

SZÁZADVÉG

MACROECONOMIC MONITOR

DECEMBER 2025



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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.

At its meeting on 16 December, the Monetary Council of the central bank left the base rate unchanged from the level in effect since September last year, meaning that it remains at 6.5%. The upper end of the interest rate corridor remained at 7.5% and the lower end at 5.5%.

In October, retail sales increased by 3.1% year on year on both a raw and calendar-adjusted basis.

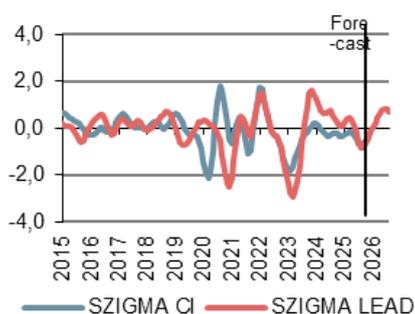
In October 2025, turnover in specialised and non-specialised food shops increased by 1.2%, and the turnover in non-food shops increased by 5.2%. In fuel retailing, sales increased by 0.6% year on year.

The monthly value of the SZIGMA CI indicator, which provides feedback on the current state of the Hungarian economy, showed month-on-month improvement in November 2025. The indicator shows that *we have reached the lowest point in terms of growth below the historical trend and that a slow improvement has begun*. This means that the growth rate of the Hungarian economy has slowly started to approach its historical trend rate.

The other indicator, SZIGMA LEAD, a short-term indicator for the future of the Hungarian economy, projected an improving growth rate in its latest forecast. Within the forecast period between December 2025 and August 2026, it measured a growth rate below the historical trend in the first period, then a gradual improvement, reaching a value above the historical trend by January 2026, which will remain until the end of the forecast period.

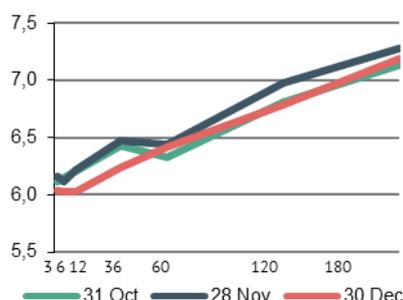
In November 2025, consumer prices increased by 3.8% on average—compared to the same period of the previous year. Consumer prices rose by 0.1% month on month. The seasonally adjusted core inflation rate was 4.0% on the same period last year. In December, the HUF weakened by 1.3% against the Euro, by 1.5% against the Swiss franc, and by 0.3% against the US dollar.

SIGMA indicators



Source: Századvég

Forint yield curve (%)



Source: Refinitiv

Our forecast (18.12.2025)	2025
Change in GDP (%)	0.4
Inflation (annual average, %)	4.5



2. OVERVIEW OF THE ECONOMY

2.1 External environment

A commentary in the Eurostat Statistical Monitor¹, published on 18 December 2025, states that the economy of the European Union remained on a moderate but positive growth track in Q3 2025. At that time, the European Union's GDP grew by 0.3% on a quarterly basis and showed an annual growth rate of 1.6%. Looking at the breakdown by country, we found significant differences: quarter-on-quarter change was +2.3% in Denmark, while Ireland and Finland both reported -0.3% and Romania -0.2%. Quarterly growth stagnated (0.0%) in Germany, Lithuania and Hungary.

Looking at the European Union as a whole, annual inflation was 2.4% in November 2025, down slightly from 2.5% in October. However, differences between Member States remain significant: the highest annual inflation rate was recorded in Romania (8.6%), followed by Estonia (4.7%) and Croatia (4.3%). The lowest rates were in Cyprus (0.1%), France (0.8%) and Italy (1.1%). This spread indicates that, while the EU average is approaching a more moderate level of price increases, the inflation environment remains uneven across Member States.

Economic indicators show minimal improvement. The European Commission's Economic Sentiment Indicator (ESI) rose by 0.2 points in November 2025 (to 96.8 points), but the indicator has remained below its long-term average of 100 points since July 2022. Improvements in confidence indicators for services, retail and construction largely offset the deterioration in confidence in industry, while consumer confidence remained stable. By country, Malta (111.8), Croatia (106.9), Cyprus and Portugal (both 106.5) had the highest levels, while Denmark (88.6), Germany (91.3) and Slovakia (91.5) had the lowest.

Based on labour market statistics, the overall situation in the European Union is stable in 2025. The unemployment rate has remained unchanged since May 2025, standing at 6.0% in October, which is 0.2 percentage points higher than a year earlier. The vacancy rate fell to 2.0% in Q3 2025 (a 0.1 percentage point decrease from the previous quarter), continuing the downward trend that began in Q3 2022. Meanwhile, in Q3 2025, the employment rate among 20-64 year olds in the EU stood at a historic high of 76.2%, which, in line with stable unemployment levels, further reinforces the positive picture of the labour market. This indicator remained unchanged compared to Q2 2025 but rose by 0.3 percentage points compared to the same period in 2024.

¹ Source: Eurostat; <https://ec.europa.eu/eurostat/cache/dashboard/european-statistical-monitor/>



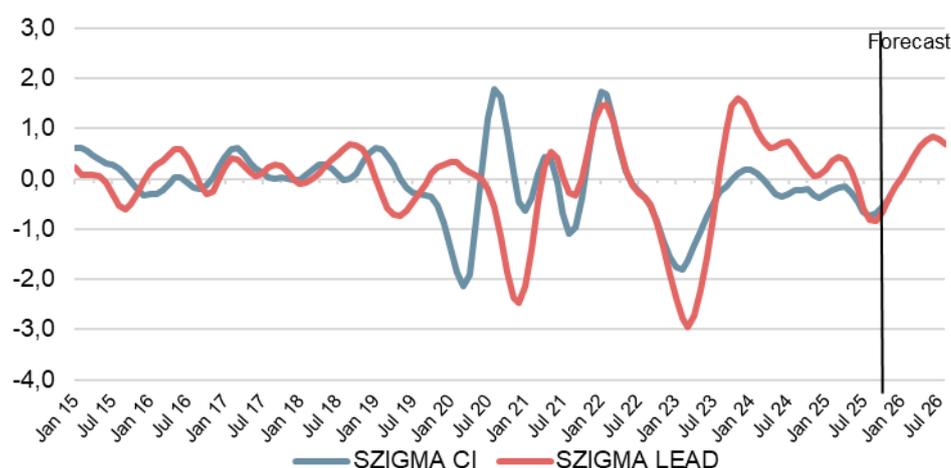
2.2 Our SZIGMA indicators

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

In December 2025, the value of the **SZIGMA CI indicator**, which reflects the current state of the Hungarian economy, was -0.40 up to December 2025. The X-axis shows the historical trend value, which means that the growth rate of the Hungarian economy continued to perform below the historical trend value. The indicator improved from the previous month, meaning it approached its historical trend value, but it is still lower than the growth rate seen in previous periods.

In December 2025, our short-term leading indicator, the **SZIGMA LEAD indicator**, forecasts an improving growth rate for the forecast period between December 2025 and August 2026, based on current calculations. For the beginning of the forecast period, it still indicates a growth rate below the historical trend, which gradually improves and exceeds the historical trend value by January 2026, and this growth rate above the historical trend remains until the end of the forecast period. Within the forecast period, we predict that growth will peak in June 2026.

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



Source: Századvég, The historical trend value is represented by $y = 0$; so, if the current value is >0 : the growth rate of the Hungarian economy exceeds the previous historical trend value, and if <0 : the Hungarian economy is growing below the previous historical trend value.

Comparing the two indicators, it can be seen that the SZIGMA CI indicator, which reflects the state of the economy, shows the same trend as the leading indicator. This means that the forecast and the actual economic growth rate followed the same pattern with minor fluctuations. For example, in 2025, the forecast (SZIGMA LEAD) estimated that economic growth would bottom out in September 2025, but the indicator reflecting the state of the economy (SZIGMA CI) put it at August 2025. So this low point actually occurred a month earlier than predicted.

Our forecast is based on domestic (KSH, MNB) and EU (Eurostat) indicators. The more than 30 indicators include, among others, key indicators published by the Hungarian Central Statistical Office (KSH) for industry, construction, housing construction and trade. The development of industry, construction, and trade is discussed in separate sections, so in this section we will analyse the development of a few indicators used. According to the Hungarian



Central Statistical Office (KSH), the number of new non-residential buildings² to be constructed has fluctuated between two and three hundred per month over the past two years (since January 2024). The highest value (361) was in July 2024, and the second highest (349) was in May 2024. The current figure (October 2025: 316) is the fourth highest value for the period under review. The third highest value (326) was recorded in October 2024. As a result, the indicator fell by 3.1% on an annual basis, but rose by 18.8% on a monthly basis.

One of the confidence indices underlying the indicators is the consumer confidence index measured by Eurostat, which stood at -25.6 index points in November 2025. This represents an improvement of 2.1 index points compared to the annual base, while it decreased by 1.2 index points compared to the previous month. In order to estimate the value of this index, it is worth looking back at the last year before the crisis, 2019. This year, the index value ranged between -0.3 and -5.9 index points.

Another index that underlies the indicator is the Ifo Business Climate Index, which measures changes in business sentiment in the German economy and is an important indicator due to Hungary's ties to the German economy, particularly in the manufacturing sector. The indicator stood at 88.0 index points in November 2025. This represents an improvement of 2.3 index points compared to the same period last year (November 2024), while showing a decline of 0.3 index points compared to the previous month. This means that, overall, sentiment among German companies has deteriorated and their short-term expectations (for the first half of 2026) are negative. In the manufacturing sub-sector, respondents reported a decline in new orders, reduced order books and, as a result, a need to cut back on production. By comparison, the indicator ranged between 94.1 and 100.6 index points in 2019.

2.3 The real economy

2.3.1 GDP

In Q3 2025, Hungarian GDP grew by 0.6% on an annual basis.

In Q3 2025, gross domestic product (GDP) strengthened by 0.1% on an annual basis in raw data and by 0.6% in seasonally and calendar-adjusted and balanced data. In cumulative terms, the Hungarian economy grew by 0.3% in the first three quarters of 2025 on the basis of raw data, and by 0.2% on the basis

of seasonally and calendar-adjusted and balanced data.

GDP remained flat from Q2 to Q3 2025, meaning that the Hungarian economy performed at the same level as in Q2.

On the production side, Q3 2025 GDP was supported mainly by the service sector (0.9 percentage points), construction (0.1 percentage points), and the balance of product taxes

² Building types covered by the indicator: buildings used for official and administrative purposes, commercial and hospitality establishments, buildings used for tourism and leisure purposes, buildings used for education, healthcare, entertainment and sports, transport and telecommunications, industrial and agricultural buildings, and all other non-residential buildings. Description of the methodology used by the Hungarian Central Statistical Office (KSH), available at: https://www.ksh.hu/docs/hun/modsz/lak_modsz.html



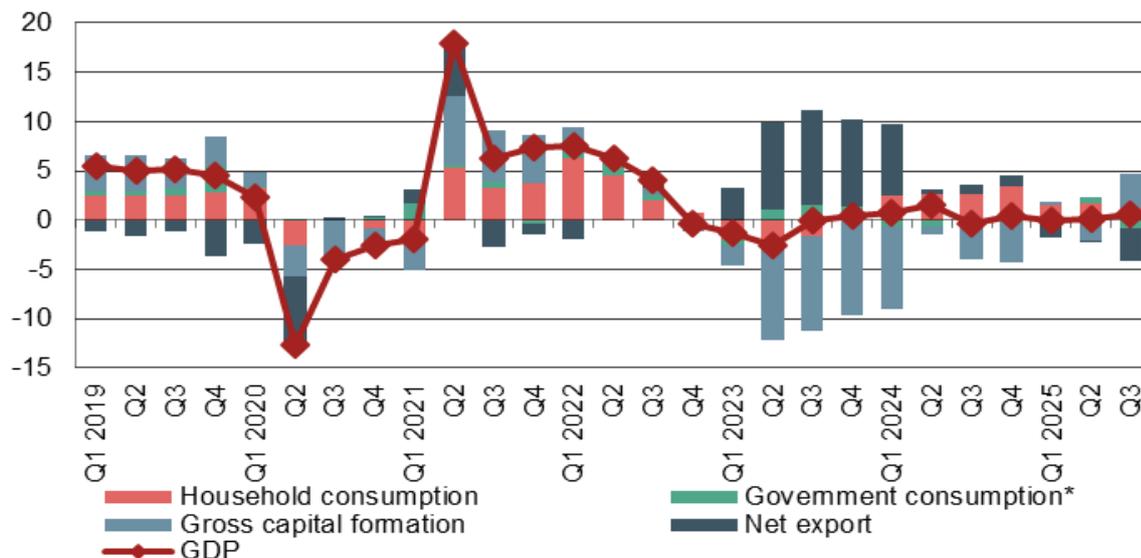
and subsidies (0.1 percentage points). Meanwhile, Hungary's economy was held back by agriculture (-0.2 percentage points) and industry (-0.3 percentage points). Q3 results for individual sectors on an annual and quarterly basis were as follows: Compared to the same period last year, agricultural output fell by 6.1% in Q3 2025, while industrial output fell by 1.7%. Meanwhile, construction grew by 2.6% and the entire service sector by 1.5%. In services, the highest annual volume growth was in accommodation and catering (3.0% growth). This was followed by professional, academic and technical activities, administrative and support services (2.9%) and education (2.9%). On a quarterly basis, in Q3 2025, all sectors except construction increased their output, agriculture by 1.0%, and industry and services by 0.3% each. Meanwhile, Q3 construction output fell by 4.0%.

On the production side, Q3 2025 GDP growth was boosted by household consumption, while investment and the external trade balance held it back. Household consumption added 1.2 percentage points and actual household consumption, including benefits in kind, added 1.1 percentage points to GDP, while public consumption held back GDP growth by 0.7 percentage points. Overall, final consumption, which includes both the actual final consumption of households and collective consumption, supported economic growth by 0.4 percentage points. Gross capital formation, which includes investment (-0.8 percentage points) and changes in inventories (4.3 percentage points), contributed 3.5 percentage points to the economy's quarterly performance. As can be seen, this was solely due to an increase in inventory changes. Net exports weakened GDP performance by 3.3 percentage points. On an annual and quarterly basis, Q3 performance of individual sectors was as follows: household consumption expenditure excluding benefits in kind grew by 2.6% on an annual basis and by 0.5% on a quarterly basis. Community consumption decreased by 6.3% on an annual basis and by 1.3% on a quarterly basis. Gross capital formation increased by 11.5% on an annual basis, but gross fixed capital formation fell by 3.0%. Gross capital formation increased by 7.0% on a quarterly basis, while gross fixed capital formation, which forms part of this, decreased by 0.4%. On an annual basis, exports (goods and services) shrank by 0.6% in Q3 2025, while imports expanded by 3.9%. On a quarterly basis, exports strengthened (0.4%), but imports grew at a faster rate (2.9%).

Looking at individual items of foreign trade, exports of both services and goods declined by 0.8% on an annual basis. Imports grew, and although imports of services declined (by 7.4%), imports of goods, which account for the majority of foreign trade, increased by 6.5%. On a quarterly basis, exports of services increased slightly (by 0.3%) while exports of goods decreased slightly (by 0.1%). In the case of imports, however, imports of goods rose sharply, by 3.8%, while imports of services fell by 1.9%. So, while net exports would be positive for services, net exports would be negative for goods due to high imports. Given that services account for around 20% of foreign trade, the growth in service exports cannot offset the increase in goods imports.



FIGURE 2: CONTRIBUTION TO ANNUAL GDP GROWTH (CONSUMPTION SIDE, %)



**Including social benefits in kind.*

Source: Hungarian Central Statistical Office

2.3.2 Industry

In October, seasonally and working day adjusted industrial production volume grew by 0.5% on a monthly basis.

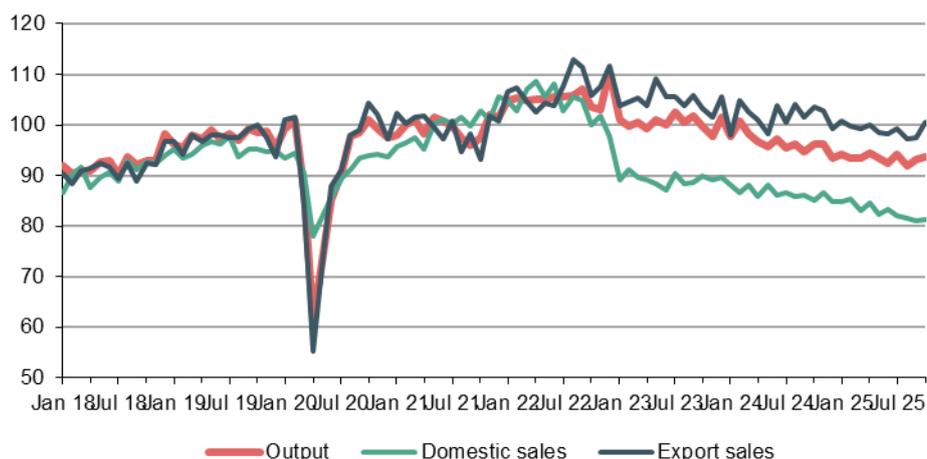
In October 2025, industrial production volume decreased by 2.7% compared to the same period of the previous year based on both raw data and working day adjusted data. Thus, the cumulative performance for January-October 2025 was 3.3% below that of January-October 2024.

Industrial sales weakened by 3.1% on an annual basis in October 2025. This was driven by a 4.5% shrinkage in industrial domestic sales and 2.4% in industrial export sales. The decline in industrial export sales continues to be driven by a slowdown in the largest sector of the manufacturing industry (manufacture of transport equipment). The manufacture of transport equipment, which accounts for 30% of manufacturing exports, fell by 8.5%. The decline in export sales was slowed down by computer manufacturing exports, as exports of computers, electronic and optical products, which account for 17% of manufacturing exports, grew by 28%. The 5.2% decline in manufacturing contributed to the year-on-year decline in domestic industrial sales.

In October 2025, industrial output grew by 0.5% month on month, based on seasonally and working-day adjusted data. At the same time, industrial sales volume grew by 1.4% on a monthly basis, driven by a 0.5% increase in domestic sales and a 3.2% increase in export sales.



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



Source: Hungarian Central Statistical Office, note: seasonally and calendar-adjusted indices.

In October 2025, a 2.9% contraction in manufacturing contributed most to the decline in annual industrial production volume. Manufacturing accounted for 95.4% of industrial production. Energy, which is the second largest sector and has a smaller weight (4.1%), grew by 8.5%. The third, smallest sector (0.5%) was mining and quarrying, which grew by 2.0%. In manufacturing, only 3 of the 13 subsections (food industry, manufacture of computers, electronic and optical products, and manufacture of machinery and equipment) saw an increase in performance, while 10 subsections saw a decrease in production volume. Of the three leading manufacturing sectors, which accounted for 53.3% of manufacturing output, the other two sectors saw volume growth, with the exception of the manufacture of transport equipment. Manufacture of transport equipment, the largest contributor with a 25.3% share, fell by 5.7% year on year. Food, which is the second largest sector (with a 14.1% weight) grew by 2.0%, while the third largest sector (with a 13.9% weight), the manufacture of computers, electronic and optical products, grew by 16.4% on an annual basis. The latter had the largest volume growth among the 13 manufacturing subsections.

In October 2025, the stock of new orders in the priority manufacturing industries, on a fixed basis (monthly average in 2021), increased by 0.6% year on year, while it increased by 7.8% month on month. The latter saw a correction, as monthly growth had been outstanding in the previous month. This means that the stock of orders in October 2025 decreased by 1.1% on an annual basis and by 4.9% on a monthly basis. In addition to the annual domestic stock of orders, order volumes weakened in all dimensions (monthly/annual, domestic/export). The stock of domestic orders expanded significantly in the period from June to September 2025, which slowed down slightly in October. However, the volume of export orders had been steadily declining since January 2025.



2.3.3 Construction

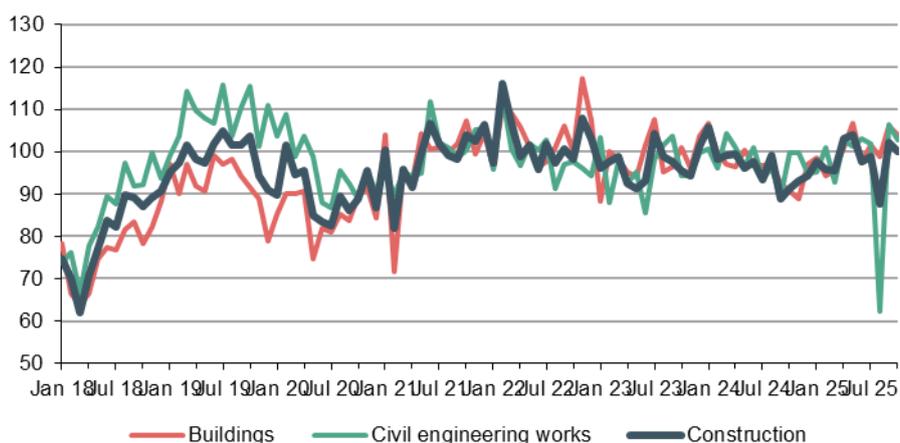
Construction output rose by 9.7% in October 2025 compared to the same period last year.

In October 2025, the annual volume of construction output increased by 9.7% in terms of raw data. Thus, cumulatively, construction output in January–October 2025 exceeded that of January–October 2024 by 2.5%. Both main construction groups contributed to the growth in construction output in October 2025. The volume in civil engineering works increased by 3.7%

and the volume in buildings by 14.7% on an annual basis. Cumulative data for January–October 2025 show that building construction output exceeded that of January–October 2024 by 4.4%. As regards civil engineering works related to state/municipal investments, the cumulative output reached the level of the January–October 2024 period.

Adjusted for seasonal and working day effects, construction output shrank by 1.9% month on month in October 2025. This was mainly due to a decline (3.3%) in the construction of civil engineering works. At the same time, the output in buildings also decreased (by 7.9%).

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



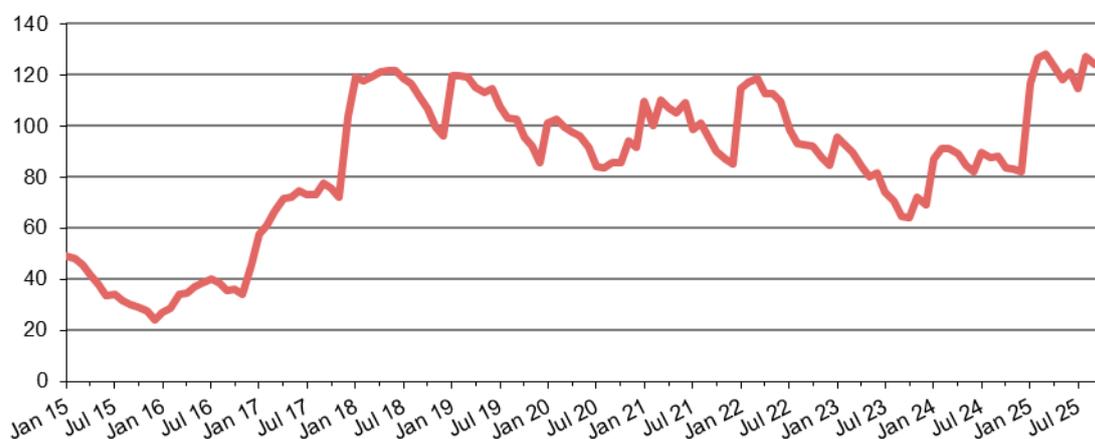
Source: Hungarian Central Statistical Office, remark: Seasonally and calendar adjusted indices.

In terms of stocks of contracts, the stock of new contracts concluded in October 2025 showed growth both on a monthly and annual basis (with one exception): 9.7% on a monthly basis and 95.2% on an annual basis. By main group of construction, apart from a decrease in the volume of new contracts for the construction of other buildings (6.7%) compared to the previous month, the volume of new contracts increased in all other dimensions. Consequently, the stock of construction contracts at the end of October 2025 was up 1.2% on a monthly basis and 49.9% on an annual basis. Looking at the cumulative stock, the volume of new contracts concluded between January and October 2025 exceeded the volume for the same period in 2024 by 3.3%, while the volume of contracts at the end of the period between January and September 2025 exceeded the volume for the same period in 2024 by 49.9%. This growth in the stock of contracts foreshadows an expansion in construction output.



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 (125.7) is the fourth highest in the period between January 2023 and October 2025.

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



Source: Hungarian Central Statistical Office

2.3.4 Retail

In October, retail sales increased by 3.1%.

In October, retail sales increased by 3.1% year on year on both a raw and calendar-adjusted basis.

In October 2025, turnover in specialised and non-specialised food shops increased by 1.2%, and the turnover in non-food shops increased by 5.2%. In fuel retailing, sales increased by 0.6% year

on year.

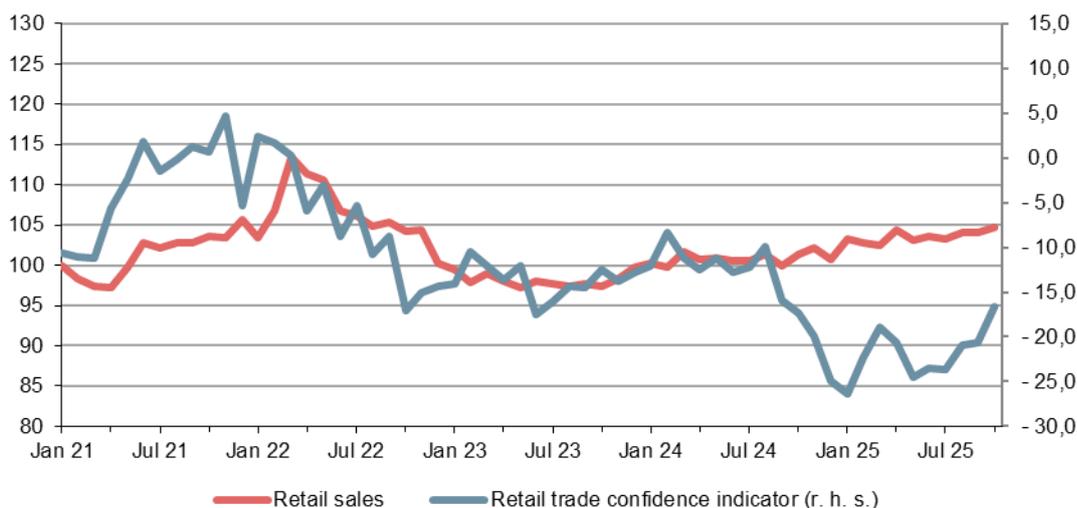
In food retailing, sales volumes increased by 2.9% in non-specialised food and beverages shops, while the volume in specialised food, beverage and tobacco stores decreased by 4.3% compared to the same period last year.

In non-food retailing, the volume of mixed range of manufactured goods decreased by 6.0%, and the turnover of textile products, clothing and footwear increased by 8.6% compared to the same period last year. In non-specialised shops dealing in manufactured goods, turnover in pharmaceutical and medical goods shops decreased by 0.9%, turnover in second-hand goods decreased by 2.0%, and turnover in books, newspapers, and stationery decreased by 0.3%. The sales volume of computers and other specialised goods fell by 0.3%. Among the other categories, the 10.8% increase in the volume index of mail order and internet retailing, and the 11.8% 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 11.8%. Other categories showed a more moderate increase.



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



Source: HCSO, Eurostat, remark: Seasonally and calendar adjusted indices.

2.3.5 Labour market

In November, the unemployment rate was 4.4%.

In November 2025³, according to the latest data of the Hungarian Central Statistical Office, the seasonally adjusted activity rate of the population aged 15-74 was 68.2% (4,871,800 employees), which is 50,200 less than in the same period of the previous year. The seasonally

adjusted number of employees was 4,655,600, a decrease of 35,600 compared to the same period of the previous year. The number of the unemployed was 216,200, a decrease of 14,600 compared to November 2024. Based on November data, the number of employees fell by 16,600 on a monthly basis, while the number of unemployed fell by 6,800, resulting in an overall decrease in activity of 23,400. 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 September and November was 71,100 from the same period in 2024. The number of employees decreased by 35,600, the number of the inactive decreased by 20,900, and the number of the unemployed decreased by 14,600.

Both the number of people aged 15–64 and the number of employed and unemployed people in this age group decreased compared to the same period last year, and both the employment rate and the unemployment rate decreased, the former by 0.3 percentage points and the latter by 0.1 percentage points. Compared to the previous period, the employment rate fell by 0.3 percentage point, with the indicator standing at 75.0% for this age group.

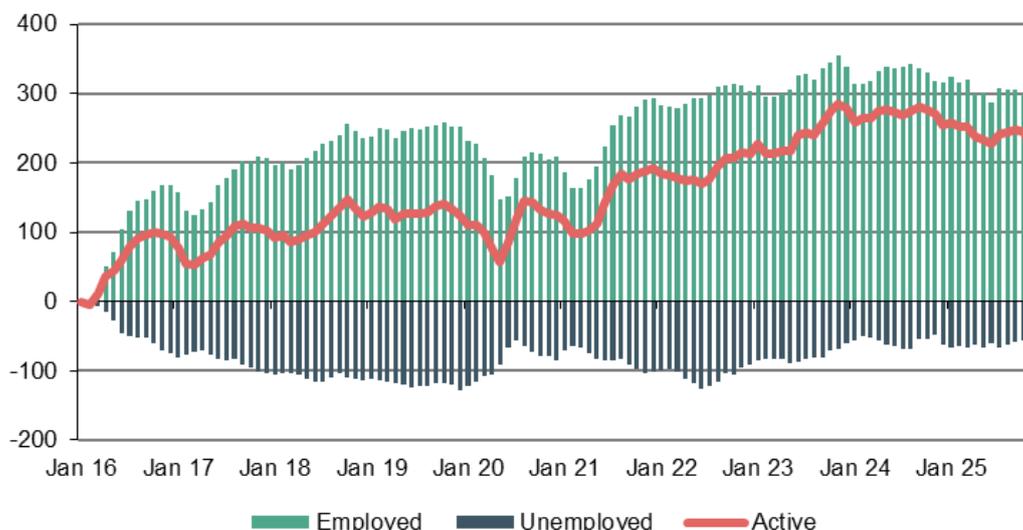
³ Three-month moving average



In October, the seasonally adjusted number of full-time employees rose by 15,800 compared to the same period last year and by 1,700 compared to September. Compared to October 2024, there were 2,600 fewer employees in the competitive sector and 6,400 more employees in the public sector. The number of people employed in the non-profit sector increased by 9,300 in one year. Compared to September, the number of employees increased slightly in all three sectors.

According to Eurostat's latest data from October, Hungary's unemployment rate of 4.5% was the eighth lowest among the 27 countries of the European Union. The EU average was 6.0% in the tenth 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 5.5% in October.

In October 2025, average gross earnings in the national economy were HUF 692,700, 8.7% higher than in the same period of the previous year. Average net earnings were 10.0% higher than a year earlier, reaching HUF 482,400. Median gross earnings were HUF 575,000, an increase of 9.4% compared to October last year. Median net earnings rose to HUF 401,100, 10.3% higher than the same month in 2024. In October, real earnings increased by 5.5%, 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 means 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 October, the increase in average gross earnings was 8.1% in the business sector, 10.8% in the public sector and 8.9% in the non-profit sector. At the same time, the highest average gross earnings were recorded in the non-profit sector, at HUF 702,900. The same figure was HUF 692,700 in the corporate sector and HUF 689,300 in the public sector.

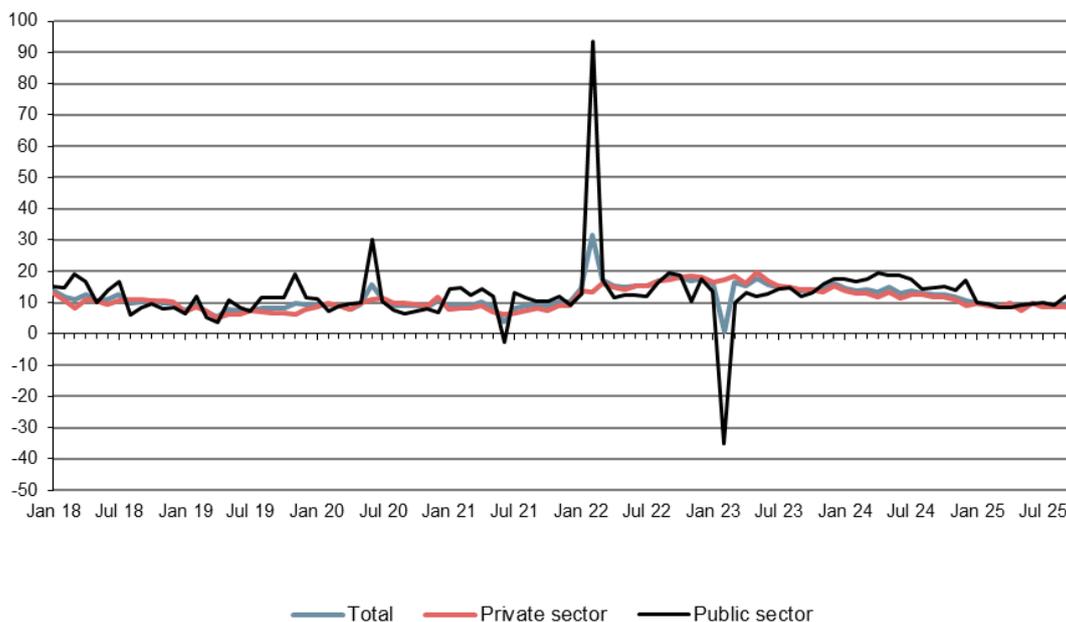


Looking at the breakdown of average gross earnings of full-time employees by quintiles, it can be seen that both gross nominal earnings and real earnings increased in all five groups compared to the same period last year. The fourth quintile showed the highest increase in earnings: average gross earnings rose by 10.2% between January and October 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 figures from KSH Monitor for September, the increase in the gross average earnings of full-time manual workers lagged 2.0 percentage points behind that of white-collar workers. For manual workers, average gross earnings rose by 8.2 percentage points, while for white-collar workers they rose by 10.2 percentage points compared to the same period last year, resulting in values of HUF 503,300 and HUF 855,900, respectively. In September, the average gross earnings of full-time employees amounted to HUF 687,100.

We expect unemployment to decline over the next two years, to 3.8% in 2026 and 3.2% in 2027. Moreover, we forecast that gross wages will continue to rise by 7.1% in 2026 and 6.5% in 2027.

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



Source: Hungarian Central Statistical Office, Századvég, remark: Seasonally and calendar-adjusted indices

2.4 External balance

In November, seasonally and working day adjusted volumes of exports of goods exceeded October figures by 0.1%, while imports exceeded October figures by 3.7%. Compared to data from a year earlier, export volume was 8.6% lower, while imports were 3.8% higher.

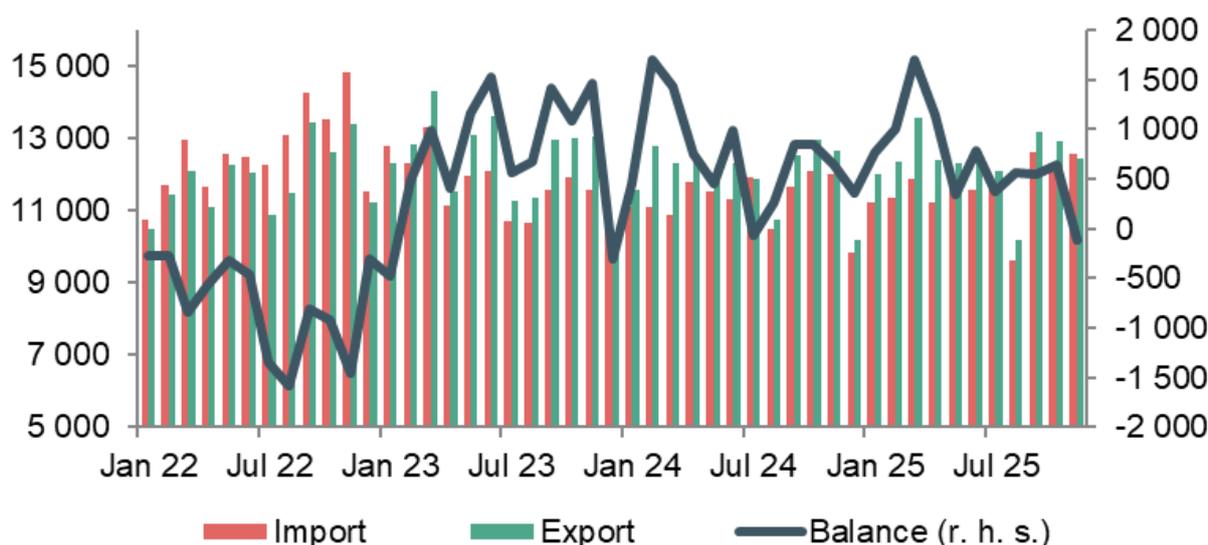


Import volumes for food, beverages, and tobacco products increased by 1.6%, while exports decreased by 11.0% compared to the previous year. For energy carriers, imports were 22.0% lower and exports were 15.0% lower than in November last year. As for processed products, imports decreased by 4.0%, and exports by 7.0% year on year. Exports of machinery and transport equipment fell 7.5% compared to last year's figures, while imports exceeded them by 7.4%.

The foreign trade deficit amounted to EUR 121 million in November.

The estimate for November 2025 shows that the EUR value of exports and imports decreased by EUR 234 million and increased by EUR 530 million, respectively, compared to the same period of the previous year. The foreign trade deficit in goods amounted to EUR 121 million, which is EUR 765 million lower than a year earlier.

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



Source: Hungarian Central Statistical Office, Századvég

2.5 Fiscal outlook

Tax revenues rose by 7.9% by the end of November, with consumption tax revenues up by nearly 8.8%.

In November 2025, the central subsystem showed a monthly deficit of HUF 402.8 billion. As a result, the month-end deficit of the central budgetary subsystem rose to HUF 4,074.4 billion, which represents 80.5% of the latest HUF 5,055.0 billion cash deficit target, which was raised in November. This also means that by December, the government had HUF 980.6 billion left to meet its cash deficit target.

This was caused by a deficit of HUF 3,904.0 billion in the central budget and HUF 240.3 billion in social security funds, as well as a surplus of HUF 73.9 billion in extra-budgetary funds. The deficit of social security funds



increased by HUF 104.8 billion in one month, mainly due to the payment of pension supplementation in November.

Cumulative central subsystem revenue in the first eleven months of 2025 were 5.9% higher, and central budget revenue were 5.7% higher than in the last year. Tax and contribution revenues of the central subsystem increased by 7.9%, higher than the general revenue dynamics.

Payments by economic units increased by 3.2%, i.e. HUF 101.1 billion, compared to the end of November 2024. Within payments from economic units, corporate tax receipts, the most significant item, were 1.2% (HUF 11.4 billion) higher than in the same period of the previous year. After several months of negative figures, this budget line is once again showing a surplus compared to the previous year. At the same time, this growth rate still represents a significant shortfall compared to the 27.5% increase set out in the budget appropriations. The surtax on energy suppliers fell by HUF 60.1 billion, making it the second largest decrease in budget items containing special taxes (after insurance tax). The increase in payments by economic units is primarily attributable to the HUF 46.7 billion increase in payments by financial institutions, the HUF 26.8 billion increase in small business tax revenues (KIVA), and the HUF 26.4 billion increase in road tolls.

Revenues from taxes on consumption increased by 8.6% (HUF 774.0 billion) compared to a year earlier. VAT receipts, the most significant item, were HUF 782.6 billion (11.8%) higher than in the previous year. Most of the increase in VAT receipts was due to a 6.1%, i.e. HUF 716.3 billion, increase in VAT payments. The remaining part of the increase is due to a decrease in VAT refunds. However, the annual growth rate of 11.8% is slightly lower than the 12.2% forecast, but higher than the 11.2% recorded at the end of October. Excise tax revenues were HUF 1.6 billion (0.1%) higher than in the first eleven months of 2024, resulting in minimal growth in an item that had previously been in decline. Stagnation in excise tax revenues is due to a decrease in excise taxes on tobacco products, which is roughly equivalent to the increase in excise taxes on fuels. Revenue from financial transaction taxes was HUF 164.9 billion higher than in the previous year, thanks to tax rate increases in the second half of 2024 and the taxation of conversion transactions. However, insurance taxes decreased by HUF 112.0 billion, making this tax the budget item with the largest decline among the ones including a special tax.

Personal income tax receipts increased by 8.0%, i.e. HUF 329.4 billion, compared to the figure at the end of November last year. Receipts from social contribution tax and social security tax increased by 9.3% (HUF 679.3 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 lower growth rate of personal income tax revenues can be attributed to the fact that the increased family income tax allowances became effective starting with July payroll payments.

At the end of November, EU programmes received HUF 551.4 billion in revenue from the EU. The total revenue of EU programmes, supplemented by domestic funds, amounted to HUF 634.0 billion. Revenues from the EU were down by HUF 71.2 billion, but total revenues for EU programmes were HUF 403.4 billion lower than a year earlier. All this means that most of the shortfall in the annual comparison can be attributed to the significantly lower level of



domestic funding compared to 2024. Expenditure on EU programmes amounted to HUF 1,925.3 billion, an increase of HUF 479.7 billion compared to the end of November last year.

Thanks to dividend payments from MVM Zrt., Szerencsejáték Zrt. and Corvinus Zrt., payments related to state assets were HUF 404.9 billion higher at the end of September than at the end of November 2024.

In the first eleven months of 2025, central government expenditure was 7.5% higher than in the previous year. Within this, central subsystem expenditure increased by 7.4%.

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 171.9 billion compared to the previous year. Road network availability fees also increased by HUF 175.3 billion, as did public transport subsidies, which rose by HUF 64.9 billion.

The budget line for family and normative subsidies increased by HUF 23.9 billion to a total of HUF 940.4 billion. (This line item represents only a small portion of the broadly defined family support measures in the budget.) Housing subsidies also increased by HUF 21.2 billion from the same period last year, reaching a total of HUF 175.9 billion.

Expenditure on central budgetary institutions and chapter-administered appropriations amounted to HUF 13,071.4 billion by the end of November. This is HUF 1,133.8 billion higher than in the first eleven months of the previous year, representing an increase of 9.5%, while the Budget Act envisages a decrease of 6.5%.

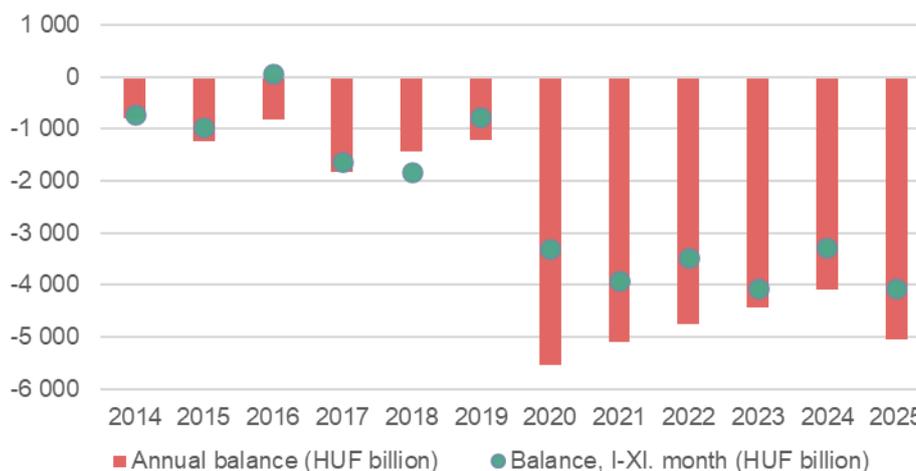
Expenditure on public assets decreased by HUF 210.0 billion compared to the same period of the previous year, as expenditure related to the repurchase of Budapest Liszt Ferenc Airport continued in the first half of 2024.

By the end of November 2025, pensions amounted to HUF 5,511.2 billion, an increase of 6.7% (HUF 385.3 billion) compared to the same period last year, exceeding the official pension increase of 3.2%. Mainly due to the payment of pension supplements in November 2025, pension-related payments were HUF 118 billion higher than in November 2024, and this payment also increased the deficit of the Pension Insurance Fund. During the same period, the Health Insurance Fund spent HUF 4,439.3 billion, an increase of HUF 313.0 billion, i.e. 7.6%, 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 9.9% (HUF 216.6 billion).

Interest expenditure rose to HUF 4,014.1 billion, and the interest balance was HUF 657.4 billion (21.7%) more negative than at the end of the first eleven months of 2024.



FIGURE 10: CENTRAL SUBSYSTEM BALANCE, 2014–2025 (CUMULATIVE BALANCE FOR NOVEMBER, HUF BILLION)



Source: Hungarian State Treasury

2.6 Monetary developments

2.6.1 Consumer prices

Consumer prices increased by 3.8% in November.

In November 2025, consumer prices increased by 3.8% on average—compared to the same period of the previous year. Food prices rose by 3.2% and service prices by 6.5% compared to the same period last 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 9.8% and 7.5%, respectively. Consumer prices rose by 0.1% month on month. The seasonally adjusted core inflation rate was 4.0% on the same period last year.

The average annual increase in consumer durable goods of 2.4% in October was followed by an average increase of 2.9% in November. A closer look at the main group reveals that the price of motorcycles rose by 6.4% and that of jewellery by 21.5%, both exceeding the average increase. Inflation in consumer durable goods was also boosted by a 5.9% rise in the prices of living and dining-room furniture and a 5.0% rise in the prices of second-hand passenger cars. It is also important to mention the positive trend observed in the market for televisions and vacuum cleaners, as well as air conditioners, where prices in November were 3.3% and 2.1% lower, respectively, than in the same period of the previous year.

The average 3.2% increase in food prices was largely driven by a 15.9% rise in the price of other confectionery products, a 14.9% rise in the price of beef and coffee at shops, an 11.3% rise in the price of buffet products, and an 11.2% rise in the price of eggs. Chocolate and cocoa prices rose by 10.7%, while prices for edible oils rose by 10.1%, both exceeding the average food inflation rate for that month. In contrast, deflation was observed for several products, as in the previous months. Margarine prices fell by 28.3%, pork fat prices by 21.5%, flour prices by 15.3%, and potato and dairy product prices (excluding cheese) by 13.3% and 11.4%, respectively. The rise in excise duties at the beginning of the year played a significant role in



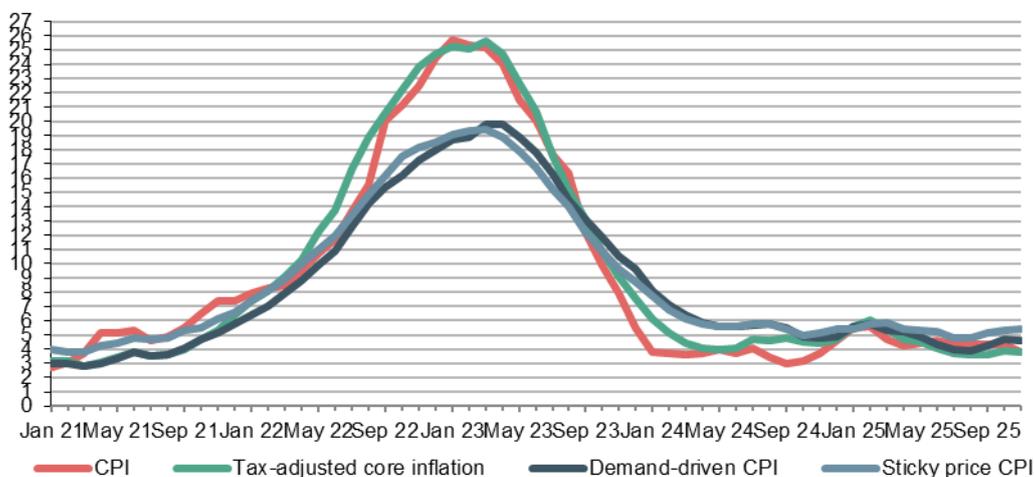
the average inflation rate of 7.5% for alcoholic beverages and tobacco. Within the product group, tobacco and wine prices saw a significant increase of 9.0% and 7.4%, respectively, and there were no price decreases in this category.

In November, prices of services increased by an average of 6.5%, with the biggest contributors being theatre tickets (20.4%), recreation abroad (19.6%) and recreational services (12.2%). The price increase for gambling, which has not been a significant contributor in the recent period, was 0.2%, the same as in previous months. Compared to the previous year, prices of telephone and internet services as well as communication increased by 10.9% and 10.8%, respectively. Prices for repair of major household appliances as well as repairs and maintenance of motor vehicles increased by 10.0% 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 rates for transport of goods, prices of water and sewerage, a 0.1% decrease in sanitation prices, and a 0.5% decrease in TV subscription prices. 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 1.1%.

The average increase in the prices of electricity, gas and other fuels was 9.8% in November, compared to the same period of the previous year. Within electricity, gas and other fuels, only cylinder gas prices fell, by 2.2%. Within the same group, prices rose by 5.8% for coal, 3.2% for firewood and 2.9% for briquettes and coke. Furthermore, the price of natural and manufactured gas rose by 22.0%, because the cold weather forced more households into the price category above average consumption, which also determined the inflation rate of the main group. The price of electricity rose by 2.1%.

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

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



Source: MNB



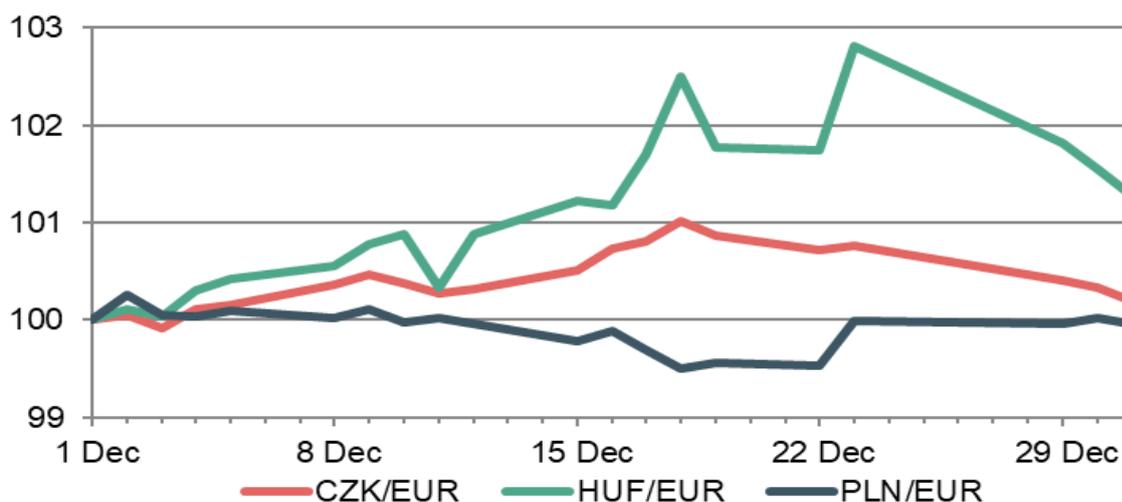
Among the core inflation indicators published by the MNB, the core inflation rate net of indirect taxes was 3.8%, the core inflation rate excluding processed food was 4.6% and the sticky price inflation rate was 5.4% in the tenth month of the year. The core inflation rate, which is equal to the overall inflation rate (with a difference of 0.0 percentage points), indicates that, unlike in previous months, products with faster-changing prices did not contribute significantly to the Hungarian inflation rate in November.

2.6.2 Regional currencies

The currencies of competitors in the region have strengthened against the euro.

In December, the region's currencies performed differently: the Czech koruna depreciated by 0.21%, and the Polish zloty appreciated by 0.05% against the euro. Government bond yields rose to varying degrees during the period under review. The 10-year Czech government bond yield fell by 4 basis points to 4.50%, while the 10-year Polish government bond yield fell by 3 basis points to close at 5.15%.

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



Source: Refinitiv, Századvég

The Hungarian currency weakened against the euro, the Swiss franc and the dollar in December.

Hungarian money and foreign exchange market indicators have weakened over the past month. The HUF weakened by 1.3% against the Euro, by 1.5% against the Swiss franc, and by 0.3% against the US dollar. Thus, at the end of December 2025, 1 euro was worth 385.4 forints, 1 US dollar 328.4 forints and 1 Swiss franc 413.9 forints. From the previous month, sovereign debt held by foreigners decreased by HUF 1659 billion to

HUF 5,854 billion by the end of December.



2.6.3 Base rate

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

At its meeting on 16 December, the Monetary Council of the central bank left the base rate unchanged from the level in effect since September last year, meaning that it remains at 6.5%. The Monetary Council's decision was in line with preliminary expectations and therefore came as no surprise, but a change in future direction can be observed. The most important news in the central bank's announcement is that

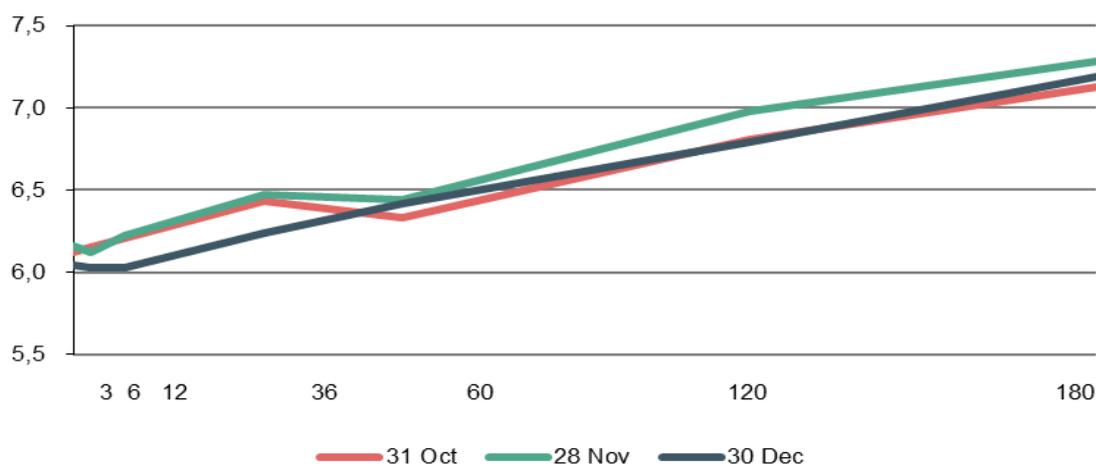
the Monetary Council continuously analyses macroeconomic data, with a particular focus on factors affecting inflation. These include, for example, price adjustments at the beginning of the year and the stability of financial markets, and based on these, it decides on the base rate from meeting to meeting. With its new forward guidance, the central bank may be signaling the start of a modest interest rate reduction process. November inflation was more moderate than expected, coming in at 3.8%, but inflation expectations remain high, due to factors such as 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 9 basis points and 19 basis points on the secondary yield curve in November. This means that the 3-month yield was 6.04%, the 6-month yield was 6.03% and the 1-year yield was 6.03% on 30 December. The 3-year yield fell by 23 basis points to 6.24%. Over the past month, a 2 basis point decline could be observed over the 5-year period. Yields are down 19 basis points over the 10-year horizon and 9 basis points over the 15-year horizon compared to the previous month. These three yields changed, therefore, to 6.42%, 6.79%, and 7.19%, respectively.



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



Source: GDMA, Századvég

On 15 December 2025, the total value of “MÁP Plusz” government securities held by retail investors was HUF 1025.22 billion after a HUF 50.25 billion increase from the HUF 974.95 billion level in the previous month. In addition, the cumulative value of PMÁP (Prémium Magyar Állampapír, or Premium Hungarian Government Bond) securities was HUF 3,746.07 billion, while the cumulative value of the “Bónusz” Hungarian Government Bonds was HUF 2,070.71 billion. Treasury Savings Bills amounted to HUF 619.09 billion and FixMÁP to HUF 3,566.7 billion. In addition, funds held in “Baby” Bonds amounted to HUF 521.09 billion and funds held in Printed MÁP Plus amounted to HUF 90.6 billion. The retail stock of FixMÁP increased by HUF 174.91 billion, while that of BMÁP increased, by HUF 0.56 billion, compared to the previous month. In addition, PMÁP also showed a significant decline (HUF 136.41 billion).

The total stock of government securities held by retail investors stood at HUF 11,520.0 billion at the end of November 2025, up from HUF 11,262.91 billion at the beginning of 2025, meaning that people held HUF 257.16 billion more in government securities than in the first month of 2025. Compared to the previous month, government securities held by retail investors increased by HUF 137.03 billion.

2.6.5 Sovereign debt

The share of foreign currency debt in the sovereign debt had changed by 0.51 percentage point to 29.48% by the end of November, which is below the range (maximum 30%) specified in the financing plan for 2025 of GDMA. Over the past year, the share of foreign currency debt averaged 30.43%, with the foreign currency ratio at the end of November being slightly lower at this level.

Hungary’s sovereign debt rating remained stable in the investment grade category at all three major international credit rating agencies, as none of them made any significant changes to their ratings recently. On 5 December 2025, Fitch Ratings affirmed Hungary’s ‘BBB’ sovereign debt rating but downgraded its outlook from stable to negative. On 28 November 2025,



Moody's Investors Service left Hungary's "Baa2" rating unchanged, with a negative outlook. The negative outlook on the rating still points to a downgrade risk. On 10 October, S&P Global Ratings reaffirmed that it continues to rate the country at "BBB-", also with a negative outlook.

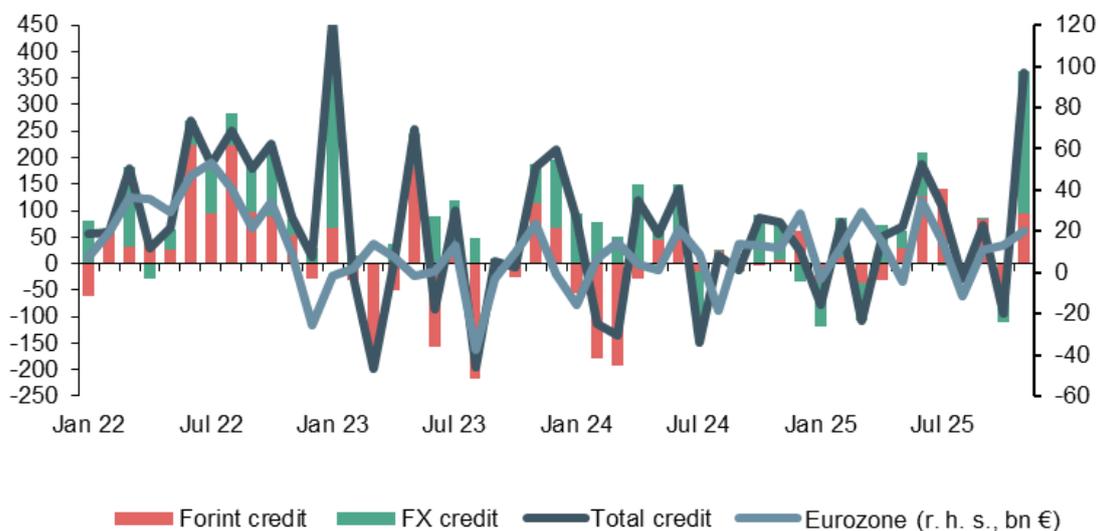
2.6.6 Corporate credits

Corporate credits increased in Hungary.

Based on seasonally adjusted data, Hungarian companies took out HUF 95.8 billion in forint loans in November 2025. Foreign currency loans changed to a lesser extent, increasing by HUF 267.2 billion compared to the previous month. During the period under review, total borrowing amounted to HUF 359.1 billion. Loans to companies in the euro area rose significantly in the tenth month of the year, by

EUR 20,012 million.

FIGURE 14: CORPORATE BORROWING (HUF BILLION)



Source: MNB, ECB, Századvég



3. MACROECONOMIC FORECAST

Századvég Konjunktúrakutató estimates that the Hungarian economy could grow by 0.4% in 2025, followed by 2.4% in 2026 and 2.5% in 2027. Consumption growth continues to support economic growth, but an increase in investment and a strengthening of external economic conditions are essential to achieve a sustainable growth path in the long term.

3.1 Inflation

With regard to external developments, inflation in the euro area is likely to remain moderate over the forecast horizon. At present, annual base inflation is expected to be around 2.2% in the Q4 2025, based on October and November data. According to the European Commission's forecast, annual inflation in the euro area could be 2.1% this year, 1.9% next year, and 2.0% in 2027. Inflation expectations for the euro area suggest that imported inflation in Hungary could be low in the period ahead. In addition, we expect Brent oil prices to moderate over the forecast horizon.

Hungarian inflation has been on a downward trend over the year, with the year-on-year rate easing to 3.8% in November. For the rest of the year, the extension of the margin freeze until the end of February 2026, combined with the high base, should further moderate inflation. In addition, the strong forint exchange rate and the favourable external inflation environment may also contribute to more favourable inflation dynamics than the baseline through a reduction in imported inflation. We expect Hungarian inflation to reach 4.5% in 2025, 3.7% in 2026 and 3.2% in 2027. Inflation could be close to the 3% target by the end of the forecast horizon, in 2027.

Although Hungarian inflation developments could open up room for monetary easing, we expect a cut in the base rate to be likely only in the second half of 2026. This is because there are still some inflationary pressures in the economy, which margin regulation and voluntary price-capping measures can only temporarily address. In addition, the carry trade, which is based on interest rate differentials, continues to be a key determinant of forint appreciation, which, despite the fact that the MNB has no exchange rate target, is a key determinant of inflation developments.

3.2 GDP

In Q3 2025, Hungarian GDP grew by 0.6% on an annual basis, according to seasonally and calendar-adjusted and balanced data, while it stagnated on a quarterly basis. This means that in the first three quarters of 2025, the Hungarian economy grew by 0.3% based on raw data and by 0.2% based on seasonally and calendar-adjusted data compared to the same period of the previous year. This year, consumption once again supported economic growth. We expect that the Hungarian economy will expand by 0.4% in 2025, 2.4% in 2026 and 2.5% in 2027.



We forecast that consumption will continue to be the main driver of growth next year. Consumption may grow by 3.4% this year and 3.5% in 2026, supported by real wage growth and the government's expanding tax reduction measures (introduction of personal income tax exemption, family tax allowances).

The HCSO carried out planned data revisions for both GDP (foreign trade prices) and investment. As a result of the data revision affecting investment, the investment (gross capital formation) time series changed significantly compared to previous figures: in the first three quarters of the year, they produced changes of 2.2%, -5.9% and 10.9% on an annual basis. Within gross capital formation, fixed capital formation declined in 2025, mainly due to the lack of business confidence resulting from the unpredictable international environment and the weak economic outlook in Europe. In addition, inventories rose significantly in Q3 2025. We expect a modest increase in investments during the remainder of the year. We estimate that investments could grow by a total of 2.8% in 2025, followed by 2.2% growth in 2026 and 2.5% growth in 2027. In addition to base effects, rising private investment and improving business confidence may also contribute to the strengthening of investment over the forecast horizon.

The data revision also affected domestic export performance: a decline greater than that suggested by the previous data is now apparent for the first nine months of the year. We have therefore revised our own expectations downwards and currently anticipate a decline of 1%. Exports may increase in the next two years, with growth rates of 4.3% in 2026 and 5.5% in 2027. The customs agreement between the European Union and the United States could transform international trade, which could affect the export and import prospects of both Hungary and our main European trading partners. For Hungary, trends in the German market continue to be of decisive importance.

With consumption growing, we expect imports to increase by 1.7%, followed by growth of 5.1% and 5.3% in the next two years. Net exports are expected to be negative in the coming period and may turn positive at the end of the forecast horizon.

3.3 Labour market

The labour market remained stable, but weaker economic performance meant that the expansion expected at the beginning of the year did not come to pass. Compared to the same period last year, the number of employees decreased by 29,500 and the unemployed by 3,100. The population decline resulting from an aging population (aged 15-74) affected both the economically active and inactive populations, so that key labour market indicators improved despite a decline in the number of people in employment. In terms of activity rates, the employment rate stood at 65.4% in Q3 2025, which is 0.2 percentage points higher than in the same period of the previous year. The unemployment rate was 4.5%, which is 0.1 percentage points lower year on year. This means that in Q1-Q3 2025, the employment rate was 68.3% and the unemployment rate was 4.4%.

The trends behind the key figures have remained stable over the past year and a half to two years, with economic activity and employment rates continuing to grow, while unemployment remains at around 4%, which is considered economically healthy. In addition to highly



aggregated key indicators, it is also important to mention more detailed data. Companies need to adapt to the slowly improving economic landscape: employment figures show that part-time work became more common, while the number of full-time employees dropped in the first three quarters of this year. Broken down by economic sector, the number of employees in industry fell by 45,000, largely in construction and manufacturing, while the number of employees in the service sector remained unchanged on an annual basis. All of this suggests that the labour market is holding up for now, but negative external factors are also affecting this area of the economy.

In 2026, alongside economic growth, strategic changes aimed at sustainable expansion of the labour market may once again come to the fore. Government's target is that the activity rate of the 15–64 age group in Hungary reaches 85% by 2030 (78.6% in 2024). This requires helping current jobseekers into the labour market, as well as identifying the potential labour reserves in the inactive population and helping them into work through the right labour market action plan. We expect unemployment to start falling over the next two years (2026: 3.8%, 2027: 3.2%), while gross wages are forecast to rise by 7.1% in 2026 and 6.5% in 2027.

3.4 Government budget

In the 2025 fiscal year, most of the major tax revenue items (personal income tax, social security contributions, and social contribution tax) will be close to meeting government targets, with a minor shortfall (less than HUF 80 billion) in VAT and excise duties. The shortfall in corporate tax revenues is considered significant, with a deficit of at least HUF 280 billion expected compared to budget targets. Revenues from the EU were significantly lower than the government's plans during the year, with a shortfall of HUF 1,150 billion, but the annual decline was much more modest, amounting to HUF 94 billion so far. On the expenditure side, the expenditures of budgetary bodies exceeded government expectations to the greatest extent, followed by interest expenditures in terms of amount.

In November, the Ministry of National Economy raised the budget deficit target to 5% of GDP for both 2025 and 2026. We forecast that the revised deficit targets will be met, but the change in the ESA bridge and the larger-than-expected deviation of local governments' deficits from the targets set in the Budget Act entail some risk. We expect the consolidation of the budget deficit to start in 2027.

Given the lower GDP growth and higher cash deficit, we do not expect the government debt-to-GDP ratio to decline either this year or next. Government debt is expected to rise to 73.8% of GDP at the end of 2025 and then to 73.9% of GDP at the end of 2026, before falling again at the end of 2027.



4. SZÁZADVÉG'S FORECAST⁴

TABLE 1: Q4 2025 FORECAST

	2024	2025	2026	2027
Gross domestic product (volume index)	0.6	0.4	2.4	2.5
Household final consumption expenditure (volume index)	5.6	3.4	3.5	2.2
Gross fixed capital formation (volume index)	-15.7	2.8	2.2	2.5
Export volume index (based on national accounts)	-0.9	-1.0	4.3	5.5
Import volume index (based on national accounts)	-3.9	1.7	5.1	5.3
Balance of international trade in goods (EUR billion)	1.4	-2.1	-2.1	-0.7
Consumer price index (%)	3.7	4.5	3.7	3.2
Central bank base interest rate at the end of the period (%)	6.5	6.5	6.1	5.7
Unemployment rate (%)	4.5	4.4	3.8	3.2
Current account balance as a percentage of GDP	2.2	0.5	0.2	0.4
Net lending as a percentage of the GDP	2.6	0.8	0.5	0.8
ESA balance of public finances as a percentage of GDP	-5.0	-5.0	-5.0	-4.1
Sovereign debt as a percentage of GDP	73.5	73.8	73.9	73.6

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: 18 December 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.

