

SZÁZADVÉG

MACROECONOMIC MONITOR

AUGUST 2025



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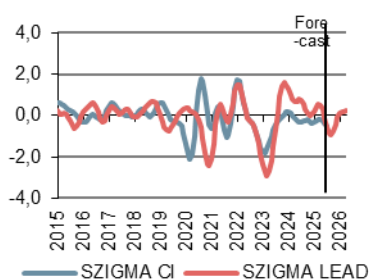
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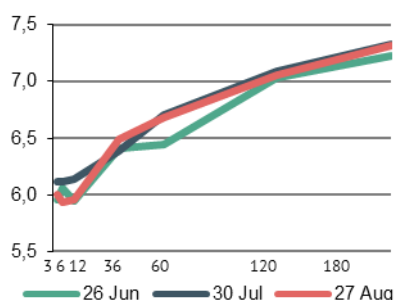
1. SUMMARY

In Q2 2025, Hungary's economy grew by 0.2% year on year according to seasonally and calendar-adjusted and balanced data, while it strengthened by 0.4% quarter on quarter.

SIGMA indicators



Forint yield curve (%)



Our forecast (25.06.2025)	2025
Change in GDP (%)	1.0
Inflation (annual average, %)	4.6

At its August meeting, the central bank's Monetary Council did not change the base rate, which has been in place since September. The base rate in Hungary therefore remains at 6.5%.

In June, retail sales rose by 2.9% based on raw data and by 3.0% based on calendar-adjusted data compared to the same period last year.

In June 2025, turnover in specialised and non-specialised food shops increased by 3.7%, and the turnover in non-food shops increased by 3.9%. In fuel retailing, sales increased by 2.5% year on year in June.

Measured up to July 2025, the value of the monthly SZIGMA CI indicator, which provides a snapshot of the current state of the Hungarian economy, was -0.4799. This means that the Hungarian economy is still growing at a rate below its historical trend rate. The indicator showed a weaker economic performance compared to the previous month.

The other indicator, SZIGMA LEAD, which is a short-term leading indicator for the outlook of the Hungarian economy, continued to forecast a local trough in growth below the historical trend for the autumn of 2025, which is expected to be followed by an improvement. For the first month of 2026, the forecast continued to estimate economic growth above the historical trend and further strengthening until the end of the forecast period.

In July 2025, consumer prices increased by 4.3% on average, compared to the same period of the previous year. Consumer prices rose by 0.4% in a month. The seasonally adjusted core inflation rate was 4.0% on the same period last year.



2. OVERVIEW OF THE ECONOMY

2.1 External environment

One indicator of the social and economic situation in the European Union is the proportion of the population that is able to meet its basic food needs. According to Eurostat data published on 28 August 2025, in 2024, 8.5% of the total EU population could not afford to eat meat, fish or their vegetarian equivalents every second day. Although this is 1 percentage point lower than the 2023 figure (9.5%), it still highlights a significant social problem.

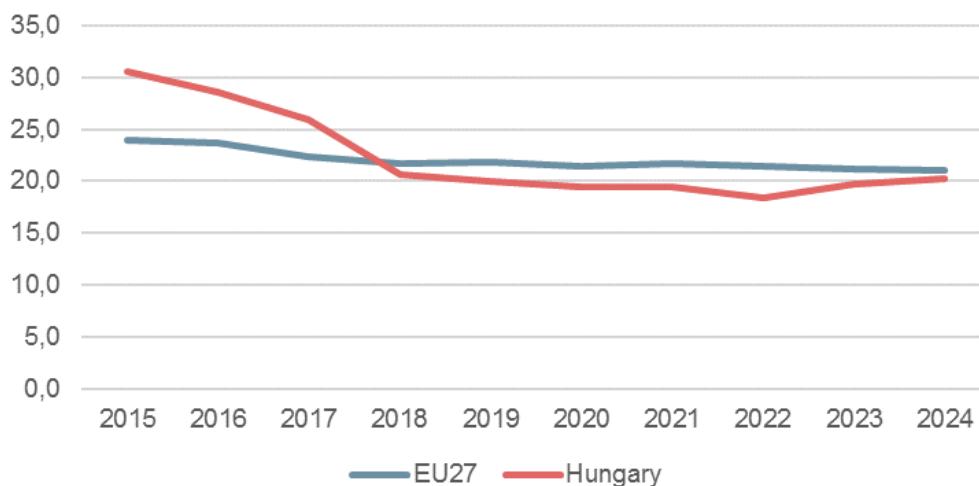
This issue particularly affects those at risk of impoverishment in the European Union. In 2024, 19.4% of this group could not afford adequate food, compared to only 6.4% of those not at risk of poverty. The data clearly show that income inequality has a direct impact on quality of life.

In 2024, Hungary's poverty rate was 20.2%, while the same rate for the entire population of the EU was 21.9%.

Looking at the time series over the past ten years, the proportion of groups at risk of poverty or social exclusion has fallen sharply in Hungary. In 2015, the indicator stood at 31.2%, which was 6.3 percentage points above the EU27 average (24.9%). According to Eurostat's latest data for 2024, the indicator stood at 20.2% in Hungary, while the average for the 27 countries of the European Union was 21.9%. Thanks

to a gradual improvement since 2015, the Hungarian indicator has been consistently better than the EU average since 2018.

FIGURE 1: PROPORTION OF GROUPS AT RISK OF POVERTY OR SOCIAL EXCLUSION IN THE POPULATION (2015-2024)



Source: Eurostat



2.2 Our SZIGMA indicators

The Hungarian economy continued to grow at a rate below its historical trend rate in July 2025.

In August 2025, the value of the **SZIGMA CI indicator reflecting the current state of the Hungarian economy** was -0.4799 up to July 2025. This means that the growth rate of the Hungarian economy remained below its historical trend rate. The indicator showed a weaker economic performance compared to the previous month. The **industrial** data underlying the indicators continued to show a negative trend. The volume of industrial *production* decreased by 4.9% year on year and by 1.3% month on month, based on the latest seasonally and working-day

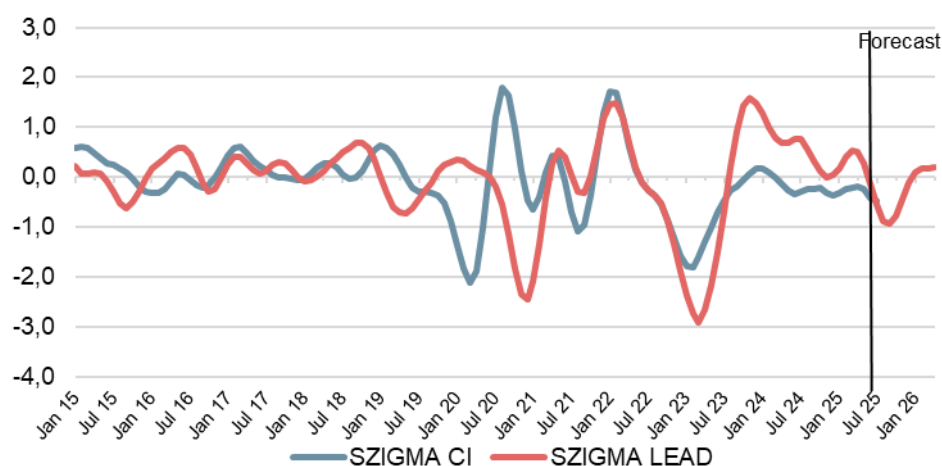
adjusted data at a fixed base (2021 monthly average = 100.0) for June 2025. According to seasonally and working-day adjusted data, the volume of industrial *sales*, on a fixed basis (monthly average for 2021 = 100.0) for June 2025, declined in all dimensions (domestic, export), as well as on an annual and monthly basis. The volume of total sales (domestic and exports combined) contracted by 4.5% year on year and by 0.4% month on month. Domestic sales fell by 3.0% on an annual basis, *while increasing by 1.3% on a monthly basis*. Export sales fell by 5.4% on an annual basis and by 0.5% on a monthly basis. Meanwhile, **construction output** improved. According to the latest seasonally and working-day adjusted data for June 2025, construction output volume fell on a monthly basis (5.3%), while it rose on an annual basis (0.9%). As for main groups of construction, construction output strengthened in all dimensions except the month-on-month change in the construction of buildings. On a monthly basis, construction output declined for buildings (by 7.5%), while it increased for civil engineering works (by 1.8%). However, on an annual basis, both the construction of buildings (0.6%) and the construction of civil engineering works (2.1%) improved the output of the construction industry. As for *stock of contracts*, the stock of contracts of construction firms, calculated on a fixed basis (monthly average for 2021 = 100.0%) for the end of June 2025, grew by 3.1% on a monthly basis and by 17.9% on an annual basis. In terms of main groups of construction, only the stock of construction contracts for civil engineering works increased, both on a monthly basis (6.2%) and an annual basis (38.6%). At the same time, the stock of contracts for the construction of buildings at the end of June 2025 decreased on a monthly basis (by 1.7%) and on an annual basis (by 7.2%). Therefore, the stock of construction contracts for civil engineering works, which are more closely linked to state/municipal investments, increased in June 2025.

In July 2025, our **short-term leading** indicator, **SMALL LEAD**, continued to point to a local trough in the growth rate below the historical trend for autumn 2025 (September 2025). This will be followed by an improvement, resulting in economic growth rates above the historical trend in the first month of 2026, which will continue to strengthen until the end of the forecast horizon. As regards the outlook for **industry**, the industry continues to face difficulties based on the stock of industrial orders. The volume of new export orders in industry weakened both on an annual basis (16.9%) and on a monthly basis (2.9%). At the same time, the stock of new industrial domestic orders fell both on an annual basis (8.0%) and on a monthly basis (0.7%). The German economy is one of the key drivers of industrial exports, so changes in the Ifo Business Climate Index, which **measures business sentiment in the German economy**, are



also an important factor. It improved by 0.2 index points on a monthly basis and by 1.6 index points on an annual basis in July 2025, to stand at 88.6 index points. According to the IFO sub-index, the German manufacturing sub-index, business expectations have improved slightly. Although the stock of orders did not really increase, capacity utilisation improved slightly. The other confidence index underlying the indicator, **Eurostat's consumer confidence index**, weakened by 0.9 index points on a monthly basis and by 5.1 index points on an annual basis in July 2025. Thus, in July 2025, it stood at -28.7 index points.

FIGURE 2: CURRENT (CI) AND FORECASTING (LEAD) SZIGMA INDICATORS



Source: Századvég

2.3 The real economy

2.3.1 Industry

Month on month, the volume of seasonally and working-day adjusted industrial production decreased by 1.2%.

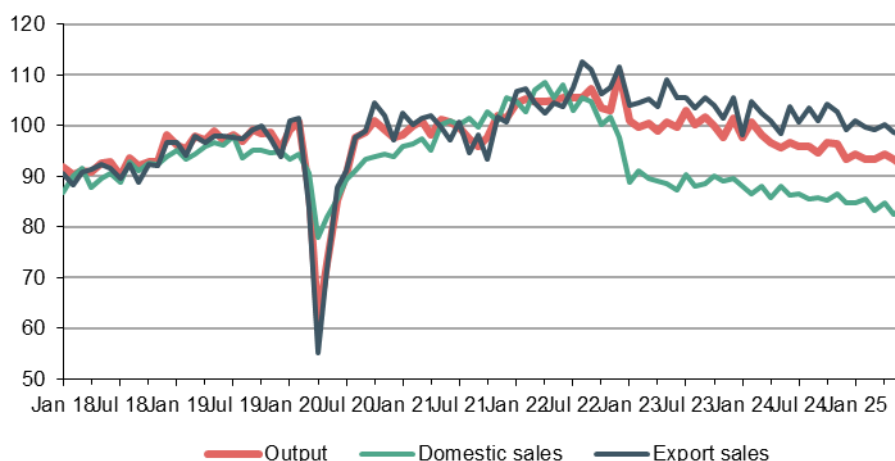
In June 2025, industrial production volume decreased by 4.9% compared to the same period of the previous year based on both raw data and seasonally and working day adjusted data. This means that cumulative performance for January-June 2025 was 3.9% lower than for January-June 2024.

Industrial sales weakened by 4.6% on an annual basis in June 2025, supported by a 3.0% decline in domestic industrial sales and a 5.4% decline in export sales. The decline in *industrial export sales* was mainly due to the manufacture of transport equipment and the manufacture of computers. Exports in the manufacture of transport equipment, which represents 31% of the total, shrank by 10.5%. *However, exports of computer, electronic and optical products, which account for 14% of the total, increased by 2.0%.* The 1.1% decline in manufacturing contributed to the year-on-year decline in *domestic* industrial sales.

Industrial output declined on a monthly basis as well. Compared to the previous month (May 2025), seasonally and working day adjusted **industrial production volume** decreased by 1.2% in June 2025. In addition, industrial sales volume declined by 0.4% on a monthly basis, driven by a 0.4% decline in export sales and a 1.4% increase in domestic sales.



FIGURE 3: INDUSTRIAL PRODUCTION AND SALES TRENDS
(2021 MONTHLY AVERAGE = 100%)



Source: HCSO, Századvég, Remark: seasonally and calendar-adjusted indices.

In June 2025, a 5.3% fall in manufacturing output, which was the dominant sector (95.7%), contributed most to the decline in industrial production on an annual basis. Of the other two sectors accounting for industrial output, energy, with a weight of 3.7%, decreased by 0.1%, essentially stagnating. Meanwhile, the output of mining and quarrying, which accounts for 0.6% of the total, grew by 5.2%. In manufacturing, the volume of industrial production decreased in 8, while it increased in 5 of the 13 subsections. The performance of the three main manufacturing sectors, which accounted for 50.1% of manufacturing output, was mixed. *Manufacture of transport equipment*, the largest contributor with a 26.1% share, fell by 11.5% year on year, the second largest volume decline. However, the second largest subsection, *food* (with a weight of 13.7%), increased by 5.2%, the largest volume increase. The third largest subsection (10.2%), *manufacture of computer, electronic and optical products*, grew by 0.4% on an annual basis, again the third highest volume growth among the 13 manufacturing subsections. The sharpest decline in performance (16.7%) was in *chemical products manufacturing*.

In June 2025, the **stock of new orders** in the priority manufacturing industries fell by 15.6% year on year on a fixed basis (average monthly price in 2021) and **by 2.5% month on month**. This was due to a decline in volume in both dimensions (domestic and export). **The volume of orders decreased in all dimensions except for the stock of domestic industrial orders on an annual basis:** The total stock of orders fell by 8.0% year on year and by 6.3% month on month. The stock of export industrial orders fell by 6.3% on a monthly basis and by 9.2% on an annual basis. The **stock of domestic industrial orders** fell by 0.4% **on a monthly basis** and **increased by 7.3% on an annual basis**.



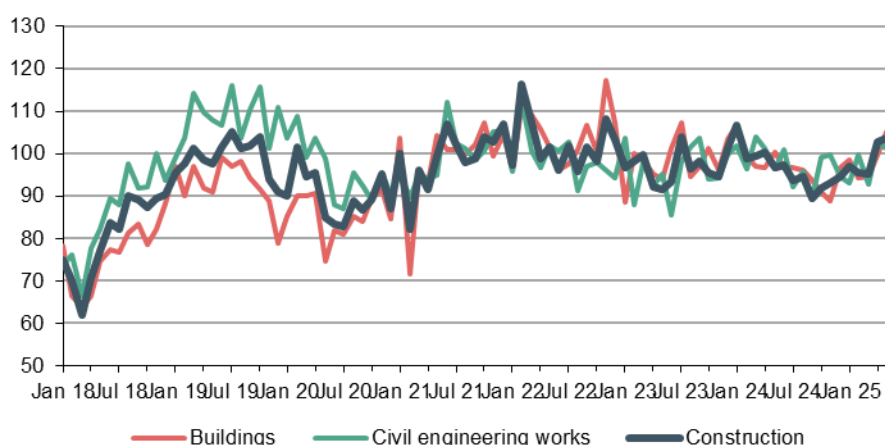
2.3.2 Construction

Construction output in June 2025 was down 5.3% on the previous month.

In June 2025, the volume of construction output increased by 2.6% year on year in terms of raw data. Therefore, cumulatively, construction output in the period January-June 2025 reached the level of the previous year, January-June 2024. In June 2025, both main groups of construction contributed to the strengthening of the construction industry, albeit to varying degrees. The construction of buildings increased by 0.4% year on year, while civil engineering works (roads, bridges, railways, complex industrial facilities, pipelines, etc.) increased by 6.5%.

At the same time, **on a monthly basis**, seasonally and working day-adjusted construction output fell by 5.3% in June 2025, driven by an increase in the output of civil engineering works (1.8%) and a decrease in the output in buildings (7.5%).

FIGURE 4: CHANGES IN THE CONSTRUCTION INDUSTRY (MONTHLY AVERAGE FOR THE YEAR 2021 = 100%)



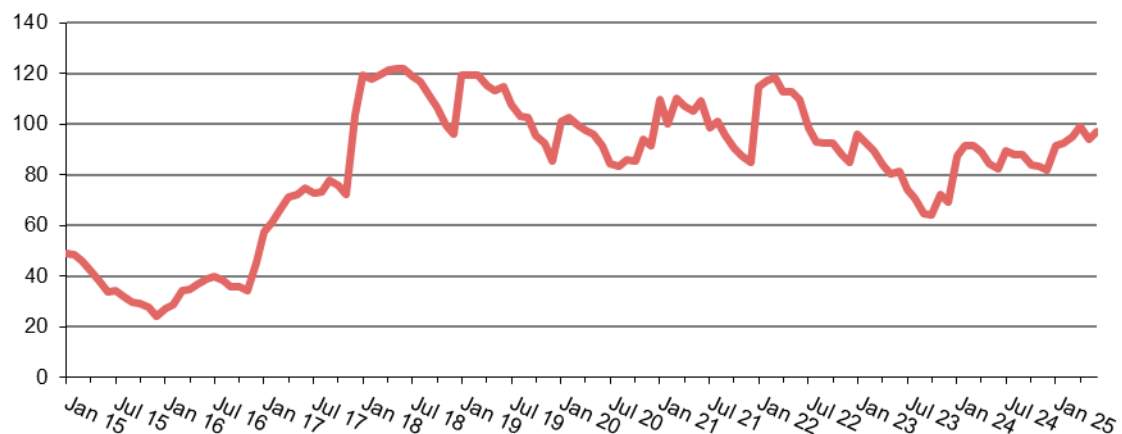
Source: Hungarian Central Statistical Office, Századvég, Remark: Seasonally and calendar adjusted indices.

In June 2025, the **stock of new contracts** was up both on a monthly (46.5%) and annual (67.6%) basis. The **monthly increase** was driven by a 15.2% rise in the volume of new contracts for the construction of buildings and a 76.0% increase in the volume of new contracts for the construction of civil engineering works. As a result of the marked increase in the stock of new contracts, **the stock of construction contracts at the end of June 2025** grew by 3.1% on a monthly basis and by 17.9% on an annual basis. Looking at cumulative stocks, the period January-June 2025 already exceeded the period January-June 2024 by 17.9%.

The graph below shows the evolution of the stock of construction contracts at the end of the month with a fixed base (monthly average for 2021 = 100.0). The current level (96.9) is a high level, *exceeding* the highest value for the period 2023-2024. January 2023 saw the highest value (95.8) for the period 2023-2024.



FIGURE 5: CHANGES IN MONTH-END CONSTRUCTION CONTRACTS (MONTHLY AVERAGE FOR 2021 = 100%)



Source: Hungarian Central Statistical Office, Századvég

2.3.3 Retail

Retail sales increased by 3.0% in June.

In June, retail sales rose by 2.9% based on raw data and by 3.0% based on calendar-adjusted data compared to the same period last year.

In June 2025, turnover in specialised and non-specialised food shops increased by 3.7%, and the turnover in non-food shops increased by 3.9%. In fuel retailing, sales increased by 2.5% year on year in June.

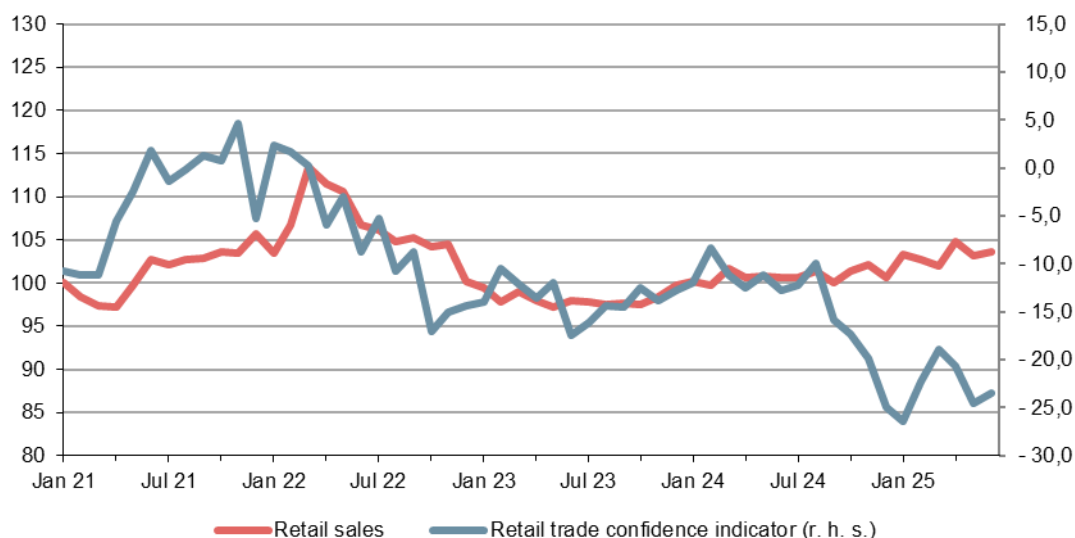
In food retailing, sales volumes increased by 4.9% in non-specialised food and beverages shops, while the volume in specialised food, beverage and tobacco stores decreased by 0.1%.

In non-food retailing, the volume of mixed range of manufactured goods increased by 8.3%, while the turnover of books, newspapers and stationery decreased by 5.7% compared to the same period last year. In non-specialised shops dealing in manufactured goods, turnover in pharmaceutical and medical goods shops increased by 0.2%. In addition, sales of second-hand goods fell by 5.1%. The sales volume of computers and other specialised goods fell by 1.0%. Among the other categories, the 9.2% increase in the volume index of mail order and internet retailing, and the 10.8% increase in the turnover volume of cosmetics shops stand out.

Overall, the largest growth was observed in non-food retail trade, particularly in cosmetics shops, where volume increased by 10.8%. Other categories showed a more moderate increase.



FIGURE 6: RETAIL SALES (JANUARY 2021 = 100%) AND EUROSTAT'S RETAIL TRADE CONFIDENCE INDICATOR



Remark: Seasonally and calendar adjusted indices.
Source: Hungarian Central Statistical Office, Eurostat, Századvég

2.3.4 Labour market

In July, the unemployment rate was 4.3%.

In July 2025¹, according to the latest data of the Hungarian Central Statistical Office, the seasonally adjusted activity rate of the population aged 15-74 was 68.3% (4,892,900 employees), which is 27,400 less than in the same period of the previous year. The seasonally adjusted number

of employees was 4,681,000, a decrease of 30,000 compared to the same period of the previous year. The number of the unemployed was 212,300, a year-on-year increase of 2,600. Based on July data, employment decreased by 19,800 month on month, unemployment decreased by 7,100, and overall activity increased by 13,600 overall. Labour market trends still reflect the macroeconomic developments that had a major impact last year, such as the global automotive difficulties and the slowdown in construction, but there are also signs of consolidation.

Looking at the entire population aged 15-74, the demographic trend observed over a longer period of time, whereby the number of the employed and the unemployed is declining simultaneously, with a largely constant employment rate, continued. The decline in the working-age population between May and July was 63,900 from the same period in 2024. The number of employees decreased by 29,900 and the number of the inactive decreased by 36,600, while the number of the unemployed increased by 2,600. Rising unemployment suggests that the proportion of people leaving the labour market in July was lower than those who turned active from inactive.

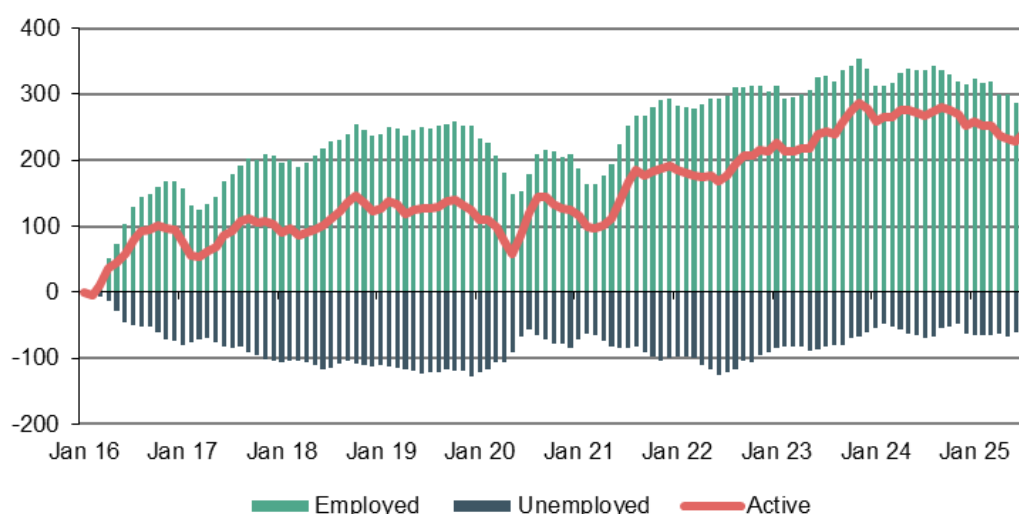
¹ Three-month moving average



In June, the seasonally adjusted number of full-time employees rose by 2,600 compared to the same period last year and by 60 compared to May on a month-on-month basis. Compared to June 2024, there were 9,500 fewer employees in the competitive sector and 3,100 more employees in the public sector. The number of people employed in the non-profit sector increased by 6,600 in one year. Compared to May, the number of employees in the corporate sector decreased slightly, while in the public sector and the non-profit sector it increased slightly.

According to Eurostat's latest data from June, Hungary's unemployment rate of 4.3% was the tenth lowest among the 27 countries of the European Union. The EU average was 5.7% in the sixth month of the year.

FIGURE 7: CHANGES IN THE LABOUR MARKET (JANUARY 2016 = 0, THOUSAND EMPLOYEES)



Source: Hungarian Central Statistical Office, Századvég

Real earnings rose by 4.8% in June.

In June 2025, average gross earnings in the national economy were HUF 704,400, 9.7% higher than in the same period of the previous year. Median gross earnings were HUF 567,700, an increase of 10.3% in a year. Average net earnings were 9.6% higher than a year earlier, reaching HUF 484,200. Real earnings increased by 4.8%, while consumer prices rose by 4.6%.

In June, the increase in average gross earnings was 9.7% in the business sector, 9.5% in the public sector and 10.7% in the non-profit sector. In June, the highest average gross earnings were recorded in the non-profit sector, at HUF 730,000. The same figure was HUF 704,300 in the corporate sector and HUF 695,200 in the public sector.

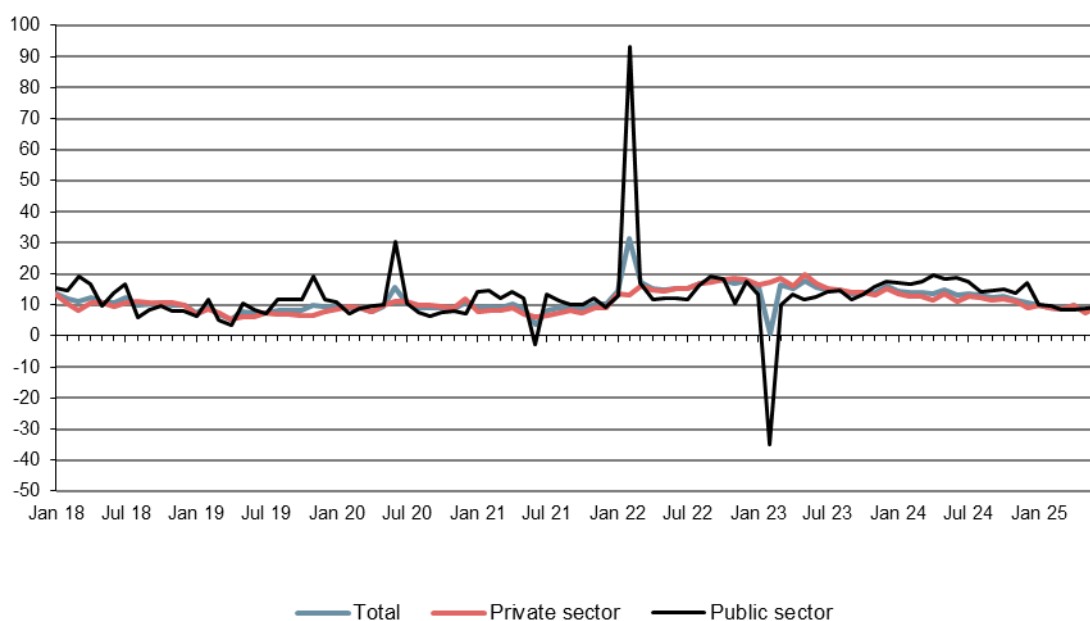
Gross and real earnings of full-time employees rose in all quintiles compared to the same period last year. The fourth quintile showed the highest increase in earnings: average gross earnings rose by 10.2% between January and June compared with the same period last year. This dynamic is explained mainly by the wage-increasing effect caused by labour shortage in certain occupations.



In Q2 2025, the average gross earnings of full-time employees stood at HUF 699,960, an increase of 9.0% compared to the same period of the previous year. Over the same period, median gross earnings stood at HUF 536,500, 8.9% higher than a year earlier. Average net earnings increased by 8.9% compared to a year earlier, reaching HUF 480,790.

We expect unemployment to continue to fall over the next two years (2025: 4.1%, 2026: 3.6%), while gross wages are forecast to rise by 9.5% in 2025 and 7.2% in 2026.

FIGURE 8: CHANGES IN GROSS WAGES (ANNUAL CHANGE, %)



Remark: Seasonally and calendar-adjusted indices

Source: Hungarian Central Statistical Office, Századvég

2.4 External balance

In June, the volume of exports of goods decreased by 0.7% and imports increased by 6.0% year on year.

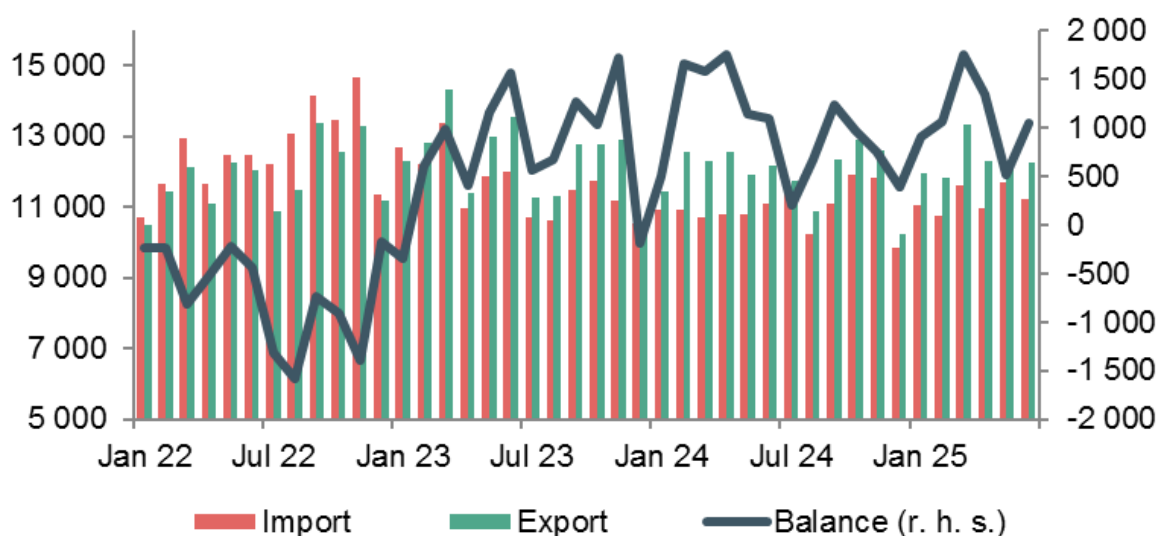
In June, the import volume of food products, beverages and tobacco increased by 1.5%, and their export volume decreased by 4.4% year on year. As for energy carriers, imports increased by 18.0% and exports by 46.0%. As for processed products, imports increased by 3.8%, and exports decreased at the same rate year on year. Imports of machinery and transport equipment increased by 6.8%, while exports decreased by 1.2%.

The foreign trade surplus amounted to EUR 1,039 million in June.

According to estimates for June 2025, the value of exports and imports in EUR terms did not change compared to the same period of the previous year (each changed by HUF 1 billion). This brought the foreign trade surplus in goods to EUR 1,039 million, which is EUR 2 million better than a year earlier.



FIGURE 9: BALANCE OF FOREIGN TRADE IN GOODS (EUR MILLION)



Source: Hungarian Central Statistical Office, Századvég

2.5 Fiscal outlook

Government revenues rose by 6.2% and expenditures by 6.9% in the first seven months.

At the end of July 2025, the deficit of the central budgetary subsystem stood at HUF 2,786.4 billion. This was caused by a deficit of HUF 2,779.9 billion in the central budget and HUF 95.6 billion in social security funds, as well as a surplus of HUF 89.1 billion in extra-budgetary funds. In July, the monthly balance of the central subsystem showed

a deficit of HUF 12.8 billion. This means that 58.4% of the new cash deficit target of HUF 4,774.0 billion had been achieved.

Cumulative central subsystem revenue in the first seven months of 2025 were 6.2% higher, and central budget revenue were 5.9% higher than in the last year. Tax and contribution revenues of the central subsystem increased by 8.6%, higher than the general revenue level.

Payments by economic units increased by 3.6%, i.e. HUF 78.1 billion, compared to the end of July 2024. At the same time, within payments from economic units, corporate tax receipts, the most significant item, were 4.2% (HUF 28.7 billion) lower than in the same period of the previous year. This represents a significant shortfall compared to the 27.5% increase set out in the budget appropriations. The surtax on energy suppliers also fell by HUF 27.4 billion. Payments by economic units were still able to grow because payments by financial organisations were HUF 45.6 billion higher than in the first seven months of 2024. (The increase was due to higher advance payments of the special tax and a higher extra profit tax on credit institutions.) Tolls also showed an increase of HUF 18.1 billion.

Revenues from taxes on consumption increased by 9.1% (HUF 523.8 billion) compared to a year earlier. VAT receipts, the most significant item, were HUF 539.9 billion (12.5%) higher than in the previous year. Most of the increase in VAT receipts was due to a 6.3%, HUF 466.0 billion, increase in VAT payments. The other part of the increase is due to a



decrease in VAT refunds. Excise tax revenue was HUF 35.5 billion (3.8%) less than in the first seven months of 2024. The fall is largely due to a reduction in excise duties on tobacco products, which is larger than the increase in excise duties on fuels.

Personal income tax receipts increased by 9.9% (HUF 258.9 billion) compared to the figure measured at the end of July of the previous year. Receipts from social contribution tax and social security tax increased by 9.7% (HUF 450.8 billion) compared to the same period of the previous year. The rise in revenues from these taxes was driven by an increase in wage bills and earnings.

The total revenue from EU programmes at the end of the sixth month was HUF 181.8 billion, down HUF 406.1 billion from a year earlier. Expenditure on EU programmes amounted to HUF 1325.5 billion, an increase of HUF 298.2 billion compared to the end of July last year.

Thanks to dividend payments from MVM Zrt., Szerencsejáték Zrt. and Corvinus Zrt., payments related to state assets were HUF 384.1 billion higher at the end of July than at the end of July 2024.

In the first half of 2025, central government expenditure was 6.9% higher than in the previous year. Within this, central subsystem expenditure increased by 6.8%.

Among significant expenditure items, expenditure on central budgetary institutions and chapter-administered appropriations, expenditure of the Health Security Fund, pensions and interest expenditure were higher than a year earlier, while expenditure on public assets fell significantly.

Subsidies for public utility services, including both the overhead cost reduction policy and subsidies for the water utility system, increased by HUF 30.8 billion compared to the previous year. Road network availability fees also increased by HUF 161.0 billion, while subsidies for public transport increased by HUF 42.8 billion.

Housing subsidies decreased by HUF 7.0 billion compared to the same period last year.

Expenditure on central budgetary institutions and chapter-administered appropriations was HUF 890.4 billion higher than in the first seven month of the previous year. This corresponds to an increase of 11.7%, while the Budget Act foresees a decrease of 6.5%.

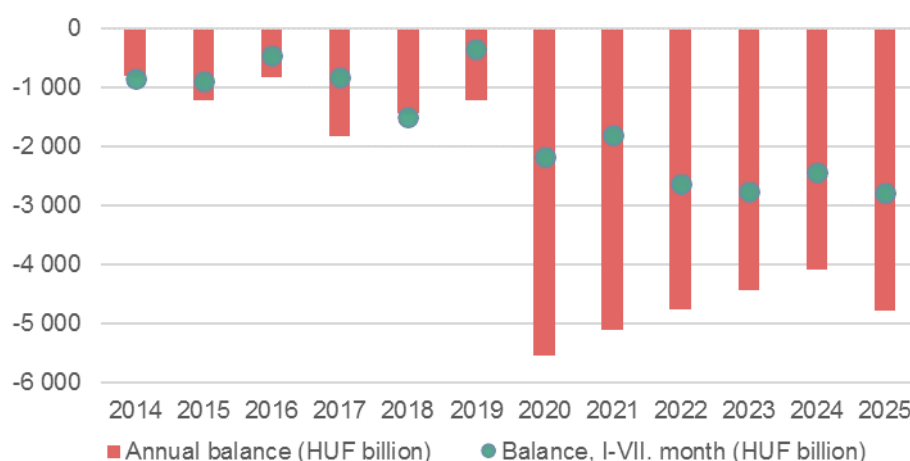
Expenditure on public assets decreased by HUF 333.0 billion compared to the same period of the previous year, as the same period of 2024 was substantially affected by the expenditure related to the buy-back of Budapest Liszt Ferenc Airport.

By the end of July 2025, pensions amounted to HUF 3,994.6 billion, an increase of 5% (HUF 190.9 billion) compared to the same period last year, exceeding the official pension increase of 3.2%. During the same period, the Health Insurance Fund spent HUF 2,882.3 billion, an increase of HUF 248.8 billion, i.e. 9.4%, compared to the base period. Within this, expenditure on curative preventive care, which accounts for more than half of the Fund's expenditure, increased by 10.8% (HUF 169.5 billion).

The balance of interest expenditures and receipts was HUF 571.2 billion (29.2%) more negative than at the end of July 2024.



FIGURE 10: CENTRAL SUBSYSTEM BALANCE*, 2014-2025 (JULY CUMULATIVE BALANCE, HUF BILLION)



Source: Hungarian State Treasury

2.6 Monetary developments

2.6.1 Consumer prices

Consumer prices rose by an average of 4.3% in July.

In July 2025, consumer prices increased by 4.3% on average, compared to the same period of the previous year. Over the past year, the prices of electricity, gas and other fuels as well as those of alcoholic beverages and tobacco have increased the most, by 10.9% and 6.5%, respectively. Food prices rose by 5.9%

compared to the same period of the previous year. Consumer prices rose by 0.4% in a month. The seasonally adjusted core inflation rate was 4.0% higher than in the same period of the previous year.

A larger share of the 5.9% average increase in food prices was due to a 32.0% rise in fresh domestic and fruit prices, a 20.4% rise in chocolate and cocoa prices and a 19.6% rise in the price of coffee at shops. The price of eggs rose by 17.7%, prices of vegetables, fruit and potato rose by 14.2%, those of other confectionery products by 13.8%, and those of fruit and vegetable juices by 13.2%, all of which exceeded the average food inflation rate for the month. In contrast, deflation was observed for several products, as in the previous months: margarine prices fell by 30.1%, pork fat prices by 22.0% flour prices by 10.4% and sugar prices by 9.0%. The rise in excise duties at the beginning of the year played a significant role in the average inflation rate of 6.5% for alcoholic beverages and tobacco. Within this product group, tobacco prices rose by 7.8% and wine prices by 7.4%. No further price reductions occurred within this category.

The average annual increase in consumer durable goods of 2.6% in June was followed by an average increase of 2.1% in July. If we look at the main group in more detail, we can see that the price of living and dining-room furniture increased by 4.4% and jewellery by 22.5%, which is above average. Inflation in consumer durable goods was boosted by a 3.8% rise in the price of kitchen and other furniture and a 3.4% rise in the price of heating and cooking equipment. It



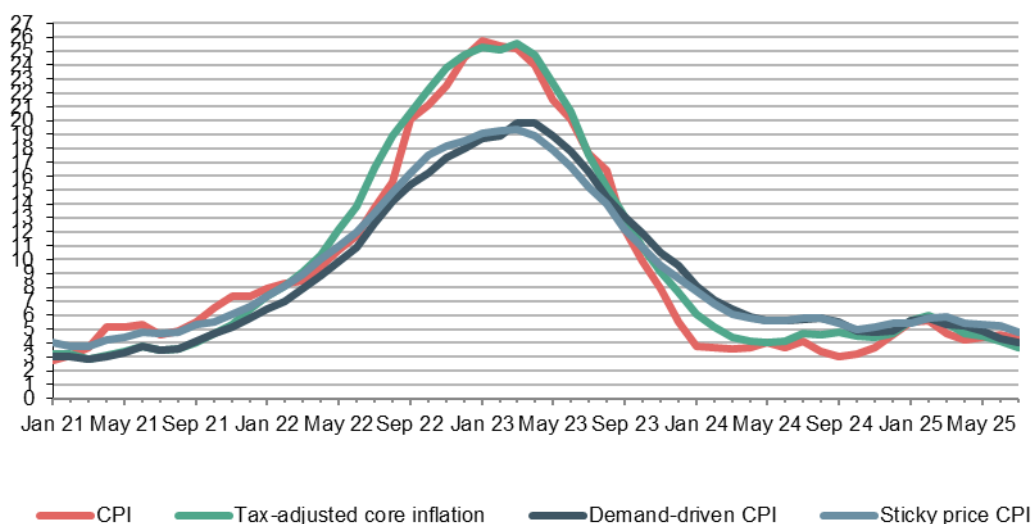
is also important to note the positive trend in the television market, where prices were 2.1% lower in July compared to the same period last year.

The average price increase of electricity, gas and other fuels was 10.9% in July as compared to the same period of the previous year. Within electricity, gas and other fuels, there has been no price decrease over the past year. Within the same group, prices rose by 20.6% for coal, 15.8% for briquettes and coke and 4.6% for butane and propane gas. In addition, the price of natural and manufactured gas rose by 23.1% and the price of electricity by 1.7%.

In July, the price of services rose by an average of 5.3%, with theatre tickets contributing to this increase by 11.3% and repairs of major household appliances by 11.2%. The price increase for gambling, which has not been a significant contributor in the recent period, was 0.4%, the same as in previous months. Rents rose by 9.5% compared to the previous year. Prices of household services and personal care services increased by 10.4% and 10.1% respectively compared to the same period last year. By contrast, the average price increase of services was moderated by, among other things, no change in the prices of sanitation, water and sewerage and a 0.8% decrease in TV fees. The price of travelling to work and school has also remained unchanged thanks to the country and county passes. Prices for other long-distance trips fell by 4.3%.

Compared to the previous month, consumer prices increased by 0.4%. Within the overall consumer basket, food prices rose by 0.3% compared with the previous month. Prices of services rose by 1.0%, while the price of electricity, gas and other fuels fell by 1.2% compared with the previous month. The price of other products and fuels fell by 0.2% from May.

FIGURE 11: THE EVOLUTION OF INFLATION (ANNUAL CHANGE IN PERCENTAGE)



Source: MNB, Századvég

Among the core inflation indicators published by the MNB, the core inflation rate net of indirect taxes was 3.7%, the core inflation rate excluding processed food was 4.0% and the sticky price inflation rate was 4.8% in the seventh month of the year. The core inflation rate, 0.6 percentage



point lower than total inflation, shows that goods with faster-moving prices have again contributed more to Hungary's inflation rate.

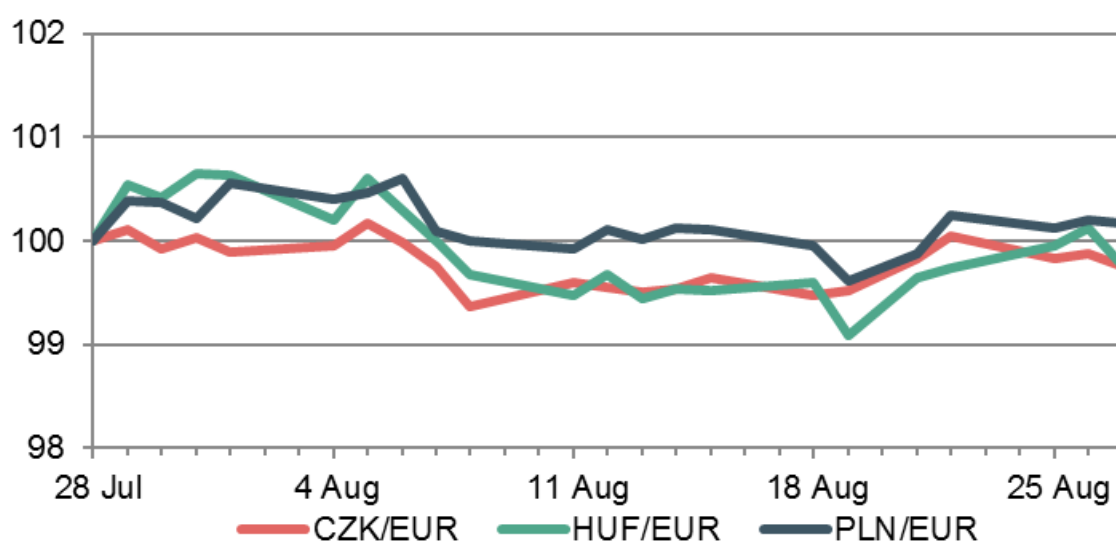
2.6.2 Regional currencies

The currencies of competitors in the region showed a mixed performance against

10-year yield 10 basis point higher at 5.46%.

Regional currencies were mixed against the euro in August. In the past period, the Czech koruna strengthened by 0.24%, and the Polish zloty weakened by 0.16% against the Euro. Government bond yields were roughly flat over the period, with the Czech 10-year government bond yield 6 basis points lower at 4.25%, and the Polish

FIGURE 12: CHANGES IN EXCHANGE RATES IN THE REGION
(BASELINE VALUE = 100%)



Source: Refinitiv, Századvég

The Hungarian forint weakened against the US dollar and strengthened against the Swiss franc and

in August.

Hungarian money and foreign exchange market indicators showed a mixed picture over the last month. The HUF strengthened by 0.2% against the euro and by 0.4% against the Swiss franc, but it weakened by 0.5% against the US dollar. This means that at the end of August 2025, 1 euro was worth 396 forints, 1 US dollar was worth 342 forints and 1 Swiss franc was worth 424 forints. Sovereign debt held by foreigners increased by HUF 700 billion to HUF 6,764 billion



2.6.3 Base rate

At its July meeting, the central bank's Monetary Council kept the base rate at 6.5%.

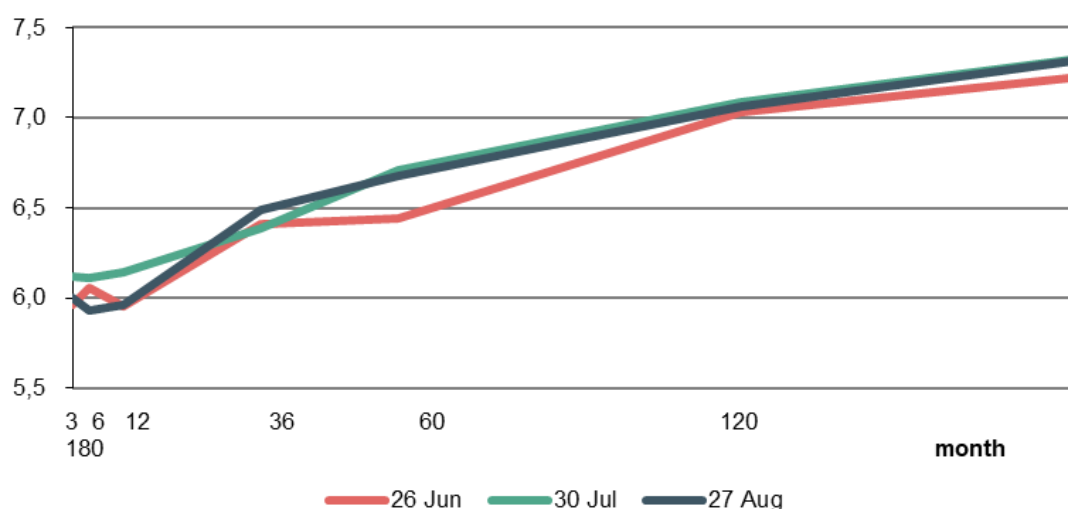
At its August meeting, the Monetary Council of the central bank left monetary conditions unchanged from September, and the base rate in Hungary currently stands at 6.5%. The upper end of the interest rate corridor remained at 7.5% and the lower end at 5.5%. The decision to leave the central bank's interest rate unchanged was primarily motivated by the need to maintain a sustainable approach to the inflation target and preserve financial

stability. Although inflation eased to 4.3% in July, upside inflation risks remain, including from strong price dynamics in market services, rising global food prices, and uncertain developments in input costs and commodity prices. International money and commodity markets continue to be dominated by geopolitical uncertainties and trade tensions, which justify a cautious, tight monetary policy. In the view of the Monetary Council, maintaining current interest rates is essential to anchor inflation expectations, maintain positive real interest rates and thereby sustain price stability and financial market equilibrium over the medium term.

2.6.4 Government securities market

In the government bond market, yields for shorter maturities varied between -18 basis points and 10 basis points on the secondary yield curve in August. This means that the 3-month yield was 6.00%, the 6-month yield was 5.93% and the 1-year yield was 5.96% on 27 August. The 3-year yield increased by 10 basis points to 6.49%. Yields are down 3 basis points over the 5-year horizon and 3 basis points over the 10-year horizon and 1 basis point over the 15-year horizon compared to the previous month. These three yields changed, therefore, to 6.68%, 7.06%, and 7.32%, respectively.

FIGURE 13: CHANGES IN THE HUF YIELD CURVE (%)



Source: GDMA, Századvég



On 15 August 2025, the total value of “MÁP Plusz” government securities held by retail investors was HUF 823.28 billion after a HUF 0.36 billion decrease from the HUF 823.64 billion level in the previous month. In addition, the cumulative value of PMÁP securities was HUF 4,210.44 billion, while the cumulative value of the “Bónusz” Hungarian Government Bonds was HUF 2,385.87 billion. Treasury Savings Bills amounted to HUF 592.66 billion and FixMÁP to HUF 2,832.35 billion. In addition, funds held in “Baby” Bonds amounted to HUF 462.19 billion and funds held in Printed MÁP Plus amounted to HUF 96.36 billion. The retail stock of FixMÁP increased by HUF 135.67 billion and that of BMÁP by HUF 100.98 billion compared to the previous month. Significant decreases are observed in the PMÁP (HUF 180.53 billion). The total stock of government securities held by retail investors stood at HUF 11,403.15 billion at the end of August 2025, up from HUF 11,274.79 billion at the beginning of 2025, meaning that people held HUF 128.36 billion more in government securities than in the first month of 2025. The data show that even after the PMÁP paid outstanding interest, money did not start flowing out of government securities; but rather a shift towards FixMÁP and BMÁP, which currently offer the most favourable interest rates.

2.6.5 Sovereign debt

The share of foreign currency debt in the sovereign debt increased by 0.09 percentage point to 31.4% in July, which is above the range (maximum 30%) specified in the financing plan for 2025 of GDMA. Over the past 12 months, the average foreign currency debt ratio averaged 30.1%, with the July ratio higher than this.

Hungary's sovereign debt rating has remained stable in the investment grade category of all three major international credit rating agencies, after no rating agency recently changed its assessment. On 6 June 2025, Fitch Ratings affirmed Hungary's sovereign debt rating at “BBB” with a stable outlook.² Moody's Investors Service affirmed Hungary's sovereign debt rating of “Baa2” on 30 May 2025, but left the outlook negative.³ And S&P Global Ratings rates the country as “BBB-”, also with a negative outlook.

2.6.6 Corporate credits

Corporate credits increased in Hungary.

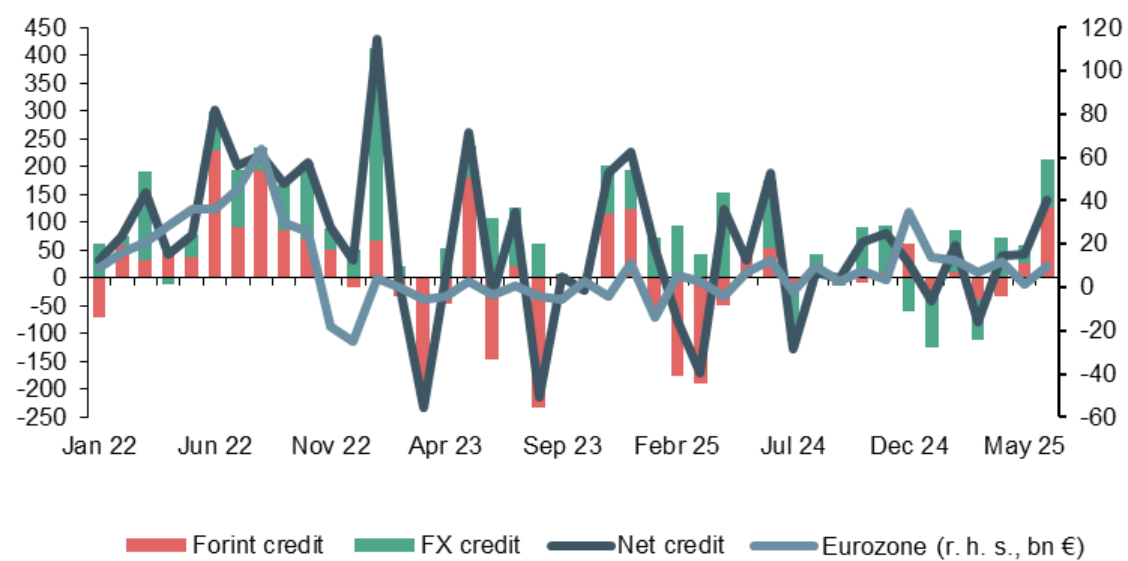
Seasonally adjusted data show that the net borrowing of HUF loans in the business sector increased by HUF 126.0 billion in June 2025. The value of net lending in foreign currency increased, with net borrowing amounting to HUF 86.1 billion in the fifth month of the year. Seasonally adjusted total net borrowing increased by HUF 139.6 billion in the period under review. Corporate borrowing in the euro area was EUR 9,535 million in June 2025.

² <https://www.fitchratings.com/research/sovereigns/fitch-affirms-hungary-at-bbb-outlook-stable-06-06-2025>

³ <https://www.portfolio.hu/gazdasag/20250530/megjott-a-moodys-friss-itelete-magyarorszagrol-764949>



FIGURE 14: CORPORATE BORROWING (HUF BILLION)



Source: MNB, ECB, Századvég



3. SZÁZADVÉG'S FORECAST⁴

TABLE 1: Q2 2025 FORECAST

	2024	2025	2026
Gross domestic product (volume index)	0.5	1.0	2.6
Household final consumption expenditure (volume index)	5.1	3.7	3.7
Gross fixed capital formation (volume index)	-6.4	-3.5	5.0
Export volume index (based on national accounts)	-3.0	1.9	4.5
Import volume index (based on national accounts)	-4.0	2.9	4.8
Balance of international trade in goods (EUR billion)	1.4	1.4	1.0
Consumer price index (%)	3.7	4.6	3.8
Central bank base interest rate at the end of the period (%)	6.5	6.4	5.5
Unemployment rate (%)	4.5	4.1	3.6
Current account balance as a percentage of GDP	2.2	2.0	1.5
Net lending as a percentage of the GDP	2.6	2.4	1.8
ESA balance of public finances as a percentage of GDP	-4.9	-4.1	-3.7
Sovereign debt as a percentage of GDP	73.5	73.2	72.7

Source: MNB, Hungarian Central Statistical Office, Századvég's calculation, Remark: The base rate of the central bank applies to the last quarter of the year.

⁴ Date of preparation: 25 June 2025



SZÁZADVÉG

**“In our
changing
world, we can
only make good
decisions based
on quality
data.”**

Századvég's mission is to help create clarity for better decisions. And good decisions require two things: clear objectives and substantial information.

We work to learn and understand Hungarian and international economic and social processes and thus provide useful and understandable knowledge to decision-makers, whether they are corporate, governmental or private.

