

Quarterly Macroeconomic Monitor

JUNE 2026



TABLE OF CONTENTS

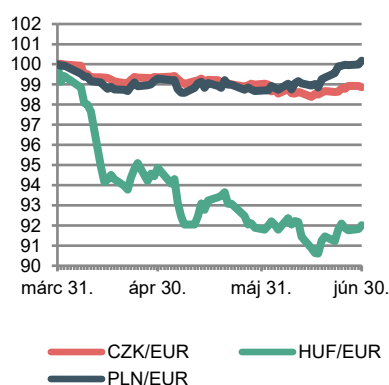
1. Summary	2
2. External environment.....	4
3. Trends in the real economy	6
3.1 GDP	6
3.2 External balance.....	7
3.3 Consumer prices	8
3.4 Labour market	10
3.5 Government budget.....	12
4. Monetary developments	14
4.1 Regional currencies.....	14
4.2 Base rate	15
4.3 Government securities market	15
4.4 Sovereign debt	16
4.5 Corporate credits.....	17
5. Macroeconomic forecast	18
5.1 GDP	18
5.2 Inflation	19
5.3 Labour market	20
5.4 Government budget.....	21
6. A forecast by Századvég – Summary Table	22



1. SUMMARY

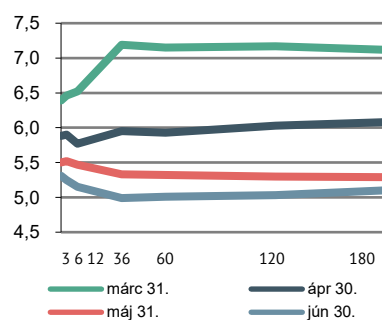
In Q1 2026, gross domestic product (GDP) grew by 1.7% on an annual basis, both in terms of raw data and seasonally and calendar-adjusted and balanced data. From Q4 2025, Q1 2026 GDP went up by 0.8%.

Regional exchange rate trends



Source: Századvég

Forint yield curve (%)



Source: Government Debt Management Agency Ltd.

Our forecast (06.07.2026)	2026
Change in GDP (%)	1.5
Inflation (annual average, %)	3.6

The greatest risk in the international arena this quarter continues to be the armed conflict that broke out on the last day of February between Iran, the United States and Israel, which quickly spread to the oil infrastructure of the Gulf states. Following the sharp rise, the global market price of Brent crude oil exceeded USD 110. News of the April ceasefire, followed by reports of peace talks to end the war in Iran and the reopening of the Strait of Hormuz, only temporarily moderated oil prices and expectations regarding oil prices.

The inflationary pressures that re-emerged globally as a result of the conflict do not seem to be fading even after the end of the war. The loss of production, as well as the restoration of production and transport infrastructure, have a significant impact on energy prices and supply, which are subsequently reflected in the prices of goods and services. The fragility of peace and the resurgence of conflict entail significant upward risks to inflation

The central bank's Monetary Council made no changes at its meetings in April and May 2026, whilst at its June meeting it decided to cut the base rate by 25 basis points, bringing it down to 6.00%. Accordingly, the upper end of the interest rate corridor changed to 7.00% and the lower end to 5.00%. Following the rate cut, the governor of the MNB announced at a press conference two additional rate cuts of 25 basis points each, to be implemented during the summer months.

Between March and May 2026, consumer prices increased by 1.9% on average, compared to the same period of the previous year. These positive trends in inflation have arisen as a result of the combined effect of several factors. At the start of the year, the high base, consolidated price adjustments and price margin restrictions were still the main factors explaining the figures. However, from March onwards, alongside the forint's sustained appreciation, the fuel price cap came to play one of the most decisive roles. Together, these two factors were able to offset the immediate, direct effects of the energy shock triggered by the war in Iran, on the one hand by curbing imported inflation and, on the other, by limiting consumer prices.

Both domestic money market and foreign exchange market indicators strengthened significantly during Q2. The HUF



strengthened by 7.98% against the Euro, by 7.39% against the US dollar and by 8.47% against the Swiss franc. Thus, at the end of June 2026, 1 euro was worth 355.1 forints, 1 US dollar 311.6 forints and 1 Swiss franc 384.9 forints.

In Q2 2026, yields on the secondary yield curve for government securities fell by between 108 and 214 basis points. The sharp yield declines were primarily due to favourable, significantly lower inflation figures, interest rate cuts on retail government securities and the onset of interest rate convergence following the April announcement of plans to introduce the euro.



2. EXTERNAL ENVIRONMENT

We focus on two topics of the external environment: changes in geopolitics and current demographic challenges.

This quarter, the greatest risk in the international environment continues to be the armed conflict that broke out on the last day of February between Iran, the United States and Israel, which quickly spread to the oil infrastructure of the Gulf states. The de facto closure of the Strait of Hormuz has been and remains the greatest threat to global trade. In peacetime, 20 to 30% of global seaborne crude oil trade passes through here, as well as about one-fifth of LNG trade. A shortfall in this volume is driving up crude oil and natural gas prices worldwide. The transportation infrastructure has also suffered severe damage, so even after the hostilities end, its restoration could take as long as a year. Furthermore, there may even be a physical shortage of hydrocarbons.

During the period under review, from the end of March 2026 to the end of June, the global market price of Brent crude oil exceeded USD 110. Although the April ceasefire, followed by news of the peace talks ending the war in Iran and the reopening of the Strait of Hormuz, tempered oil prices and expectations regarding them, prices, which had fallen below USD 75, have risen again due to the fragility of the peace and may continue to rise. Soaring energy prices could also exert significant inflationary pressure on Europe, while the high level of uncertainty and volatility in the oil markets make planning difficult.

It is important to emphasise that the inflationary pressures resurfacing worldwide as a result of the conflict do not seem to be fading even after the end of the war. The loss of production, as well as the restoration of production and transport infrastructure, have a significant impact on energy prices and supply, which are subsequently reflected in the prices of goods and services. The fragility of peace and the resurgence of conflict entail significant upward risks to inflation

According to Eurostat's demographic projections, the population of the European Union is expected to decline by approximately 53.0 million by 2100. According to the most recent data (as of January 2025), this represents a 13.3% decline over the course of just 75 years. As a result, the combined population of the 27 countries of the European Union would change from 451.8 million to 398.8 million. At the same time, there is a rapid and significant trend toward an aging population, which is characteristic of modern societies. According to the forecast for the median age of the population, it is expected to be approximately 6.6 years higher in 2100 (51.5 years) than in 2025 (44.9 years).

The published data include projected cumulative births and deaths, i.e. the natural change in the population, as well as the impact of projected cumulative net migration for the period from 2025 to 2099. The total projected population change is positive in only 9 of the EU27 countries. It is also worth noting that cumulative net migration is positive in every country. Natural population decline during the period in question affects Italy the most, with the figure there standing at just over 30 million people. In addition, we see significant figures—over 20 million—in Germany and Spain as well. Overall, taking cumulative net migration into account, the expected decline in Italy's population is the largest, at 14.2 million. The total projected population decline is also significant for Germans (-8.8 million people), while Poles face an even more pronounced decline (-11.8 million people), whereas for the Spanish, population growth (+626,000 people) is projected due to migration. Sweden is expected to see the largest population increase (+1.1 million people), and, similar to Spain, growth of a comparable magnitude is expected in Ireland (+794,000 people) and the Netherlands (+782,000 people) due to migration. In the case of Hungary, population change is dominated

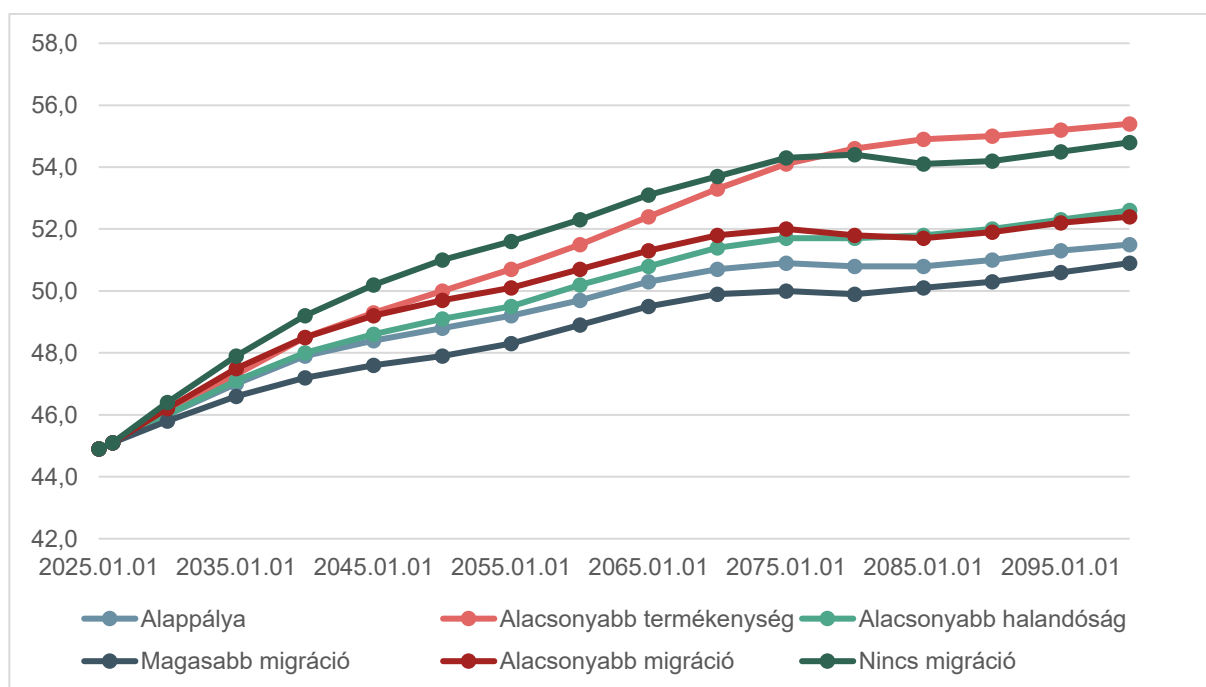


by natural decline (-3.7 million people); net migration is in the opposite direction, but in terms of magnitude, it amounts to less than half of that figure (+1.6 million people). Overall, Hungary's population decline is estimated to be roughly 2.1 million by 2100, meaning the country's population would shrink from the current 9.5 million to 7.4 million.

Eurostat estimates that the median age in the European Union will be 51.5 years by 2100, which is 6.6 years higher than the current figure of 44.9 years. Individual Member States show significant variations in changes to median values. The largest increases are expected in Malta (+15.1 years), Cyprus (+13.8 years), and Ireland (+13.0 years). By contrast, the same figure for Bulgaria is just +1.4 years, which represents by far the smallest change amongst the EU27 countries. Apart from Bulgaria (48.7 years), the only other country where the median is projected to be below 50 years is the Netherlands (49.8 years). In Hungary's case, this figure stands at exactly 50 years, which is the third-lowest expected value, and the rate of change (+5.2 years) is also among the most moderate.

Alternative scenarios for the expected median age of the 27 countries of the European Union between 2025 and 2100 support the view that ageing trends in the Member States are stable. The scenarios examined show that the trend in median age is influenced most significantly by a decline in fertility and the childbearing propensity, as well as by the complete absence of migration flows. By the end of the period, the scenario of lower fertility would push the indicator's value up significantly, by 3.9 years to 55.4 years, whilst the scenario of no migration would push it up by 3.3 years to 54.8 years, compared with the baseline scenario. By contrast, the factors having the least impact are an increase in migration and a decrease in migration. Higher migration can reduce the expected median age (50.9 years) by only 0.6 years, while in the case of lower migration rates, the median age increases by 0.9 years (52.4 years). Improving mortality rates are accelerating the aging process by 1.1 years (52.6 years). Eurostat data also show that a positive migration balance alone is not sufficient to counteract the challenges posed by an ageing society; it can merely slow down the pace of this process.

FIGURE 1: PROJECTIONS FOR THE MEDIAN AGE OF THE EUROPEAN UNION'S POPULATION (2025–2100, AGE = YEARS)



Source: Eurostat



3. TRENDS IN THE REAL ECONOMY

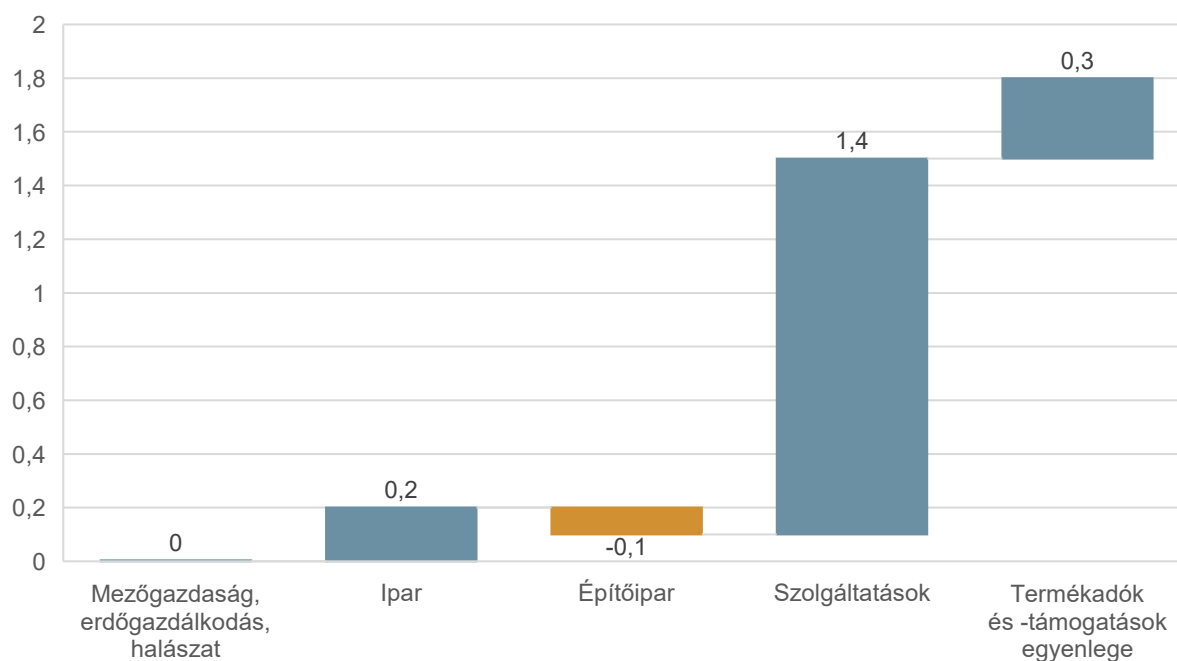
3.1 GDP

Hungarian GDP expanded by 1.7% on an annual basis in Q1 2026.

In Q1 2026, gross domestic product (GDP) grew by 1.7% on an annual basis, both in terms of raw data and seasonally and calendar-adjusted and balanced data. From Q4 2025, Q1 2026 GDP went up by 0.8%.

On the production side, the services sector made the largest contribution to GDP growth in Q1 2026, with an annual growth rate of 2.3%. Within this, the largest increase, 5.3%, was recorded in professional, academic, engineering and administrative activities. Agriculture grew by 1.9% on an annual basis in Q1. Industrial output rose by 0.8%, with manufacturing growing by 1.3%. Construction contracted by 4.3% on an annual basis in Q1. Apart from construction, other sectors contributed to Hungary's economic growth.

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



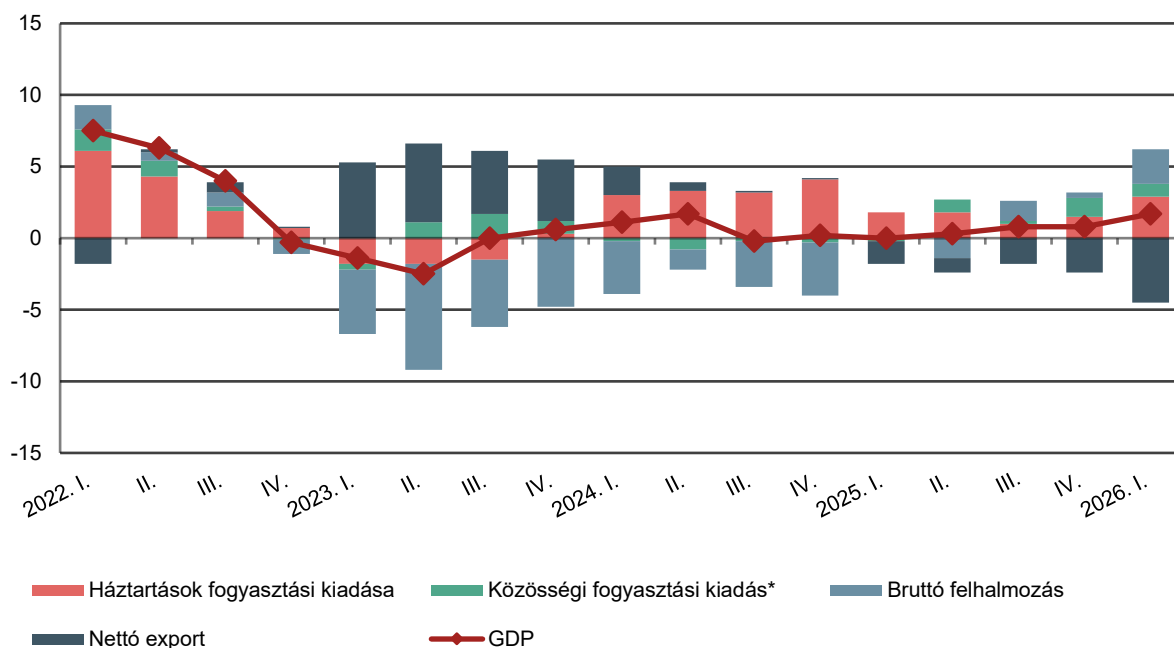
Source: Hungarian Central Statistical Office

On the consumption side, actual household consumption (including benefits) rose by 4.9% on an annual basis in Q1 2026, within which household consumption expenditure increased by 5.5%. In addition, collective consumption rose by 5.4%, which, overall, represented a 4.9% increase in final consumption on an annual basis. Gross fixed capital formation fell by 0.1%, while gross accumulation increased by 12.2% compared with the same period of the previous year, due to production for stock. Exports fell by 1.8%, with exports of goods down by 1.7% and exports of services down by 2.2%. Thanks to strong domestic demand, imports grew by



4.1%, with imports of goods rising by 5.7% and imports of services falling by 3.2%. Domestic demand made a positive contribution to GDP growth in Q1 2026, while net exports made a negative contribution.

FIGURE 3: CONTRIBUTION TO ANNUAL GDP GROWTH (CONSUMPTION SIDE, %)



**Including social benefits in kind.*

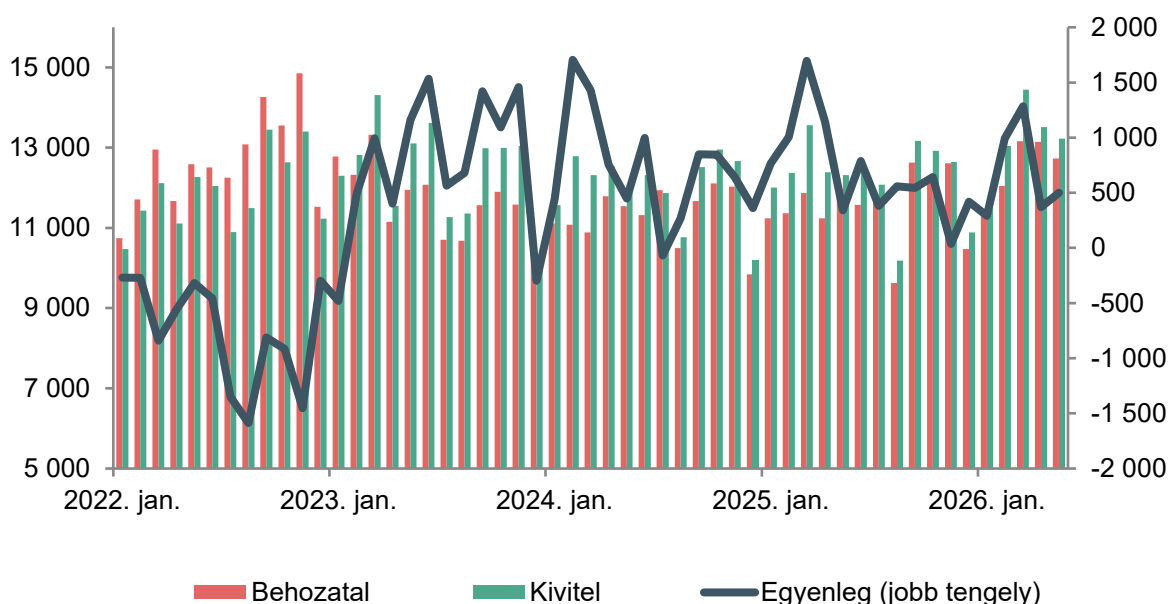
Source: Hungarian Central Statistical Office

3.2 External balance

Between January and May 2026, export volumes fell by 4.5% compared with the same period a year earlier, while imports rose by 6.4%. The surplus of the foreign trade balance for goods fell by EUR 1,520 million to EUR 3,442 million.



FIGURE 4: BALANCE OF FOREIGN TRADE IN GOODS (EUR MILLION)



Source: Hungarian Central Statistical Office, Századvég

3.3 Consumer prices

Between March and May, consumer prices rose by an average of 1.9%.

Between March and May 2026, consumer prices increased by 1.9% on average, compared to the same period of the previous year. Food prices rose by an average of 0.7% compared with the same period last year, while prices for consumer durable goods rose by 2.6%, prices for services by 4.1%, and prices for electricity, gas and other fuels by 0.6%. Over the past year, the prices of alcoholic beverages and tobacco products have risen the most, with prices in this category increasing by 4.3%.

Food price changes between March and May were driven most significantly by price falls of 27.9% for canned meat, 13.6% for butter and butter cream, 10.8% for potatoes, 10.5% for pork and 8.7% for cheese, thanks to price margin restrictions. In contrast, prices of other bakery products rose by 11.0%, prices of buffet products by 8.3%, those of cup of coffee in catering by 7.4% and those for candies and honey by 6.9%.

Prices for consumer durable goods rose by an average of 2.6% on an annual basis during the period under review. A closer analysis of the main group reveals that only four groups exceed the average: jewellery (28.5%), motorcycles (6.8%) and second-hand cars (4.4%), as well as living and dining-room furniture (3.7%) and audio and video equipment (3.6%). It is also worth noting that prices for televisions fell by 1.8%, for vacuum cleaners and air-conditioners by 1.6%, and for refrigerators and freezers by 0.9% compared with the same period last year.

Services became 4.1% more expensive on average, with the 18.2% rise in the price of theatre tickets and the 16.3% rise in the cost of holidays abroad contributing most significantly to this increase. The cost of freight transport rose by 10.9%, prices for sports and museum admission by 8.4%, and prices for vehicle repair and maintenance, as well as personal care services, by 7.8% each, compared with the same period last year. Prices for the repair of household appliances and for home repairs and maintenance rose by 7.3% and 6.9% respectively compared with the same period last year. Prices for telephone, internet and telecommunications services rose by an average of 4.4% compared with the previous year. By

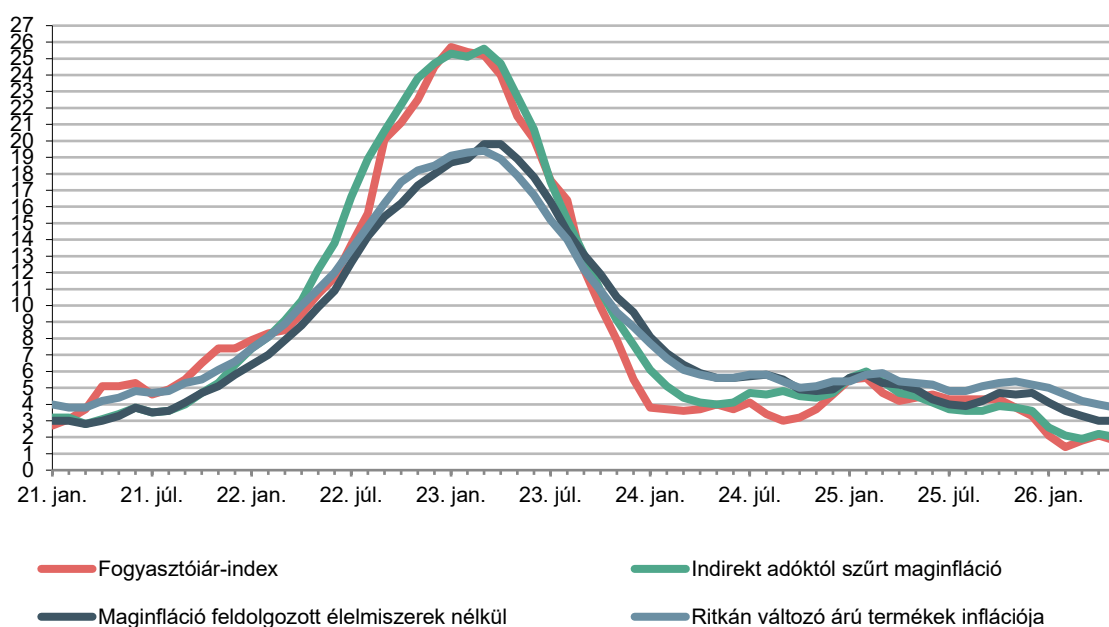


contrast, the average rise in service prices was tempered by, among other things, the fact that water and sewerage charges remained unchanged, as well as a slight fall in the prices of refuse collection and photography services (both down by 0.1%). The price of travelling to work and school has also remained unchanged thanks to the country and county passes.

The average rise in the prices of electricity, gas and other fuels between March and May was 0.6% compared with the same period last year. Within electricity, gas and other fuels, the prices of piped and bottled gas fell by 0.8% and 0.6%, respectively. The price of firewood fell by 0.7%. By contrast, coal prices rose by 0.8%, briquettes and coke by 3.3% and electricity by 2.3% within the group. The price of district heating remained unchanged during this period.

The rise in excise duties at the beginning of the year played a significant role in the average inflation rate of 4.3% for alcoholic beverages and tobacco. Within the product group, tobacco and beer prices saw a significant increase of 5.4% and 3.1%, respectively, and there were no price decreases in this category.

FIGURE 5: THE EVOLUTION OF INFLATION (ANNUAL CHANGE IN PERCENTAGE)



Source: MNB, Századvég

Among the core inflation indicators published by the MNB, the core inflation rate excluding the effects of indirect taxes averaged 2.0% between March and May, core inflation excluding processed foods averaged 3.1%, while the sticky price inflation rate was 4.0%. The core inflation rate, 0.1 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.

These positive trends in inflation have arisen as a result of the combined effect of several factors. At the start of the year, the high base, consolidated price adjustments and price margin restrictions were still the main factors explaining the figures. However, from March onwards, alongside the forint's sustained appreciation, the fuel price cap came to play one of the most decisive roles. Together, these two factors were able to offset the immediate, direct effects of the energy shock triggered by the war in Iran, on the one hand by curbing imported inflation and, on the other, by limiting consumer prices.



3.4 Labour market

Between March and May, the unemployment rate averaged 4.3%.

Between March and May 2026¹, 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% (4,848,400 employees), which is 36,500 less than in the same period of the previous year. The seasonally adjusted number of employees was 4,640,400, a decrease of 32,900 compared to the same period of the previous year. The number of the unemployed was 208,000, representing a fall of 10,500 compared with last

year's figure. The data for the period in question show that, compared with the previous three months (December 2025 – February 2026), the number of employees increased by 17,600, whilst the number of the unemployed fell by 27,700; overall, the labour force rose by 10,100. Labour market trends still reflect the macroeconomic developments that had a major impact on the last two years, such as the global automotive difficulties and the slowdown in construction, but there are also signs of consolidation. In addition, geopolitical uncertainties are also putting pressure on both the Hungarian and European economies, and consequently on the labour market as well.

Looking at the population aged 15–74 as a whole, the longstanding demographic trend of a simultaneous decline in the number of employees and the total size of this age group, accompanied by a broadly stable employment rate, was also evident in the period from March to May, alongside a fall in the number of unemployed. The decline in the working-age population over the period, compared with the same period in the previous year, was 56,200. The number of employees decreased by 32,900, the number of economically inactive people by 19,700 and the number of the unemployed by 3,600.

At the same time, both the number of 15-64-year-olds and the number of employees and unemployed in this age group fell compared with the same period last year. The employment rate for this age group fell by 0.1 percentage points to 75.0%, whilst the unemployment rate stood at 4.4% in both periods.

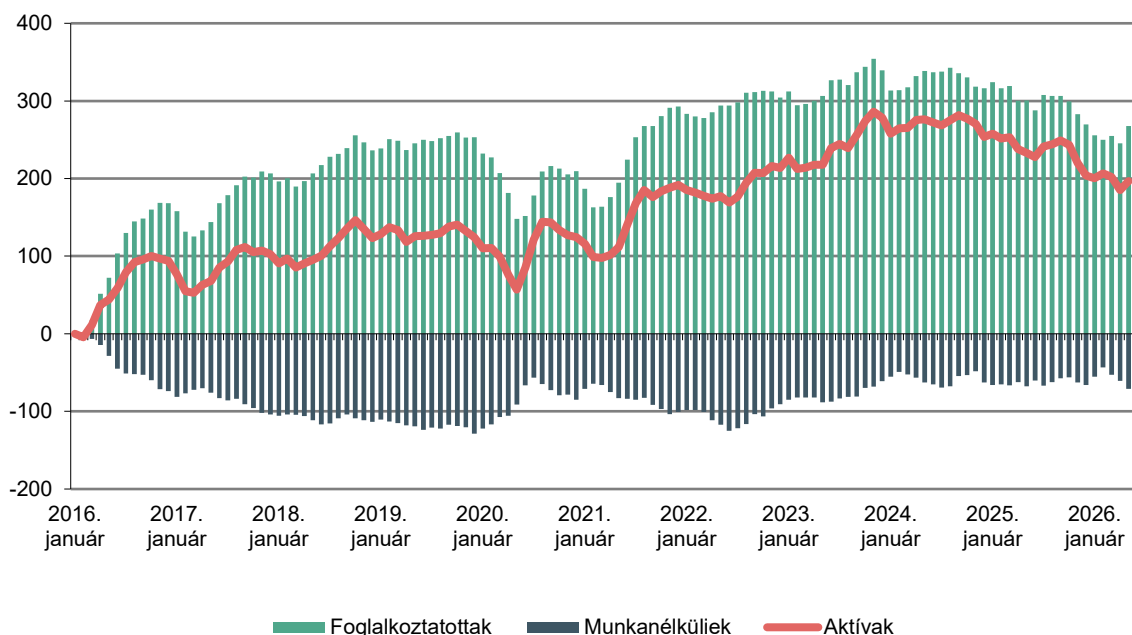
Between February and April, the seasonally adjusted number of full-time employees rose by 16,200 compared with the same period in the previous year. Compared with the same period in 2025, there were 100 fewer employees in the private sector and 5,700 more in the public sector. The number of people employed in the non-profit sector increased by 10,700 in one year. During the same period, the average change in the number of employees was negative in the private sector, whilst it was positive in the public and non-profit sectors.

According to the latest Eurostat figures, there was only a slight fluctuation in the Hungarian unemployment rate between February and April: the figure remained within the range between 4.4% and 4.6% during this period. For all three months, these figures were the tenth lowest amongst the 27 countries of the European Union. The EU average stood at 6.0% over the period.

¹ Three-month moving average



FIGURE 6: CHANGES IN THE LABOUR MARKET (JANUARY 2016 = 0, THOUSAND EMPLOYEES)



Source: Hungarian Central Statistical Office, Századvég

From February to April, real earnings rose by an average of 9.6%.

Between February and April 2026, average gross earnings in the national economy were HUF 759,200, 9.3% higher than in the same period of the previous year. Average net earnings were 11.5% higher than a year earlier, reaching HUF 532,100. The median gross earnings stood at HUF 605,600, which was 10.5% higher than the figure for the same period in 2025. From February to April, real earnings rose by 9.6% while consumer prices rose by 1.8%.

The dynamic growth in earnings during this period was again driven largely by the increase in the minimum wage and the guaranteed minimum wage in January 2026 and the resulting upward pressure on wages, as well as, in terms of net figures, the extension of the family allowance and the extended tax relief for mothers.

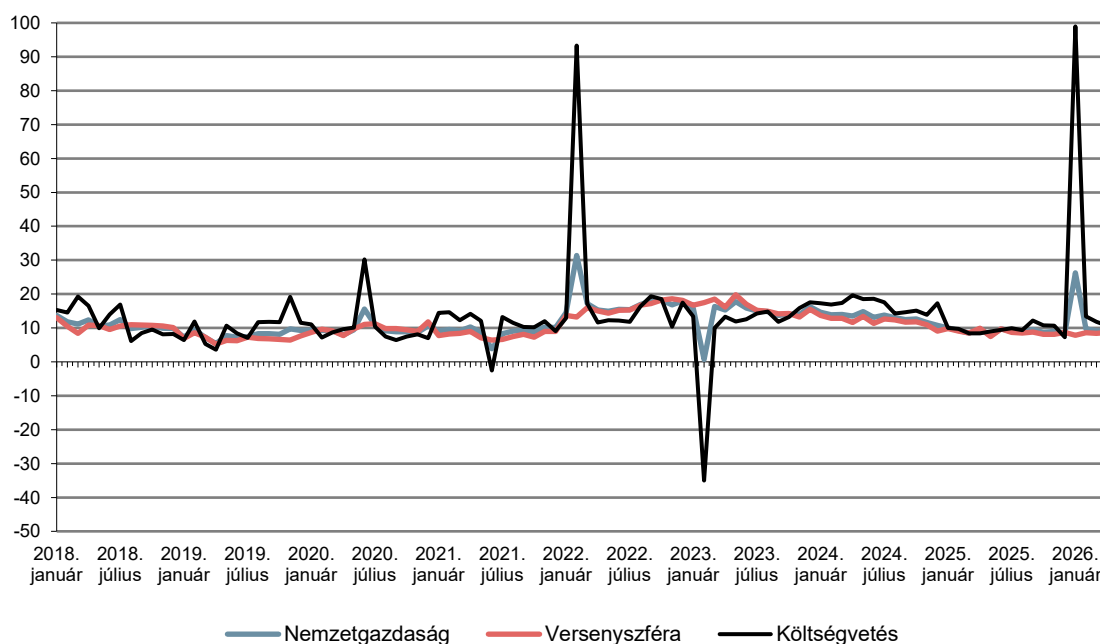
In early spring, the increase in average gross earnings was 8.6% in the business sector, 12.0% in the public sector and 9.3% in the non-profit sector. The highest average gross earnings were recorded in the private sector, at HUF 765,100. The same figure amounted to HUF 739,800 in the public sector and HUF 756,100 in the non-profit sector.

Looking at the breakdown of average gross earnings of full-time employees by quintiles for the same period, 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 second quintile showed the highest increase in earnings: Average gross earnings rose by 10.1% in April compared with the same period last year. The third (9.4%) and fifth (8.9%) quintiles were close to the growth rate of the third quintile. Average earnings rose by 8.7% in the first quintile and by 8.4% in the fourth.

We expect unemployment to fall following a slight rise over the next two years; we forecast a rate of 4.6% in 2026 and 3.9% in 2027. Moreover, we forecast that gross wages will continue to rise by 6.5% in 2026 and 6.0% in 2027.



FIGURE 7: CHANGES IN GROSS WAGES (ANNUAL CHANGE, %)



Remark: Seasonally and calendar-adjusted indices

Source: Hungarian Central Statistical Office, Századvég

3.5 Government budget

By the end of May 2026, the central budgetary subsystem had recorded a deficit of HUF 3,806.3 billion; in 2025, this figure stood at HUF 2,800.9 billion.

The central budgetary subsystem closed with a deficit of HUF 3,806.3 billion at the end of May 2026. Against a deficit of HUF 3,694.8 billion in the central budget and HUF 182.4 billion in social security funds, extra-budgetary funds showed a surplus of HUF 70.9 billion over the five-month period.

In the first few months of the 2026 financial year, the budget came under significant expenditure pressure due to the increase in the minimum wage, pay rises in the public sector, the 13th and 14th monthly pension payments, the arms allowance and housing support schemes. Although tax and social security contribution revenues developed as expected, due to a significant increase in expenditure, the central budgetary subsystem had reached 70.7% of the annual deficit target by the end of April. In May, however, the budget closed with a slight surplus, which helped to reduce the deficit that had built up by that point. That said, by the end of May, the central budgetary subsystem had reached 90.2% of its annual deficit target.

Revenue from the central government budget up to the end of May was 6.1% higher than in the first five months of the previous year. In contrast, expenditure grew at nearly twice that rate, by 11.9%.



From January to the end of May, VAT revenue increased by 4.0% and personal income tax revenue by 5.4% compared with the same period a year earlier. The increase in personal income tax revenue coincided with an expansion of family tax allowances, which was more than offset by the additional revenue arising from the growth in the total wage bill. (Outflows increased by 25.4%, whilst inflows rose by 6.7%.) At the same time, corporation tax revenue fell by 9.1%, whilst small business tax payments rose by 16.6%. Meanwhile, revenues from EU programmes have increased nearly fourfold compared with the same period last year.

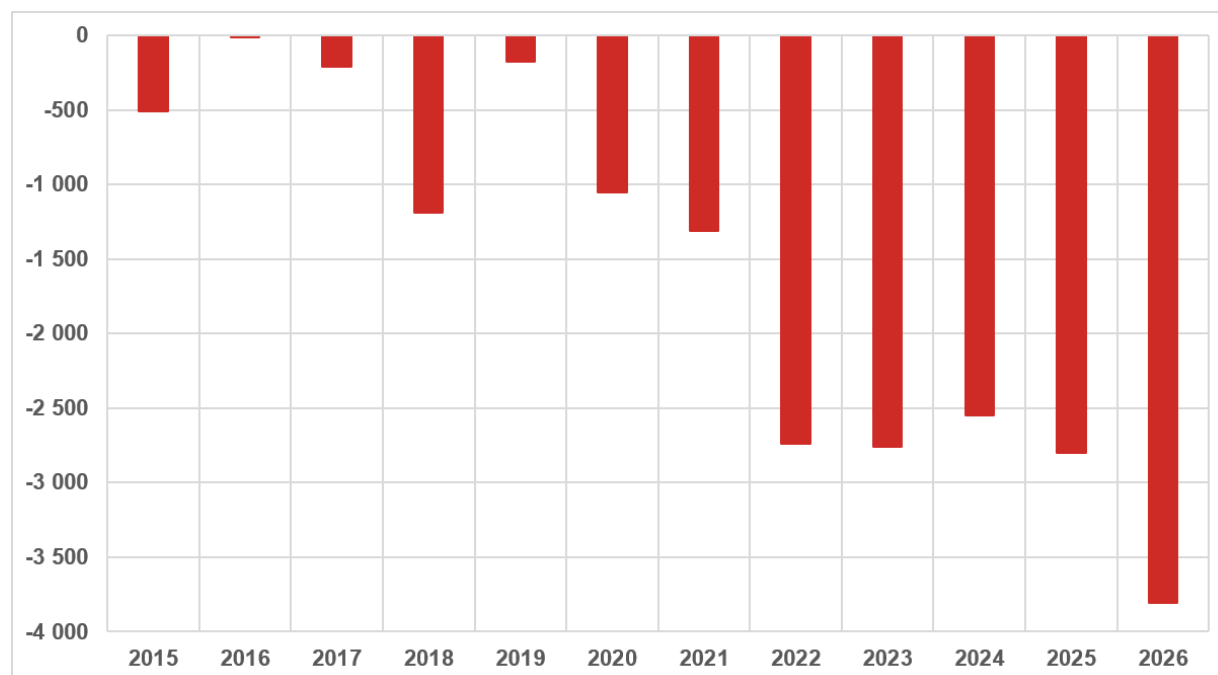
Central government budgetary spending saw significant growth in the category of public transport cost reimbursements and subsidies (37.7%), in childbirth subsidies (18.5%), in chapter-administered professional appropriations of budgetary bodies (65.1%) and, to an even greater extent, in housing benefits and loans for blue-collar employees, the amounts of which increased 3.4-fold and 4.5-fold respectively.

Revenues of the pension insurance fund rose by 9.8% over five months compared with the same period last year, with social contribution tax and contributions increasing by 10.3% within this figure. Expenditures on pension benefits increased by 12.9%. The budget transfers required to maintain balance (17.0% of total revenue) were 8.0% higher than in the first five months of 2025.

Revenues for the health insurance fund increased by 6.5% on an annual basis, with social contribution tax and other contributions rising by 18.5%. Meanwhile, healthcare expenditures rose by only 5.7%, which made it possible to reduce budget transfers by 8.8%; even with this reduction, this item still accounted for 34.2% of the fund's total revenue.

Due to high government bond yields, interest expenditure accounted for 16.4% of the central budget and 11.8% of the entire subsystem in 2025; and in 2026, it fell to 9.3% and 6.7%, respectively, due to a 36.6% decline in interest expenditures over the first five months.

FIGURE 8: CENTRAL SUBSYSTEM BALANCE FROM JANUARY TO MAY (HUF BILLION)



Source: Hungarian State Treasury



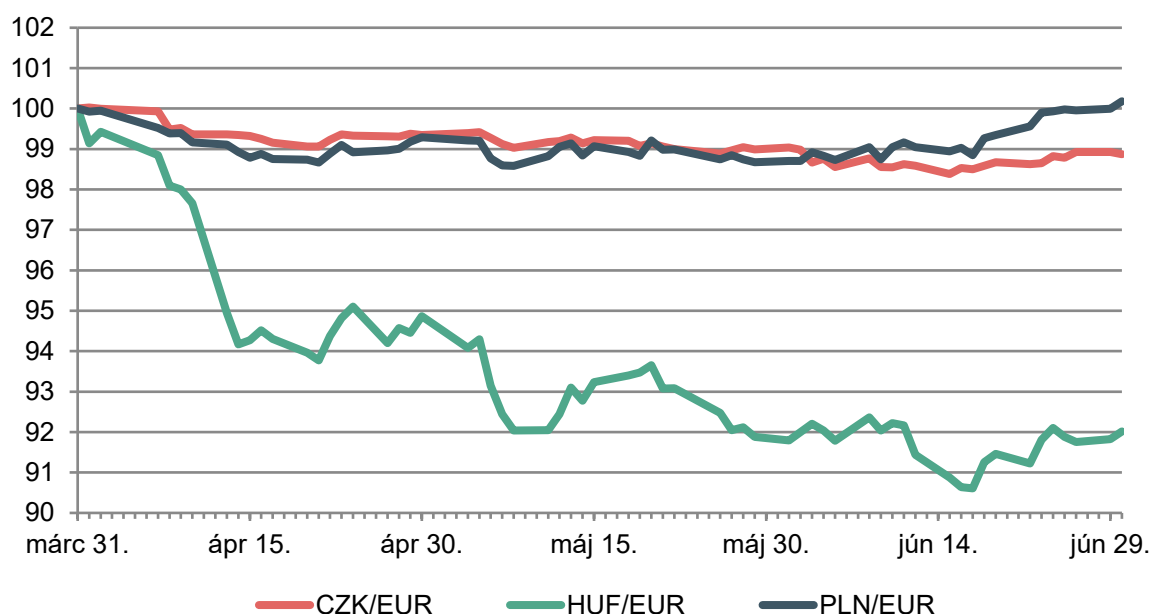
4. MONETARY DEVELOPMENTS

4.1 Regional currencies

The currencies of regional competitors moved in varying directions against the euro in Q2 2026.

In Q2 2026, the region's currencies moved slightly and somewhat in opposite directions against the euro: the Czech koruna strengthened by 1.13%, while the Polish zloty depreciated by 0.18%. Government bond yields decreased to varying degrees during the period under review: the 10-year Czech government bond yield decreased by 31 basis points to 4.59% and the 10-year Polish government bond yield by 62 basis points to close at 5.28%.

**FIGURE 9: TRENDS IN REGIONAL EXCHANGE RATES
(BASE VALUE = 100%)**



Source: Refinitiv, Századvég

The Hungarian currency strengthened significantly against the euro, the US dollar and the Swiss franc during Q2.

Both domestic money market and foreign exchange market indicators strengthened significantly during Q2. The HUF strengthened by 7.98% against the Euro, by 7.39% against the US dollar and by 8.47% against the Swiss franc. Thus, at the end of June 2026, 1 euro was worth 355.1 forints, 1 US dollar 311.6 forints and 1 Swiss franc 384.9 forints. Compared with the end of March 2026, by the end of June, government debt denominated in HUF and held by foreign investors had risen by HUF 1,960 billion to HUF 9,518 billion.



4.2 Base rate

At its June meeting, the Monetary Council lowered the base rate to 6.00%.

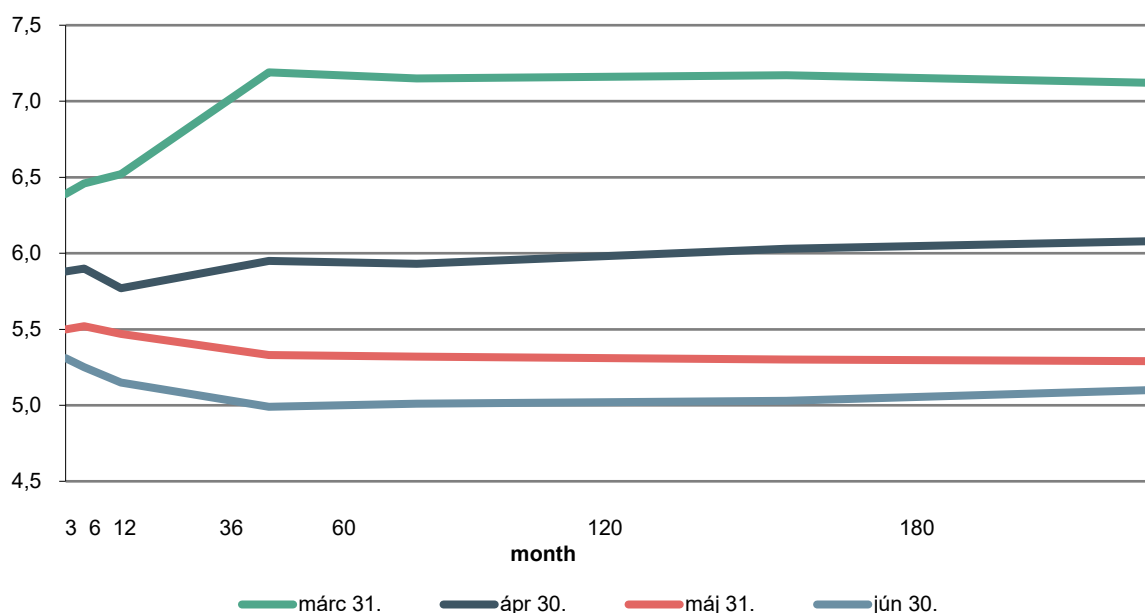
The central bank's Monetary Council made no changes at its meetings in April and May 2026, whilst at its June meeting it decided to cut the base rate by 25 basis points, bringing it down to 6.00%. The Council's decision was in line with analysts' preliminary expectations. Accordingly, the upper end of the interest rate corridor changed to 7.00% and the lower end to 5.00%. Following the rate cut, the governor of the MNB announced at a press conference two additional rate cuts of 25 basis points each, to be implemented during the summer months. The Monetary Council will decide on further adjustments to the central bank's base rate upon the release of the September inflation report. The release of consistently favourable monthly inflation figures, the stable strength of the forint and a significant interest rate differential in the region gave the Hungarian central bank the opportunity to cut its base rate.

4.3 Government securities market

In Q2 2026, yields on shorter-term maturities along the secondary market yield curve for government securities fell by between 108 and 137 basis points. This means that the 3-month yield was 5.31%, the 6-month yield was 5.25%, and the 1-year yield was 5.15% on 30 June. The 3-year yield fell by 220 basis points to 4.99%. Both over a 5-year and a 10-year period, a significant fall of 214 basis points was observed in the last quarter. Meanwhile, the 15-year figure fell by 202 basis points compared with the previous month. These three yields changed, therefore, to 5.01%, 5.03%, and 5.10%, respectively. The sharp yield declines were primarily due to favourable, significantly lower inflation figures, interest rate cuts on retail government securities and the onset of interest rate convergence following the April announcement of plans to introduce the euro.



FIGURE 10: CHANGES IN THE HUF YIELD CURVE (%)



Source: GDMA, Századvég

On 15 June 2026, the total value of “MÁP Plusz” government securities held by retail investors was HUF 1,468.6 billion after a HUF 216.1 billion increase from the HUF 1,252.5 billion level at the end of the previous quarter. In addition, the cumulative value of PMÁP (Prémium Magyar Állampapír, or Premium Hungarian Government Bond) securities was HUF 2,938.5 billion, while the cumulative value of the “Bónusz” Hungarian Government Bonds was HUF 2,012.9 billion. Treasury Savings Bills amounted to HUF 657.6 billion and FixMÁP to HUF 4,976.0 billion. In addition, funds held in “Baby” Bonds amounted to HUF 553.8 billion and funds held in Printed MÁP Plus amounted to HUF 85.0 billion. The retail stock of FixMÁP increased by HUF 257.4 billion, while that of BMÁP decreased by HUF 53.64 billion compared to the previous month. In addition, PMÁP also showed a significant decline (HUF 330.5 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 2026.

The total stock of government securities held by retail investors stood at HUF 12,606.1 billion at the end of May 2025, up from HUF 11,726.0 billion at the end of 2025, meaning that people held HUF 880.1 billion more in government securities than at the beginning of 2026.

4.4 Sovereign debt

From February, the share of foreign currency treasury bonds fell by 1.52 percentage points to 27.91% by the end of May 2026. This figure falls within the range of 30% plus or minus 3 percentage points specified in the GDMA’s 2026 Financing Plan. Over the past 12 months, the foreign currency debt ratio averaged 30.10%; the foreign currency ratio at the end of 2025 was slightly lower (29.42%) than this figure.



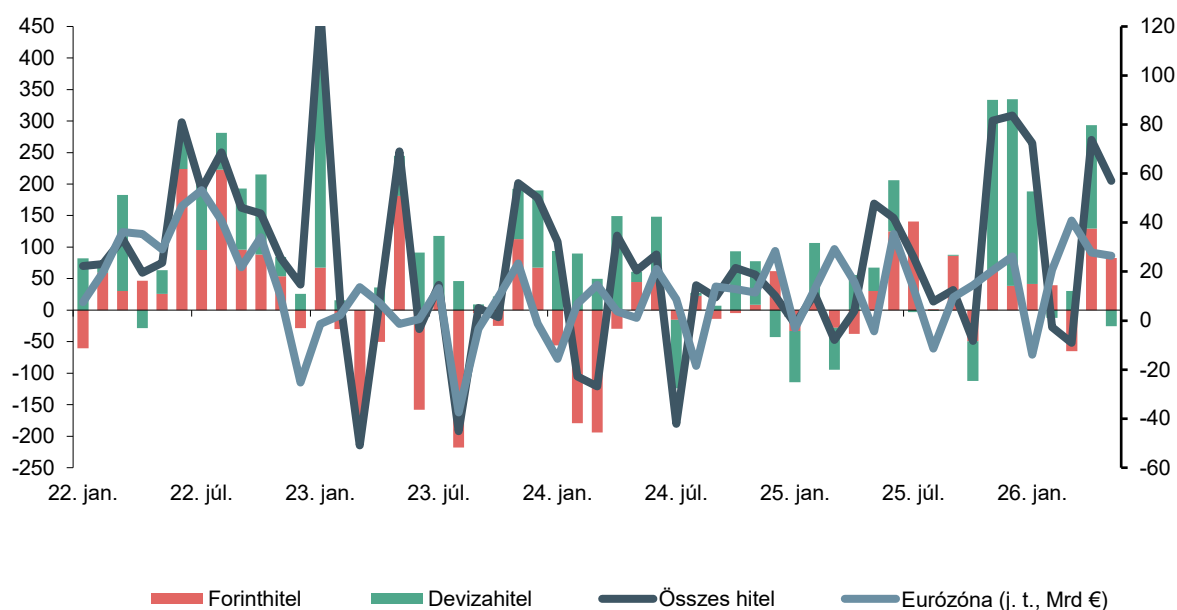
Hungary's sovereign debt rating has remained stable in the investment grade category of all three major international credit rating agencies, after no rating agency changed its assessment in Q2. Fitch Ratings affirmed Hungary's sovereign debt rating at "BBB" with a negative outlook. On 28 November 2025, Moody's Investors Service left Hungary's "Baa2" rating unchanged, with a negative outlook. Furthermore, S&P Global Ratings continues to rate Hungary's sovereign debt at 'BBB-', also with a negative outlook.

4.5 Corporate credits

Corporate credits increased significantly in Hungary.

Based on seasonally adjusted data, Hungarian companies took out HUF 147.3 billion in forint loans over the period between March and May 2026. Foreign-currency loans to companies also grew significantly, by HUF 168.8 billion, compared with February. During the period under review, the total loan portfolio increased by HUF 423.4 billion. Loans to companies in the euro area rose significantly, by EUR 95.2 billion, during the third, fourth and fifth months of the year.

FIGURE 11: CORPORATE BORROWING (HUF BILLION)



Source: MNB, ECB, Századvég



5. MACROECONOMIC FORECAST

Századvég estimates that the Hungarian economy could grow by 1.5% in 2026, followed by growth of 1.7% in 2027. In our forecast, we made conservative assumptions regarding oil price trends and external demand. However, thanks to the events of recent months (the ceasefire in the Middle East, the agreement aimed at releasing withheld European Union funds and the favourable inflation trend), the easing of monetary policy is having a positive impact on the growth prospects of the Hungarian economy.

5.1 GDP

In Q1 2026, Hungarian GDP grew by 1.7% on an annual basis according to both raw and seasonally and calendar-adjusted, balanced data, representing a 0.8% increase compared with the previous quarter. This figure exceeded our expectations; however, whilst maintaining our forecast for this year (1.5% growth), we have revised our forecast for next year to 1.7%.

Just as was the case last year, consumption is likely to be the main driver of growth in the Hungarian economy this year and next. We expect consumption to rise by 4.1% this year and by 2.9% next year. Over the forecast horizon, the expansion in consumption will be driven mainly by rising real wages, whilst the impact of the fiscal benefits paid out at the start of this year will also be felt as a one-off factor.

With regard to investment, there was a significant revision to the GDP figures, which had a major impact on gross capital formation: Growth was 11.4% in Q1 2026. This surge is mainly due to an increase in stocks rather than a rise in gross fixed capital formation. Gross fixed capital formation is expected to increase significantly by the end of this year, or more likely next year, thanks to the acquisition of EU funds. Furthermore, the figures for loans to businesses show a clear increase, which may indicate an upturn in business investment. At the same time, production for inventory may gradually decline. In our forecast, we expect investment to grow by 5% this year and 5.6% next year.

The output gap in the euro area is not expected to close until 2028 at the earliest, which will continue to constrain the growth of demand for Hungarian exports. The improvement in German export prospects carries positive risks for the performance of Hungarian exports; however, the growth forecast for Germany for 2026 is considered moderate, with growth currently projected to be below 1%. In our own forecast, we anticipated modest export growth of 0.3% this year, which could rise to 2.1% next year. With consumption rising rapidly, imports could grow by 3.2% this year and 3.8% next year. We expect net exports to make a negative contribution to economic growth both this year and next.



5.2 Inflation

In view of developments in the external environment, the European Central Bank forecasts inflation in the euro area to accelerate during 2026 due to energy prices driven up by the war in Iran, followed by a correction in 2027, meaning that inflation could reach the 2% target in 2028. They expect the consumer price index to be 2.7% this year and 2.2% next year in the euro area.² At its interest rate-setting meeting in June 2026, the ECB raised the refinancing rate by 25 basis points; it currently stands at 2.4%.

The price of Brent crude has fluctuated widely recently; between April and May, the daily price remained above USD 100, resulting in a sharp spike in oil prices in Q2. We had anticipated that the price of oil would be above USD 75 in the future. Reports of peace talks to end the war in Iran and the reopening of the Strait of Hormuz tempered expectations regarding oil prices. In this regard, the trajectory used in our forecast can be considered a pessimistic estimate. It is important to emphasise that the inflationary pressures being felt globally as a result of the conflict are unlikely to disappear even after the war has ended. The loss of production, as well as the restoration of production and transport infrastructure, have a significant impact on energy prices and supply, which are subsequently reflected in the prices of goods and services. The fragility of peace and the resurgence of conflict entail significant upward risks to inflation

This year's inflation figures came as a strong positive surprise. In Q1, consumer prices rose by 1.8%, followed by 2.1% in April and 1.8% in May, on an annual basis. The strong figures are mainly due to the previous high base, the persistently strong forint and the government's price-control measures. Despite these positive developments, inflationary pressures remain in the Hungarian economy. For one thing, the strong Hungarian currency has prevented the effects of the war in Iran from having an impact on prices so far; for another, price controls mean that the economy has some degree of suppressed inflation; it is likely that the removal of these controls would have a smaller impact on inflation in the current environment than we had previously anticipated. Thirdly, the price rises that were not implemented at the start of the year may also harbour an inflationary risk. Due to low imported inflation caused by the strong forint and the modest rise in food prices, our inflation expectations have fallen compared with previous forecasts: Consumer prices could rise by 2.9% in 2026 and by 3.6% in 2027.

Following the Hungarian National Bank's decision in February, it again reduced the base rate by 25 basis points at its meeting on 23 June, bringing it to its current level of 6%. In contrast, the ECB, as well as the Japanese and Czech central banks, raised interest rates, whilst the Fed kept its rates unchanged. Alongside favourable inflation trends, the strong forint, the decline in the risk premium and the peace agreement between the United States and Iran enabled the MNB to cut

² The figures are based on the WEO's April forecast. The ECB's June forecast predicts higher inflation rates of 3.0% and 2.3%.



interest rates and to hold out the prospect of further interest rate cuts over the summer. The peace that brought the Iranian war to an end is rather precarious, and the international situation is fraught with uncertainty. The market is already clearly pricing in interest rate holds or further hikes by major global and regional central banks, so the scenario of monetary easing is off the table. Provided that the current favourable market conditions persist, the MNB will continue to have room for manoeuvre: We expect further cuts of 25 basis points each in both 2026 and 2027.

5.3 Labour market

In Q1 2026, the employment rate was 65.0%, and the unemployment rate was 4.7%; in other words, the employment rate remained unchanged, while the unemployment rate was 0.3 percentage points higher than the figure recorded for Q4 2025. In addition to this, the activity rate rose by 0.1 percentage points to 68.1%.

The trends behind the main figures have been stable over the past two years, as economic activity and the employment rate remained at high levels between Q1 2024 and Q1 2026 (the two-year average for the former was 68.2%, and the latter 65.1%), fluctuating by 0.1 to 0.2 percentage points in all eight quarters, depending on seasonal and other one-off effects. Unemployment averaged 4.5% over the past two years, a rate considered economically healthy and low even by EU standards.

By the time we completed our analysis, the Central Statistical Office had also released its labour market data for April 2026, which showed an unemployment rate of 4.3%, slightly lower than previous figures. We expect this to be linked primarily to developments in the manufacturing and construction sectors, as well as to changes in the working-age population; we took all these factors into account when drawing up our forecast.

Labour market trends over the next two years will be shaped primarily by structural labour shortages resulting from demographic decline (the steady decrease in the working-age population), the depletion of domestic labour reserves and tight supply constraints. In terms of wage dynamics, the wage compression resulting from the January 2026 increase in the minimum wage and the guaranteed minimum wage, as well as wage competition driven by a tight labour supply, will be the key factors. Furthermore, favourable inflation trends will continue to support a substantial rise in real wages.

We expect unemployment to slightly increase and then start to decline over the next two years (4.6% in 2026, 3.9% in 2027), while we project that gross wages will rise by 6.5% in 2026 and 6% in 2027.



5.4 Government budget

The ESA 2025 budget deficit was 4.7% of GDP, down from 5.1% in 2024. The government debt-to-GDP ratio rose to 74.6% by the end of 2025, up from 73.5% in 2024, representing an increase of 1.1 percentage points compared with the figure for the previous year.

In the first few months of the 2026 financial year, the budget came under significant expenditure pressure due to the increase in the minimum wage, pay rises in the public sector, the 13th and 14th monthly pension payments, the arms allowance and housing support schemes. Although tax and social security contribution revenues developed as expected, due to a significant increase in expenditure, the central budgetary subsystem had reached 70.7% of the annual deficit target by the end of April. In May, however, the budget closed with a slight surplus, which helped reduce the accumulated deficit. That said, by the end of May, the central budgetary subsystem had reached 90.2% of its annual deficit target.

By the end of May, tax revenues were on track, up by 6.0% compared with the first five months of the previous year. VAT revenue increased by 4.0% and personal income tax revenue by 5.4% compared with the similar period a year earlier. The increase in personal income tax revenue coincided with an expansion of family tax allowances, which was more than offset by the additional revenue arising from the growth in the total wage bill. (Outflows increased by 25.4%, whilst inflows rose by 6.7%.) At the same time, corporation tax revenue fell by 9.1%, whilst small business tax payments rose by 16.6%. Meanwhile, revenues from EU programmes have increased nearly fourfold compared with the same period last year.

According to our calculations, the general government deficit, without taking fiscal adjustments into account, could reach 6.4% of GDP by the end of 2026. The Ministry of Finance has indicated that it will submit a supplementary budget, which may alter the size of the deficit; however, the details are not yet known. The level of the general government deficit in 2027 will also be significantly influenced by government targets that are not yet known. We expect the deficit-to-GDP ratio to be around 5.3%. Government debt could reach 76.3% in 2026 due to the growing deficit, before falling to 75.2% in 2027.



6. A FORECAST BY SZÁZADVÉG – SUMMARY TABLE³

TABLE 1: Q2 2026 FORECAST

	2025	2026	2027
Gross domestic product (volume index)	0.3	1.5	1.7
Household final consumption expenditure (volume index)	3.0	4.1	2.9
Gross fixed capital formation (volume index)	-0.7	5.0	5.6
Export volume index (based on national accounts)	0.0	0.3	2.1
Import volume index (based on national accounts)	2.1	3.2	3.8
Balance of international trade in goods (EUR billion)	-0.9	-7.1	-5.1
Consumer price index (%)	4.4	2.9	3.6
Central bank base interest rate at the end of the period (%)	6.5	5.5	5.0
Unemployment rate (%)	4.4	4.6	3.9
Current account balance as a percentage of GDP	1.6	-0.7	0.0
Net lending as a percentage of the GDP	1.9	-0.2	0.6
ESA balance of public finances as a percentage of GDP	-4.7	-6.4	-5.3
Sovereign debt as a percentage of GDP	74.6	76.3	75.2

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.

³ Date of preparation: 6 July 2026



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.

