

Inflation may return to the central bank target in a sustained manner in 2025



KEY MESSAGES OF THE MNB'S INFLATION REPORT, SEPTEMBER 2024

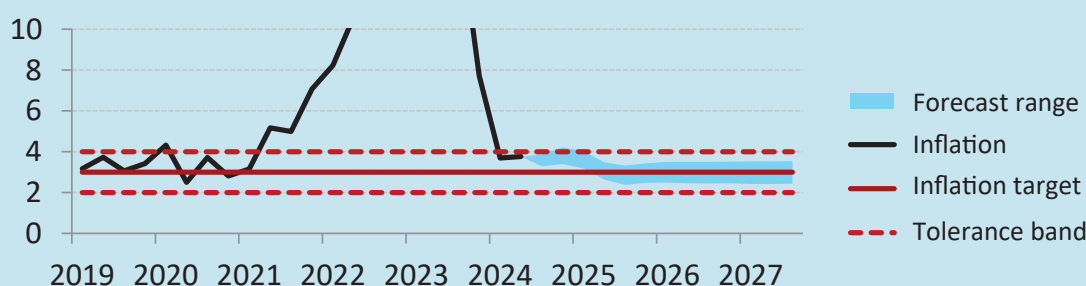
Inflation

Although the volatility of inflation will persist until the end of the year, the disinflationary trend is expected to restart from 2025 Q1.

2024	2025	2026
3.5 – 3.9	2.7 – 3.6	2.5 – 3.5

- The achieved disinflation was a historical success.
- The consumer price index is expected to fall further in September and to rise slightly above 4 percent by the end of 2024.
- For most of the year, inflation has been within the central bank tolerance band.
- The disinflationary trend is expected to restart from 2025 Q1.

The inflation target will be achieved in 2025 in a sustainable manner.



Source: HCSO, MNB

Real economy

The Hungarian economy is expected to grow by 1.0-1.8 percent in 2024, followed by a faster pick-up of above 3 percent in 2025 and 2026



The outlook for the **agriculture** deteriorated significantly due to the **drought**, appearing at the end of the summer. Its negative effects may clearly be seen in the third quarter.



Subdued European economic activity continues to hold back the domestic industry and exports over the short term.

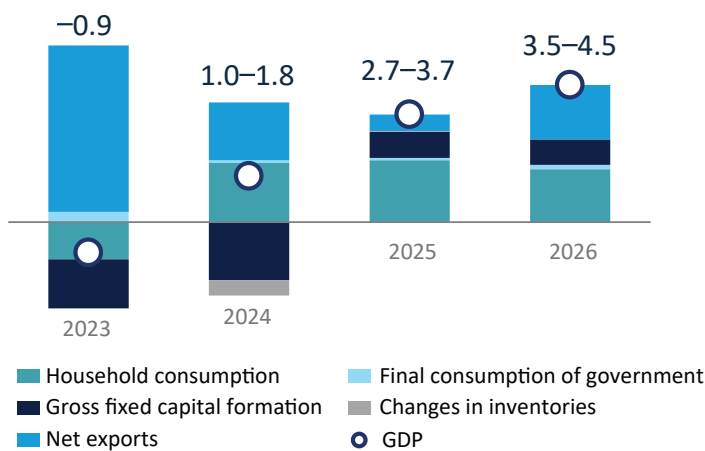


In 2024, the low level of capacity utilisation, weak external demand, geopolitical uncertainties and the long shadow of inflation point to **stalling investment**.



The announced deficit reduction measures will support the **attainability of fiscal deficit** targets for 2024 and 2025, which also requires keeping fiscal expenditure under control.

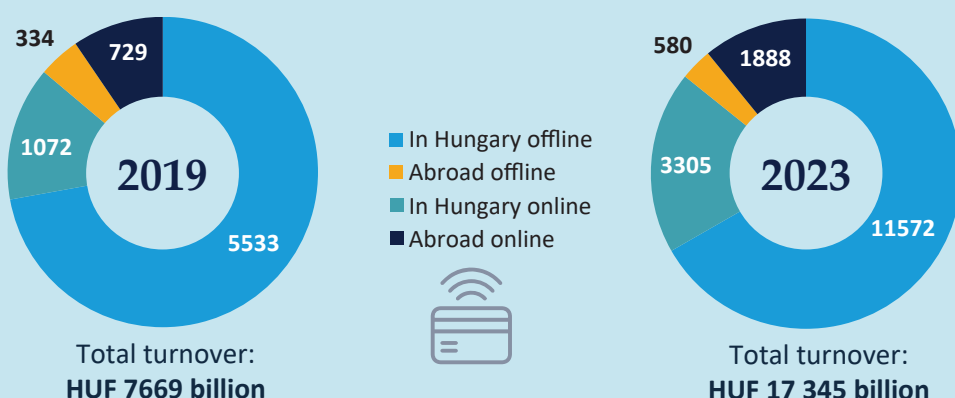
Expected movements in GDP (annual change)



Consumption

The share of transactions completed abroad with payment cards issued in Hungary (online and offline purchase transactions, combined) rose slightly from 13.9 percent to 14.2 percent between 2019 and 2023.

The distribution of purchase transactions conducted with payment cards by resident customers in Hungary and abroad (HUF billion)



Note: Data on payment service providers with head offices or branches in Hungary.

Source: The MNB's data collection based on data on the turnover in transactions using payment cards, reported in banks' data supply