SZÁZADVÉG

MACROECONOMIC MONITOR

JANUARY 2026

SZÁZADVÉG KONJUNKTÚRAKUTATÓ ZRT.

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1. SUMMARY

According to seasonally and calendar-adjusted and balanced data for Q4 2025, Hungary's economy grew by 0.5% year on year and by 0.2% compared to Q3 2025.

At its meeting on 27 January, 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 November, retail sales increased by 2.5% year on year on both a raw and calendar-adjusted basis. In November 2025, turnover in specialised and non-specialised food shops increased by 2.6%, and the turnover in non-food shops increased by 4.6%. In fuel retailing, sales increased by 0.7% year on year.

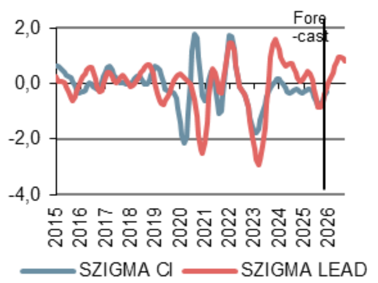
The monthly value of the SZIGMA CI indicator, which provides feedback on the current state of the Hungarian economy, continued to show month-on-month improvement in December 2025. The indicator shows that we have reached the lowest point in terms of growth below the historical trend and that a slow improvement continued. This means that the growth rate of the Hungarian economy is slowly approaching its historical trend rate.

The most recent forecast of the other indicator, SZIGMA LEAD, a short-term indicator for the future of the Hungarian economy, projected an unchanged improvement in the growth rate. It already predicts a growth rate exceeding the historical trend for the forecast period between January 2026 and September 2026. However, the forecast foresees a slowdown in economic growth towards the end of the horizon.

In December 2025, consumer prices increased by 3.3% 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.

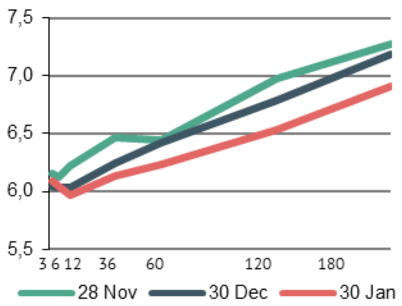
In January, the forint appreciated by 0.7% against the euro and by 2.6% against the dollar, while it depreciated by 0.8% against the Swiss franc.

SIGMA indicators



Source: Századvég

Forint yield curve (%)



Source: Refinitiv

Our forecast* (18.12.2025)	2026
Change in GDP (%)	2.4
Inflation (annual average, %)	3.7

*Our GDP forecast remains unchanged for the time being until the new quarterly estimate is published. We will adjust it in line with the new data if we deem it necessary.

2. OVERVIEW OF THE ECONOMY

2.1 External environment

Eurostat's early 2026 publication[1] on minimum wages in the European Union nicely illustrates that wage differences between Member States remain large, but it also shows that simple comparisons in euro terms do not always give a true picture. Most countries have national minimum wages, but five Member States (Denmark, Italy, Austria, Finland and Sweden) do not have a single statutory minimum wage.

Looking at minimum wages in nominal amounts in euros per month, three distinct groups emerge. Eight countries have minimum wages below EUR 1,000, with the lowest in Bulgaria at EUR 620, and several Central and Eastern European and Baltic countries (such as Hungary at EUR 838 and Estonia at EUR 886). Eight countries fall between EUR 1,000 and EUR 1,500, including Greece (EUR 1,027), Portugal (EUR 1,073), Poland (EUR 1,139) and Spain (EUR 1,381). The highest category comprises six countries with minimum wages above EUR 1,500: Luxembourg has the highest minimum wage at EUR 2,704, but Germany (EUR 2,343), the Netherlands (EUR 2,295) and Ireland (EUR 2,391) are also in this group. Overall, there is a 4.4-fold difference between the highest and lowest minimum wages, a clear indication of the economic and wage divergence within the EU.

However, the picture is more nuanced when the different costs of living are taken into account. This is done by comparing at purchasing power parity (PPS), which is designed to filter out differences in price levels. This shows that in countries where prices are lower, a nominally lower minimum wage can be worth more, while in more expensive countries the same amount means less purchasing power. In PPS terms, the difference between the highest and lowest minimum wages is now only 2.4-fold: the lowest value is in Estonia (PPS 886) and the highest in Germany (PPS 2,157).

The PPS-based ranking distinguishes three groups (above PPS 1,500, between PPS 1,000 and PPS 1,500 and below PPS 1,000), and it is an important indication that, by 2026, Slovakia, Bulgaria and the Czech Republic have crossed the PPS 1,000 threshold, and Poland has crossed the PPS 1,500 threshold. This suggests that the real value of the minimum wage in these countries has moved into a more favourable position compared to the previous year, at least in this comparison. Hungary already crossed the PPS 1,000 threshold in 2025, and in 2026 the Hungarian minimum wage is PPS 1,111.

In the case of Hungary, however, we must point out a serious methodological shortcoming. Eurostat only publishes the minimum wage, whereas in Hungary, most workers' minimum wages are not determined by this, but by the guaranteed minimum wage. In purchasing power parity terms, Hungary ranks 16th out of 22 countries for the minimum wage, ahead of the Czech Republic and Slovenia, among others, while the guaranteed minimum wage would rank 12th.

Additional methodological frameworks are also essential for interpreting the data. Minimum wages are gross amounts: where the minimum wage is set in hourly terms, it is converted into

[1] Eurostat, https://ec.europa.eu/eurostat/en/web/products-eurostat-news/w/ddn-20260130-2

monthly figures, and in countries where the wage is paid for 14 months a year, the monthly figures are adjusted accordingly. For Slovenia and Spain, the amount at the end of 2025 is used in the absence of up-to-date data as of 1 January 2026.

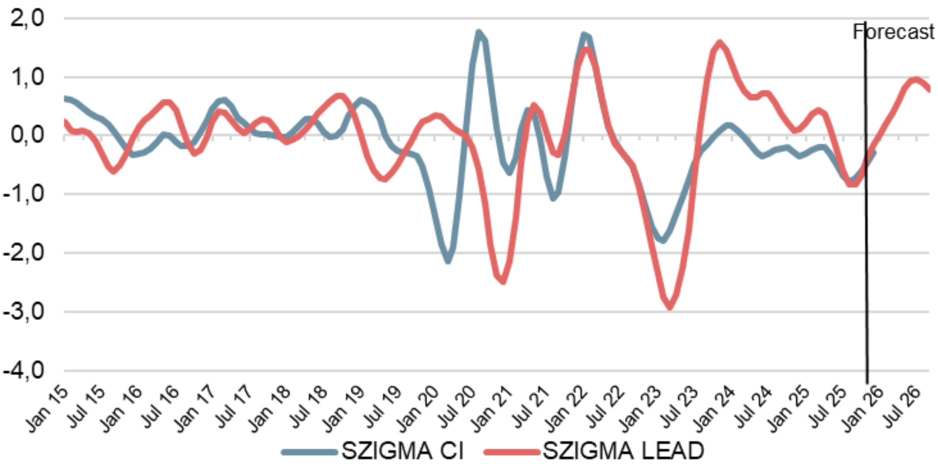
2.2 Our SZIGMA indicators

The growth rate of the Hungarian economy remains below its historical trend rate.

In January 2026, the value of the SZIGMA CI indicator, which reflects the current state of the Hungarian economy, was -0.28 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 January 2026, our short-term leading indicator, SZIGMA LEAD, continues to project an improving growth rate above historical trend for the forecast period January 2026 to September 2026, based on current calculations. Within the forecast period, we predict that growth will peak in July 2026. The forecast projects an above-trend growth rate over the whole horizon but indicates a slowdown in economic growth towards the end of the forecast period.

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.

Our forecast is based on Hungarian (KSH, MNB) and EU (Eurostat) indicators. The more than 30 indicators include, among others, indicators published by the Hungarian Central Statistical Office (KSH) for industry, construction, housing construction and trade.

The Ifo Business Climate Index[2] 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 87.6 index points in

[2] Indexes published monthly by the IFO Institute.

December 2025. This represents an improvement of 2.7 index points compared to the same period last year (December 2024), while showing a decline of 0.4 index points compared to the previous month. This means that, overall, German companies are more pessimistic, with their mood deteriorating due to their short-term expectations (for the first half of 2026). The index's manufacturing sub-index (-14.8 index points) has been falling for two months since October 2025, due to more pessimistic expectations. The decline affected all the sub-sectors examined. Companies cut back production as new orders fell. For comparison, in 2019 the Ifo Business Climate index ranged between 94.1 and 100.6 index points, while the manufacturing business climate sub-index ranged between 0.3 and 10.3 index points in the first half of the year and between -4.8 and -6.1 index points in the second half.

In the European Commission's monthly harmonised business and consumer survey, the German economic sentiment indicator (ESI)[3] worsened by 1.1 index points compared with the previous month, while on an annual basis, it improved by 3.3 index points. In December 2025, it stood at 90.1 index points. Looking at sub-indicators, confidence rose in services and construction on a monthly basis, while it weakened in industry, consumer confidence and retail trade.

In the European Commission's monthly harmonised business and consumer survey, the Hungarian consumer confidence index stood at -21.2 index points in December 2025. This shows a marked improvement on both the annual basis (+7.2 index points) and the monthly basis (+4.4 index points), but it is still far from the index values seen before the crises. In 2019, the index ranged between -0.3 and -5.9 index points.

2.3 The real economy

2.3.1 GDP

In Q4 2025, Hungarian GDP grew by 0.5% compared to Q4 2024, according to seasonally and calendar-adjusted and balanced data.

According to the first estimate in the flash report of the Hungarian Central Statistical Office, GDP volume increased by 0.7% in raw data terms and increased by 0.5% in terms of seasonally and calendar-adjusted and balanced data in Q4 2025 compared with the same period of the previous year. As a result, total GDP for 2025 grew by 0.4% in raw data terms and by 0.3% according to seasonally and calendar-adjusted and balanced data.

Compared to Q3 2025, the Hungarian economy grew by 0.2% in Q4 2025, according to seasonally and calendar-adjusted and balanced data. The preliminary flash report suggests

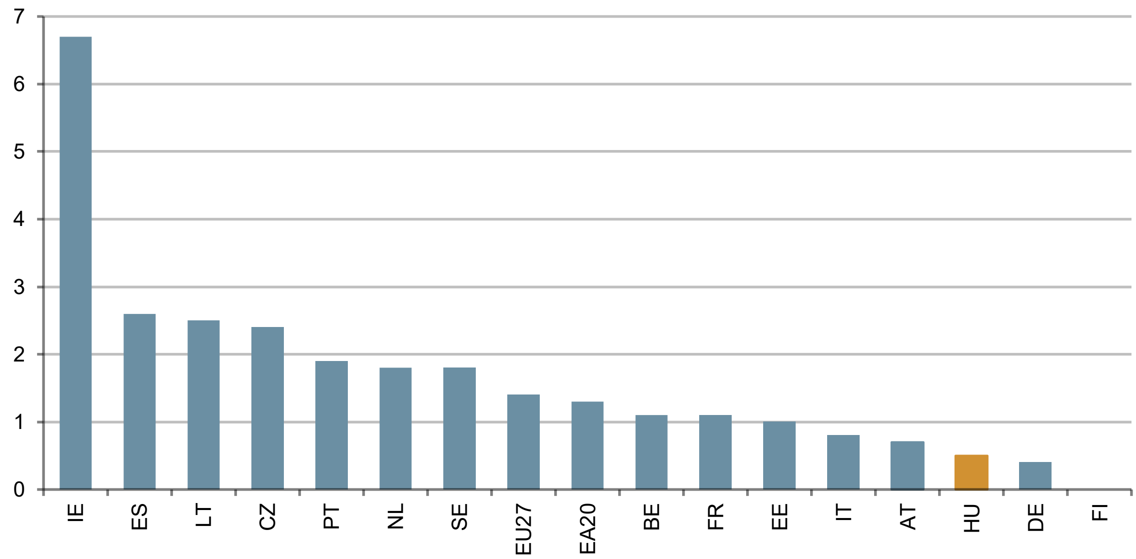
[3] The European Commission's monthly harmonised business and consumer survey. Under the European Commission's harmonised Business and Consumer Survey (BCS) programme, two composite indicators are compiled for each country, the EU as a whole and the euro area. One is the Economic Sentiment Indicator (ESI) and the other is the Employment Expectations Indicator (EEI). The two composite indicators are formed from the overall confidence indicators of 5 sectors. The indices for each sector are also calculated from several questions. The 5 sectors and their shares are: industry (40%), services (30%), retail (5%), construction (5%) and consumer confidence (20%). More details: https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/business-and-consumer-surveys/download-business-and-consumer-survey-data/press-releases_en and https://ec.europa.eu/eurostat/cache/metadata/en/ei_bcs_esms.htm

that services and construction continued to drive economic growth. Within services, two sectors (financial and insurance activities as well as trade) were the main drivers of the Hungarian economy. Confirming expectations, the flash report shows that industry remained the sector with the strongest drag on the economy.

In **international** comparison, preliminary EU GDP data will be published twice from 2024 onwards. The first EU publication coincides with the publication of Hungarian GDP data, which includes GDP data for more than half of the Member States (15 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 series for Q4 2025 on 30 January 2026 (for fewer countries) and will publish the complete preliminary data series on 13 February 2026.

In Q4 2025, based on annual GDP data, Hungary's GDP growth of 0.5% was the third weakest in the EU. Finland achieved the weakest annual performance with stagnation (0.0%). Therefore, Member States for which Eurostat publishes data did not record an economic downturn on an annual basis. Ireland recorded the highest growth rate, at 6.7% year on year. Spain and Lithuania followed with economic growth of 2.6% and 2.5%, respectively. The EU average (EU27) and the euro area (EA20) performed at 1.4% and 1.3%, respectively.[4]

FIGURE 2: GDP GROWTH IN Q4 2025 IN THE EU (Y/Y, %)



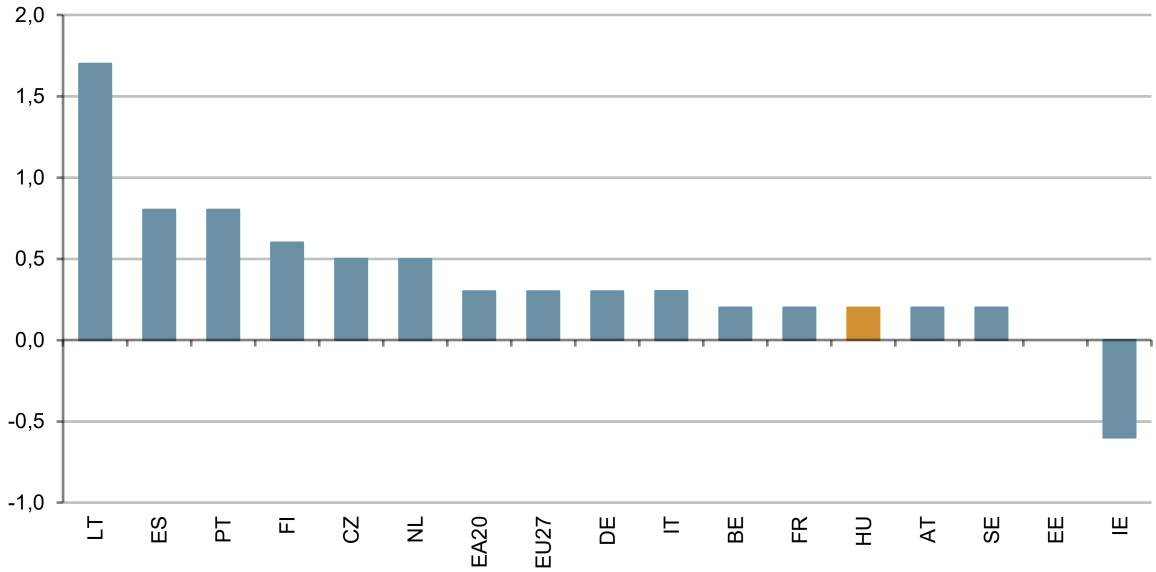
Remark: Seasonally and calendar adjusted indices. First (preliminary) estimate. (Not included due to lack of data: Bulgaria, Denmark, Greece, Croatia, Cyprus, Latvia, Luxembourg, Malta, Poland, Romania, Slovenia and Slovakia.)
Source: Eurostat, link: https://ec.europa.eu/eurostat/en/web/products-euro-indicators/w/2-30012026-ap

In Q4 2025, compared to the previous quarter, Hungary's GDP growth (0.2%) was identical to that of four other countries (Belgium, France, Austria, Sweden) among the 15 Member States published by Eurostat. This puts this economic performance in the second third of the list. The highest economic growth (1.7%) was achieved in Lithuania. Spain and Portugal

[4] 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.

followed with a performance of 0.8% each. Finland recorded the third highest quarterly economic growth rate, 0.6%. Among the 15 Member States, 1 (Ireland, with 0.6%) recorded a decrease in economic performance compared to the previous quarter (Q3 2025), while 1 (Estonia) remained stagnant. Overall, the EU average (EU27) and the euro area (EA20) average improved by 0.3% each from the previous quarter.[5]

FIGURE 3: GDP GROWTH IN Q4 2025 IN THE EU (Q/Q, %)



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/en/web/products-euro-indicators/w/2-30012026-ap

2.3.2 Industry

Month on month, the volume of seasonally and working-day adjusted industrial production decreased by 2.0% in November.

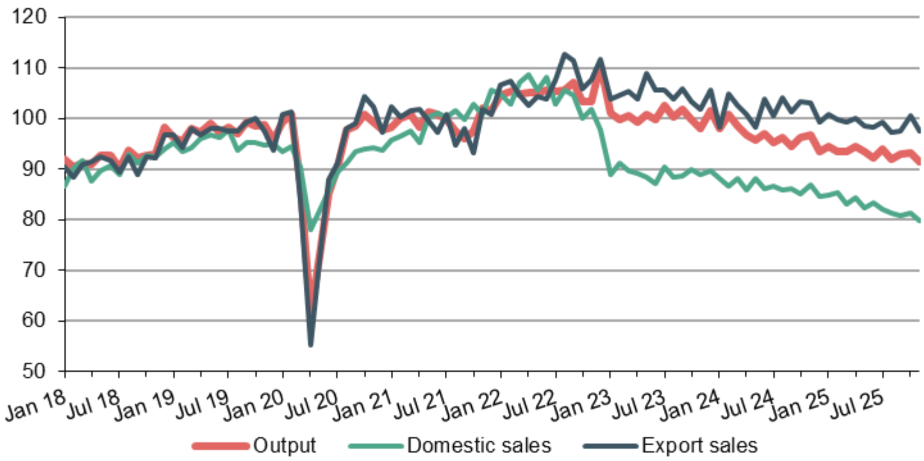
In November 2025, industrial production volume decreased by 5.4% compared to the same period of the previous year based on both raw data and working day adjusted data. This means that cumulative performance for January-November 2025 was 3.5% lower than for January-November 2024.

Industrial sales weakened by 6.4% on an annual basis in November 2025. This was driven by an 8.0% shrinkage in industrial domestic sales and 5.5% in industrial export sales. The decline in industrial export sales volumes 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 28% of manufacturing exports, fell by 9.4%. The decline in export sales volumes was offset by an 18% increase in exports of computer manufacturing (16.6%). The 6.6% decline in manufacturing contributed to the year-on-year decline in domestic industrial sales.

[5] 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.

In November 2025, industrial output shrank by 2.0% month on month, based on seasonally and working-day adjusted data. At the same time, industrial sales volume shrank by 1.6% on a monthly basis, driven by a 1.7% decrease in domestic sales and a 3.0% increase in export sales.

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



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

In November 2025, a 5.7% contraction in manufacturing contributed most to the decline in annual industrial production volume. Manufacturing accounted for 94.2% of industrial production. Energy, which is the second largest sector and has a smaller weight (5.3%), shrank by 2.1%. The third, smallest sector (0.5%) was mining and quarrying, which shrank by 11.8%. In manufacturing, only 3 of the 13 subsections (food industry, manufacture of computers, electronic and optical products, and manufacture of wood products) saw an increase in performance, while 10 subsections saw a decrease in output. Of the three leading manufacturing sectors, which accounted for 52.1% of manufacturing output, volume growth was recorded in two, but not in the manufacture of transport equipment. Manufacture of transport equipment, the largest contributor with a 24.7% share, fell by 4.7% year on year. Food, which is the second largest subsection (with a 14.4% weight) grew by 1.7%, while the third largest subsection (with a 13.1% weight), the manufacture of computers, electronic and optical products, grew by 7.0% on an annual basis. The latter had the largest annual volume growth among the 13 manufacturing subsections.

In November 2025, the stock of new orders in the priority manufacturing industries fell by 3.7% year on year on a fixed basis (average monthly price in 2021) and by 9.4% month on month. In contrast, the stock of orders in November 2025 increased by 0.7% on an annual basis, but decreased by 1.2% on a monthly basis. In terms of the composition of orders, the stock of domestic orders grew by 24.4% on an annual basis, despite a decrease in the stock of new domestic orders (1.6%). The volume growth was mainly attributable to the manufacture of machinery and equipment and the production of chemicals and chemical products. However, on a monthly basis, the stock of domestic industrial orders in November 2025 decreased (3.3%) despite a slight improvement (0.1%) in new domestic orders. For exports, the stock of industrial orders fell in all dimensions.

2.3.3 Construction

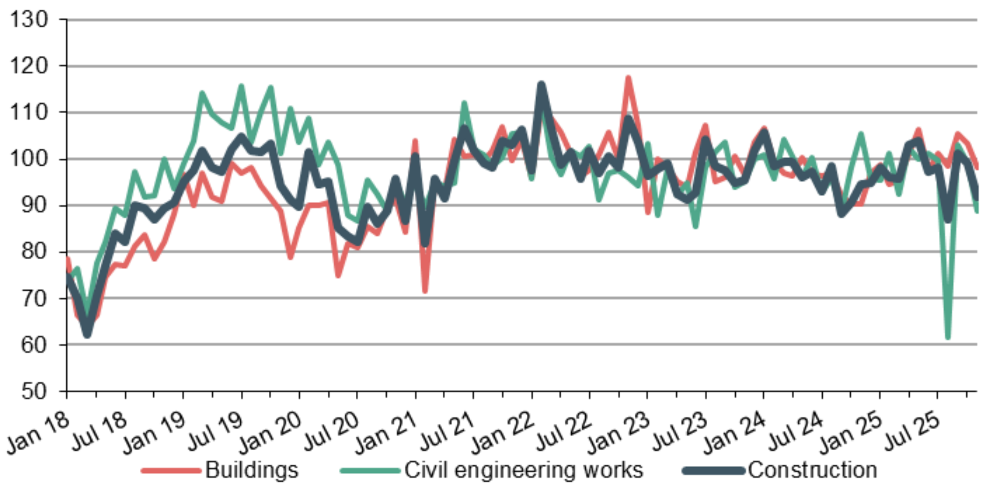
Construction output fell by 5.6% in November 2025 compared to the same period last year.

In November 2025, the annual volume of construction output decreased by 5.6% in terms of raw data. Thus, cumulatively, construction output in January-November 2025 exceeded that of January-November 2024 by 1.6%. The decline in construction output in November 2025 was partly due to a 20.0% drop in the output of one of the main groups of construction, civil engineering works. The year-on-year decline in construction output was offset by a 7.7% increase in building construction.

Cumulative data for January-November 2025 show that output in the main groups developed as follows: the output in building construction exceeded that of January-November 2024 by 4.7%, while in the case of civil engineering works related to state/municipal investments, the cumulative output fell short, by 2.6%, of the output for the same period of 2024.

Adjusted for seasonal and working day effects, construction output fell by 7.3% month on month in November 2025. This was mainly due to a decline (10.3%) in the construction of civil engineering works. At the same time, the output in buildings also decreased (by 4.8%).

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



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

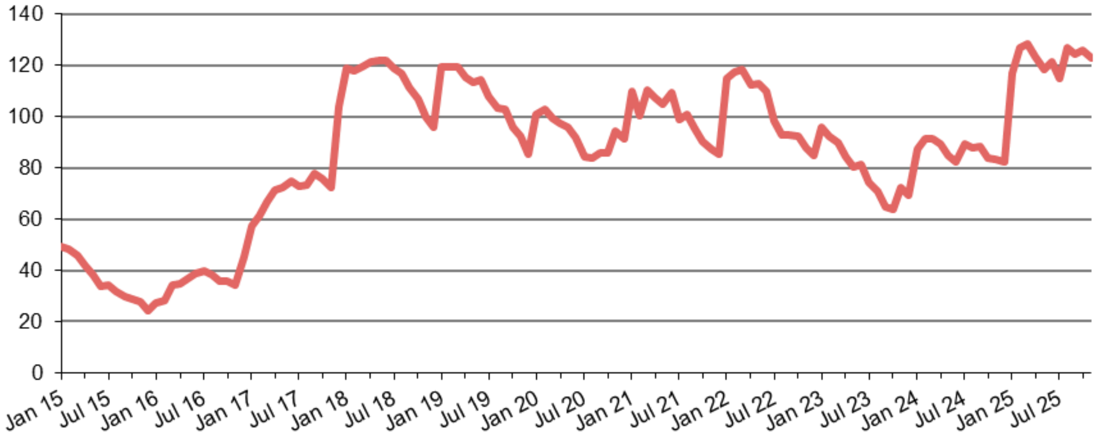
As for the stock of contracts, the stock of new contracts concluded in November 2025 decreased by 5.2% month on month and by 5.5% year on year. As regards individual main groups of construction, the stock of new contracts for civil engineering works decreased both on a monthly (7.1%) and annual (9.7%) basis, while the volume of new contracts for buildings increased both on a monthly (0.3%) and annual (2.0%) basis. Looking at the individual main groups of construction, the volume of new contracts for civil engineering works decreased by 7.1% from the previous month, indicating a correction compared to the 95.1% increase on a monthly basis in October 2025.

Consequently, the stock of construction contracts at the end of November 2025 was down 2.2% on a monthly basis and up 47.7% on an annual basis. The latter increase was driven by an 82.0% expansion in the stock of contracts for civil engineering works at the end of November 2025.

Looking at the cumulative stock, the volume of new contracts concluded between January and November 2025 exceeded the volume for the same period in 2024 by 2.5%, while the volume of contracts at the end of the month exceeded the volume for the same period in 2024 by 47.6%. 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, at the end of November (122.9), was the seventh highest value for the period from January 2023 to November 2025.

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



Source: Hungarian Central Statistical Office

2.3.4 Retail

The volume of retail sales increased by 2.5% in November.

In November, retail sales increased by 2.5% year on year on both a raw and calendar-adjusted basis.

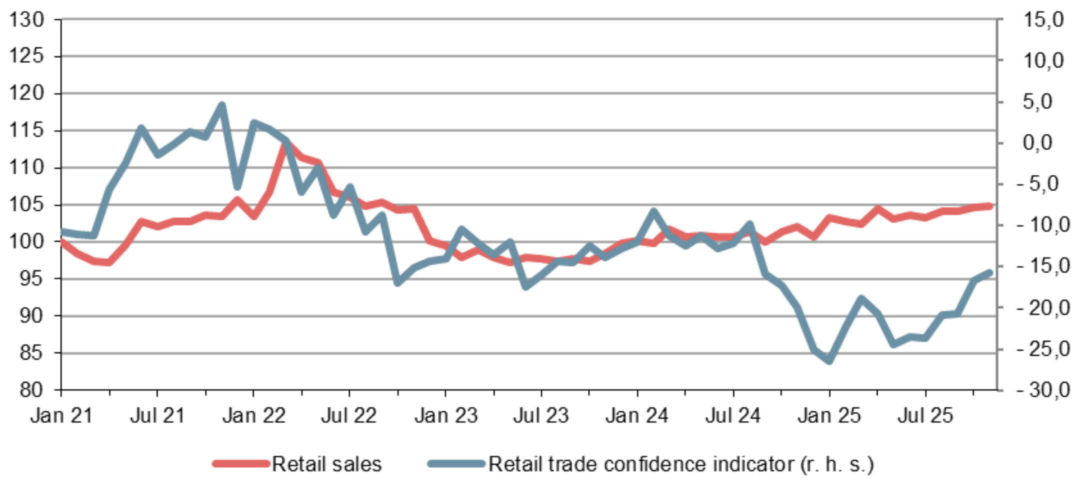
In November 2025, turnover in specialised and non-specialised food shops increased by 2.6%, and the turnover in non-food shops increased by 4.6%. In fuel retailing, sales increased by 0.7% year on year.

In food retailing, sales volumes increased by 4.4% in non-specialised food and beverages shops, while the volume in specialised food, beverage and tobacco stores decreased by 3.4% compared to the same period last year.

In non-food retailing, the volume of mixed range of manufactured goods increased by 4.5%, while the turnover of second-hand goods increased by 1.4% and that of books, newspapers and stationery increased by 1.3% compared to the same period last year. In non-specialised shops dealing in manufactured goods, turnover in pharmaceutical and medical goods shops decreased by 1.1%, while turnover in textiles, clothing and footwear shops decreased by 0.8%. The sales volume of computers and other specialised goods fell by 2.9%. Among the other categories, the 11.7% increase in the volume index of mail order and internet retailing, 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%. Other categories showed a more moderate increase.

FIGURE 7: 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

The unemployment rate was 4.4% in December 2025.

In November 2025[6], according to the latest data of the Hungarian Central Statistical Office, the seasonally adjusted activity rate of the population aged 15–74 was 68.0% (4,855,500 employees), which is 49,600 less than in the same period of the previous year. The seasonally adjusted number of employees was 4,642,400, a decrease of 46,400 compared to the same period of the previous year. The number of the unemployed was 213,200, a decrease of 3,200 compared to December 2024. Based on December data, the number of employees fell by 13,200 on a monthly basis, while the number of unemployed fell by 3,100, resulting in an overall decrease in activity of 16,300. Labour market trends continue to reflect the macroeconomic developments that had a major impact last year, such as the difficulties in the global automotive sector 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 October and December was 73,200 from the same period in

[6] Three-month moving average

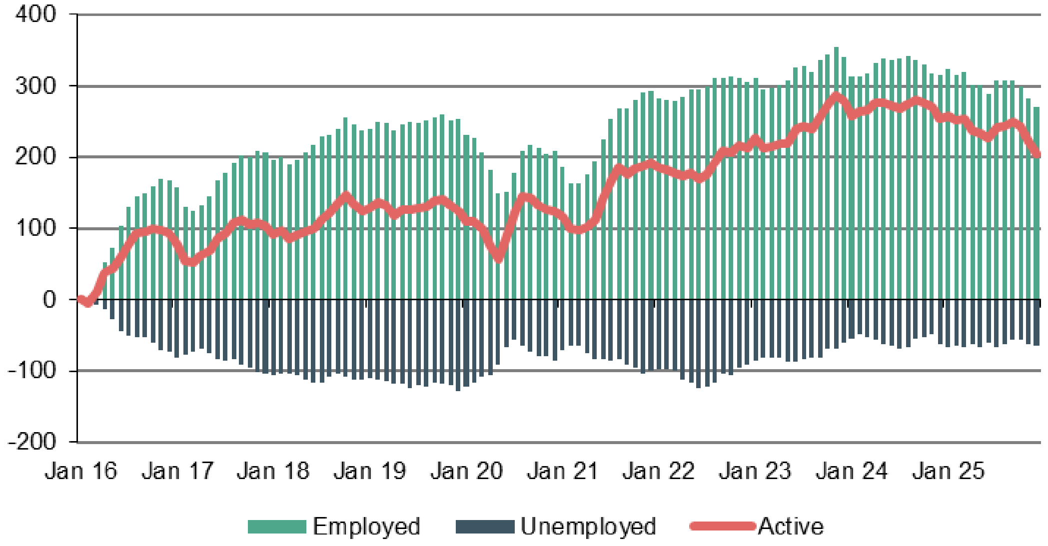
2024. The number of employees decreased by 46,400, the number of the inactive decreased by 23,600, and the number of the unemployed decreased by 3,200.

The number of people aged 15–64 and the number of those in employment and the number of those unemployed in this age group decreased compared to the same period last year. Furthermore, the employment rate for the age group fell by 0.3 percentage points to 74.8%, while the unemployment rate remained at 4.4%.

In November, the seasonally adjusted number of full-time employees rose by 17,200 compared to the same period last year and by 2,000 compared to September. Compared to November 2024, there were 330 fewer employees in the competitive sector and 3,400 more employees in the public sector. The number of people employed in the non-profit sector increased by 11,900 in one year. Compared to October, the number of employees increased in the competitive sector and the nonprofit sector, while it decreased slightly in the public sector.

According to Eurostat's latest data from November, Hungary's unemployment rate of 4.4% was the eighth lowest among the 27 countries of the European Union. The EU average was 6.0% in the last 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 6.2% in November.

In November 2025, average gross earnings in the national economy were HUF 756,400, 8.9% higher than in the same period of the previous year. Average net earnings were 10.2% higher than a year earlier, reaching HUF 525,900. Median gross earnings were HUF 600,000, an increase of 10.1% compared to December last year. Median net earnings rose to HUF 417,900, 10.5% higher than the same month in 2024. In November, real earnings increased by 6.2%, while consumer prices rose by 3.8%.

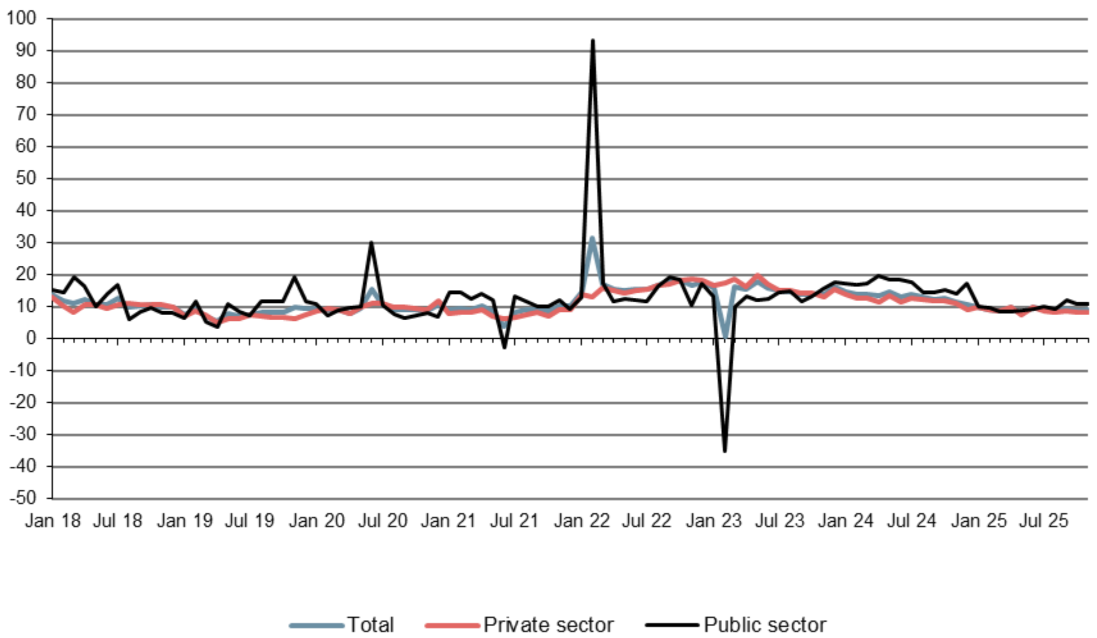
The dynamic growth in earnings continued to reflect the wage-increasing effect of the last January's increase in the minimum wage and the guaranteed minimum wage. At the same time, the faster growth of median values means that the median continues to converge towards the average value, which shows a 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 November, the increase in average gross earnings was 8.1% in the business sector, 10.7% in the public sector and 12.0% in the non-profit sector. At the same time, the highest average gross earnings were recorded in the non-profit sector, at HUF 786,400. The same figure was HUF 748,800 in the corporate sector and HUF 771,700 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 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 only approached that of the fifth quintile.

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



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

2.4 External balance

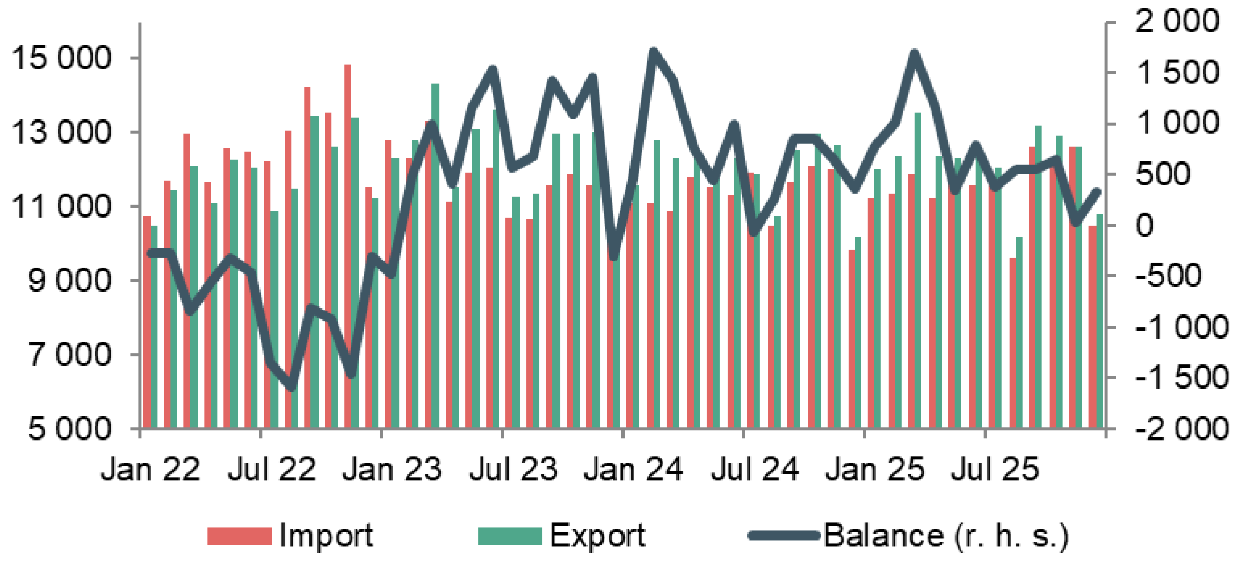
In December, the seasonally and working-day adjusted volume of exports of goods was 1.3% higher and imports 6.1% lower than in November. Compared to data from a year earlier, export volume increased by 3.8% and import volume by 7.9%.

The volume of imports of food, beverages and tobacco increased by 9.8% and exports by 6.8% compared to a year earlier. Energy imports were 6.2% higher and exports 9.1% lower than in December last year. As for processed products, imports increased by 4.2%, and exports by 2.2% year on year. Exports of machinery and transport equipment grew by 5.1% and imports by 10.0% compared to last year.

The foreign trade surplus amounted to EUR 333 million in December.

The estimate for December 2025 shows that the EUR value of exports and imports increased by EUR 609 million and EUR 637 million, respectively, compared to the same period of the previous year. The foreign trade surplus in goods amounted to EUR 333 million, which is EUR 28 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

The deficit of the central government subsector increased to HUF 5,738.7 billion in 2025, higher than the deficit target of HUF 5,055.0 billion.

In December 2025, the central subsystem showed a monthly deficit of HUF 1668.3 billion. As a result, the deficit of the central budgetary subsystem rose to HUF 5,738.7 billion by the end of the year. Thus, it exceeds the latest cash deficit target of HUF 5,055.0 billion, raised in November, by HUF 683.7 billion, or 13.5%. According to the Ministry for National Economy, the cash deficit would have been lower if the European Commission had not delayed the transfer of HUF 248 billion.

The Ministry for National Economy estimated that the general government deficit according to the EU's ESA methodology was expected to be in line with the 5% of GDP deficit target. According to Minister for National Economy, Márton Nagy[7], sovereign debt rose to 74.6% of GDP by the end of the year. This is also higher than the government's expectation of 73.5%.

This was caused by a deficit of HUF 5,500.1 billion in the central budget and HUF 245.9 billion in social security funds, as well as a surplus of HUF 7.3 billion in extra-budgetary funds. This also means that the surplus of earmarked public funds decreased by HUF 66.6 billion in one month.

Cumulative central subsystem revenue in 2025 were 2.9% higher, and central budget revenue were 1.3% higher than in the last year. Tax and contribution revenues of the central subsystem increased by 8.0%, higher than the general revenue dynamics.

Payments by economic units increased by 1.8%, i.e. HUF 61.4 billion, compared to the end of November 2024. Within payments from economic units, corporate tax receipts, the most significant item, were 1.9% (HUF 19.5 billion) higher than in the previous year. Compared to the 27.5% increase in the budget plans, the final shortfall was HUF 258.1 billion. The surtax on energy suppliers fell by HUF 80.4 billion, making it the largest decrease in budget items containing special taxes. The increase in payments by economic units is primarily attributable to the HUF 36.7 billion increase in other centralised revenues, the HUF 32.2 billion increase in payments by financial institutions and the HUF 28.0 billion increase in small business tax revenues (KIVA).

Revenues from taxes on consumption increased by 9.5% (HUF 940.7 billion) compared to a year earlier. VAT receipts, the most significant item, were HUF 889.2 billion (12.1%) higher than at the end of the previous year. Most of the increase in VAT receipts was due to a 6.2%, HUF 797.1 billion, increase in VAT payments. The remaining part of the increase is due to a decrease in VAT refunds. The annual growth rate is just below the 12.2% level foreseen in the forecast. Excise tax revenue was HUF 12.5 billion (0.8%) more than in 2024. The low increase in excise tax revenues is due to the fact that the increase in excise duties on fuels was offset by a decrease in excise duties on tobacco products. Revenue from financial transaction taxes was HUF 165.2 billion higher than in the previous year, thanks to tax rate increases in the

[7] https://index.hu/gazdasag/2026/01/09/nagy-marton-kormany-ngm-allamadossag-koltsegvetes/

second half of 2024 and the taxation of conversion transactions. However, insurance taxes decreased by HUF 57.1 billion.

Personal income tax receipts increased by 7.5%, i.e. HUF 338.1 billion, compared to the figure for the previous year. Receipts from social contribution tax and social security tax increased by 9.2% (HUF 737.4 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.

EU programmes received HUF 726.2 billion in revenue from the EU. The total revenue of EU programmes, supplemented by domestic funds, amounted to HUF 816.5 billion. Revenue from the EU was HUF 48.9 billion lower than a year earlier, while revenue from domestic sources was HUF 393.1 billion lower. According to the Ministry for National Economy, EU revenues would have been higher if the European Commission had not delayed the transfer of HUF 248 billion. Expenditure on EU programmes amounted to HUF 2,071.9 billion, an increase of HUF 564.0 billion compared to the previous year.

Thanks to dividend payments from MVM Zrt., Szerencsejáték Zrt. and Corvinus Zrt., payments related to state assets were HUF 266.6 billion higher at the end of December than at the end of 2024.

Looking at the expenditure side of the budget, it can be seen that in 2025, central government expenditure was 6.9% higher than in the previous year. Within this, central subsystem expenditure increased by 6.5%.

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

Subsidies for public utility services, including both the overhead cost reduction policy and subsidies for the water utility system, increased by HUF 49.6 billion compared to the previous year. Road network availability fees also increased by HUF 220.1 billion, as did public transport subsidies, which rose by HUF 74.7 billion.

The budget line for family and normative subsidies increased by HUF 26.6 billion to a total of HUF 1033.8 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 29.9 billion from the same period last year, reaching a total of HUF 197.1 billion.

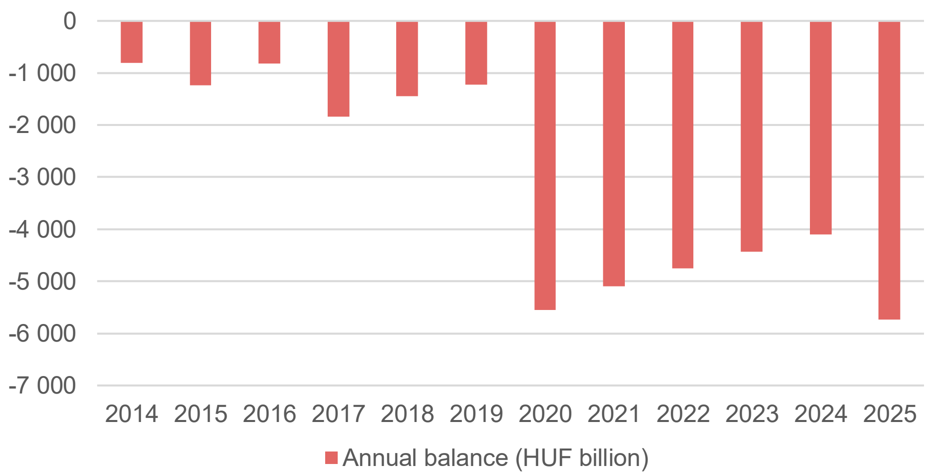
Expenditure on central budgetary institutions and chapter-administered appropriations amounted to HUF 15,306.2 billion. This is HUF 1,236.4 billion higher than in 2024, representing an increase of 8.8%, while the Budget Act envisages a decrease of 6.5%. Since this line includes revenue, the truly relevant indicator is the net surplus of expenditure over revenue. This amounted to HUF 900.7 billion by the end of the year, while the budget plans had only foreseen an increase in expenditure of HUF 12.2 billion.

Expenditures related to state assets were HUF 385.2 billion higher in December than in December 2024, resulting in an increase of HUF 175.2 billion by the end of the year compared to 2024. Expenditures in revenues of the state investment chapter also increased by HUF 137.9 billion on a monthly basis in December, contributing to the high December deficit.

In 2025, pension benefits amounted to HUF 6,629.3 billion, which represents a 6.8% (HUF 421.1 billion) increase compared to the previous year, i.e. it exceeds the official (3.2%) pension increase, which was supplemented to 4.8% in November in line with the expected rate of pensioner inflation. The reason for the increase in pension payments beyond inflation tracking is twofold: firstly, the number of pensioners is growing, and secondly, the benefits of new pensioners replacing those who have died are higher (replacement effect). Health Insurance Fund expenditure reached HUF 4,902.3 billion in the year, an increase of HUF 363.7 billion, or 8.0%, 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 8.5% (HUF 229.7 billion).

Interest expenditure rose to HUF 4,197.8 billion, HUF 584.7 billion higher than in 2024. As interest receipts also fell by HUF 396.8 billion, the interest balance ended up negative by HUF 981.5 billion, or 34.3% more than in 2024.

FIGURE 11: CENTRAL SUBSYSTEM BALANCE, 2014–2025 (DECEMBER, MONTHLY CUMULATIVE BALANCE, HUF BILLION)



Source: Hungarian State Treasury

2.6 Monetary developments

2.6.1 Consumer prices

Consumer prices rose by an average of 3.3% in December.

In December 2025, consumer prices increased by 3.3% on average—compared to the same period of the previous year. Food prices rose by 2.6% compared to the same period last year, prices of consumer durable goods rose by 2.7%, and prices of services rose by 6.8%. 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 8.9% and 7.1%, 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 2.6% increase in food prices was largely driven by a 14.9% increase in beef prices, a 13.5% increase in chocolate and cocoa prices, a 12.4% increase in the prices of other confectionery products as well as fresh domestic and tropical fruit, a 12.0% increase in the prices of coffee at shops and the 11.8% increase in the prices of buffet products. Prices of candies and honey increased by 8.8%, those of meals at kindergartens, nurseries by 8.5%, all of which exceeded the average food inflation rate for the month. In contrast, deflation was observed for several products, as in the previous months: margarine prices fell by 27.8%, canned meat prices by 22.8% pork fat prices by 21.3%, potato prices by 15.7% and prices of milk products (without cheese) by 14.3%.

The average annual increase in consumer durable goods of 2.9% in November was followed by an average increase of 2.7% in December. If we look at the main group in more detail, we can see that motorcycle prices increased by 6.7% and jewellery by 24.5%, which is above average. Inflation in consumer durable goods was also boosted by a 5.0% rise in the prices of living and dining-room furniture and a 4.1% 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 December were 2.5% and 2.0% lower, respectively, than in the same period of the previous year.

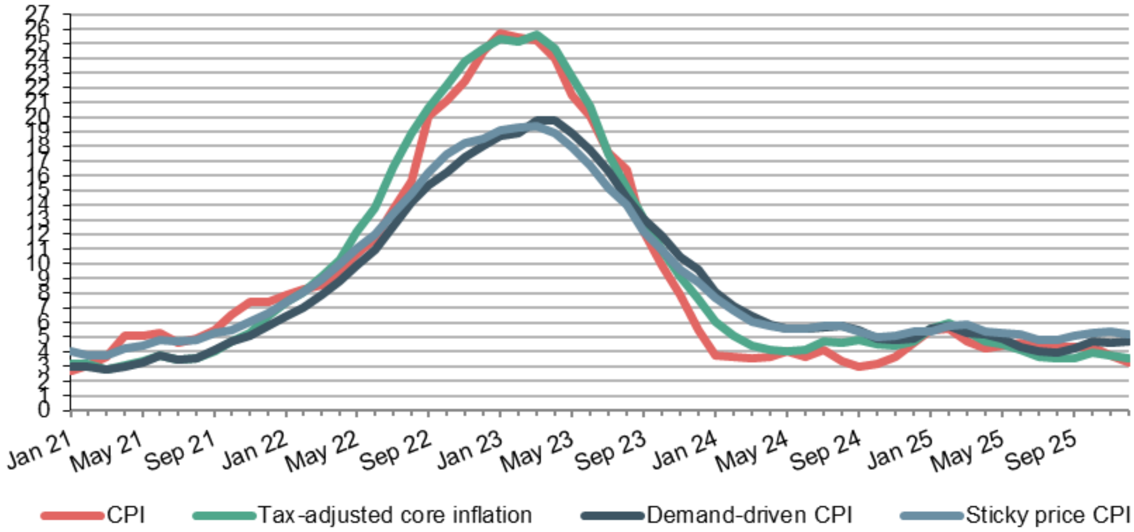
In December, prices of services increased by an average of 6.8%, with the biggest contributors being theatre tickets (20.4%), recreation abroad (19.6%) and recreational services (14.3%). Compared to the previous year, prices of telephone and internet services rose by 13.6% and prices of communication by 13.6%. Prices for repair of major household appliances as well as personal care services increased by 9.8% 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 games of chance, water charges and sewerage disposal, a 0.1% decrease in the prices of refuse disposal and photographic services and a 0.5% decrease in TV fees. The price of travelling to work and school has also remained unchanged thanks to the country and county passes. Prices for other long-distance trips fell by 1.4%.

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 8.6% and 5.3%, respectively, and there were no price decreases in this category.

The average increase in the prices of electricity, gas and other fuels was 8.9% in December, compared to the same period of the previous year. Within electricity, gas and other fuels, only cylinder gas prices fell, by 4.6%. Within the same group, prices rose by 6.9% for coal, 5.5% for briquettes and coke and 4.6% for firewood. Furthermore, the price of natural and manufactured gas rose by 19.8%, 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 2.2%.

Compared to the previous month, consumer prices increased by 0.1%. Within the overall consumer basket, food prices fell by 0.2% compared with the previous month. Prices of services rose by 0.8%, while the price of electricity, gas and other fuels fell by 0.9% compared with the previous month. The price of other products and fuels fell by 0.8% from November.

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



Source: MNB

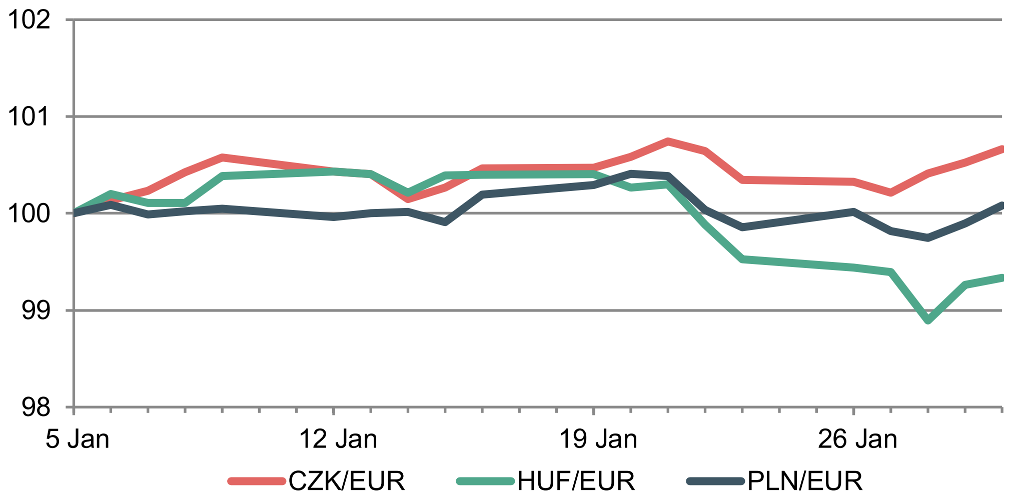
Among the core inflation indicators published by the MNB, the core inflation rate net of indirect taxes was 3.6%, the core inflation rate excluding processed food was 4.7% and the sticky price inflation rate was 5.2% in the last month of the year. The core inflation rate, 0.3 percentage point higher than total inflation, shows that, after a long period of time, goods with slow-moving prices have again contributed more to Hungary's inflation rate.

2.6.2 Regional currencies

Currencies of regional competitors weakened against the euro.

The region's currencies weakened against the euro in January: the Czech koruna depreciated by 0.67% and the Polish zloty by 0.08%. Government bond yields rose to varying degrees during the period under review: the 10-year Czech government bond yield decreased by 19 basis points to 4.31%, while the 10-year Polish government bond yield fell by 6 basis points to close at 5.09%.

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



Source: Refinitiv, Századvég

The Hungarian currency strengthened against the euro and the dollar but weakened against the Swiss franc in January.

Hungarian money market and foreign exchange market indicators developed differently over the past month. In January, the forint appreciated by 0.7% against the euro and by 2.6% against the dollar, while it depreciated by 0.8% against the Swiss franc. Thus, at the end of December 2025, 1 euro was worth 381.9 forints, 1 US dollar 320.6 forints and 1 Swiss franc 416.6 forints. From the previous month, sovereign debt held by foreigners denominated in forint rose by HUF 1,722 billion to HUF 8,082 billion by the end of January.

2.6.3 Base rate

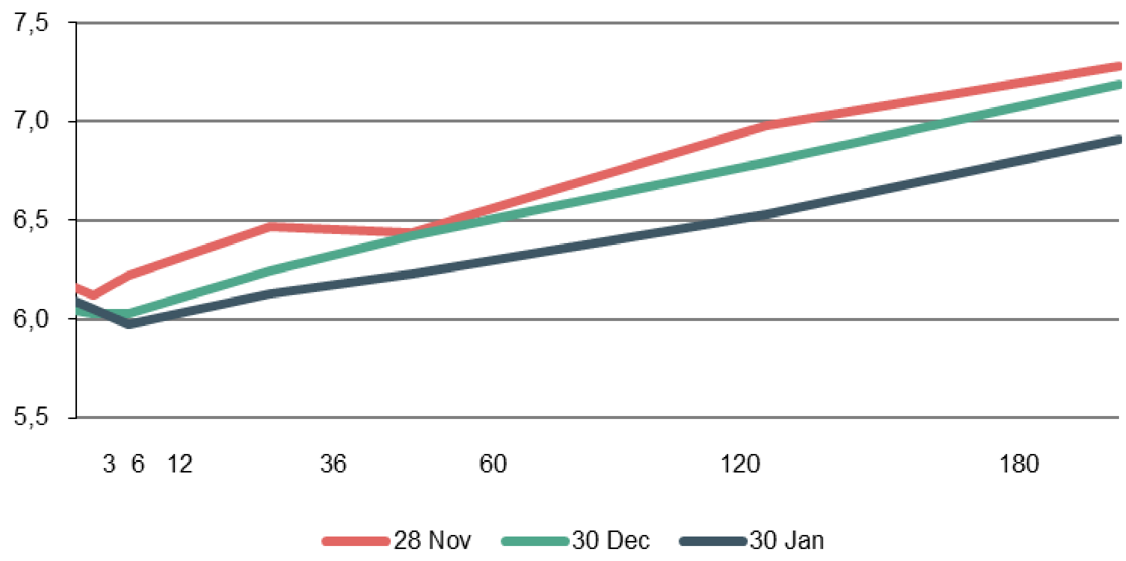
At its January meeting, the central bank's Monetary Council kept the base rate at 6.5%.

At its meeting on 27 January, 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 decision of the MNB's Monetary Council was in line with preliminary expectations and did not come as a surprise. Accordingly, the upper end of the interest rate corridor remained at 7.5% and the lower end at 5.5%. The Monetary Council continuously analyses macroeconomic data, with a particular focus on factors affecting inflation, such as price adjustments at the beginning of the year and the stability of financial markets, and based on this, it decides on the base rate at each meeting. December inflation was lower than expected and within the central bank's target range (3.3%), but risks surrounding the inflation environment remain, including strong price dynamics in market services, rising global food prices, and uncertain developments in commodity prices. It is also important to note that international financial and commodity markets continue to be dominated by geopolitical uncertainties and trade tensions. The Monetary Council remains committed to achieving its inflation target in a sustainable manner and therefore continues to consider it necessary to maintain cautious and tight monetary conditions, thereby ensuring positive real interest rates and price stability, as well as maintaining balance in the money market in the medium term.

2.6.4 Government securities market

In the government bond market, yields for shorter maturities varied between 2 basis points and 6 basis points on the secondary yield curve in January. This means that the 3-month yield was 6.09%, the 6-month yield was 6.05% and the 1-year yield was 5.97% on 30 January. The 3-year yield fell by 11 basis points to 6.13%. Over the past month, a 19 basis point decline could be observed over the 5-year period. Yields are down 26 basis points over the 10-year horizon and 28 basis points over the 15-year horizon compared to the previous month. These three yields changed, therefore, to 6.23%, 6.53%, and 6.91%, respectively.

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



Source: GDMA, Századvég

On 15 January 2026, the total value of “MÁP Plusz” government securities held by retail investors was HUF 1082.3 billion after a HUF 57.1 billion increase from the HUF 1025.2 billion level in the previous month. In addition, the cumulative value of PMÁP (Prémium Magyar Állampapír, or Premium Hungarian Government Bond) securities was HUF 3,651.4 billion, while the cumulative value of the “Bónusz” Hungarian Government Bonds was HUF 2,075.0 billion. Treasury Savings Bills amounted to HUF 626.8 billion and FixMÁP to HUF 3,746.3 billion. Funds held in “Baby” Bonds amounted to HUF 526.1 billion and funds held in Printed MÁP Plus amounted to HUF 90.1 billion. The retail stock of FixMÁP increased by HUF 179.6 billion, while that of BMÁP increased, by HUF 4.3 billion, compared to the previous month. In addition, PMÁP also showed a significant decline (HUF 94.7 billion). Since autumn 2022, inflation-linked PMÁP bonds have been the most popular government securities among the general public, but according to data disclosed by the Government Debt Management Agency Ltd., FixMÁP bonds took their place in January.

The total stock of government securities held by retail investors stood at HUF 11,726.0 billion at the end of December 2025, up from HUF 11,262.9 billion at the beginning of 2025, meaning that people held HUF 463.1 billion more in government securities than at the beginning of 2025. Compared to the previous month, government securities held by retail investors increased by HUF 206.0 billion.

2.6.5 Sovereign debt

The share of foreign currency debt in the sovereign debt had changed by 0.06 percentage point to 29.442% by the end of December 2025, which is below the upper limit (maximum 30%) specified in the financing plan for 2025 of GDMA. Over the past 12 months, the foreign currency debt ratio averaged 30.39%; the foreign currency ratio at the end of December 2025 was slightly lower than this figure.

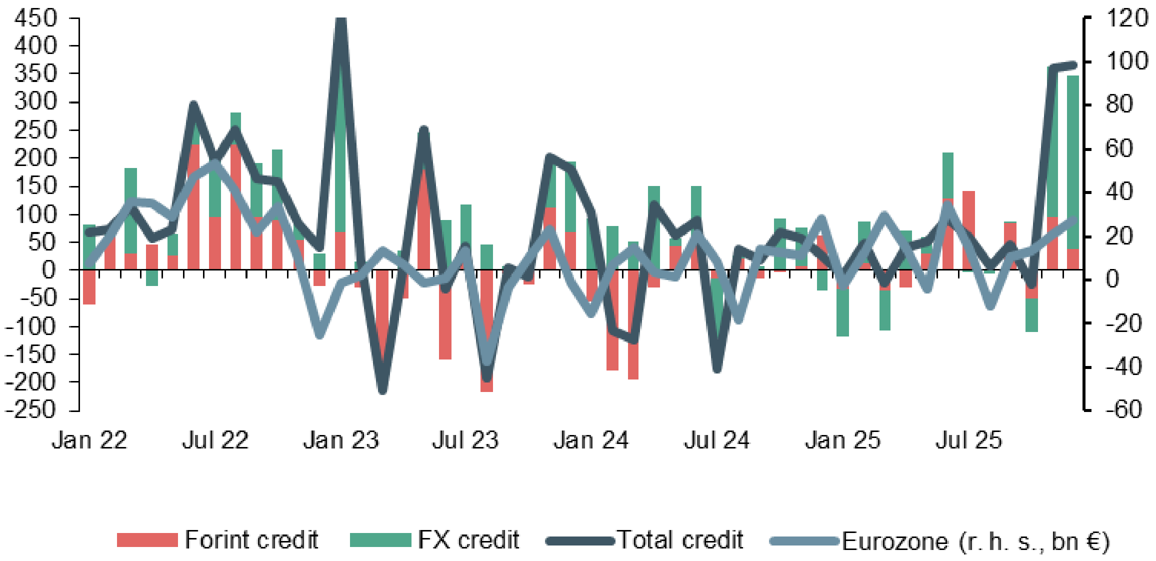
Hungary's sovereign debt rating remained stable in the investment grade category at all three major international credit rating agencies, as none of them made any significant changes to their ratings recently. On 5 December 2025, Fitch Ratings affirmed Hungary's 'BBB' sovereign debt rating but downgraded 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 38.2 billion in forint loans in December 2025. Foreign currency loans changed to a larger extent, increasing by HUF 308.3 billion compared to the previous month. During the period under review, total borrowing amounted to HUF 366.2 billion. Loans to companies in the euro area increased significantly in the last month of the year, by EUR 27,059 million.

FIGURE 15: CORPORATE BORROWING (HUF BILLION)



Source: MNB, ECB, Századvég

3. SZÁZADVÉG'S FORECAST[8]

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.

[8] Date of preparation: 18 December 2025

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1037 BUDAPEST, HIDEGKUTI NÁNDOR U. 8-10.