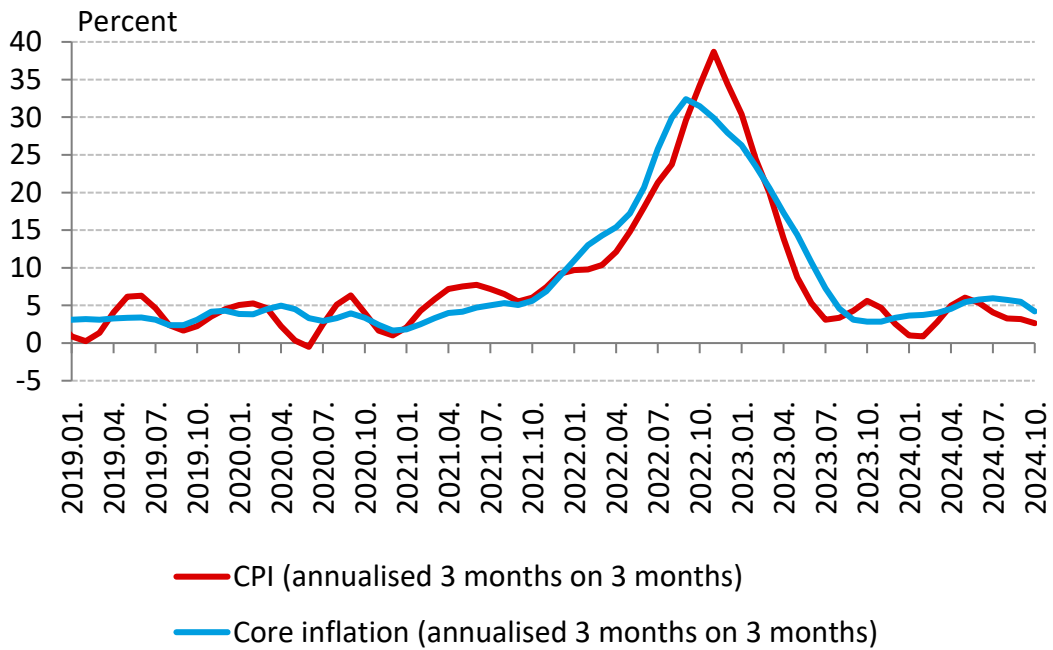


**Chart 3 Underlying inflation indicators**  
annual percentage changes excluding indirect taxes

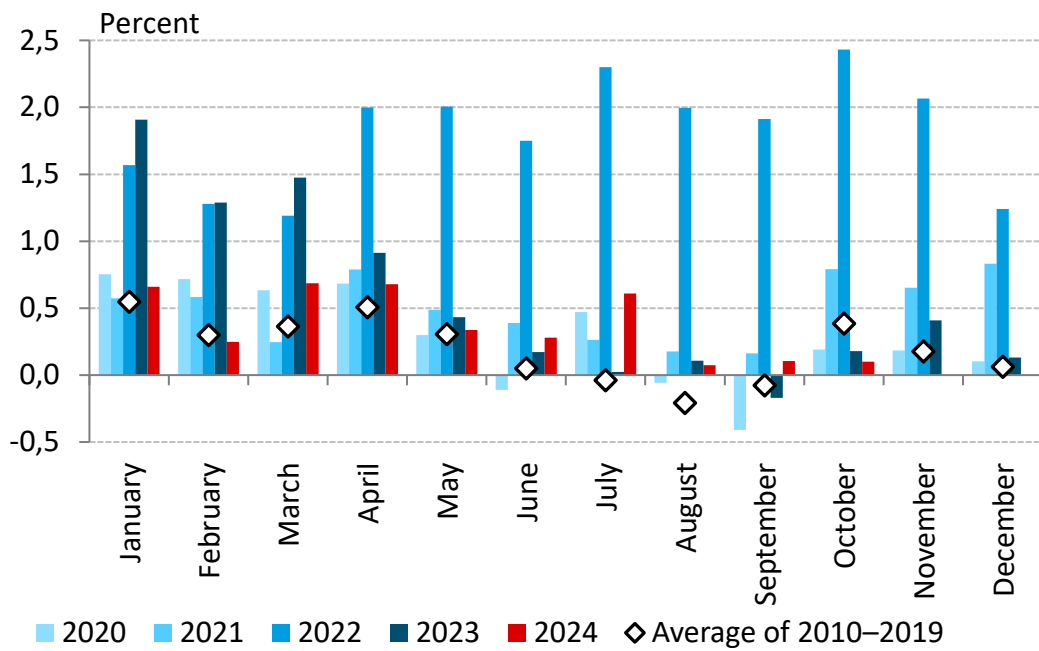


*Note: Inflation of sticky-price products is composed of items of the consumer price index where maximum 15 percent of elementary prices change monthly on average. MNB calculation based on data released by the HCSO. Core inflation excluding processed foods with unchanged content is equivalent with the 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.*

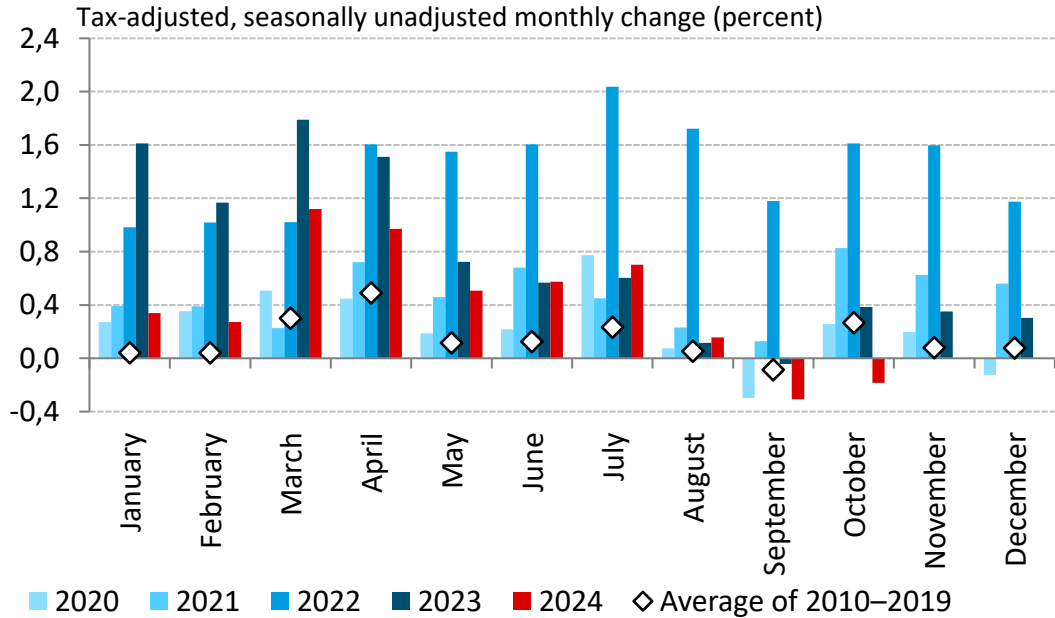
**Chart 4 Annualised 3-month change in inflation and core inflation**  
Based on seasonally adjusted data



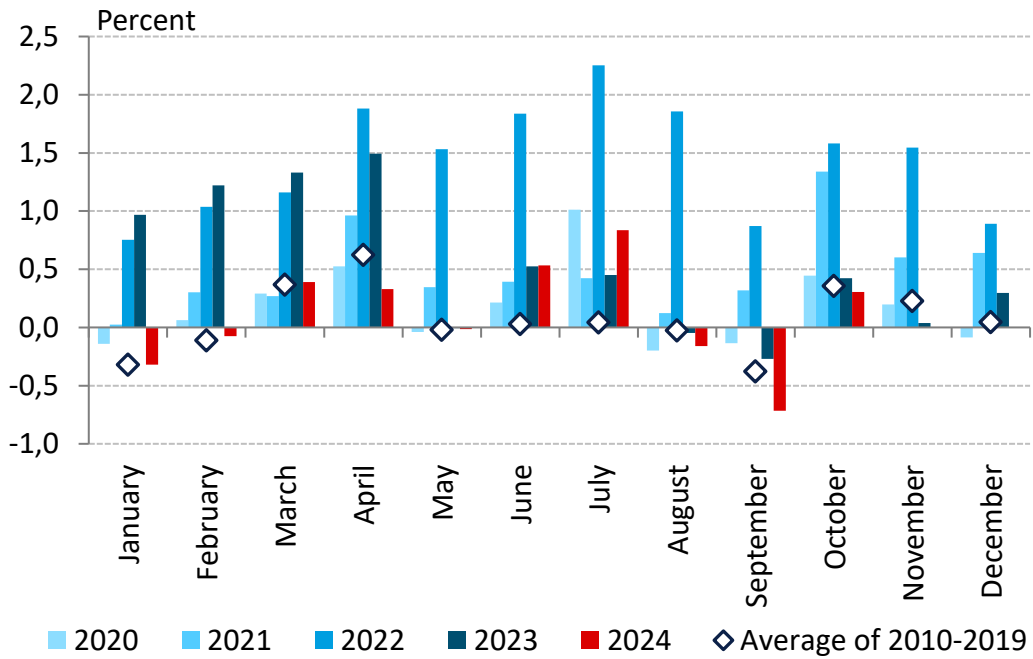
**Chart 5 Monthly changes in consumer prices excluding fuel and regulated products prices**  
tax-adjusted, seasonally unadjusted monthly percentage changes



**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, tax-adjusted monthly change



**Chart 8 Market services inflation**  
 seasonally unadjusted, tax-adjusted monthly change

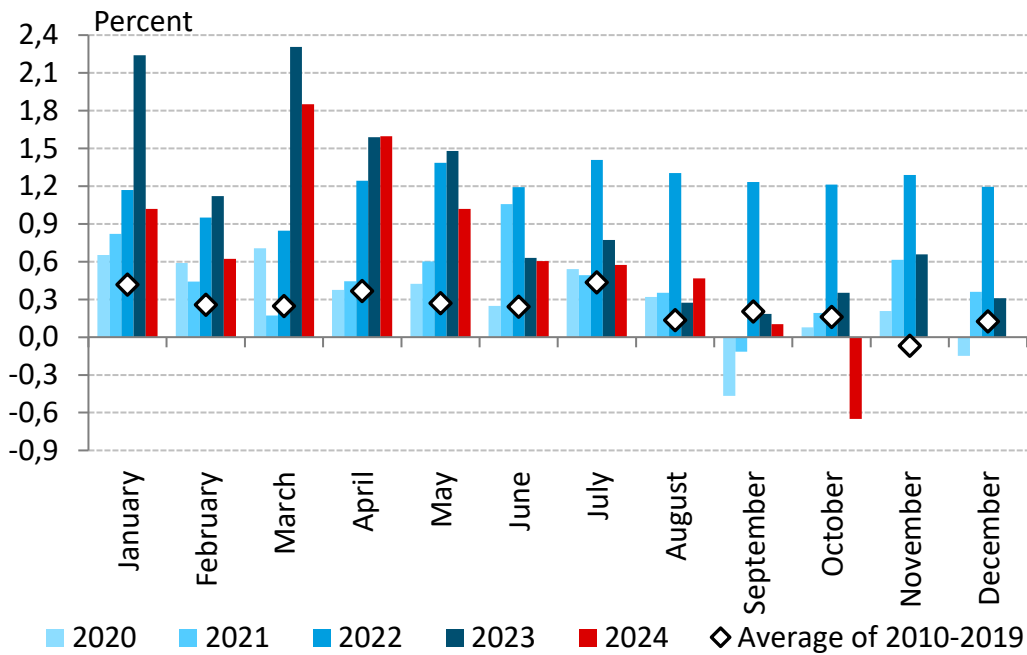
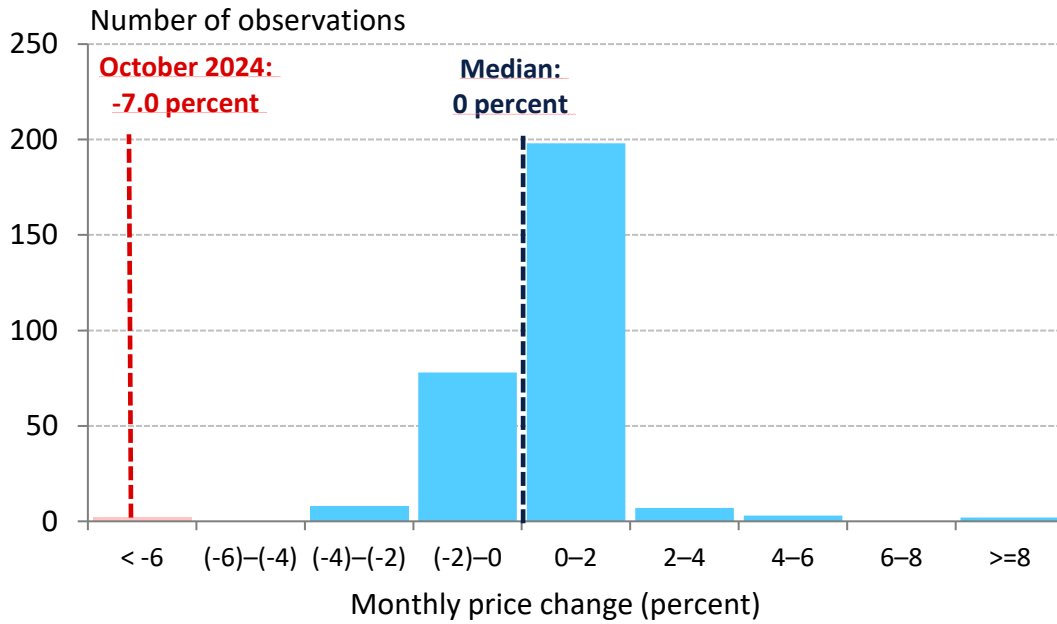
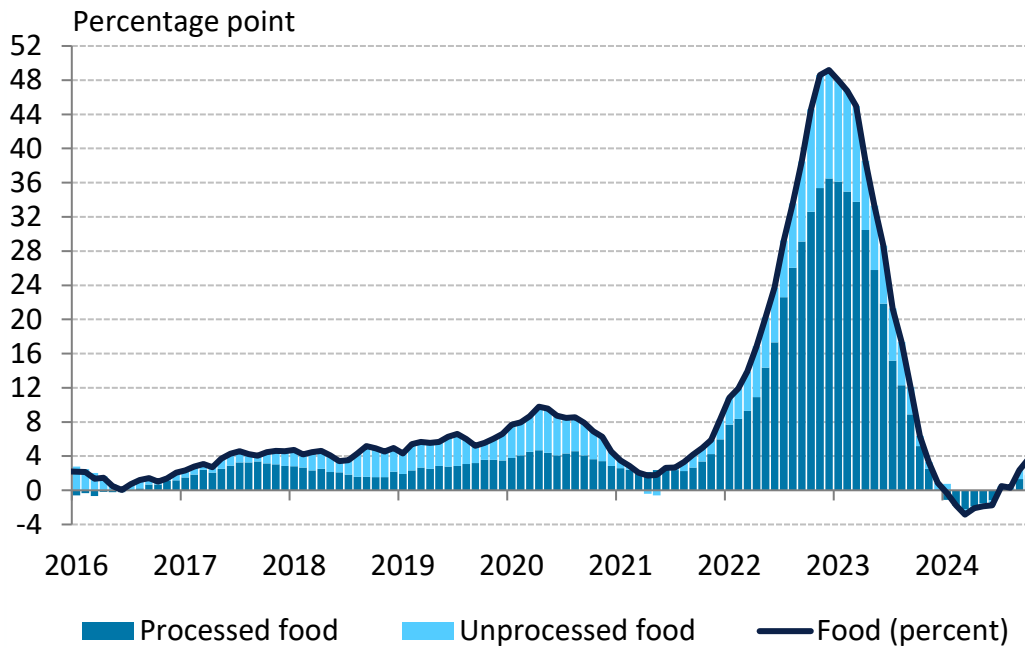


Chart 9 Histogram showing the monthly movements in the prices of mobile and internet services



Note: Based on data between January 2000 and October 2024

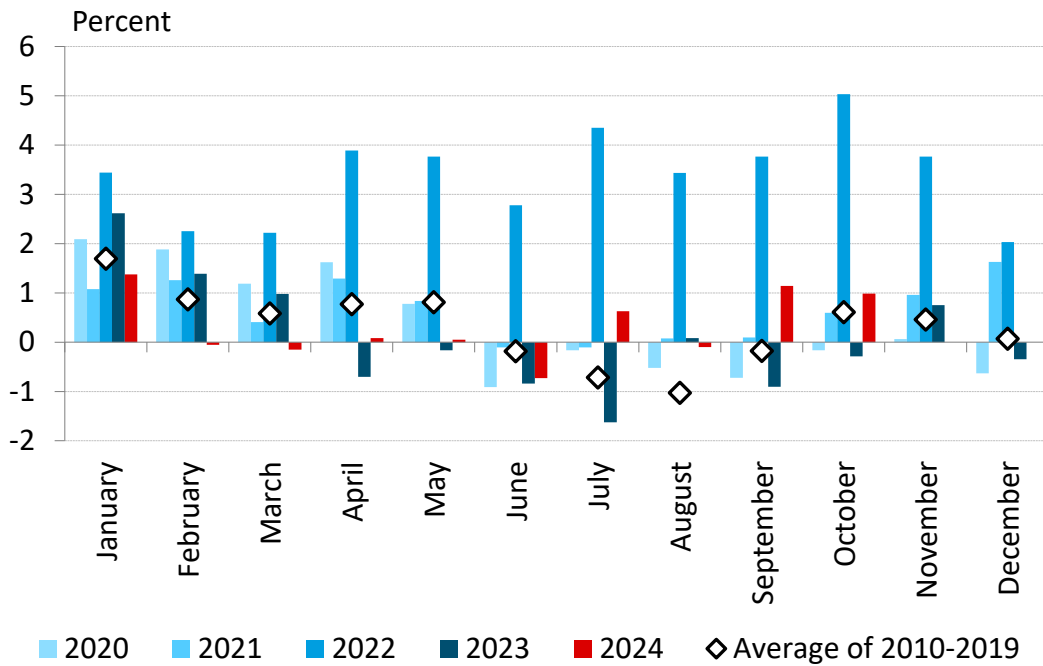
Chart 10 Developments in food price inflation  
seasonally unadjusted, tax-adjusted annual change



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).

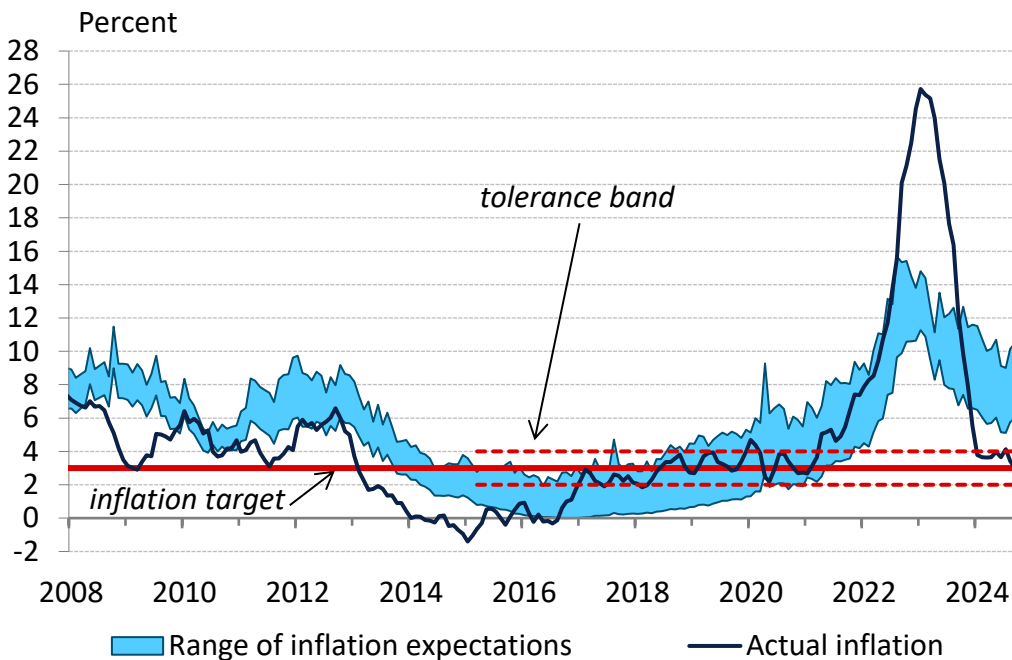


**Chart 11 Monthly changes in food prices**  
seasonally unadjusted, tax-adjusted monthly change



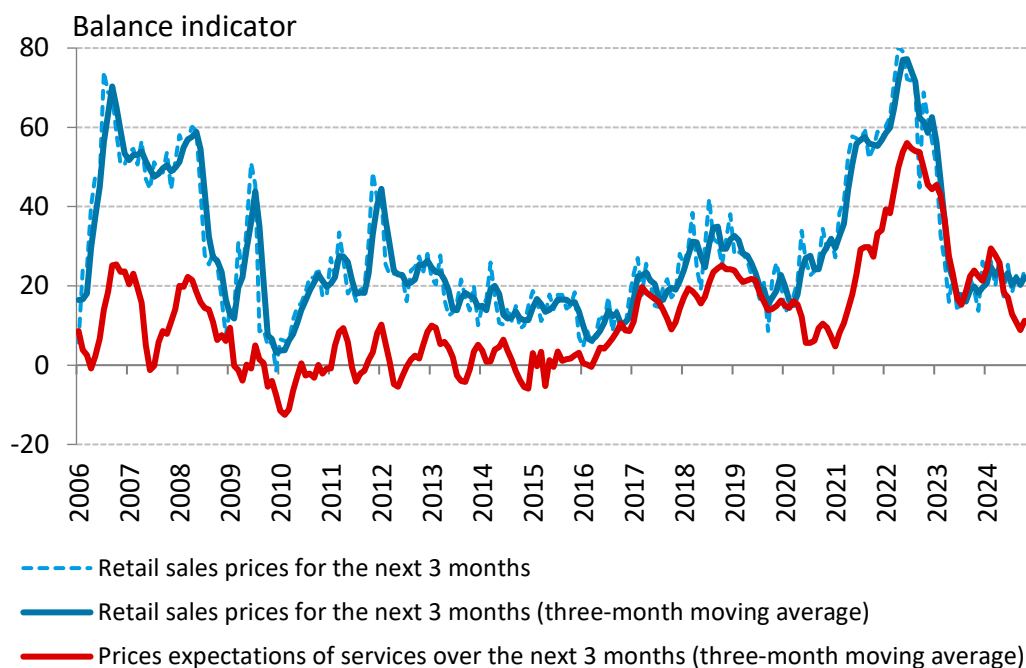
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**Chart 12 Households' inflation expectations**



Sources: MNB calculations based on European Commission data; and HCSO.

Chart 13 Changes in the expectations for retail sales and services prices in Hungary



Sources: 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, October 2024 (HCSO)                                |     |  |     |  |     |
|--|-----|--|-----|--|-----|
| 3.2% (annual change)   |     |  |     |  |     |
| MNB underlying inflation indicators (MNB calculation)                    |     |  |     |  |     |
| Contribution of sticky price inflation (percentage points), weight 41.1% | 2.1 | Contribution of core inflation excluding processed foods (percentage points), weight 52.3% | 2.6 | Contribution of core inflation excluding taxes (percentage points), weight 65.1% | 2.9 |
| Contribution of other items (percentage points), weight 58.9%            | 1.1 | Contribution of other items (percentage points), weight 47.7%                              | 0.6 | Contribution of other items (percentage points), weight 34.9%                    | 0.3 |

Sources: HCSO and the MNB's own calculations.

The sum of contributions may differ from the official figures due to rounding.