SZÁZADVÉG

# MACROECONOMIC MONITOR

OCTOBER 2025

SZÁZADVÉG KONJUNKTÚRAKUTATÓ ZRT.

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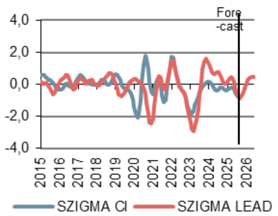
# 1. SUMMARY

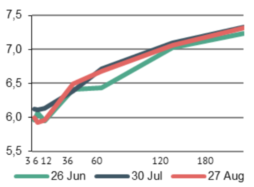
**In Q3 2025, the Hungarian economy grew by 0.6% year on year, according to seasonally and calendar-adjusted and balanced data, while it remained flat compared to Q2.**

**SIGMA indicators**




*Source: Századvég*

**Forint yield curve (%)**




*Source: Refinitiv*

| Our forecast (23.09.2025) | 2025 |
|---|---|
| Change in GDP (%) | 0.8 |
| Inflation (annual average, %) | 4.7 |

Our GDP forecast remains unchanged for the time being, but we will adjust it in line with new data as necessary until the publication of the new estimate (18.12.2025).

At its meeting on 21 October, the Monetary Council of the central bank left monetary conditions unchanged from September 2024, leaving the base rate to currently stand at 6.5%.

In August, retail sales rose by 1.9% based on raw data and by 2.4% based on calendar-adjusted data compared to the same period last year.

In August 2025, turnover in specialised and non-specialised food shops increased by 2.3%, and the turnover in non-food shops increased by 4.9%. In fuel retailing, sales increased by 2.2% year on year in August.

Measured up to September 2025, the value of the monthly SZIGMA CI indicator, which provides a snapshot of the current state of the Hungarian economy, was -0.7561. This means that the Hungarian economy had been growing below its historical trend. The indicator weakened from the previous month, meaning that the economy's growth rate is moving away from its historical trend value.

The other indicator, SZIGMA LEAD, which is a short-term leading indicator for the outlook of the Hungarian economy, continued to forecast a trough in growth for the autumn of 2025. This will be followed by a period of strengthening, pushing economic growth above its historical trend in the first months of 2026. Subsequently, until the end of the forecast period, the growth of the Hungarian economy will remain above the trend, although with minor fluctuations.

In September 2025, consumer prices increased by 4.3% on average—compared to the same period of the previous year. Consumer prices did not change in a month. The seasonally adjusted core inflation rate was 3.9% on the same period last year.

# 2. OVERVIEW OF THE ECONOMY

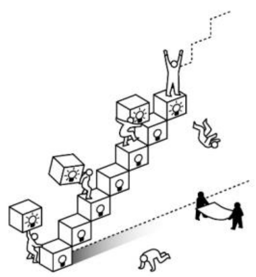
## 2.1 External environment

The 2025 Nobel Memorial Prize in Economic Sciences was awarded to **Joel Mokyr, Philippe Aghion**, and **Peter Howitt**[1]. The official statement said that the Royal Swedish Academy of Sciences awarded the prize in recognition of their work in the field of "innovation-driven economic growth".

**Joel Mokyr: when science and practice reinforce each other**

Half of the prize was awarded to Joel Mokyr, an economic historian who has explored how the interaction between scientific discovery and practical applications can become a self-sustaining process of innovation. His research shows that it is precisely this self-expanding dynamic that enables a society to grow in the long term. Mokyr also points out that innovation alone is not enough, a society must be open to new ideas and support change. In the era before the industrial revolution, the self-expanding dynamics described by Mokyr were lacking, so that, apart from a few scientific innovations, the world was characterised by stagnation.

**Aghion and Howitt: the mathematics of "creative destruction"**



©Johan Jarnestad/The Royal Swedish Academy of Sciences

The other half of the prize was shared by Philippe Aghion and Peter Howitt. In 1992, the pair developed a mathematical model showing how a continuous series of technological innovations can lead to sustained economic growth. Their model is based on Joseph Schumpeter's principle of "creative destruction": new technologies and products replace obsolete ones over time, stimulating innovation and forcing companies to compete. But the process is not painless: new ideas are born, but old industries can disappear and jobs can change. Aghion and Howitt's model is considered a landmark as it was the first to describe the mechanism of creative destruction in a general equilibrium macro model.

**Innovation: blessing, challenge and self-correction**

The work of this year's Nobel laureates highlights both the potential and the downside of innovation, as well as its role in economic growth. In addition, it is important to distinguish between sustained growth and sustainable growth: the former refers to economic momentum, while the latter means that this momentum should not come at the expense of human well-being. According to Mokyr, the negative consequences of innovation can trigger new

[1] *Prize in Economic Sciences 2025 - Press release - NobelPrize.org* , https://www.nobelprize.org/prizes/economic-sciences/2025/press-release*Image source: crossiety.com*

innovations, so technological progress can become a self-correcting mechanism in the long run. But this requires a conscious economic policy that steers development in the right direction. In today’s world, tackling the climate crisis, reducing inequalities, or even meeting the challenges of artificial intelligence are prime examples.

## 2.2 Our SZIGMA indicators

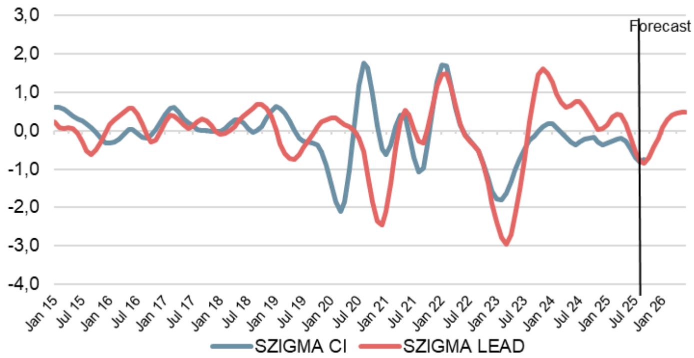
**In September 2025, the growth rate of the Hungarian economy remained below its historical trend.**

In October 2025, the value of the SZIGMA CI indicator, ***which reflects the current state of the Hungarian economy***, was -0.7561 up to September 2025. This means that the Hungarian economy had been growing below its historical trend. The indicator weakened from the previous month, meaning that the economy's growth rate is moving away from its historical trend value. Forecasts in the current month and the previous month indicated that growth would bottom out in September 2025. Among the metrics underlying the indicators, August 2025 **industrial** figures paint a bleak picture, with industrial production declining on both a monthly and annual basis. In addition, industrial sales declined in both dimensions (domestic and export) on a monthly and annual basis. **Construction** output fell sharply in August 2025. According to the latest seasonally and working-day adjusted data for August 2025, construction output volume decreased by 11.4% on a monthly basis and by 12.6% on an annual basis. Within the main groups of construction, this decline in performance was due to a decrease in the volume of civil engineering works, which fell by 38.0% on a monthly basis and by 35.3% on an annual basis. In terms of contract volume, the stock of contracts of construction companies at the end of August 2025 increased by 13.2% month on month and 17.7% year on year on a fixed basis (monthly average for 2021 = 100.0%). By main group of construction, this high growth in the stock of construction contracts on a monthly and annual basis was due to the increase in the stock of contracts related to the construction of civil engineering works. On a monthly basis, the stock of contracts for civil engineering works increased by 21.4%, while the stock of contracts for buildings decreased by 2.8%.

In October 2025, **our short-term leading indicator**, the **SZIGMA LEAD indicator**, continued to signal a low point in growth below the historical trend for the fall of 2025 (September 2025). This will be followed by a period of strengthening, pushing economic growth above its historical trend in the first months of 2026. Subsequently, until the end of the forecast period, the growth rate of the Hungarian economy will remain above the trend, although with minor fluctuations. As regards the outlook for **industry**, it continues to face difficulties based on the stock of industrial orders. The stock of new orders in industry declined in all dimensions (domestic, export) and time periods (monthly and annual), except for a 1.2% increase in new domestic orders on an annual basis. On a monthly basis, the total stock of new orders in industry fell by 16.7%, with both the stock of new domestic orders (16.9%) and the stock of new export orders (16.3%) declining significantly. This points to a further decline in industrial volumes in the period ahead. 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. In September 2025, the index fell by 1.2 points on a monthly basis, while improving by 2.1 points on an annual basis, standing at 87.7 index points in August, which was due to the negative expectations of companies. According to the Ifo sub-index, the German manufacturing sub-index, companies have become more cautious as the number of orders has begun to decline. The other confidence index underlying the indicator, **Eurostat's**

**consumer confidence index**, In September 2025, it improved by 1.7 points on a monthly basis and by 0.3 points on an annual basis, reaching -25.5 index points in September 2025.

**FIGURE 1: CURRENT (CI) AND FORECASTING (LEAD) SZIGMA INDICATORS**




*Source: Századvég*

## 2.3 The real economy

### 2.3.1 GDP

**In Q3 2025, Hungarian GDP volume stagnated from the previous quarter, according to seasonally and calendar-adjusted data.**

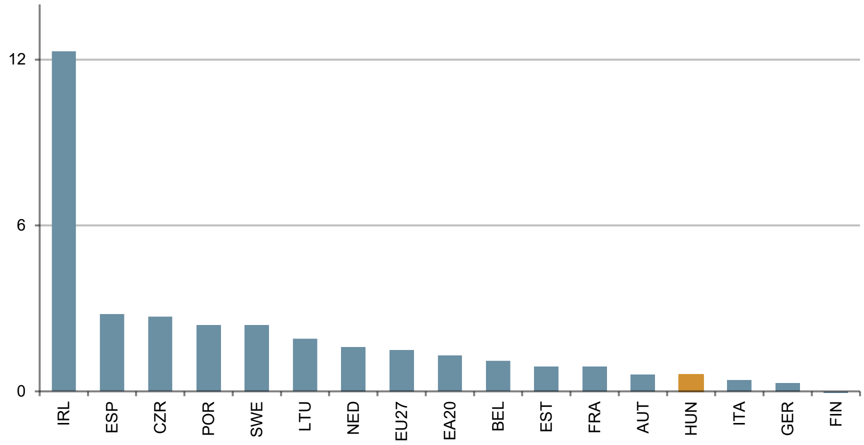
According to the first estimate in the flash report by the Hungarian Central Statistical Office, GDP volume grew by 0.6% in Q3 2025 compared to the same period of the previous year, based on raw, seasonally and calendar-adjusted and balanced data, while the Hungarian economy stagnated quarter on quarter. Thus, in the first three quarters of 2025, Hungarian GDP grew by 0.3% compared to the same period of the previous year according to raw data, and by 0.2 % according to seasonally and calendar-adjusted and balanced data. Based on preliminary data, in Q3 2025, similar to the previous quarter, services, and notably the information and communication sector, drove economic growth. However, agricultural and industrial outputs held back growth in the Hungarian economy.

Internationally, preliminary EU GDP data will be published in two installments starting in 2024. The first EU release coincides with the publication of Hungarian GDP data, which includes indicators for nearly half of the Member States. Two weeks later, Eurostat will publish preliminary GDP figures for the rest of the EU, including the other Member States. Eurostat published the first preliminary data set for Q3 2025 on 30 October 2025 (not for all countries). The complete preliminary data set will be published by Eurostat on 14 November 2025.

In Q3 2025, based on **annual** GDP data, Hungary's GDP growth of 0.6% was the fourth weakest. Finland achieved the weakest value, with a decline of 0.9%. Ireland recorded the highest growth rate, at 12.3% year on year. This was followed by Spain (2.8%) and the Czech Republic (2.7%). Member States for which Eurostat publishes data did for one country

(Finland) record an economic downturn on an annual basis. Therefore, the EU average (EU27) was 1.5% and the eurozone (EA20) was 1.3%.[2]

**FIGURE 2: Q3 2025 GDP GROWTH IN THE EU (Y/Y, %)**

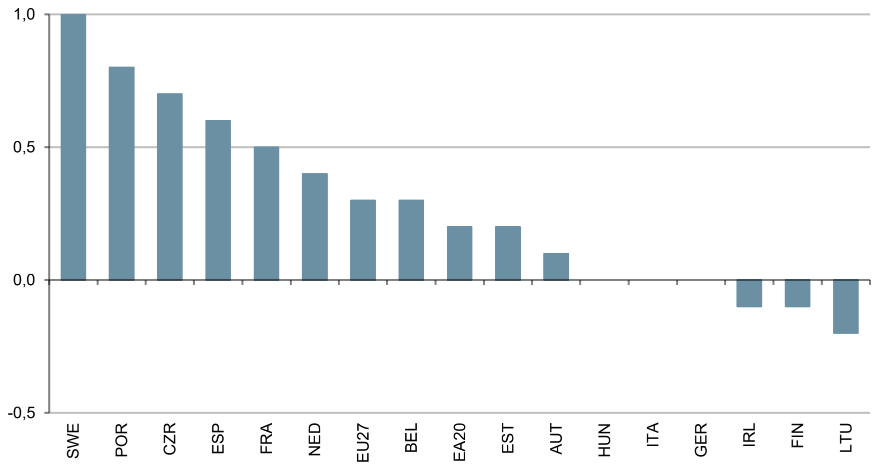



*Remark: Seasonally and calendar adjusted indices. First (preliminary) estimate. (Not included due to lack of data: Bulgaria, Denmark, Greece, Croatia, Cyprus, Latvia, Luxembourg, Malta, Poland, Romania, Slovenia and Slovakia.)*
*Source: Eurostat, link:* https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-30102025-ap

In Q3 2025, **compared to the previous quarter,** Hungary's GDP stagnation (0.0% growth), together with Italy and Germany, ranked in the bottom third of the 15 Member States for which Eurostat published data. The highest economic growth rate (1.1%) was in Sweden. This was followed by Portugal (0.8%) and the Czech Republic (0.7%). Of the 15 Member States, 3 saw their outputs fall compared to the previous quarter (Q2 2025). Lithuania (-0.2%) had the weakest performance. This was followed by Ireland and Finland, with a 0.1% decline in economic performance. Overall, the EU achieved an average growth rate of 0.3% and the euro area 0.2% compared with the previous quarter.[3]

[2] 15 Member States, the EU27 and the euro area. 12 Member States are not included due to lack of data: Bulgaria, Denmark, Greece, Croatia, Cyprus, Latvia, Luxembourg, Malta, Poland, Romania, Slovenia and Slovakia.
[3] 15 Member States, the EU27 and the euro area. 12 Member States are not included due to lack of data: Bulgaria, Denmark, Greece, Croatia, Cyprus, Latvia, Luxembourg, Malta, Poland, Romania, Slovenia and Slovakia.

**FIGURE 3: GDP GROWTH IN Q3 2025 IN THE EU (Q/Q, %)**




*Remark: Seasonally and calendar adjusted indices. First estimate. (Not included due to lack of data: Bulgaria, Denmark, Greece, Croatia, Cyprus, Latvia, Luxembourg, Malta, Poland, Romania, Slovenia and Slovakia.)*
*Source: Eurostat, link:* https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-30102025-ap

### 2.3.2 Industry

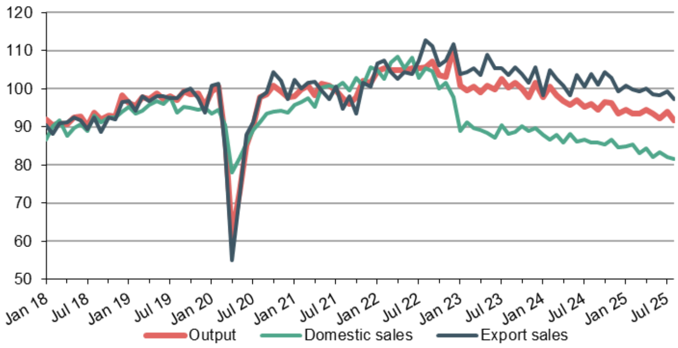
**Month on month, the volume of seasonally and working-day adjusted industrial production decreased by 2.3%.**

Compared with the same period of the previous year, industrial production decreased by 7.3% year on year according to raw data and by 4.6% according to working-day adjusted data in August 2025. Thus, the cumulative performance for January-August 2025 was 3.9% below that of January-August 2024.

**Industrial sales** weakened by 8.8% on an annual basis in August 2025, driven by a 7.6% decline in domestic industrial sales and a 9.5% decline in export sales. The decline in industrial **export** sales was mainly due to the decline in the manufacture of transport equipment and the increase in the manufacture of computers. Exports in the manufacture of transport equipment, which represents 26% of the total, fell by 17.7%. At the same time, exports of computer, electronic and optical products, which account for 17% of the total, increased by 10.5%. The 4.5% decline in manufacturing contributed to the year-on-year decline in **domestic** industrial sales.

On a monthly basis, the improvement seen in the previous month came to a halt, with industrial output in August 2025—adjusted for seasonal and working day effects—falling by 2.3% compared to the previous month. Besides, industrial sales volume decreased by 1.8% month on month. This was driven by a 2.0% fall in export sales and a 0.7% fall in domestic sales.

**FIGURE 4: INDUSTRIAL PRODUCTION AND SALES TRENDS (2021 MONTHLY AVERAGE = 100%)**




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

In August 2025, a 7.4% fall in manufacturing output, which continued to be the dominant sector with a weight of 95.4%, 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 4.0%, decreased by 8.9%, and mining and quarrying, with a weight of 0.7%, decreased by 9.2%. In **manufacturing**, only one of the 13 subsections saw an increase in output, while industrial production volumes declined in 12 subsections. The performance of the three main manufacturing sectors, which accounted for 49.7% of manufacturing output, was mixed. **Manufacture of transport equipment**, which has the largest weight (19.9%), suffered the largest decline in manufacturing (20.2%) on an annual basis. The second largest subsection, **food** (with a weight of 16.9%), decreased by 9.2%. Meanwhile, the third largest subsection (12.9%), **manufacture of computer, electronic and optical products**, grew by 17.4% on an annual basis, the only one with volume growth among the 13 manufacturing subsections.

In August 2025, the **stock of new orders** in the priority manufacturing industries fell by 4.7% year on year on a fixed basis (average monthly price in 2021) and by 16.7% month on month. New domestic orders contributed 16.9% and new export orders 16.3% to the monthly volume decline. This means that the volume of the stock of orders in August 2025 decreased by 1.1% **on a monthly basis**. This was driven by an 7.7% increase in the stock of domestic orders in industry and a 1.9% decline in the stock of export orders in industry. **On an annual basis**, the 4.3% decline in the August 2025 stock of orders was due to a 6.6% decline in exports. Meanwhile, the stock of domestic orders in industry grew by 22.8% in August 2025, meaning that the growth in the stock of domestic orders was not able to fully offset the decline in exports.

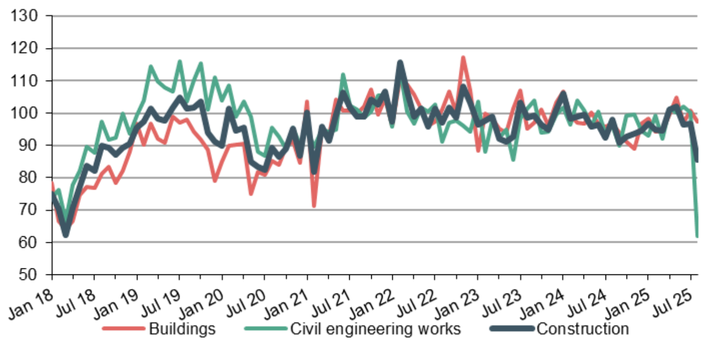
### 2.3.3 Construction

**Construction output in August 2025 was down 11.4% on the previous month.**

In August 2025, the **annual** volume of construction output fell by 15.2% in terms of raw data. Thus, the cumulative construction output for January-August 2025 was 1.3% below that of January-August 2024. The decline in construction output in August 2025 was mainly due to a 34.8% drop in civil engineering works. The volume of buildings also fell, by 2.3% year on year. At the same time, the cumulative output in buildings for January-August 2025 exceeded that for January-August 2024 by 0.5%.

**On a monthly basis**, August 2025 construction output, adjusted for seasonal and working day effects, also decreased, by 11.4%. This was mainly due to a sharp decline (37.9%) in the construction of civil engineering works. The output in the construction of buildings also declined, but to a lesser extent (3.4%).

**FIGURE 5: CHANGES IN THE CONSTRUCTION INDUSTRY (MONTHLY AVERAGE FOR THE YEAR 2021 = 100%)**

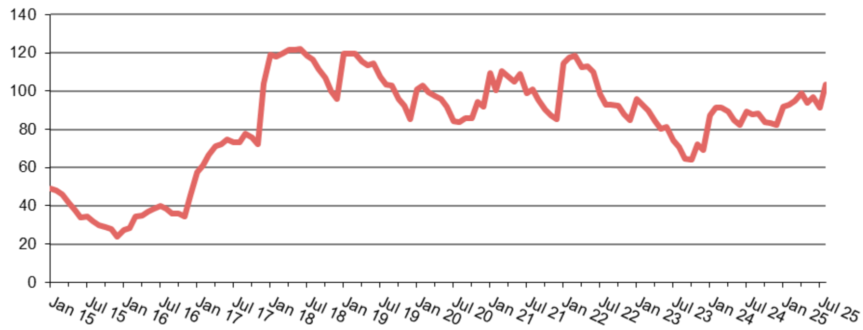



*Source: Hungarian Central Statistical Office, Századvég, Remark: Seasonally and calendar adjusted indices.*

The **stock of new contracts** concluded in August 2025 expanded at a similar rate both on a monthly and annual basis. The sharp increase in the stock of contracts signed in August 2025 for the construction of civil engineering works led to a jump in both monthly and annual figures. While the stock of new contracts for civil engineering works grew by 245.5% on a monthly basis, this represented an increase of 245.1% on an annual basis. Meanwhile, the stock of new contracts for buildings fell by 7.4% on a monthly basis and by 8.1% on an annual basis. As a result, the total stock of new contracts grew by 123.1% on both a monthly and annual basis. As a result of the significant increase in the stock of new contracts concluded in August 2025, the stock of construction contracts at the end of August 2025 was up 13.2% on a monthly basis and 17.7 % on an annual basis. In cumulative terms, the cumulative performance for January-August 2025 exceeded the January-August 2024 volume by 17.7%. This outstanding monthly growth can be attributed to one-off contracts, so it is highly likely that we will see a correction in the stock of new contracts in the coming month.

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 (103.2) is the highest value between January 2023 and August 2025.

**FIGURE 6: CHANGES IN MONTH-END CONSTRUCTION CONTRACTS (MONTHLY AVERAGE FOR 2021 = 100%)**




*Source: Hungarian Central Statistical Office, Századvég*

### 2.3.4 Retail

**Retail sales increased by 2.4% in August.**

***In August, retail sNagyales rose by 1.9% based on raw data and by 2.4% based on calendar-adjusted data compared to the same period last year.***

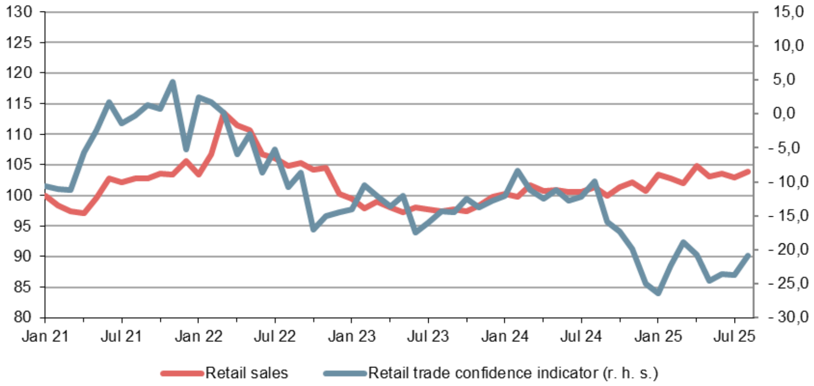
In August 2025, turnover in specialised and non-specialised **food** shops increased by 2.3%, and the turnover in **non-food** shops increased by 4.9%. In **fuel** retailing, sales increased by 2.2% year on year in August.

In **food** retailing, sales volumes increased by 3.9% in non-specialised food and beverages shops, while the volume in specialised food, beverage and tobacco stores decreased by 2.0%.

In **non-food** retailing, the volume of mixed range of manufactured goods decreased by 6.6%, and the turnover of books, newspapers and stationery decreased by 2.2% compared to the same period last year. In non-specialised shops dealing in manufactured goods, turnover in pharmaceutical and medical goods shops increased by 0.7%, and turnover in second-hand goods decreased by 3.3%. The sales volume of computers and other specialised goods increased by 0.5%. Among the other categories, the 6.6% increase in the volume index of mail order and internet retailing, the 8.7% increase in textile products, clothing and footwear, and the 14.1% 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 14.1%.

FIGURE 7: 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*

### 2.3.5 Labour market

**In September, the unemployment rate was 4.5%.**

In September 2025[4], according to the latest data of the Hungarian Central Statistical Office, the seasonally adjusted **activity** rate of the population **aged 15-74** was 68.5% (4,900,600 employees), which is 32,600 less than in the same period of the previous year. The seasonally adjusted number of **employees** was 4,679,100, a decrease of 29,400 compared to the same period of the previous year. The number of the **unemployed** was 221,500, a decrease of 3,100 compared to September 2024. Based on September data, the number of people in employment fell by only 20 on a monthly basis, while the number of unemployed rose by 4,900, resulting in an overall increase in activity of 4,800. 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 July and September was 67,200 from the same period in 2024. The number of employees decreased by 29,400, the number of the inactive decreased by 34,600, and the number of unemployed decreased by 3,100.

Both the number of people **aged 15-64** and the number of those in employment in this age group decreased compared to the same period last year, while the **employment rate** rose slightly, by 0.1 percentage points. Compared to the previous period, the employment rate stagnated, with the indicator standing at 75.4% for this age group. This phenomenon can be explained by the fact that the number of people aged 15-64 is declining at a faster rate than

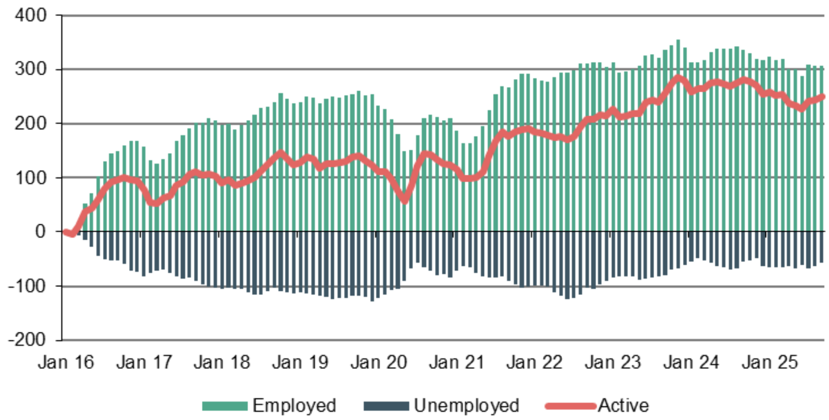
[4] Three-month moving average

the number of people employed in this age group, meaning that the employment rate remains unchanged or may even increase.

In August, the seasonally adjusted number of **full-time employees** rose by 6,900 compared to the same period last year and remained unchanged compared to July on a monthly basis. Compared to August 2024, there were 6,800 fewer employees in the competitive sector and 3,200 more employees in the public sector. The number of people employed in the non-profit sector increased by 8,500 in one year. Compared to July, the number of employees decreased slightly in the business, public, and nonprofit sectors, by 1,400, 280, and 500, respectively.

According to **Eurostat**'s latest data from June, Hungary's unemployment rate of 4.3% was the ninth lowest (along with Croatia, where the unemployment rate was also 4.3%) among the 27 Member States of the European Union. The EU average was 5.9% in the seventh month of the year.

**FIGURE 8: CHANGES IN THE LABOUR MARKET (JANUARY 2016 = 0, THOUSAND EMPLOYEES)**




*Source: Hungarian Central Statistical Office, Századvég*

## Real earnings rose by 4.7% in August.

In August 2025, **average gross earnings** in the national economy were HUF 683,300, 8.7% higher than in the same period of the previous year. Average net earnings were 9.2% higher than a year earlier, reaching HUF 472,600. The different increase rates of gross and net average earnings are due to the higher family tax benefit introduced on 1 July 2025. Median gross earnings were HUF 563,400, an increase of 8.9% compared to August last year. **Median net earnings** rose to HUF 394,300, 10.0% higher than the same month in 2024. **Real earnings** rose by 4.7% while consumer prices rose by 4.3%.

The dynamic growth in earnings continues to reflect the wage-increasing effect of the January increase in the minimum wage and the guaranteed minimum wage. At the same time, the faster growth of median values indicates that the median continues to converge towards the average value, which shows a reduction in income inequality. As this was more pronounced in net values, it suggests that the impact of the new family tax relief was greater among those earning below the average income.

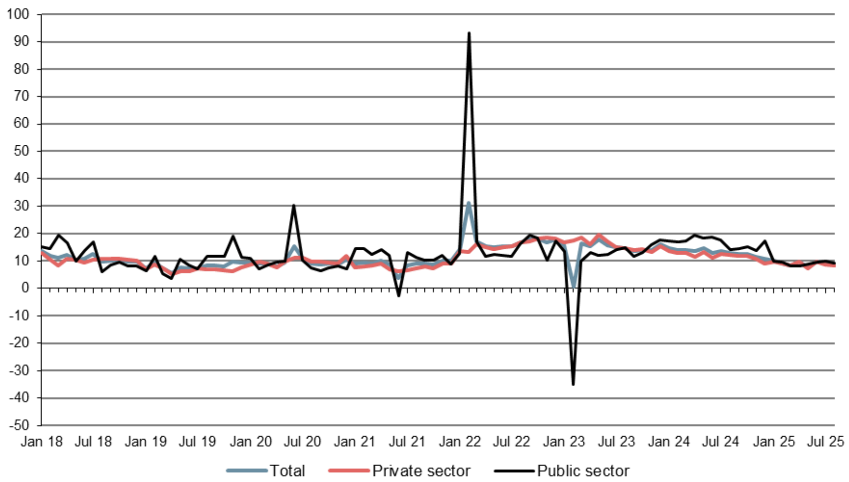
In August, the increase in average gross earnings was 8.5% in the business sector, 9.3% in the public sector and 9.7% in the non-profit sector. At the same time, the highest average gross earnings were recorded in the non-profit sector, at HUF 702,800. The same figure was HUF 685,100 in the corporate sector and HUF 669,700 in the public sector.

Looking at the breakdown of average gross earnings of full-time employees by **quintiles**, it can be seen that both gross nominal earnings and real earnings increased in all five groups 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 August compared with the same period last year. This dynamic is explained mainly by the wage-increasing effect caused by labour shortage in certain occupations. Growth in the second and third quintiles also exceeded that of the fifth quintile, while growth in the first quintile approached that of the fifth quintile.

According to the latest data from the KSH monitor for July, the increase in the gross average earnings of blue-collar workers lagged behind that of white-collar workers by 0.8 percentage points. The average gross earnings of **blue-collar workers** rose by 8.3% and those of **white-collar workers** by 9.1% compared to the same period of the previous year. This resulted in values of HUF 504,900 and HUF 869,000, respectively. In July, the average gross earnings of full-time employees amounted to HUF 693,700.

We expect unemployment to decline over the next two years, to 4.3% in 2025 and 3.4% in 2026. Moreover, we forecast that gross wages will continue to rise by 9.2% in 2025 and 7.1% in 2026.

**FIGURE 9: CHANGES IN GROSS WAGES (ANNUAL CHANGE, %)**




*Remark: Seasonally and calendar-adjusted indices*

*Source: Hungarian Central Statistical Office, Századvég*

## 2.4 External balance

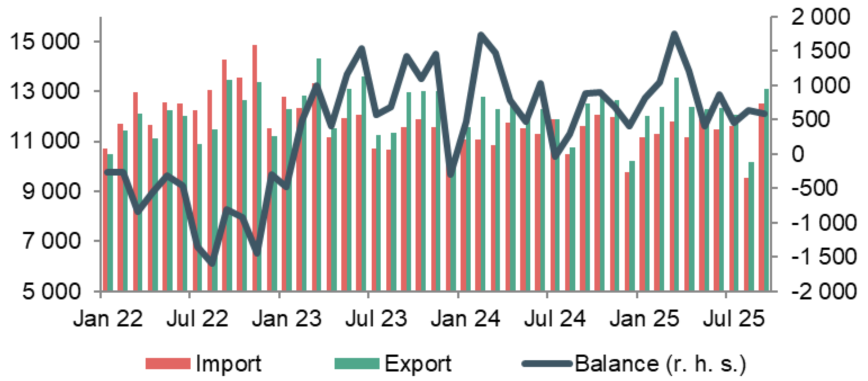
In September, seasonally and working day adjusted volume of **exports** of goods was 2.4% lower than in August, while **imports** were 3.8% higher. Compared to data from a year earlier, export volume increased by 0.5% and import volume by 8.4%.

In September, the import volume of food products, beverages and tobacco remained unchanged, and their export volume increased by 1.6% year on year. Imports of energy carriers were 89.0% higher, while exports stagnated compared to the same period of the previous year. As for processed products, imports increased by 1.9%, and exports decreased by 4.6% year on year. Exports of machinery and transport equipment fell by 1.0%, while imports exceeded last year's figures by 17.0%.

**The foreign trade surplus amounted to EUR 589 million in September.**

According to estimates for September 2025, the value of exports and imports in EUR terms changed by only EUR 607 million and EUR 905 million, respectively, compared with the same period of the previous year. The foreign trade surplus in goods amounted to EUR 589 million, which is EUR 297 million lower than a year earlier.

**FIGURE 10: BALANCE OF FOREIGN TRADE IN GOODS (EUR MILLION)**




*Source: Hungarian Central Statistical Office, Századvég*

## 2.5 Fiscal outlook

**Tax revenues rose by 8.1% by the end of September, with VAT receipts increasing by 11.9%.**

In September 2025, the **central subsystem** showed a monthly deficit of HUF 303.2 billion. As a result, the month-end deficit of the central budgetary subsystem rose to HUF 3,328.7 billion, which represents 69.7% of the HUF 4,774.0 billion cash deficit target. This was caused by a deficit of HUF 3,267.4 billion in the central budget and HUF 162.6 billion in **social security funds**, as well as a surplus of HUF 101.3 billion in **extra-budgetary funds**.

Cumulative **central subsystem** revenue in the first nine months of 2025 were 6.0% higher, and central budget revenue were 5.7% higher than in the last year. Tax and contribution revenues of the central subsystem increased by 8.1%, higher than the general revenue level.

Payments by **economic units** increased by 2.1%, i.e. HUF 53.9 billion, compared to the end of September 2024. At the same time, within payments from economic units, corporate tax receipts, the most significant item, were 5.0% (HUF 40.1 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 42.6 billion. Payments by economic units were able to increase overall because, among other things, payments by financial institutions were HUF 46.3 billion higher than in the first nine months of 2024, and road tolls also increased by HUF 21.5 billion. The increase in payments from financial institutions was due to higher advance payments of the special tax and a higher extra profit tax on credit institutions.

Revenues from **taxes on consumption** increased by 9.0% (HUF 660.1 billion) compared to a year earlier. Within this, VAT receipts, the most significant item, were HUF 646.9 billion (11.9%) higher than at the end of the previous year. Most of the increase in VAT receipts was due to a 6.5%, HUF 583.5 billion, increase in VAT payments. The other part of the increase is due to a decrease in VAT refunds. However, the annual growth rate of 11.9% is slightly lower than the 12.2% forecast. Excise tax revenue was HUF 23.7 billion (2.0%) less than in the first nine months of 2024. The fall is mainly due to the reduction in excise duty on tobacco products, which is still greater than the increase in excise duty on fuels. Revenue from financial transaction taxes was HUF 159.8 billion higher than in the previous year, thanks to tax rate increases in the second half of 2024 and the taxation of conversion transactions.

**Personal income tax** receipts increased by 9.0%, i.e. HUF 299.5 billion, compared to the figure at the end of September last year. Receipts from social contribution tax and social security tax increased by 9.4% (HUF 562.8 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.

During September, revenues from **EU programmes** received from the EU changed very little, amounting to HUF 437.4 billion. At the end of September, the combined revenue of EU programmes plus national funds amounted to HUF 507.7 billion, which represents an increase of HUF 235.8 billion in September and is now HUF 409.5 billion lower than a year ago. The reason for the increased shortfall is that nearly half of the national funds allocated to EU programmes were paid in September 2024, while this year's national payments amounted to only HUF 7 billion. Expenditure on EU programmes amounted to HUF 1535.8 billion, an increase of HUF 383.8 billion compared to the end of September last year.

Thanks to **dividend** payments from MVM Zrt., Szerencsejáték Zrt. and Corvinus Zrt., payments related to state assets were HUF 393.5 billion higher at the end of September than at the end of August 2024.

In the first nine months of 2025, central government expenditure was 7.8% higher than in the previous year. Within this, central subsystem expenditure increased by 8.1%.

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 144.9 billion compared to the previous year. Road network availability fees also increased by HUF 153.9 billion, while subsidies for public transport increased by HUF 42.6 billion.

**Family benefits** increased by HUF 13.7 billion, while **housing benefits** were HUF 1.3 billion lower than in the same period of the previous year.

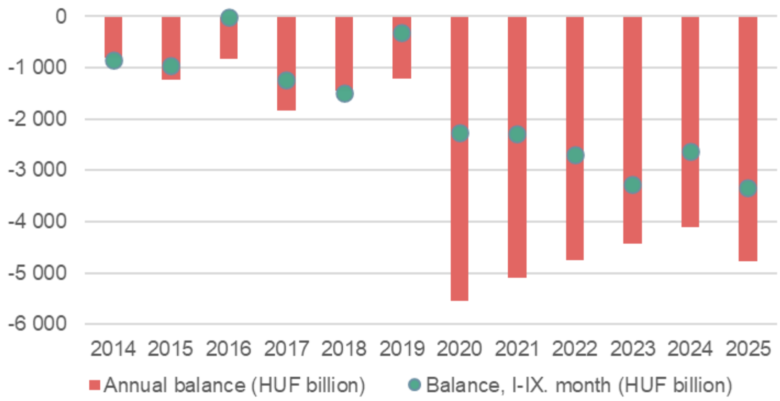
Expenditure on central budgetary institutions and chapter-administered appropriations was HUF 1,223.6 billion higher than in the first nine month of the previous year. This corresponds to an increase of 12.8%, while the Budget Act foresees a decrease of 6.5%.

Expenditure on **public assets** decreased by HUF 256.2 billion compared to the same period of the previous year, as expenditure related to the repurchase of Budapest Liszt Ferenc Airport continued in the first half of 2024.

By the end of September 2025, **pensions** amounted to HUF 5,004.3 billion, an increase of 5.1% (HUF 242.0 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 3,675.5 billion, an increase of HUF 304.9 billion, i.e. 9.0%, 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 10.3% (HUF 206.3 billion).

**Interest expenditure** rose to HUF 3,101.4 billion, but was HUF 24.8 billion lower on a monthly basis than in September 2024, the first time it has fallen over the year. As a result, the balance of interest expenditure and income improved from the previous month, although it still showed a significantly higher negative balance of HUF 559.5 billion (24.5%) than at the end of the first nine months of 2024.

**FIGURE 11: CENTRAL SUBSYSTEM BALANCE, 2014-2025 (CUMULATIVE BALANCE FOR SEPTEMBER, 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 September.**

***In September 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 services have increased the most, by 10.6% and 5.9%, respectively. Food prices rose by 4.7% compared to the same period of the previous year. Consumer prices did not change in a month. The seasonally adjusted core inflation rate was 3.9% on the same period last year.***

A larger share of the 4.7% average increase in **food** prices was due to a 19.6% rise in fresh vegetable prices, a 19.2% rise in chocolate and cocoa prices, a 18.2% rise in egg prices and a 17.6% rise in the price of coffee at shops. Beef prices rose by 14.3% and fresh domestic and tropical fruit prices by 11.9%, which also 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 29.0%, pork fat prices by 24.3% flour prices by 12.0% and milk products (without cheese) prices by 8.4%. The rise in excise duties at the beginning of the year played a significant role in the average inflation rate of 7.1% for alcoholic beverages and tobacco. Within the product group, tobacco and wine prices saw a significant increase of 8.7% and 6.4%, respectively, and there were no price decreases in this category.

The average annual price increase of 2.4% for **consumer durable goods** in August was followed by an average price increase of 2.5% in September. If we look at the main group in more detail, we can see that motorcycle prices increased by 6.5% and jewellery by 20.7%, which is above average. Inflation in consumer durable goods was boosted by a 5.1% rise in the price of living and dining-room furniture and a 4.4% rise in the price of videos and tape recorders. The television market also saw a positive turnaround, with prices in September down 2.3% compared to the same period last year.

The average increase in the prices of **electricity, gas and other fuels** was 10.6% in September, 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 20.1% for coal, 15.2% for briquettes and coke and 3.5% for firewood. The price of natural and manufactured gas rose by 23.4% and the price of electricity by 2.3%.

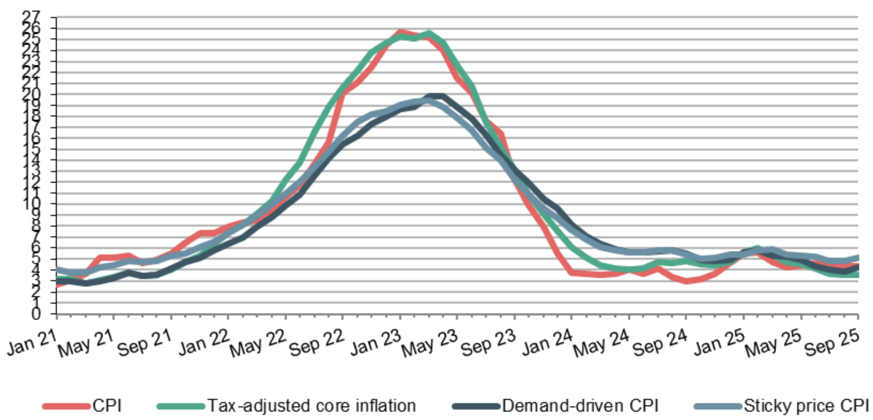
In September, the price of **services** rose by an average of 5.9%, driven mainly by a 22.4% increase in the price of recreation abroad, a 12.9% increase in the price of recreational services, an 11.3% increase in the price of theatre tickets and a 10.3% increase in the price of repairs of major household appliances. 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 9.3% compared to the previous year.

Prices of household services and other public entertainment increased by 9.6% and 8.8%, 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, a 0.8% decrease in TV fees, a 2.0% decrease in the prices of photographic services and a 1.5% decrease in the rates for transport of goods. The price of travelling to work and school has remained unchanged thanks to the country and county passes. Prices for other long-distance trips fell by 0.3%.

**Compared to the previous month**, consumer prices remained unchanged overall. Within the overall consumer basket, food prices fell by 0.2% compared with the previous month. Prices of services decreased by 0.4% and prices of electricity, gas and other fuels by 0.1% compared with the previous month. The price of other products and fuels increased by 0.3% from August.

**FIGURE 12: THE EVOLUTION OF INFLATION (ANNUAL CHANGE IN PERCENTAGE)**




*Source: MNB, Századvég*

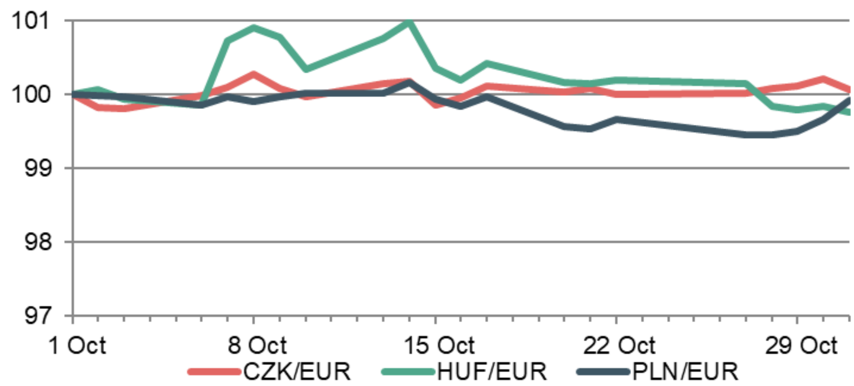
Among the core inflation indicators published by the MNB, the **core inflation rate** net of indirect taxes was 3.6%, the core inflation rate excluding processed food was 4.2% and the sticky price inflation rate was 5.1% in the ninth month of the year.

### 2.6.2 Regional currencies

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

In October, the region's currencies performed mixed against the euro: the Czech koruna weakened by 0.07%, while the Polish zloty strengthened by 0.09%. Government bond yields rose to varying degrees during the period under review: the 10-year Czech government bond yield rose by 5 basis points to 4.50%, while the 10-year Polish government bond yield fell by 12 basis points to close at 5.37%.

**FIGURE 13: CHANGES IN EXCHANGE RATES IN THE REGION (BASELINE VALUE = 100%)**




*Source: Refinitiv, Századvég*

**The Hungarian currency strengthened against the euro but weakened against the Swiss franc and the US dollar in September.**

Hungarian money and foreign exchange market indicators showed a mixed picture over the last month. The HUF strengthened by 0.8% against the euro and weakened by 0.1% against the Swiss franc and by 0.8% against the US dollar. Thus, at the end of October 2025, 1 euro was worth 388 forints, 1 dollar 335 forints and 1 Swiss franc 418 forints. From the previous month, **sovereign debt** held by foreigners increased by HUF 814 billion to HUF 7,224 billion by the end of October.

### 2.6.3 Base rate

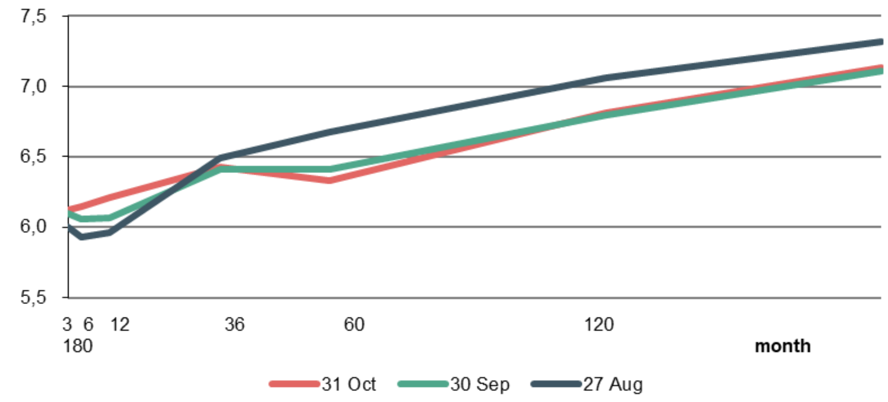
**At its October meeting, the central bank's Monetary Council kept the base**

At its meeting on 21 October, the Monetary Council of the central bank left monetary conditions unchanged from September 2024, leaving the base rate to currently stand 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 annual inflation did not increase during the month, the September figure of 4.3% was in line with the MNB's expectations, but still well above the 3 % inflation target. In addition, inflation risks remain significant, owing to, among other things, strong price dynamics in market services, rising global food prices, and uncertain developments in 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 2 basis points and 14 basis points on the secondary yield curve in October. This means that the 3-month yield was 6.12%, the 6-month yield was 6.15% and the 1-year yield was 6.21% on 31 October. The 3-year yield increased by 2 basis points to 6.43%. Over the past month, an 8 basis point decline could be observed over the 5-year period. Yields are up 1 basis points over the 10-year horizon and 2 basis points over the 15-year horizon compared to the previous month. These three yields changed, therefore, to 6.33%, 6.81%, and 7.13%, respectively.

**FIGURE 14: CHANGES IN THE HUF YIELD CURVE (%)**




*Source: GDMA, Századvég*

formázott: 3-Forrás Char, magyar

On 15 October 2025, the total value of “MÁP Plusz” government securities held by retail investors was HUF 908.98 billion after a HUF 91.94 billion increase from the HUF 817.04 billion level in the previous month. In addition, the cumulative value of PMÁP (Prémium Magyar Állampapír, or Premium Hungarian Government Bond) securities was HUF 3,981.20 billion, while the cumulative value of the “Bónusz” Hungarian Government Bonds was HUF 2,067.05 billion. Treasury Savings Bills amounted to HUF 604.98 billion and FixMÁP to HUF 3,165.72 billion. In addition, funds held in “Baby” Bonds amounted to HUF 467.5 billion and funds held in Printed MÁP Plus amounted to HUF 92.89 billion. The retail stock of FixMÁP increased by HUF 257.78 billion, while that of BMÁP decreased significantly, by HUF 387.69 billion, compared to the previous month. In addition, PMÁP also showed a significant decline (HUF 121.40 billion).

The total stock of government securities held by retail investors stood at HUF 11,001.49 billion at the end of September 2025, up from HUF 11,309.95 billion at the beginning of 2025. This means that people held HUF 308.46 billion less in government securities than in the first month of 2025. Compared to the previous month, government securities held by retail investors decreased significantly, by HUF 423.45 billion. The explanation for the sharp decline is that the capital payment at the end of September for the 2025/N series BMÁP significantly reduced the retail portfolio (retail investors held HUF 442 billion worth of 2025/N BMÁP in mid-September).[5] The slight decrease in the stock from month to month can be explained by the fact that investors often reinvest the amounts paid out in retail securities.

### 2.6.5 Sovereign debt

The share of foreign currency debt in the sovereign debt changed by 0.35 percentage point to 30.9% in August, which is above the range (maximum 30%) specified in the financing plan for 2025 of GDMA. Over the past 12 months, the foreign currency debt ratio averaged 30.4%; the foreign currency ratio in September was slightly higher than this figure.

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.[6] *Moody’s Investors Service* affirmed Hungary’s sovereign debt rating of “Baa2” on 30 May 2025 but left the outlook negative.[7] And *S&P Global Ratings* rates the country as “BBB-”, also with a negative outlook.

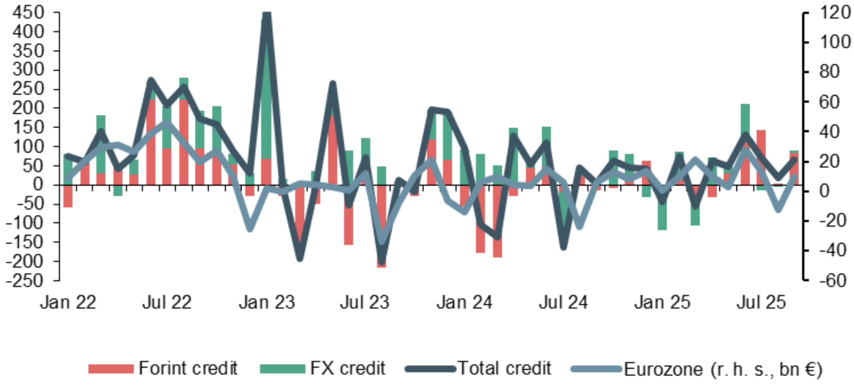
[5] https://www.portfolio.hu/befektetes/20251013/peldatlan-zuhanas-a-lakossagi-allampapiroknal-mutatjuk-mi-all-a-hatterben-792800#
[6] https://www.fitchratings.com/research/sovereigns/fitch-affirms-hungary-at-bbb-outlook-stable-06-06-2025
[7] https://www.portfolio.hu/gazdasag/20250530/megjott-a-moodys-friss-itelete-magyarorszagrol-764949

## 2.6.6 Corporate credits

**Corporate credits increased in Hungary.**

Based on seasonally adjusted data, Hungarian companies took out HUF 84.8 billion in forint loans in September 2025. Foreign currency loans changed to a lesser extent, increasing by HUF 4.2 billion compared to the previous month. During the period under review, total borrowing amounted to HUF 65.8 billion. Loans to companies in the **euro area** fell significantly in the ninth month of the year, by EUR 10,060 million.

**FIGURE 15: CORPORATE BORROWING (HUF BILLION)**




*Source: MNB, ECB, Századvég*

# 3. SZÁZADVÉG'S FORECAST[8]

**TABLE 1: Q3 2025 FORECAST**

| | 2024 | 2025 | 2026 |
|---|---|---|---|
| **Gross domestic product (volume index)** | 0.5 | 0.8 | 2.7 |
| **Household final consumption expenditure (volume index)** | 5.1 | 4.1 | 4.2 |
| **Gross fixed capital formation (volume index)** | -6.4 | -2.1 | 6.3 |
| **Export volume index (based on national accounts)** | -3.0 | 0.7 | 5.1 |
| **Import volume index (based on national accounts)** | -4.0 | 3.3 | 6.2 |
| **Balance of international trade in goods (EUR billion)** | 1.4 | -0.2 | 0.0 |
| **Consumer price index (%)** | 3.7 | 4.7 | 3.8 |
| **Central bank base interest rate at the end of the period (%)** | 6.5 | 6.5 | 5.5 |
| **Unemployment rate (%)** | 4.5 | 4.3 | 3.4 |
| **Current account balance as a percentage of GDP** | 2.2 | 1.1 | 1.0 |
| **Net lending as a percentage of the GDP** | 2.6 | 1.5 | 1.3 |
| **ESA balance of public finances as a percentage of GDP** | -4.9 | -4.6 | -4.0 |
| **Sovereign debt as a percentage of GDP** | 73.5 | 73.7 | 73.0 |

*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.*

[8] Date of preparation: 23 September 2025

SZÁZADVÉG

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