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I. International economy

Amid the uncertainties following Trump's election, the **global economy** proved to be more resilient in the first half of this year than we had previously expected. The tariffs that were ultimately imposed turned out to be less damaging than originally feared, but some of the effects, such as the price increases and labor market impacts, will only be felt with a delay, which may result in a slowdown in global growth next year. This is signaled by the fact that disinflation has come to a halt in many countries, food prices have continued to rise, the labor market is becoming less tight, the number of job vacancies has fallen, and unemployment has started to rise. In this environment, the OECD expects global growth to slow in both 2025 and 2026: the latest forecast is 3.2% for 2025 and 2.9% for next year. This forecast is not without downside risks. It remains unclear how the tariffs imposed by the US will evolve in the future, how predictable they will be, or whether they will change depending on political decisions. Furthermore, the risk of inflation – especially food price inflation – picking up again cannot be underestimated. The crisis in the automotive industry is causing structural tensions, job cuts and factory closures in several countries, with ripple effects on supplier countries. In many countries, including developed countries, high levels of public debt pose a problem, and in the US, the shutdown of the government apparatus also carries risks. The hot geopolitical conflicts (the Russo-Ukrainian war, Iran, the Gaza Strip) appear to be unresolved. It is therefore no surprise that various sentiment indicators are showing a halt in growth or deterioration, with various points of uncertainty around the world making investors cautious. Uncertainty thus appears to be the most stable factor in the globalized world.

During the forecast period, we expect a slight slowdown in **global trade** volume, but by no means a decline, as global processes are likely to shift to a new state of equilibrium in which previous partnerships may be strengthened. A sign of this is that major sea carriers have seen a decline in demand for shipments to the US (which, incidentally, accounts for roughly one-fifth of total traffic), which has been offset by shipments in other directions, while there has been no significant decline in traffic to and from China. The process is likely to be accompanied by a significant decline in foreign trade prices, which is definitely favorable for central banks. However, there is a risk that the Trump administration will try to expand the tariff war to trade between sovereign third countries, as was the case with the automotive trade between Mexico and China. The Central American country has the highest demand for Chinese-made vehicles, on which a 50% tariff has now been imposed, allegedly under American pressure, causing serious damage to China. It cannot be ruled out that the US government will use the same method in the future in the case of other countries, implicitly punishing China and Russia (the US president already made statements to this effect to the EU in early September).

With minor fluctuations, the slight downward trend in energy prices has continued since the summer. At the end of September, the price of **Brent crude oil** was around USD 69-70 per barrel. The annual average so far this year is USD 71 per barrel. The oil market is affected by various factors: OPEC+ supply is increasing and, despite sanctions, Russian oil is flooding the market. China continues to replenish its crude oil reserves, which is pushing up futures prices slightly. Overall, oil prices will remain around \$70 per barrel this year, with minor fluctuations, and we do not expect any major changes the next year either. Of course, the tightening of sanctions against Russia and Iran and the intensification of international conflicts could easily cause major turbulence in the market and change the current outlook. This summer produced contradictory trends in

global **gas markets**: increased demand due to the heatwave, tight supply and intensive refilling of gas storage facilities all drove up global prices. From July onwards, European gas prices began to fall. Natural gas continues to account for a quarter of European energy consumption and about a fifth of the electricity mix, with dependence on Russian gas falling from nearly 50% in 2021 to 14% in the first half of 2025, with the exception of a few countries. The shortfall in Russian gas supplies has been offset primarily by an increase in US LNG imports. At the same time, as a result of European programs aimed at green transition, European gas demand is falling steadily and will continue to do so in the future.

The global market for **non-energy commodities** is under pressure from several directions, of which the trade war is perhaps not the most significant, even if the US government is the greatest cause of uncertainty. The electric vehicle industry, and consequently the battery industry, is in serious crisis worldwide, which has also severely curbed demand for *cobalt*, cutting its price by a third. During the past quarter, *food* and beverage prices rose at the highest rate. Producers here have to contend not only with US tariffs, but also with weather-related crop yield declines. The price of *gold* exceeded \$3,000 per ounce in April after President Trump announced the new tariffs, and currently exceeds \$4,000. The rise can be explained in part by the fact that any global economic uncertainty leads to an increase in the price of gold, but there are also numerous signs that investors have restructured their portfolios and withdrawn significant amounts of capital from the US bond market, only to reinvest them in the gold market. The explosive rise in *food prices* is causing social tensions around the world, and climate-related food shortages may occur in extreme cases. The price of *industrial raw materials* is likely to remain depressed this year, with only speculation driving prices upward. If the global economy picks up, further increases in raw material prices can also be expected.

In the **monetary policy** area, gradual easing is still the dominant trend. The *US base rate* has been in the 4.25-4.50% range since mid-December last year. In September, the Fed's policymakers finally cut interest rates after a year. The 25 basis point cut had already been priced in by the market, so it came as no surprise. The Fed was in a difficult position, as it had to pay attention to mixed economic data, inflation and the weakening labor market at the same time. The Fed's interest rate outlook is rather uncertain: according to the more optimistic estimates, two further rate cuts are expected this year, but 2026 there may be only one. At its June meeting, *the ECB* cut its three key interest rates by 25 basis points for the fourth time this year. Interest rates have not been changed since then, but pressure for another cut is mounting. Inflation is not currently a problem, fluctuating around the central bank's target since May.

Last year, the average annual *euro-dollar exchange rate* was EUR 1.08/USD. This year's nine-month average was EUR 1.12/USD, and the euro has strengthened further since the summer. In September, it was around EUR 1.17-1.18/USD for a while but moderated to around EUR 1.16 afterwards. Previously, the strong dollar was supported by the fact that the US had more innovation, higher growth and higher-yielding assets, but now Trump's policies have generated uncertainty to the financial system, while the EU is seeking to offer better investment alternatives through expansionary fiscal policy and economic dynamism.

The external environment of the European Union is a mixed picture. In the US, economic trends in the first half of the year were shaped by Trump's tariff policy. In the first quarter, the uncertainty caused a slowdown, while the second quarter saw a revival in imports and restocking. The latter gave a boost to growth. Overall, however, growth in the first half of the year – and for the year as a whole – is expected to be slower than in 2024, even if the slowdown is less severe than previously expected. Thus, after last year's 2.8% GDP growth, an annual growth rate of 1.8% is expected this year and 1.5% in 2026. Growth in *Japan* proved relatively robust in the first half of the year, as Japanese companies sought to avoid a significant decline in exports to the US by bringing forward shipments, which had a short-term positive impact on the annual growth rate. But by the end of the second quarter, the earlier momentum already appeared to be running out of steam, so a GDP growth rate of around 1% is expected for the year as a whole, accompanied by a pick-up in inflation. *British economic* growth lost some steam in the second quarter. The slowdown was particularly evident in investment. The upturn in public investment may give a boost to the annual growth rate. The US-UK tariff agreement has also turned out to be relatively favorable, which is particularly important for the automotive industry. Exports may grow moderately this year after last year's decline but are expected to remain subdued amid the uncertainty caused by US tariff policy. Overall, the GDP is expected to expand by 1.3% this year, driven by strong public consumption and buoyant public investment – particularly in transport infrastructure development – despite high debt levels. A growth rate of around or slightly above 1% is expected for 2026.

The OECD revised its June forecast for *Chinese* GDP growth upwards by 0.2 percentage points for 2025 and 0.1 percentage points for 2026, to 4.9% and 4.4% respectively. Contrary to expectations, the Trump administration's protectionist measures have not led to a downturn in either the Chinese economy or exports, suggesting that the US's potential influence on Chinese economic activity is more limited than most analysts had previously assumed. Although tariffs and technological sanctions are undoubtedly causing disruption in certain sectors of the Chinese economy, these measures have so far proved insufficient to break China's growth trajectory or destabilize its economy. Particular attention should be paid to the evolution of China's relationship with Russia in recent years. There is a significant difference in terms of relative importance of trade between the two countries. While China is by far Russia's most important trading partner, with a share of nearly 50%, Russia's importance to China is marginal, with a share of only 4-5%. Between 2021 and 2024, the value of China's exports to Russia grew by more than 70%, with the most significant growth occurring in the automotive market: in 2024, Chinese companies exported 971% (!) more motor vehicles to Russia than in 2021.

Growth in **the eurozone** slowed in the second quarter: quarter-on-quarter growth was only 0.1%, down from 0.6% in the first quarter. Compared to the same period last year, GDP growth was 1.3%. This slowdown was partly due to the fact that in the first quarter there were a lot of advance deliveries to the US to complete shipments before the tariff hikes, and the exceptionally high Irish GDP also pushed up the combined growth rate. In Germany, however, economic performance continues to trail expectations, and problems are also apparent in France, Italy and Austria. In Spain, on the other hand, growth is robust. Economic sentiment improved slightly in the euro area in September, even though the sentiment indicators in Germany continue to point downwards. The

indicator of employment expectations, on the other hand, has deteriorated. Consumer confidence remains negative but has improved slightly, while the manufacturing indicator has deteriorated despite the production data showing an upward trend in the summer months. For the year as a whole, we expect GDP to grow by around 1%, based on the assumption that investment activity will be more favorable than last year, while private consumption is expected to grow more slowly than in 2024, but public consumption may pick up. Exports to the US have been given a significant boost this year by advance shipments, but the situation for the remaining months of the year is uncertain. Based on current forecasts, a minimal upturn is expected in the eurozone next year, but this expectation could easily sour, given the pessimistic global economic outlook and the multitude of downside risks.

The September figures of the IFO business climate index suggest that the **German economy** is yet to recover. The announced €500 billion investment program has not yet been launched and based on the government's statements and the dissenting opinions of experts, it is not really clear what will actually happen. As a result, the German economy will stagnate this year, with the GDP possibly growing by 0.1%, and accelerating to around or slightly above 1% in 2026. The main reasons for the stagnation are structural: export performance is weak, the decline in international competitiveness has not been halted, and the loss of market share continues. The fiscal reform has paved the way for an expansionary fiscal policy in the coming years. However, the growth-stimulating effects of this expansion will not yet really affect this year. The German economy may gather some steam in 2026-2027, but it will take time to resolve the structural problems.

II. The new EU member states

In the second quarter, the average year-on-year growth rate in the new EU Member States 2.3%, a pace roughly in line with the growth rates in previous quarters. *Estonia's* recession, which had lasted for several quarters, came to an end, but the economy grew by only half a per cent, despite the very low base, a result of the stagnation in the past year. The Baltic country was the first to sever its trade ties with Russia following the attack on Ukraine. It suspended energy imports and cut off numerous trade ties with its eastern neighbor. The Estonian government sought to address the ensuing economic crisis by partially abandoning its prudent economic policy principles, generating a public deficit of over 3% and increasing the previously non-existent public debt to 30% of GDP. But even these measures failed to generate growth, as household consumption contracted on top of the fall in export. The former was in no small part due to the increase in energy prices, part of which the Estonian government passed on to consumers. This severely curbed growth and caused an inflation shock similar to the inflationary wave in Hungary. As a result of stagflation, the unemployment rate began to rise and is expected to peak at around 7% this year. Estonian economic actors can currently only hope that growth will pick up in the main export markets (Finland and Sweden), which will in turn compensate for the decline in private consumption. A positive development for the Baltic country is that Europe's first – and so far only – rare earth magnet factory has recently begun operation in Estonia. The plant is expected to be able to supply substantial quantities of magnets to European automotive industry players, who are currently in the process of switching to electric vehicles.

This year, the *Czech economy* also managed to return to growth after several quarters of stagnation and recession, thanks in large part to EU RRP funds, which the Czech government sought to utilize to the maximum extent possible. Real wages began to rise again, followed by a strong upturn in private consumption. So far this year, nominal wages in the Czech Republic have risen by 6-7%, accompanied by disinflation (2.5% by August), which resulted in an expansion in private consumption by over 3% in the second quarter. Investments are not contributing to growth at the moment, but a slight increase is expected in the rest of the year, especially if the major infrastructure developments financed by EU subsidies get underway. The German economy is also expected to be able to provide positive impetus to the Czech Republic, although this is more likely to happen only in 2026. The Czech central bank is currently maintaining a base rate of 3.5%, so there is still some room for easing, especially if the disinflationary trends continue next year. At the same time, the inflationary effect of strong private consumption may halt this trend.

The *Polish economy* grew by 3% in the second quarter, contributing approximately 1.1 percentage points to the region's 2.3% growth. Despite this being one of the most impressive growth rates in the EU, there are significant disparities between GDP components. Private consumption grew by nearly 4% and is expected to remain strong until the end of the year. Here, too, we see the impact of EU funds, as the country's export markets are only slowly recovering and net exports are currently contributing negatively to growth, but we expect gradual improvement next year. Investments are in a negative spiral and are only stagnating due to the low base effect, but they probably bottomed out in the summer, and a positive trend reversal seems to be emerging. Meanwhile, the changes in inventories contributed to the 3% GDP growth by 1 percentage point, slightly offsetting the negative growth contributions by net exports and

fixed capital formation. Inflation is also easing, standing at 3.5% in August, but a further significant decline is unlikely, as there are exogenous inflationary pressures on prices, - primarily on food prices - and private consumption growth may also derive prices upward. Therefore, a further moderation of inflation is unlikely in Poland. The high fiscal deficit - 7% of GDP - may worsen the growth outlook, and with elections approaching, no major adjustments are to be expected. If compounded by a currency depreciation, all this may lead to medium-strong inflationary pressures, so stable external conditions are needed for the Polish economy to remain on the present growth trajectory.

Romania could serve as a cautionary tale for Poland. In previous years, the Romanian economy consistently outperformed expectations and grew well above its potential. Although productivity also improved, this was largely due to extensive fiscal policy, which led to a public deficit of 9% of GDP in 2024. After the elections, the Bucharest government had to embark on bitter corrective measures and abandon its growth strategy based on fiscal stimulus and strong growth in private consumption. The new government introduced measures that were considered taboo, such as increasing VAT rates, excise duties and social contributions. It embarked on a minor reform of the pension system (raising the general retirement age to 65) and implemented further spending cuts, causing significant job losses in the public sector. The macroeconomic impact has been substantial, with private consumption and investment stagnating, while net exports have contributed negatively to growth due to the unfavorable external conditions. The Romanian economic growth decelerated to 2% in the second quarter, a low rate compared to previous years. It is especially worrying that inflation has accelerated to 6% as a result of tax increases, putting the Romanian National Bank between a rock and a hard place. However, the current base rate of 6.5% is unlikely to be tightened further, as indications from the Monetary Council suggest that they will allow the effects of price changes to run their course. This would not be an unusual situation in Romania, as similar processes took place in the second half of the 2010s.

Bulgaria will also introduce the euro on 1 January 2026. The Bulgarian economy has come a long way to get here, often tripping itself up through its own institutional background in the process (corruption, inefficient use of public funds), but the pandemic has also delayed the introduction. However, we are currently seeing balanced growth, with the second-fastest growth in Central and Eastern Europe in the second quarter, at around 3.4% year-on-year. The expansion is being driven by private consumption, which grew by 9.4% in the summer and is likely to continue until the end of the year. Households are preparing for the introduction of the euro, and demand for consumer and mortgage loans has increased significantly, as some loans can already be taken out in euros at much lower interest rates, and loans still issued in Bulgarian levs will also be converted to a more favorable structure. In addition, the population has also started to accumulate savings, as the impending introduction of the single currency gave a boost to inflationary expectations. Of course, all this has fueled inflation, but due to the low base at the beginning of the year, inflation was only around 3% in August. The Bulgarian government is also a beneficiary of support from the Recovery and Resilience Facility (RRF), and has recently accelerated the drawdown of funds, meaning that it will be able to use up to 90% of the RRF budget. Entry into the eurozone requires stable macroeconomic balance, which Bulgaria now meets, as the introduction of the euro was a widely accepted national goal, but it is highly questionable whether the weak and distortion-prone institutional system will be able to cope with the challenges.

Overall, it can be said that most of the Central and Eastern European Member States have successfully put their economies on a growth path, so we may be facing a period of stability, albeit with some negative risks (continuation of the war, shocks in the commodity markets), but the impetus provided by the reviving Western European economy may offset this to some extent. The inflationary pressures have eased but not disappeared, and governments and central banks must take this into account, but next year there will also be an opportunity to begin the necessary fiscal adjustments, which they can expect to do amid positive economic growth.

Table 2/1

Economic growth in the EU member states

(Percentage change in real GDP over the previous year)

	Weight	2019	2020	2021	2022	2023	2024	2025*	2026*
Germany	24.3	1.0	-4.1	3.7	1.4	-0.3	-0.2	0.1	1.2
France	16.5	2.0	-7.4	6.9	2.6	0.9	1.2	0.6	0.9
Italy	12.3	0.4	-8.9	8.9	4.8	0.7	0.7	0.7	0.9
Netherlands	6.1	2.3	-3.9	6.3	5.0	0.1	1.1	1.2	1.1
Belgium	3.4	2.4	-4.8	6.2	4.2	1.3	1.0	0.8	0.7
Luxembourg	0.5	2.9	-0.9	7.2	1.4	-1.1	1.0	1.7	2.0
Ireland	3.0	5.0	7.2	16.3	8.6	-5.5	1.2	9.0	1.5
Greece	1.3	2.3	-9.2	8.7	5.7	2.3	2.3	2.3	2.2
Spain	8.6	2.0	-10.9	6.7	6.2	2.7	3.2	2.4	2.0
Portugal	1.6	2.7	-8.2	5.6	7.0	2.6	1.9	1.7	2.2
Austria	2.8	1.8	-6.3	4.8	5.3	-1.0	-1.0	0.3	1.0
Finland	1.6	1.3	-2.5	2.7	0.8	-0.9	-0.1	1.0	1.3
Estonia	0.2	3.7	-2.9	7.2	0.1	-3.0	-0.3	1.5	2.5
Slovakia	0.7	2.3	-2.6	5.7	0.4	2.2	2.1	1.2	1.5
Slovenia	0.4	3.5	-4.1	8.4	2.7	2.1	1.6	1.0	2.4
Cyprus	0.2	5.9	-3.2	11.4	7.4	2.8	3.4	3.0	2.5
Malta	0.1	4.1	-3.4	13.3	4.3	6.8	5.9	4.0	4.4
Latvia	0.2	0.7	-3.5	6.9	1.8	2.9	-0.4	1.5	2.0
Lithuania	0.4	4.7	0.0	6.4	2.5	0.3	2.8	3.0	2.8
Croatia	0.4	3.1	-8.3	12.6	7.3	3.3	3.9	2.8	2.5
Eurozone	84.7	1.6	-6.0	6.3	3.5	0.4	0.9	1.1	1.2
Denmark	2.2	1.7	-1.8	7.4	1.5	2.5	3.5	3.6	2.0
Sweden	3.2	2.5	-2.0	5.9	1.5	-0.1	1.0	1.1	1.9
Hungary	1.2	5.1	-4.3	7.1	4.3	-0.9	0.5	0.4	2.5
Czech Republic	1.8	3.6	-5.3	4.0	2.8	-0.1	1.1	2.1	2.2
Poland	4.4	4.6	-2.0	6.9	5.3	0.2	2.9	3.1	3.2
Romania	1.9	3.9	-3.7	5.5	4.0	2.4	0.8	1.4	1.9
Bulgaria	0.6	3.8	-3.2	7.8	4.0	1.9	2.8	2.7	2.7
EU-14	87.5	-5.8	-5.7	6.4	3.5	0.4	0.9	1.1	1.2
New EU-13	12.5	4.0	-3.3	6.6	4.1	0.8	1.9	2.2	2.6
EU-27	100	1.9	-5.6	6.3	3.5	0.4	1.0	1.3	1.4
Memorandum items									
USA		2.3	-2.2	5.8	2.5	2.9	2.8	1.8	1.5
Japan		-0.4	-4.3	2.6	0.9	1.4	0.2	1.1	0.5
United Kingdom		1.6	-11.0	8.7	4.8	0.4	1.1	1.3	1.0
China		6.0	2.0	8.4	3.0	5.2	5.0	4.9	4.4
Russia		2.0	-3.0	5.6	-1.2	3.6	4.1	1.0	0.7
South-Eastern Europe									
Serbia		4.3	-0.9	6.7	3.0	1.9	3.9	4.2	4.3
Turkey		0.8	1.8	9.0	2.0	3.5	3.0	3.2	4.0

* Kopint-Tárki forecast.

EU-14 = Countries that joined the European Union before 2004 ("old" EU Member States)

New EU-13 = Countries that joined the European Union in 2004, 2007 and 2013

Sources: Eurostat, national statistical offices, OECD

Table 2/2

Inflation in the EU member states

(Harmonized consumer price indices, percentage change over the previous year)

	Weight	2019	2020	2021	2022	2023	2024	2025*	2026*
Germany	23.5	1.4	0.4	3.2	8.7	6.0	2.5	2.1	1.8
France	16.7	1.3	0.5	2.1	5.9	5.7	2.3	1.0	1.2
Italy	14.2	0.6	-0.1	1.9	8.7	5.9	1.1	1.8	1.8
Netherlands	5.1	2.7	1.1	2.8	11.6	4.1	3.2	3.2	2.2
Belgium	3.4	1.2	0.4	3.2	10.3	2.3	4.3	2.9	2.1
Luxembourg	0.3	1.6	0	3.5	8.2	2.9	2.3	2.0	1.9
Ireland	1.6	0.9	-0.5	2.4	8.1	5.2	1.3	1.8	1.4
Greece	1.7	0.5	-1.3	0.6	9.3	4.2	3.0	2.8	2.1
Spain	9.2	0.8	-0.3	3.0	8.3	3.4	2.9	2.2	2.1
Portugal	1.9	0.3	-0.1	0.9	8.1	5.3	2.7	1.9	2.1
Austria	2.7	1.5	1.4	2.8	8.6	7.7	2.9	2.9	2.2
Finland	1.6	1.1	0.4	2.1	7.2	4.3	1.0	1.8	1.6
Estonia	0.2	2.3	-0.6	4.5	19.4	9.1	3.5	5.0	3.2
Slovakia	0.8	2.8	2.0	2.8	12.1	11.0	3.0	4.0	3.6
Slovenia	0.4	1.7	-0.3	2.0	9.3	7.2	2.0	2.5	2.5
Cyprus	0.2	0.5	-1.1	2.3	8.1	3.9	2.1	1.0	1.7
Malta	0.1	1.5	0.8	0.7	6.1	5.6	2.5	2.2	1.9
Latvia	0.3	2.7	0.1	3.2	17.2	9.1	1.3	3.5	2.5
Lithuania	0.5	2.2	1.1	4.6	18.9	8.7	0.8	3.5	2.5
Croatia	0.5	0.8	0.0	2.7	10.7	8.4	4.1	4.5	3.4
Eurozone	84.4	1.2	0.3	2.6	8.4	5.4	2.4	2.0	1.8
Denmark	1.9	0.7	0.3	1.9	8.5	3.4	1.3	1.7	1.5
Sweden	2.7	1.7	0.7	2.7	8.1	5.9	2.0	2.2	1.6
Hungary	1.1	3.4	3.4	5.2	15.3	17.6	3.7	4.6	3.9
Czech Republic	1.6	2.6	3.3	3.3	14.8	12.0	2.4	2.5	2.0
Poland	4.9	2.1	3.7	5.2	13.2	10.9	3.5	4.4	3.0
Romania	2.3	3.9	2.3	4.1	12.0	9.7	5.7	7.0	6.5
Bulgaria	0.6	2.5	1.2	2.8	13.0	8.6	2.4	4.3	3.5
EU-14	86.5	1.3	0.4	2.6	7.8	5.3	2.3	2.0	1.8
New EU-13	13.5	2.7	2.7	4.4	13.9	10.8	3.5	4.5	3.6
EU-27	100.0	1.4	0.7	2.9	9.2	6.4	2.5	2.3	2.0
Memorandum items^a									
USA		1.8	1.4	4.7	6.6	3.8	2.5	2.7	3.0
Japan		0.5	0.0	-0.3	2.5	3.3	2.7	3.1	2.1
United Kingdom		1.8	0.8	2.6	9.1	7.3	2.5	3.3	2.6
China		2.9	2.5	0.8	1.9	0.3	0.2	-0.2	0.3
Russia ^b		4.5	2.6	5.9	13.8	5.9	8.4	8.5	8.0
South-Eastern Europe									
Serbia		1.9	1.7	3.6	8.5	12.6	4.7	3.7	3.5
Turkey		15.2	12.3	17.8	63.0	55.4	59.8	30.8	17.8

a Non-harmonized price indices

b December/December

* Kopint-Tárki forecast

EU-14 = Countries that joined the European Union before 2004 ("old" EU Member States)

New EU-13 = Countries that joined the European Union in 2004, 2007 and 2013

Sources: Eurostat, national statistical offices, OECD

Unemployment in the EU member states

(unemployment as a percentage of the labor force aged 15-74, ILO-Eurostat)

	Weight	2019	2020	2021	2022	2023	2024	2025*	2026*
Germany	20.1	3.1	3.6	3.6	2.7	2.9	3.4	3.4	3.4
France	14.2	8.4	8.0	7.9	7.3	7.3	7.4	7.9	7.8
Italy	11.7	10.0	9.6	9.6	8.2	7.7	6.5	6.2	6.0
Netherlands	4.5	3.4	3.3	4.2	3.4	3.5	3.7	3.8	4.0
Belgium	2.4	5.4	6.4	6.3	5.6	5.6	5.7	6.3	5.9
Luxembourg	0.2	5.6	5.8	5.5	4.7	5.0	6.3	6.6	6.4
Ireland	1.1	5.0	6.7	6.3	4.8	4.1	4.3	4.3	4.1
Greece	2.1	17.3	15.3	14.8	12.5	11.0	10.1	9.5	8.9
Spain	11.0	14.1	15.2	14.8	13.1	12.0	11.4	10.6	10.0
Portugal	2.4	6.5	6.7	6.6	5.9	6.5	6.5	6.3	6.0
Austria	2.2	4.5	6.4	6.2	4.6	6.4	7.0	5.3	5.2
Finland	1.3	6.4	7.7	7.7	6.7	7.0	8.4	8.6	8.3
Estonia	0.3	4.4	6.8	6.2	6.1	7.0	7.5	7.6	7.3
Slovakia	1.3	5.8	6.8	6.8	6.3	5.7	5.5	5.3	5.3
Slovenia	0.5	4.5	4.6	4.8	4.1	3.6	3.5	3.7	3.8
Cyprus	0.2	7.1	7.5	7.5	7.2	6.4	4.9	4.7	4.6
Malta	0.1	3.6	4.0	3.5	3.2	2.7	3.2	3.1	3.1
Latvia	0.5	6.3	7.3	7.6	7.1	6.8	6.7	6.8	6.6
Lithuania	0.7	6.3	7.1	7.1	6.0	6.8	7.5	6.8	6.6
Croatia	0.9	6.6	6.7	7.7	6.3	6.5	5.1	4.6	4.5
Euro Area	77.7	7.6	8.0	7.7	6.7	6.5	6.4	6.3	6.2
Denmark	1.4	5	5.3	5.1	4.2	4.8	6.2	6.2	6.3
Sweden	2.6	6.8	8.9	8.8	7.4	7.4	8.4	8.7	8.4
Hungary	2.3	3.3	4.1	4.1	3.7	4.1	4.6	4.5	4.4
Czech Republic	2.5	2.0	2.7	2.8	2.7	2.4	2.6	2.6	2.6
Poland	8.0	3.3	3.3	3.4	2.7	3.0	2.9	2.8	2.8
Romania	3.9	3.9	5.0	5.6	5.4	5.4	5.5	5.3	5.2
Bulgaria	1.6	4.2	5.1	5.3	5.2	4.2	4.3	4.0	3.8
EU-14	77.2	7.1	7.9	7.8	6.7	6.6	6.5	6.4	6.3
New EU-13	22.8	4.1	4.4	4.6	4.1	4.1	4.2	4.0	4.0
EU-27	100.0	6.8	7.2	7.1	6.1	6.0	6.0	5.9	5.7
Memorandum items^a									
USA		3.7	8.1	5.4	3.6	3.6	4.0	4.3	4.3
Japan		2.4	2.8	2.8	2.6	2.6	2.5	2.4	2.4
United Kingdom		3.8	4.5	4.6	3.9	4.0	4.3	4.5	4.3
China ^b		3.8	3.6	4.0	4.2	4.2	5.2	5.0	5.0
Russia ^c		4.6	6.0	5.9	3.9	4.5	4.9	5.9	5.9
South-Eastern Europe									
Serbia ^d		10.4	9.0	10.7	9.2	8.7	8.7	8.3	8.0
Turkey		13.7	13.2	12.8	12.9	10.1	9.3	9.8	9.8

a non-harmonized unemployment rates

b urban unemployment

c OECD statistics, unemployment rate for the age group 15-64

d Serbian Statistical Office, unemployment rate for the age group 15-64

* Kopint-Tárki forecast

EU-14 = Countries that joined the European Union before 2004 ("old" EU Member States)

New EU-13 = Countries that joined the European Union in 2004, 2007 and 2013

Sources: Eurostat, National Statistical Offices, OECD

Macroeconomic indicators and Kopint-Tárki's forecast*(year-on-year change, percentage)*

	Actual data					Forecast		
	2023	2024	2025			2025		2026
			I.	II.	III.	July 2025	Oct. 2025	Oct. 2025
GDP aggregates, real growth								
GDP Total	-0.8	0.6	0.0	0.1		0.5	0.4	2.5
Domestic Demand	-8.1	-1.8	2.4	0.3		1.4	1.6	3.3
Private Consumption	-1.5	4.9	2.7	3.1		3.2	3.1	3.7
Government Consumption	3.8	-4.2	-1.0	4.8		3.0	1.8	2.0
Gross Fixed Capital Formation	-6.7	-9.9	-8.7	-5.7		-4.5	-4.8	3.0
Gross Capital Formation	-23.5	-15.8	5.3	-8.7		-4.0	-2.8	2.7
Export	17.4	-0.9	-3.3	-1.0		1.2	-0.8	2.4
Import	8.3	-3.9	-1.1	-0.8		2.4	0.3	3.4
Industrial Production	-5.5	-4.1	-3.7	-4.1	-4.1 ^e	-0.7	-2.0	3.0
Consumer Price Index	17.6	3.7	5.2	4.4	4.3	4.8	4.6	3.9
Employment, earnings								
Number of Employed, growth ^a	0.6	0.0	0.0	-1.0	-0.6	-0.3	-0.5	0.0
Unemployment rate ^a	4.1	4.5	4.3	4.5	4.5	4.4	4.5	4.4
Unit Labor Costs, in EUR ^b	26.7	9.3	6.3	8.2		5.5	8.9	3.7
Gross Nominal Wages ^c	14.0	13.2	9.2	9.1	8.9 ^e	8.7	8.8	9.5
Net Real Wages ^c	-3.1	9.0	3.6	4.3	4.4 ^e	3.7	4.3	6.1
Savings rate, % of GDP ^d	6.8	6.7	6.0	5.3		5.8	5.0	5.4
Current and Capital Accounts								
Balance, % of GDP	1.1	1.8	2.1 ^f	3.4 ^f		1.5	2.0	1.0
General government								
Fiscal Balance, ESA-2010, % of GDP	-6.7	-5.0	-3.7	2.2		-4.8	-4.8	-4.8
Gross Government Debt, % of GDP	73.2	73.5	75.4	76.2		75.0	75.5	75.0
Short-term Government Yields (3M), eop	6.23	5.10	6.2	5.95	6.10	6.0	6.0	5.7
Long-term Government Yields (10Y), eop	5.86	6.55	7.21	7.04	6.80	7.0	7.0	6.5
External assumptions								
Internat. Trade in Goods and Services ^d	0.4	3.1				2.7	2.6	3.0
Brent Oil Price (\$/bbl, p. avg.)	82.5	80.5	75.8	68.0	69.0	71.0	71.0	68.0
GDP Real Growth, Eurozone	0.5	0.9	1.4	1.3		1.0	1.1	1.2
GDP Real Growth, New EU Members	0.8	1.9	2.2	2.3		2.3	2.2	2.6
Forint/euro, period average	382	395	405	404	396	403	400	405
Dollar/euro, period average	1.08	1.08	1.05	1.13	1.17	1.11	1.13	1.13

a ILO methodology, period average, aged 15-74, public workers are counted as employed.

b Manufacturing, based on gross value added and the monthly average compensation of employees in euro, cumulated from the beginning of the year

c All employers

d Net lending of households, financial accounts statistics, percentage of GDP, four-quarter cumulative data

e July-August

f Seasonally adjusted data by the MNB

III. The Hungarian economy

The Hungarian economy remained close to stagnation in the second quarter – the year-on-year GDP growth rate of 0.1% is not particularly encouraging, even if the seasonally adjusted annual growth rate was slightly higher at 0.3%, and even though the seasonally adjusted GDP was 0.5% higher *than in the first quarter*.

On *the expenditure side*, private consumption remains the primary driver of growth. Although the dynamics **of household consumption expenditure** decelerated in 2025 as a result of the slowdown in *real wage growth* – the latter attributable, among other things, to lower minimum wage and wage minimum increases, and also higher inflation. Considering that real wages climbed by more than 4%, the 3.5% increase in consumption expenditures (and the 3.1% increase *in actual household consumption*) may seem relatively modest. However, according to the sector accounts data, household *disposable* income grew by only about 1% (due to the continuing downward effect from falling property incomes); considering the modest growth in overall incomes, the consumption growth data shows a relatively strong willingness to spend. At the same time, this does not change the fact that, due to slower earnings and income growth than last year, consumption expenditure growth is more than 2 percentage points lower this year than in 2024, meaning that the contribution of this component to growth is also more modest.

Nevertheless, based on consumption growth alone, much faster GDP growth would have been possible, but the negative contribution of the accumulation components on the expenditure side made this impossible. In addition to the fact that the *changes in inventories* weighed on growth in the second quarter after a positive contribution in the first quarter, the decline in **gross fixed capital formation** continued, both on a year-on-year basis and compared to the previous quarter. The corporate sector continues to hold back investments, save a few areas – although it is relatively favorable that the fall in *manufacturing investment* has slowed significantly – and public investment has also continued to decline.

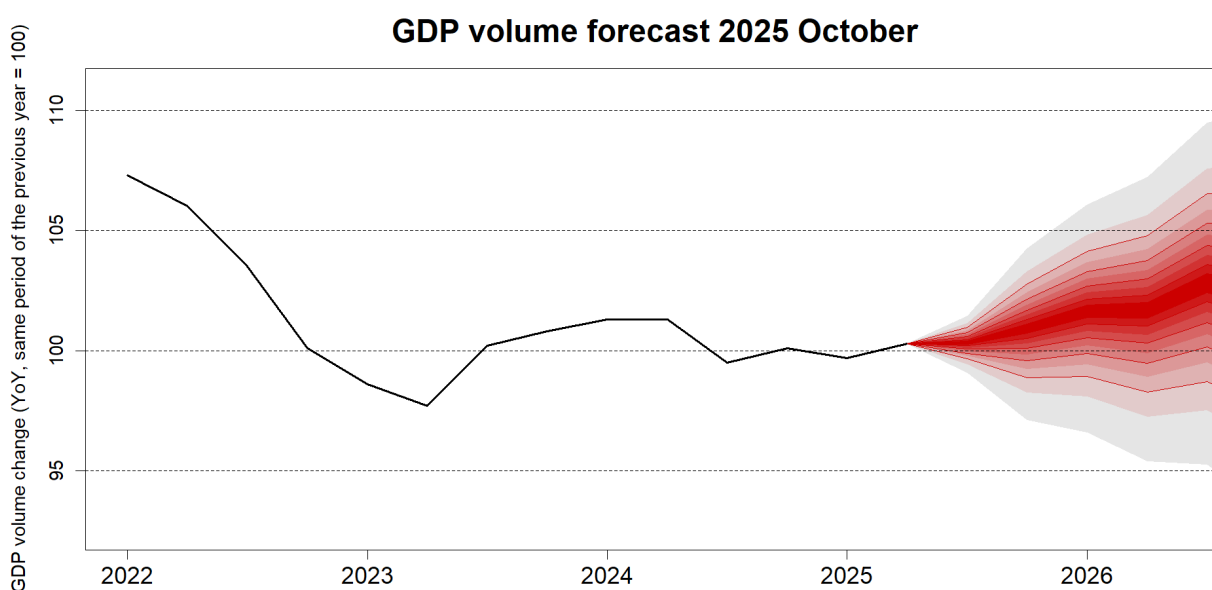
As a result, the accumulation components together almost canceled out the respectable growth contribution coming from the consumption components, and total **final domestic use** grew by only 0.3% in the second quarter. *Thus, the still one-sided expansion of domestic demand supported growth to an even lesser degree than in the first quarter*. This did not lead to a decline in GDP only because the downward effect **of net export** on growth *moderated significantly* in the second quarter. However, this improvement was not a result of any positive trend change in the external trade in goods: the decline in goods exports decelerated only slightly, while the negative gap between the respective growth rates of goods exports and imports remained significant. However, the balance of foreign trade in services improved, due to the strong growth in the export of tourism-related services and a slowdown in the decline in business service exports. This does not provide a solid basis for expecting a further favorable shift in the contribution of external trade to growth in the second half of the year.

On the production side, a new development is that in the second quarter, in addition to services, construction value added also grew – although the impact of the latter on overall growth is moderate, and this new growth is not particularly solid in light of the continuing fiscal constraints and given that industry players see residential construction as the only area where significant growth is likely, and even that is less likely to start before 2026. Along with agriculture, hit by bad weather, industrial value added also

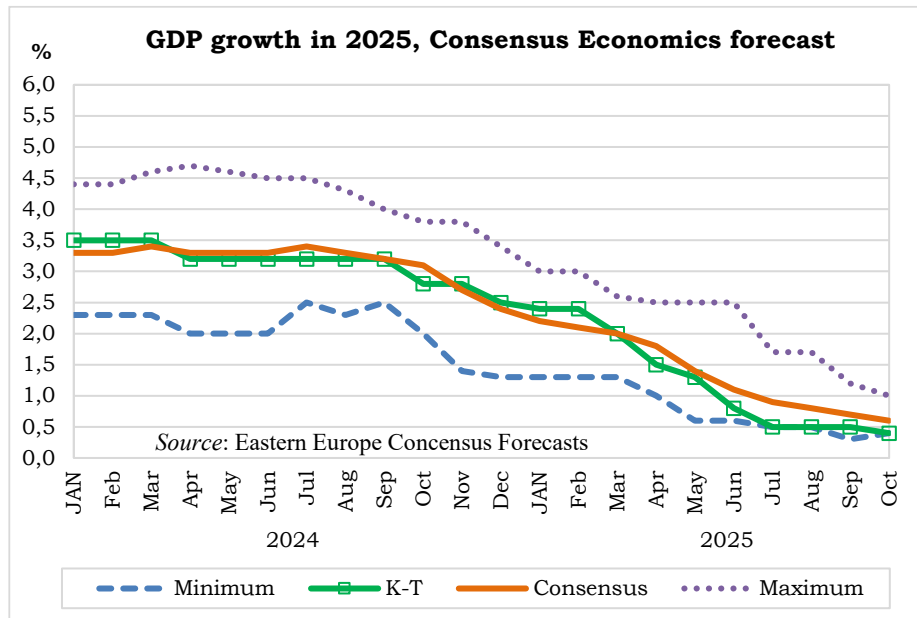
continues to decline. The external conditions for industrial activity have not changed much, and international demand conditions remain fundamentally unfavorable, even if uncertainties appear to have eased somewhat at the moment, due to the US-EU customs agreement.

In the case of **services**, expanding – and slightly accelerating – consumer demand continued to generate relatively modest growth, at a rate of 1.4% in the second quarter after 1% in the first. Primarily the negative growth in the transport and the real estate sectors curbs the overall expansion of services.

As for **the rest of this year**, two main factors could lead to a slight acceleration in the economy. On the one hand, consumption may pick up somewhat due to the increase in family tax allowance and the newly introduced tax exemptions for mothers with three children. Also, the one-off distribution of food vouchers for pensioners and the November pension supplement may also give consumption a short-term boost. On the other hand, the decline in investment may slow down to near stagnation by the end of the year. However, the latter is *highly uncertain*, as – apart from the extremely low base – there are few signs of any positive impulse that would nudge firms to launch new investment projects. As far as *external demand* is concerned, we expect only a very slight improvement in this area, as the global economic outlook has not improved significantly. Nevertheless, exports may achieve minimal growth by the end of the year – which may be helped by the newly commissioned BMW plant – but this may also give a slight boost to imports.

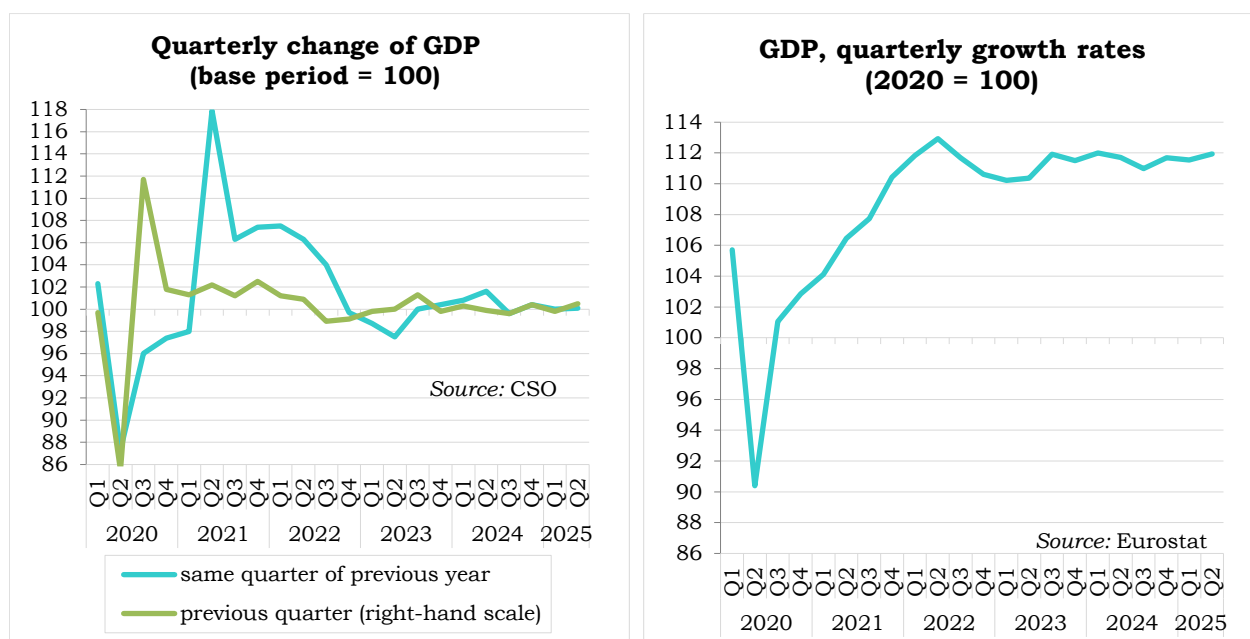


The slowdown in the decline in investment and the revival of private consumption will allow for a slight acceleration in the growth of final domestic use and GDP compared to the first half of the year, but the contribution of net exports to growth is expected to remain negative. Overall, **we expect** only a symbolic **GDP growth rate of 0.4%** this year, followed by an acceleration next year, assuming no further major disturbances. At the moment, this forecast is somewhat more pessimistic than the **Consensus Economics** average forecast for 2025.



3.1. GDP and its components

The stagnation in the first quarter of 2025 was followed by a GDP growth rate of a mere 0.1% in the second quarter. The *seasonally and calendar-adjusted* growth rate was 0.3% year-on-year. Compared to the previous quarter, GDP volume expanded by 0.5%. Overall, Hungarian economic performance was up 0.1% **in the first half of 2025** – in other words, it remained virtually unchanged. As shown in the chart on the right, GDP has essentially remained flat since the second half of 2023.



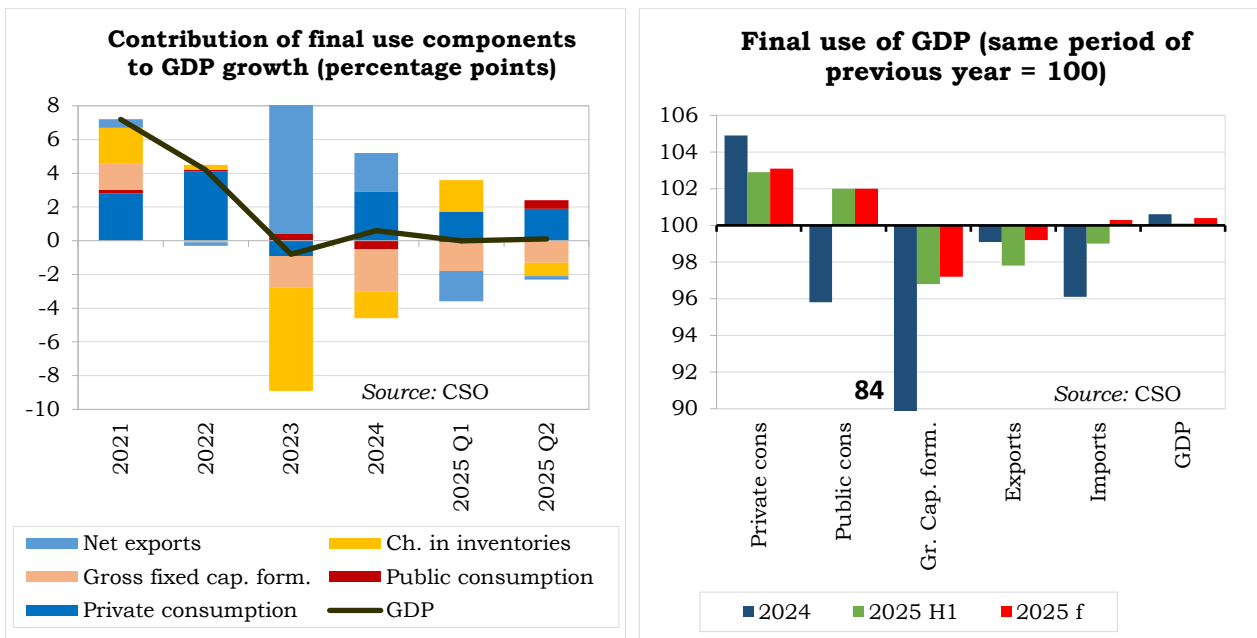
On the expenditure side, the growth rate in **final domestic use** slowed to near stagnation (0.3%) in the second quarter, although this was attributable to a single component, namely another negative turn in changes in inventories. Meanwhile, private consumption accelerated slightly (to 3.1%), while the rate of decline in fixed capital formation slowed to below 6% – the most favorable growth figure for fixed investment in the last six quarters. On the other hand, the substantial negative growth contribution **of net exports** in the first year moderated sharply, to 0.2 percentage points, in the second quarter.

The largest component of final domestic use, *household consumption expenditure*, gained some momentum, climbing 3.5% in the second quarter, up from 3.1% in the first. It should be noted that the first two quarters of this year brought a marked slowdown in the revised growth indices for 2024. This is understandable in that real earnings growth also decelerated sharply in 2025 compared to the last year. In other words, household consumption behavior immediately adjusted to the changing income dynamics. Due to the downward effect of the much more modest increase in the volume of transfers in kind provided by the state, **actual household consumption** grew by only 3.1% in the second quarter.

In addition, although the rate of decline in **gross fixed capital formation** – the other flagship component of domestic use – moderated, the slowdown was by no means spectacular, with the pace of decrease still exceeding 5% in the second quarter. Investments in both the corporate and budgetary sectors continued to decline. The main drag this time was not the decline in manufacturing investments, but the plunge in

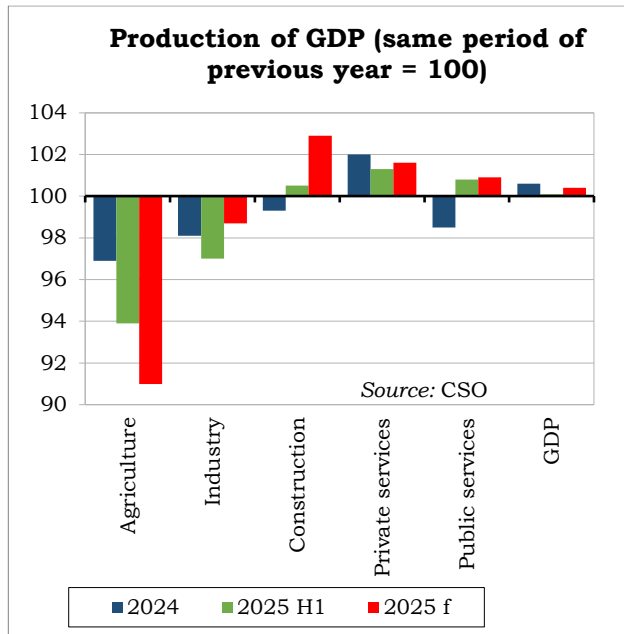
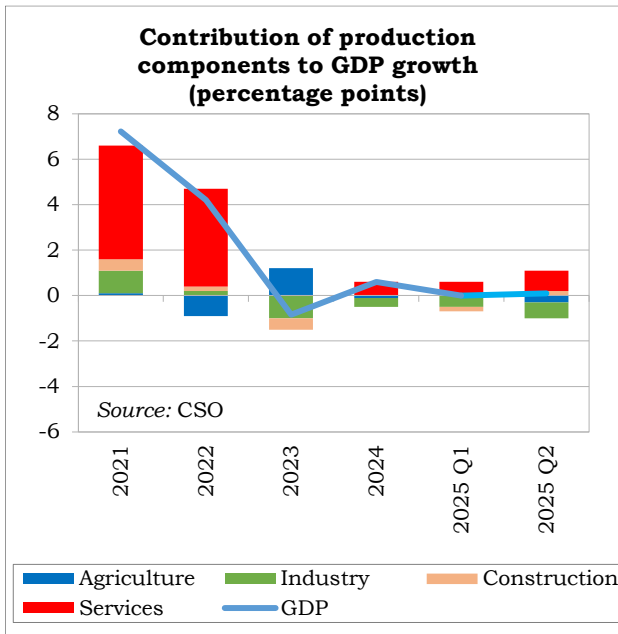
investments in real estate, an industry characterized by hectic fluctuations. The export-oriented sector continues to face severely limited external demand, while public investment is being held back by fiscal constraints, and the decline in (completed) housing construction is also contributing to the slump in investment. As already mentioned, the growth impact of inventory changes turned negative again in the second quarter, so the overall negative contribution of *gross capital formation* largely offset the positive growth impact of consumption growth.

At the same time, however, the negative contribution of **net exports of goods and services** to growth moderated from 1 percentage point in the third quarter to 0.2 percentage points. This is due to the changing dynamics of *foreign trade in services* (the decline in service exports slowed significantly, while the contraction in service imports accelerated sharply). At the same time, the balance of foreign trade in goods did not improve: the decline in goods exports slowed somewhat (according to the GDP statistics) in the second quarter, but at the same time, goods imports shifted from decline to very modest growth.



On the production side, the moderate decline in industry continued in the second quarter. According to industrial statistics data, not only did domestic sales continue to decline hopelessly in the second quarter, but export sales also began to fall again. The automotive industry output, suffering from subdued European demand and US tariffs, continues to decline, while the battery industry is also still declining year-on-year. The electronics industry, alone among the major sectors, is expanding, albeit at a highly volatile pace. In construction, however, the decline turned into growth in the second quarter in both main groups, although in light of the industry sentiment and the trend in the stock of orders, it is unclear how sustainable this growth will be. Agriculture continues to be heavily affected by unfavorable weather conditions this year.

Apart from construction, *services* were once again the principal driver of growth. However, the pace of services expansion – 1.4% in Q2 – remained quite moderate. Although growth was quite dynamic in trade, tourist accommodation and food service, as well as in the communications sector, the slight decline in transport and storage, and, even more importantly, in real estate transactions, weighed on overall services growth.



We expect only limited economic improvement *in the second half of 2025*. We expect a certain degree of recovery in private consumption, mainly as a result of various income policy measures (tax relief, pension vouchers, etc.) aimed at stimulating household demand. On the other hand, the decline in investment is expected to slow further, although it remains to be seen whether this slowdown will reach near stagnation by the end of the year. Overall, year-on-year growth in *final domestic use* may exceed the pace seen in the first half of the year. Meanwhile, in foreign trade, import growth is expected to continue to outpace export growth, although the latter may strengthen somewhat towards the end of the year, not least thanks to the BMW plant that began operating in September.

On the production side, a higher growth rate than in the first half of the year could be brought about by a further modest acceleration in services and a slight improvement in industrial activity toward the end of the year, partly due to the aforementioned BMW effect. However, even in the best-case scenario, the industrial upturn at the end of the year is likely to be modest, as external demand conditions remain unfavorable and German industry continues to suffer. Furthermore, despite the tariff agreement reached over the summer, a further escalation of the trade war cannot be ruled out.

Overall, **we expect a very modest GDP growth of 0.4%** this year. In 2026, the growth rate may accelerate to around 2.5%.

3.2. The production side of GDP

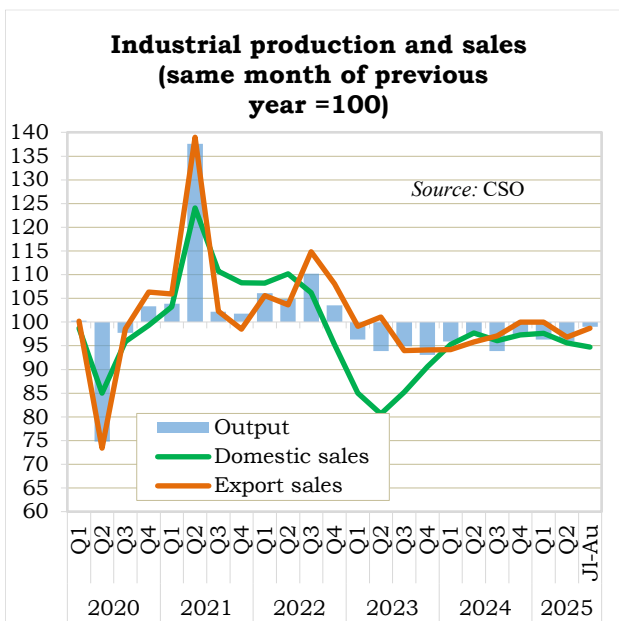
3.2.1. Industry

Contrary to the hopes at the beginning of the year, the decline in industry has continued almost unabated so far in 2025. On average, production was down 3.9% in the first eight months, with both domestic and export sales declining. External economic conditions remain unfavorable, and the expansion of consumer demand is insufficient in itself to halt the decline in domestic sales. Based on the seasonally adjusted time series data, the trend in monthly domestic sales volumes continues to decline, and export sales, after remaining nearly flat in the first third of the year, were also edging downward between May and August.

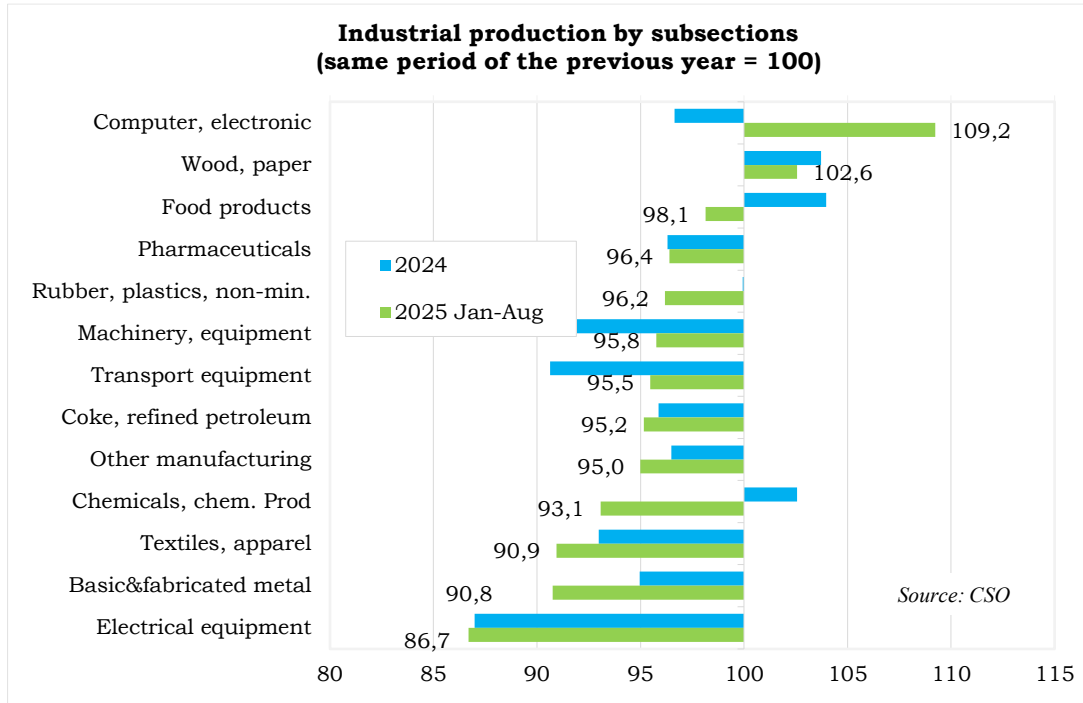
The sharp decline in *battery manufacturing* was the main drag on industry this year: output in the electrical machinery sector fell by around 13% in January-August. Based on seasonally adjusted data, monthly production in the sector has been on a recovery path after hitting a low point in January this year, but it remains to be seen how long the recovery trend will continue. The decline in vehicle manufacturing, the most important domestic industry, has been more moderate this year (a 4.2% drop in the first eight months), and a shift to stagnation is also conceivable. It is questionable whether the new BMW plant will be able to generate growth in the auto industry toward the end of the year. Currently, among the major manufacturing sectors, the electronics industry is the only one where substantial growth is recorded, after two years of decline.

It is still possible that domestic demand will bottom out by the end of the year, provided that the fall in investments flattens out in the last quarter. As for export sales, the outlook is far from encouraging, despite the US-EU tariff agreement. The news from the German economy continues to be rather unfavorable. In the longer term, the relaxation of German debt restrictions and the rumoured German rearmament plans may lead to an upturn.

On the whole, the chances of a significant industrial upturn at the end of the year have become negligible, although positive year-on-year growth indices may occur in the last quarter of the year. The question is whether the slight positive turnaround in the BMI in



September will be reflected in the industrial output figures for the last quarter. Overall, **we expect industrial production to decline by 1.8-2% in 2025**. The actual outcome could be even worse if further deterioration in global economic conditions or some unforeseen disruptive events deal another blow to industrial activity in the last months of the year.



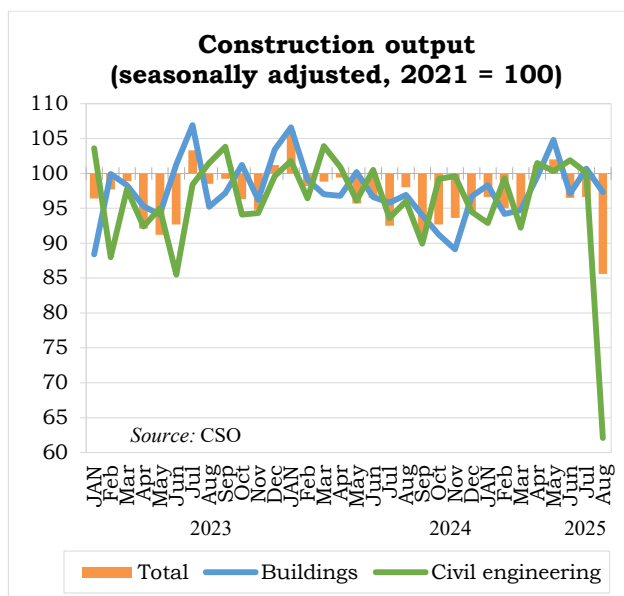
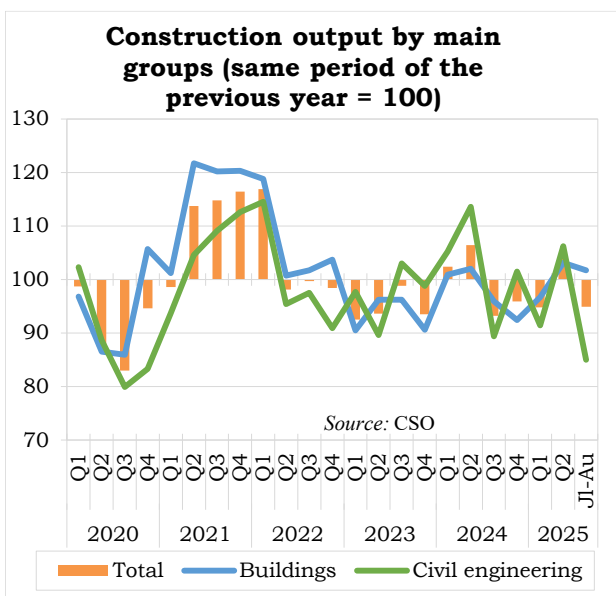
3.2.2. Construction

The decline in output observed in the second half of 2024 continued in the first quarter of this year, but construction activity picked up thereafter. According to the revised data, both main groups of construction posted positive growth between April and July. In August, however, a sudden reversal took place, with a particularly steep fall in civil engineering. The August plunge in civil engineering is probably a one-off, but it is still a strong warning against being exceedingly confident regarding the future growth prospects in the construction sector. The problems posed by anemic demand conditions are not yet over.

The *stock of orders* for building construction continues to shrink year-on-year, while the expansion in civil engineering has accelerated from March on, even if not without fluctuations.

According to the *iBuild* database, activity start in the *construction of non-residential buildings* was exceptionally low in the second quarter of this year, with only one industrial investment project making it onto the list of the largest building projects started. The situation remains difficult in significant segments of the industry, which may lead to delays in construction projects. At the same time, it is not easy for domestic construction companies to get involved in the large projects launched by East Asian firms which rather tend to cooperate with “their own”, Asian subcontractors. In civil engineering, the volume of construction projects started remained low. The only good news is that the strong upturn in the *construction of condominiums* continued. In addition, residential renovation activity is also strengthening, thanks in part to the various support programs. However, this alone is hardly sufficient to ensure continued growth in the construction industry as a whole.

According to industry players, demand remains weak, and the uncertainty is also reflected in the continuing decline in employment in the sector. Nevertheless, we currently expect **the construction output to grow by about 1%** this year, possibly followed by somewhat more robust growth in 2026.



3.2.3. Housing construction

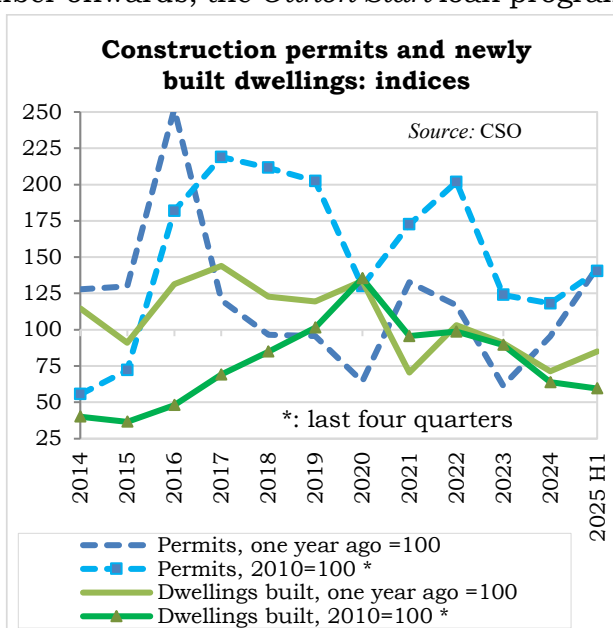
The decline in the number of *newly built dwellings* continued in the first half of 2025, falling by 25.3% year-on-year in the second quarter after a 2.7% decline in the first quarter. The decline affected dwellings built by both natural persons and businesses in the second quarter – although the rate of decline was much steeper for the former – as well as family houses and multi-dwelling buildings.

On the other hand, a significant development is that the number of *building notifications/permits*, which had been falling almost continuously over the previous two years, began to rise this year and was 61.4% higher in the second quarter than a year earlier. The increase was mainly driven by a rise in the number of permits issued for flats to be built in *multi-unit buildings*.

Furthermore, according to data from the iBuild database, the volume of *newly* started condominium construction projects has risen sharply since the last quarter of 2024, and the upturn continued in the second quarter of this year. In other words, property developers began to launch previously postponed construction projects even before the increase in the number of permits, using permits they had already obtained. It is questionable whether this upturn will result in an increase in the number of completed homes this year, but it may happen in 2026.

Housing market demand, which was already gaining momentum last year, has been helped this year by various government measures (such as making it easier for special taxpayers to access CSOK and baby loans, or making voluntary pension fund savings for housing purposes tax-free). From September onwards, the *Otthon Start* loan program provides another strong boost. The upturn is also reflected in the rise in housing loans. Although lending continues to be predominantly directed towards the purchase of *second-hand homes*, the credit boom will also contribute to stronger demand in the construction sector.

However, the positive trend reversal regarding the number of homes built is not expected until 2026: **this year**, the number of homes built will decline further from the 13,295 recorded in 2024.



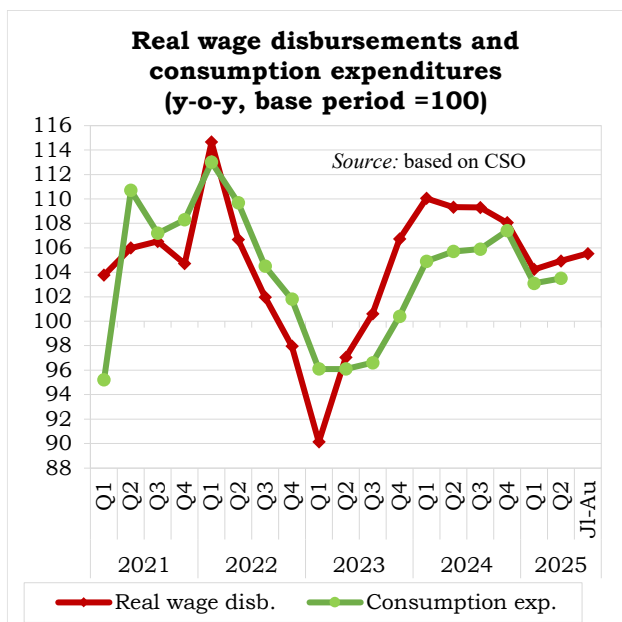
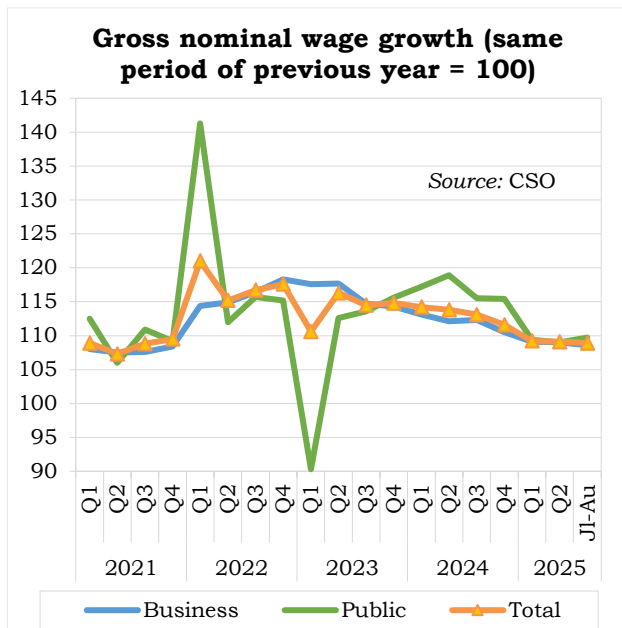
3.3. The expenditure side of GDP

3.3.1. Household income, consumption and savings

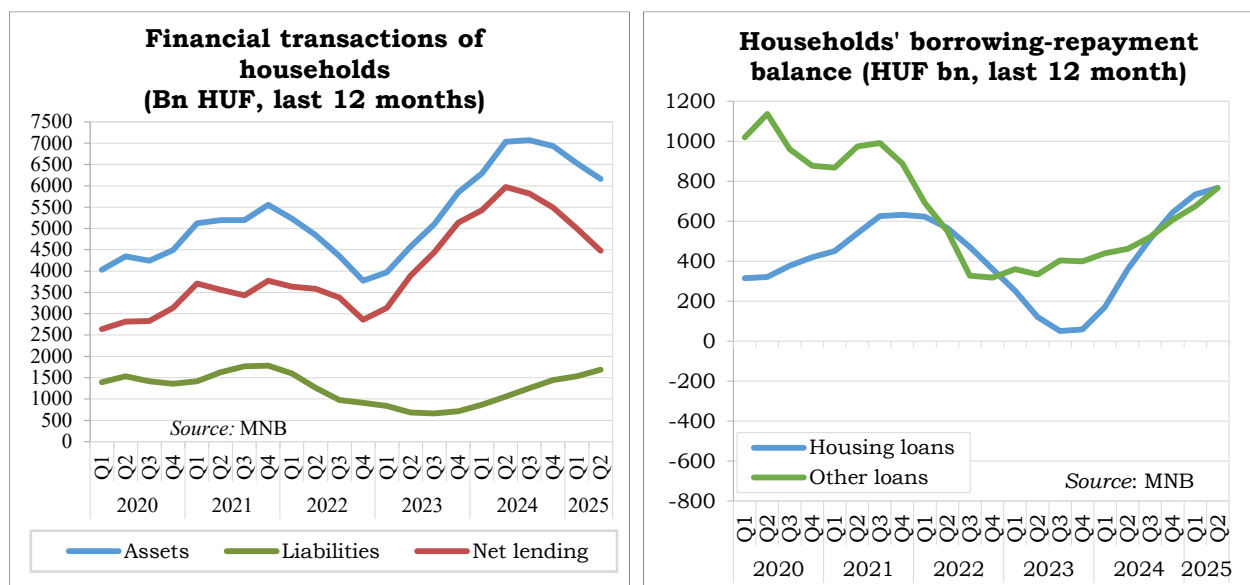
In the first eight months of 2025, **average gross nominal wages** were up 9.1% in the first seven months of 2025, while median earnings rose by 9.2%, accompanied by an average inflation rate of 4.7%. As a result, average net real earnings rose significantly, by 4.2%, during the same period. However, this rate *is less than half* of last year's 9% real wage growth. As the number of employees continued to grow slightly – *according to wage statistics* – despite the virtual stagnation of the economy (as opposed to the number of employees estimated by the *labor force survey*), **net real wage disbursements** were 4.8% higher in January-August than in the same period of the previous year.

The pace of *nominal gross wage growth* was slowly decelerating during the year. Nevertheless, due to the initial surge in inflation at the beginning of the year, followed by a moderation, the dynamics of net real earnings were higher in the second quarter (and in July-August as well) than in the first. Still, the growth rate *remained significantly below* the previous year's average rate.

These changes in pace were also reflected in **household consumption expenditures**: the year-on-year growth rate dropped from 6% in 2024 to 3.1% in the first quarter and 3.5% in the second quarter. (Due to the modest increase in the transfers in kind from the government, *total private consumption* was only 3.1% higher in the second quarter than a year earlier.) The growth rate of consumption expenditures lagged slightly behind that of real wage disbursements, suggests that the slowdown in earnings prompted households to exercise some caution. At the same time, according to the sector accounts data, *real total disposable household income* grew at a much slower rate than real wages – roughly by 1% – in the first two quarters of this year, mainly due to a decline in property income. In comparison with the disposable household income figures, households' propensity to consume can be deemed quite strong.



Based on the quarterly sector accounts data, the volume of household fixed capital investments also declined in the first half of the year, with a sharp decline in the second quarter. At the same time, **net lending** – according to both the sector accounts and according to MNB statistics – declined significantly. As regards the latter, the four-quarter cumulative **household savings rate** declined from 6.7% of GDP at the end of 2024 to 6% in the first quarter and then to 5.3% in the second quarter. The nominal value of gross financial savings is now falling sharply, while the value of the *borrowing/debt repayment balance* is rising steadily. Within the latter, not only *housing loans* but also other loan transactions have been on the rise.



At present, it appears that households are reducing their financial savings and curbing their investments while maintaining a relatively good pace of consumption. We do not expect a fundamental change in this set-up in the second half of the year. Nominal gross wage growth may slow down somewhat during the rest of the year – the annual average rate is likely to get close to 9% – while inflation will creep up slightly towards the end of the year. On the other hand, new tax breaks introduced in the second half of the year (a 50% increase in family tax allowances from July and tax exemption for mothers with three children from October) will push up **net** wage growth. We therefore currently expect **net real wages to grow at a rate above 4%** this year. As a result of said tax breaks, private consumption growth may strengthen somewhat during the second half of the year. Household consumption may grow at a rate of **around 3.1% in 2025**, after an average of 2.9% in the first half. Despite the launch of home renovation subsidy programs and the Otthon Start loan program, household investment is unlikely to start growing this year, and the financial savings rate may continue to decline. **In 2026**, further increases in the family tax allowance and the six-month bonus paid to the members of armed forces is likely to give consumption a significant boost, while housing investment may also start to grow.

3.3.2. Investments

In the first half of 2025, the volume of investments continued to shrink, at an average rate of around 10%. A drop of 12% in the first quarter was followed by a slightly milder 8% decline in the second quarter. Both corporate investments and budgetary sector investments contracted, but the rate of decline slowed noticeably in the corporate sector and significantly in the public sector. The data suggest that the decline in investment in the small-business and household sector even accelerated in the second quarter.

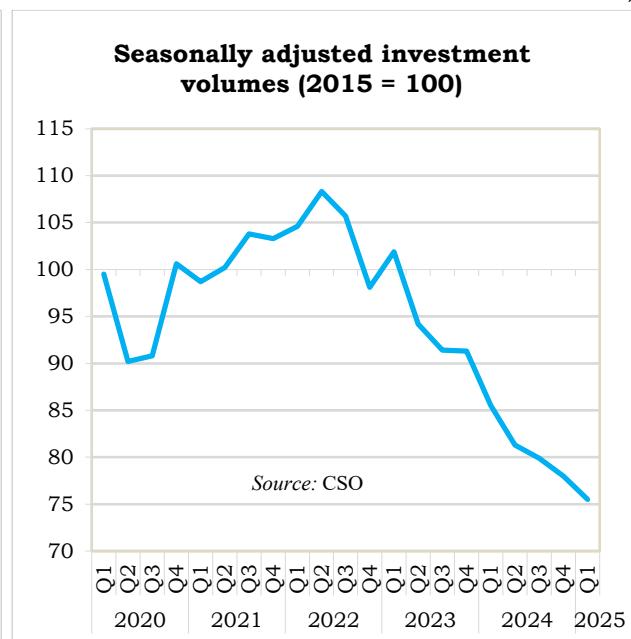
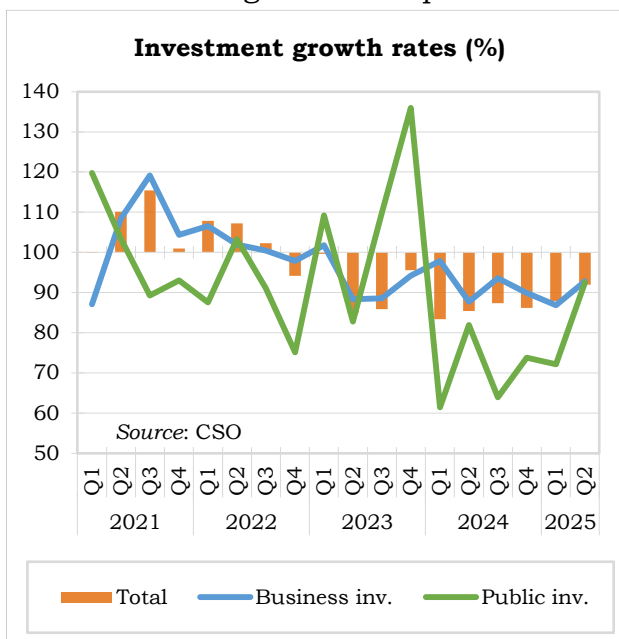
The seasonally adjusted investment volume has been declining almost continuously since mid-2022, and by the second quarter of 2025 it was already approximately 31% below the peak level measured in the second quarter of 2022.

In the first half of the year as a whole, the decline in corporate sector investment was largely due to a 17% drop in *manufacturing* investment, although the rate of decline in manufacturing slowed to 7% in the second quarter. At the same time, the external demand conditions remain unfavorable, even if the US-EU customs agreement reduces uncertainty to some extent, at least for a while.

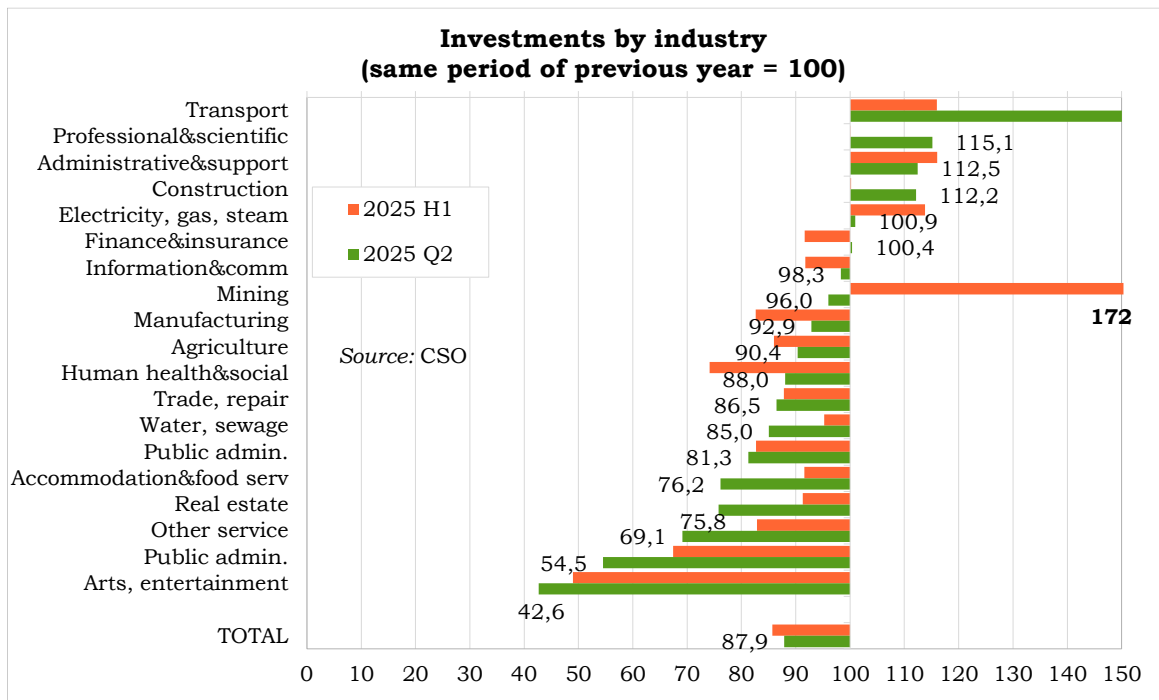
In the second quarter, a 24% drop in real estate investment was the most decisive factor behind the overall decline. This drop is not surprising, given the accelerating decline in the number of homes built. At the same time, the volume of transport investment, which had been shrinking steadily for two years, jumped 50% year-on-year in the second quarter. The 7.5% decline in public investments seem relatively moderate in light of the much steeper contraction in public administration, education and healthcare.

Overall, the great majority of sectors of the national economy saw a decline in investments in the second quarter. Apart from transport and storage, investment increased significantly in the less important construction sector (after years of decline), while double-digit growth was recorded in the professional, scientific and technical sector and in the heterogeneous administrative and service support sector.

The outlook for **this year** is not improving, given that investment volumes continued to decline on a quarter-on-quarter basis in the first half of the year despite the already very low base. No significant improvement in external demand conditions can be seen,



although the uncertainty surrounding the US trade war has eased somewhat, at least at least for now. The fiscal constraints remain unchanged. The gradual strengthening of household demand has still not generated an increase in investment activity in the domestic-oriented sectors either, although these sectors also saw a moderation in the rate of decline. We therefore expect the volume of investments to **decline significantly this year, at an average annual rate of around 6%**.



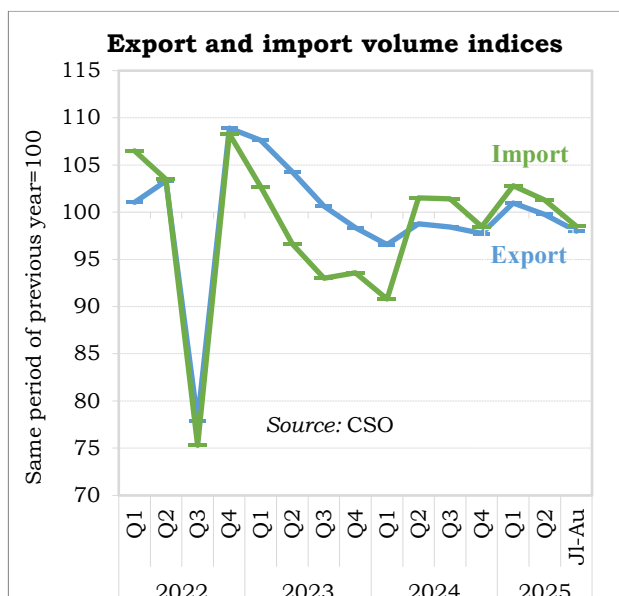
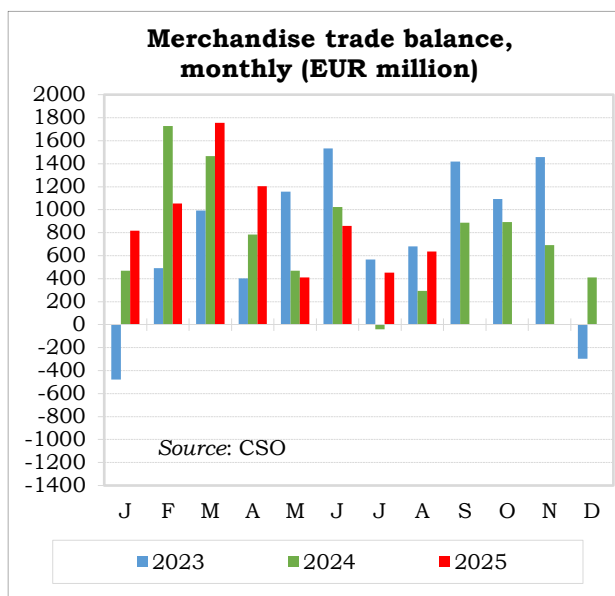
3.3.3. External trade

While during the second half of last year, the monthly value of net exports fell decreased on a year-on-year basis in almost every month, this year the foreign trade balance has been improving, albeit not without interruptions. The euro-denominated external trade surplus for the first eight months reached EUR 7.2 billion, compared to EUR 6.2 billion in the same period last year. However, this was mainly due to the increasingly substantial improvement in the terms of trade. As far as volume changes are concerned, the picture is less favorable: *export* volumes grew modestly in the first quarter, but declined in the second. Import volumes rose in the first half of the year and then fell in August; but even then, the rate of decline was lower than in the case of exports.

On average, export volumes remained roughly flat in the first eight months, with strong monthly fluctuations, while imports increased slightly, although there were two months when imports also declined. It seems that international economic conditions of an export expansion are still not there, while the modest revival of domestic demand is providing at least some room for import growth.

The negative export growth can be partially attributed to the decline in food exports and, even more so, to the sharp decline in the export of manufactured goods, while the import of this product group has virtually stagnated. Meanwhile, both the export and import of machinery and transport equipment grew modestly but relatively steadily in the first eight months of this year.

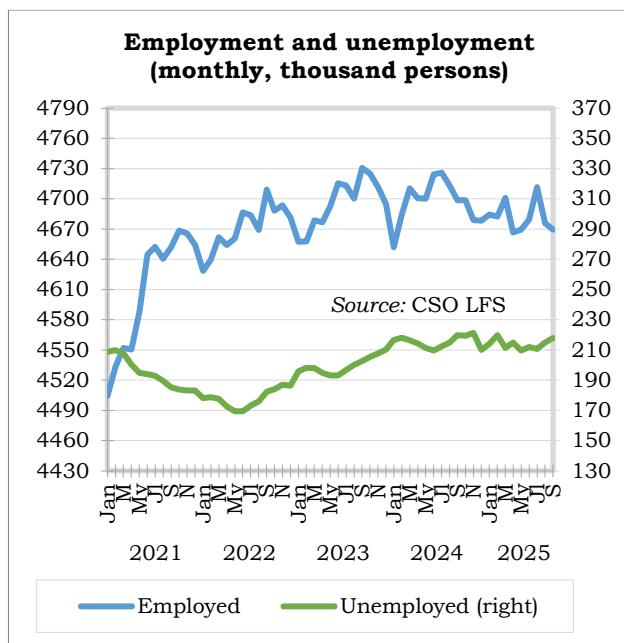
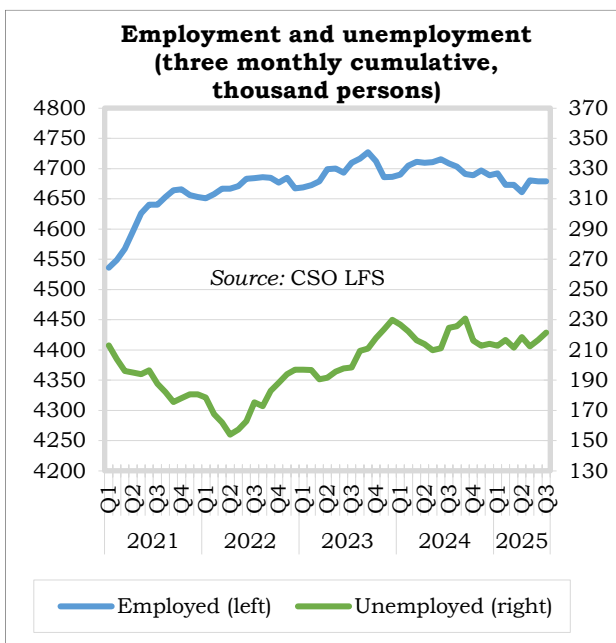
For the rest of the year, we expect the continuation of import growth at a moderate and uneven pace, possibly accelerating somewhat due to further expansion in domestic demand. On the other hand, we can only hope that exports will start to grow. Due to uncertainties regarding the terms-of-trade, the continued improvement in the euro-denominated external trade surplus cannot be taken for granted. In 2025, the annual trade surplus may reach EUR 10 billion, up from EUR 9.1 billion last year.



2.4. Employment, unemployment

According to data from *the labor force survey* (KSH-LFS), employment has been fluctuating between stagnation and contraction since the middle of last year. Following a 0.5% decline in the last quarter of 2024, the number of employed remained stable in the first quarter of this year but fell by 1% in the second quarter and again by 0.6% in the third. Notably, the trend in the number of people working *in the primary labor market* is even more unfavorable, with a 1.3% decline in the second quarter and 0.9% in the third quarter – while the number of *people working in public employment* rose sharply, by 30% in the third quarter, alongside a somewhat less clear decreasing trend in the case of those working abroad. According to LFS data, the decline in employment in industry and market services was only partially offset by growth in public services in the second and third quarters. It should also be noted that the number of *full-time* employed and the number of *employees* decreased in the first three quarters of this year. *In the business sector*, the vacancy rate in the first two quarters of this year remained 1.7%, close to the low point recorded at the end of last year.

Meanwhile, the three-month *unemployment rate*, after dipping to 4.3% in the first quarter, rose again to 4.5% in the second and the third quarters. The increase *in the absolute number of* unemployed observed since autumn 2022 turned into a slight year-on-year decline in the last quarter of 2024, and it has been alternately rising and falling since then. As the pace of economic growth will be minimal this year, **we expect employment to continue to decline this whole year**, with the yearly unemployment rate of 4.5%.



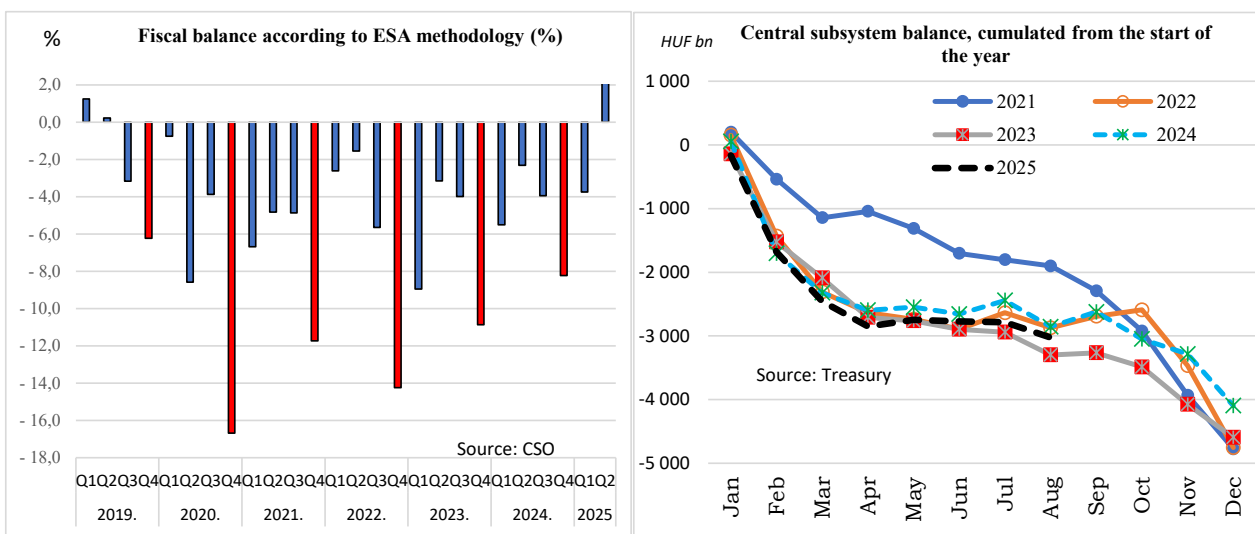
3.5. Fiscal, monetary and financial developments

3.5.1. Fiscal developments

According to data from the Ministry of National Economy, the *cash flow* deficit of the central budget amounted to HUF 3,267 billion in the first nine months of 2025. This would have amounted to 78% of the annual deficit originally projected in the budget law, but during the year the Ministry of National Economy raised the annual deficit target from HUF 4,214 billion to HUF 4,774 billion. As a result, the deficit accumulated by the end of August was only 68% of the increased annual target, which below the prorated amount. However, due to the significant difference between the cash-based and accrual-based (ESA) deficits in previous years, this still says little about the expected development of the annual accrual-based deficit.

The ESA data of the Hungarian Central Statistical Office (KSH) show a budget *surplus* of 2.2% of GDP (HUF 474 billion) in the second half of the year, which, together with the 3.7% deficit (HUF 790 billion) in the first quarter, results in a deficit of only 0.7% in the first half of the year. The accrual-based deficit for the first half is therefore only HUF 310 billion, compared to a cash-flow deficit of HUF 2,800 billion. The ESA revenues are approximately HUF 1,000 billion lower than the cash-flow revenues, while expenditures are approximately HUF 3,500 billion lower.

The unusually large difference is due to the budgetary accounting of pre-financing related to European Union programs on the one hand, and to the unusually high interest payments on the other hand. In the first half of 2025, actual interest expenditure in the budget amounted to almost HUF 2,500 billion, mainly due to the high – inflation-linked – yield on PMÁK government securities. However, the prorated portion of these payments was already accounted for in the previous year in accordance with the rules of accrual-based accounting. As a result, according to CSO data, interest payments only contributed HUF 1,750 billion to the ESA deficit in the first half of 2025. The third largest item of difference between the two types of fiscal statistics comes from the figures regarding "non-financial corporations and non-profit organizations classified as part of the general government", which were presumably extraordinarily high in the second quarter of 2025.



As regards the two main sources of budget revenue within cash flow revenue, taxes on consumption and payments of households developed roughly in line with the time proportion in the first nine months of the year. There is no significant difference between cash-based and accrual-based accounting here. The budget law expects HUF 11 trillion from consumption taxes (mainly VAT) and HUF 5.3 trillion from household payments (mainly personal income tax). In the first nine months, HUF 8 trillion (73% of the target) was collected from the former and HUF 3.9 trillion (74% of the target) from the latter.

It is noteworthy, even if not surprising, that the revenue from EU programs amounted to merely HUF 508 billion in the first nine months, compared to the planned HUF 2,250 billion, which is 23% of the plan. This causes a significant cash flow deficit but has a much smaller impact on the accrual-based balance. At the same time, expenditure related to EU programs also fell short of the plan, albeit to a lesser extent: actual expenditure amounted to HUF 1,536 billion, compared to the HUF 3,000 billion planned for 2025, which is 51% of the annual plan.

During the rest of the year, additional expenditures may be generated by the expansion of the family tax credit and the cost of the state subsidy related to the 3% interest housing loans under the Otthon Start program, introduced in September, but we assume that this will have little impact on the actual expenditures in the 2025 budget. The additional pension payment due to higher-than-planned inflation (akin to a 1,6% raise) will increase expenditure by approximately HUF 100 billion.

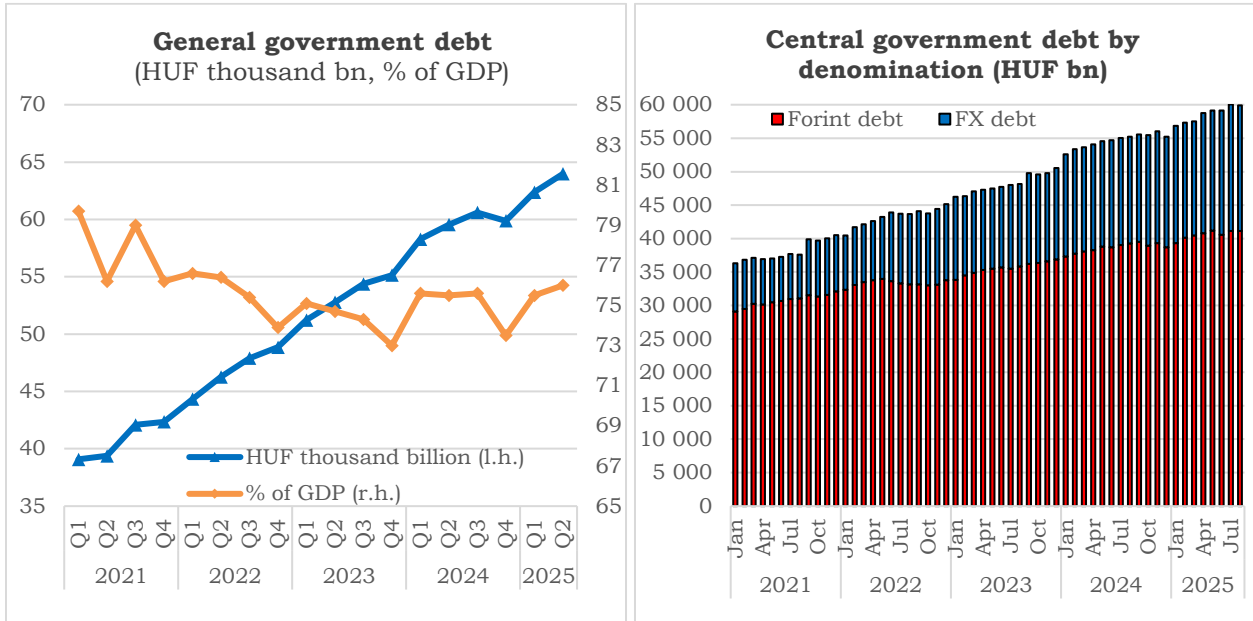
The government first raised the 2025 deficit target ratio from 3.7% of GDP, as originally set in the law, to 4.1%, and then in September the minister of finance raised it to 4.5%. The expected deficit rate also depends on the nominal value of GDP. The budget law assumed an economic growth rate of 3.4%, a consumer price index of 3.2% and a GDP deflator of 4%. In contrast, our present GDP growth forecast is 0.4%, and even the government expects now a growth rate of less than 1%. Inflation is expected to be 4.6-4.8%, which implies a GDP deflator of around 5.5-6%. Based on these figures, the nominal GDP in 2025 (HUF 86-87 trillion) could fall short of the target by HUF 1,000 billion. Assuming a deficit of HUF 4,774 billion, this would result in **a cash flow deficit of 5.5%**.

As regards the **accrual-based** deficit, the EDP (Excessive Deficit Procedure) report submitted by the government expects a cash flow deficit of HUF 4,700 billion and an ESA deficit of HUF 3,700 billion for 2025. This indicates that in the second half of the year, the difference between the cash and accrual balances will reverse, and the ESA deficit will amount to 4.3% of GDP. Due to the uncertainties regarding the ESA bridge, it is extremely difficult to forecast the accrual-based deficit, but we maintain our deficit forecast of **4.5-5%**, subject to high risks.

According to the Minister of Finance, the 2026 budget deficit could be around 4% due to the politically motivated expenditures before the election, compared to the 3.7% stipulated in the budgetary plan. However, the size of nominal GDP again poses a problem in terms of the deficit-to-GDP rate. In 2026, the pattern that has been going on for several years is expected to repeat itself: the budget law overestimates the pace of GDP growth and its nominal size (4.1% economic growth!), while the market consensus expects an economic growth rate of 2.6% for the next year. The Kopint-Tárki expects the fiscal deficit to reach 4.5-5% in 2026, about the same as in 2025.

3.5.2. Public debt

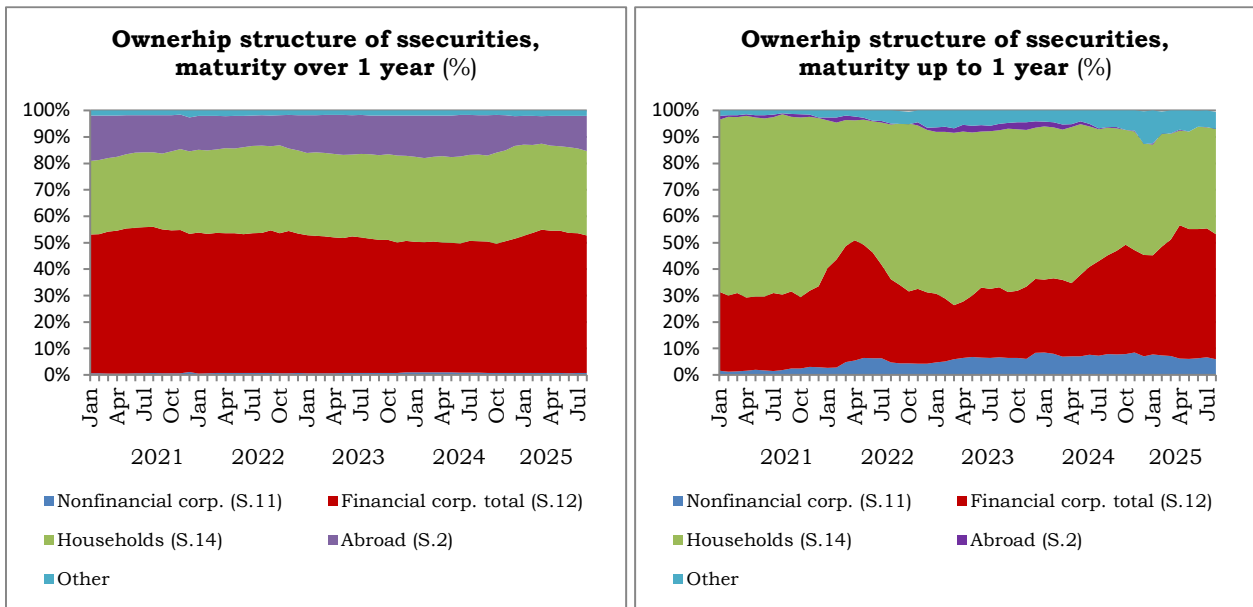
According to data from the MNB, at the end of June 2025, the so-called Maastricht debt of the general government (which is the benchmark for the EU debt rule) exceeded HUF 64 trillion, after increasing by HUF 4 trillion in the first half of the year. This raised the gross public debt to 76.2% of GDP, after falling from 76% in September 2024 to 73.5% at the end of December 2024.



The ratio of FX debt exceeded the 30% limit set by law in April 2025 and, according to the MNB report, approached 34% in June 2025.

In June 2025, the Government Debt Management Agency, in line with the raising of the cash flow deficit target, increased the annual net issuance plan by additional HUF 651 billion from the original HUF 4,123 billion, which it intends to cover mainly with foreign currency issuances (international bond issuances and Panda bonds).

Distribution of government securities by owner



In the first half of 2025, the stock of government securities held by households decreased slightly. The *share* of securities maturing in more than one year fell from 35.1% at the end of 2024 to 32.1%, while those maturing within one year fell from 42.3% to 38.2%, while the stock held by households declined only slightly. Households did not turn away from the government securities market to a substantial degree, despite the lower yields, although there was some shift toward foreign securities within their savings portfolios.

In the future, the ÁKK aims to increase the proportion of fixed-rate government securities at the expense of variable-rate securities. To carry out this reallocation, it will reduce the interest rate premium on inflation-linked, variable-rate securities, and it will issue fixed-rate securities with an interest rate of around 7%. The latter will still yield significant real return under the current inflationary conditions but also carries certain risks. The fiasco of the fixed-rate MÁP Plusz bonds issued in 2022, which started at 4.95%, may prompt households to curb their enthusiasm.

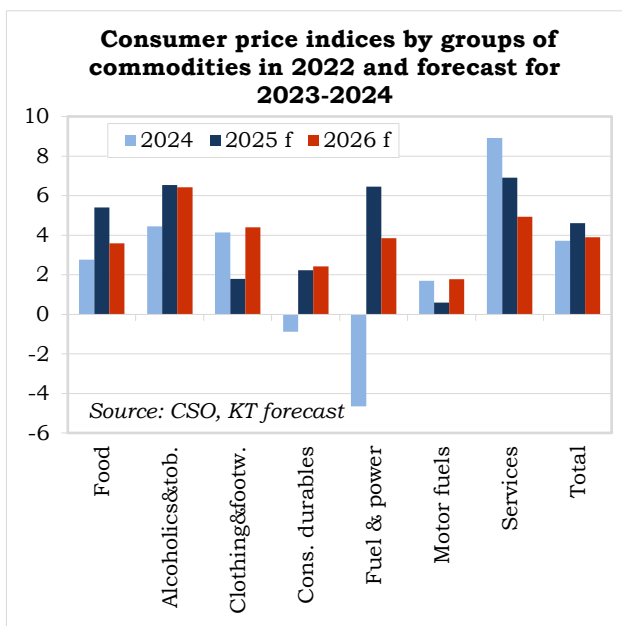
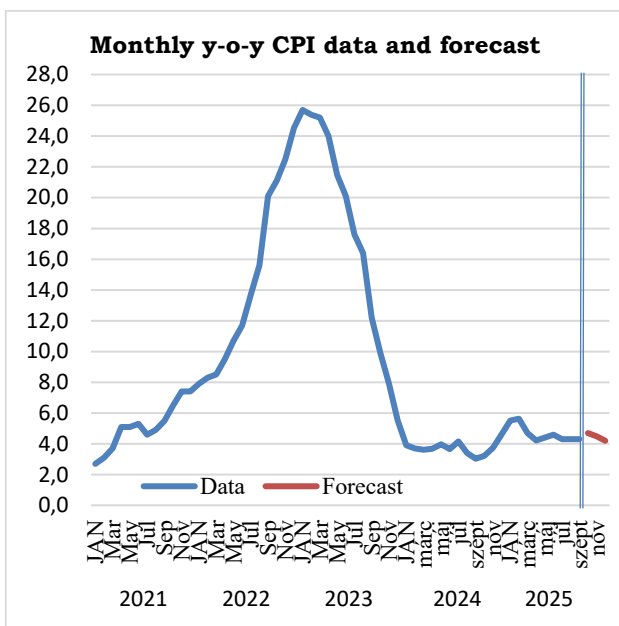
By the end of the year, public debt could rise to around HUF 67 trillion, which, assuming a nominal GDP level of HUF 87 trillion, could result in a **debt-to-GDP ratio of 76%**, assuming no money market transactions similar to those seen on the final days of last year are carried out this time.

3.5.3. Inflation

The 3.7% average annual inflation rate in 2024 was followed by an average price increase of 4.6% in the first eight months of 2025. The year started with a 5.5% year-on-year price index in January, due to the particularly strong price adjustments at the beginning of the year. Automatic tax increases (transaction tax, fuel tax) also played a role.

Responding to the 5.6% year-on-year price index in February 2025, the government introduced a price margin cap (ÁRS) from 17 March 2025, limiting the margin that retailers could charge – often mistakenly referred to as profit in political messaging – to 10% to 30 food groups: mainly meat, dairy products, vegetables, eggs, flour, sugar, cooking oil, and later certain hygiene products (and non-prescription medicines). According to our calculations, food products subject to the ÁRS may account for approximately 6% of the total consumer basket, while hygiene products may account for 1%. The latter is particularly difficult to calculate, as the data from the Hungarian Central Statistical Office (KSH) are not structured according to products subject to price caps, and it is not possible to determine from the statistics what proportion of the products concerned are offered by retailers not subject to the ÁRS (i.e. those with an annual turnover of less than HUF 1 billion). The measure was originally intended to last until 31 May, but the government extended it until 30 November at least and, according to the unanimous opinion of the market, a further extension is expected, presumably until the parliamentary elections in April 2026.

Since the introduction of the margin cap, between *April and September*, the annual/monthly price index for individual products has varied considerably, largely regardless of whether they are margin-capped or not. Although the price of meat products declined during these five months, there was considerable variation: pork prices fell, while beef prices rose sharply. The price of eggs, which are also subject to the price cap, rose by 23%, cooking oil, also subject to the price cap, rose by 18%, and flour rose by 10%. On the other hand, the price of bacon, not price-capped, fell. Overall, between April and September, the food price index reached 5.7%, way above the average price index of 4.4%.

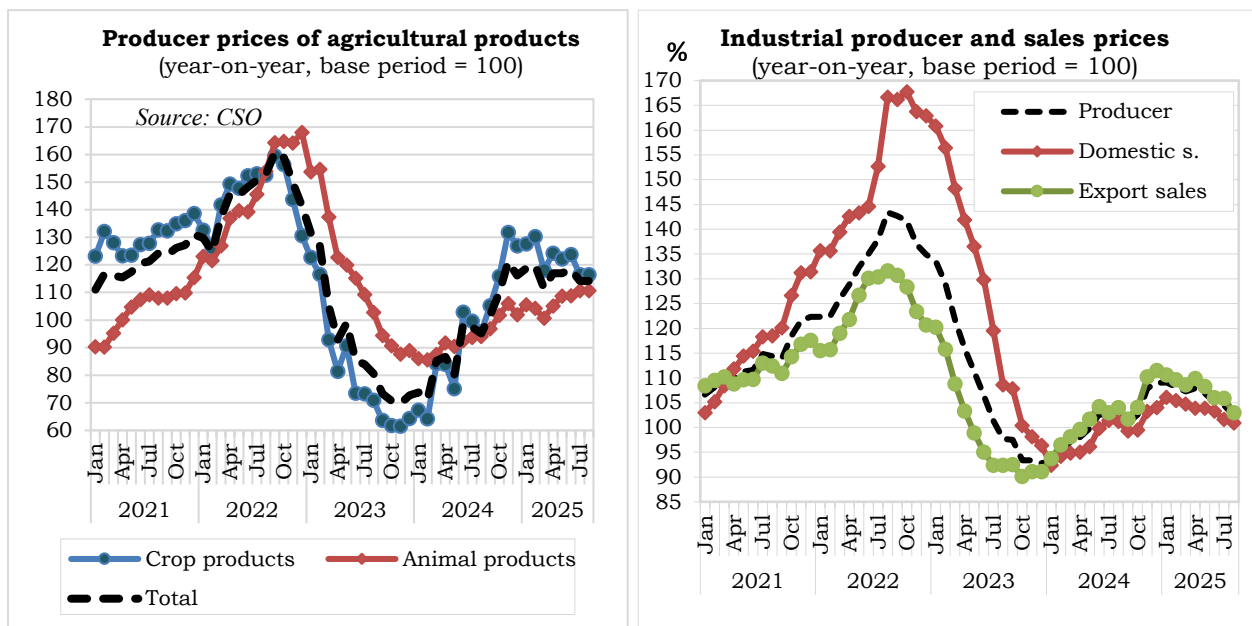


This varied picture suggests that the ÁRS is unable to protect consumers from the rise in producer prices observed in the case of several products.

In the first nine months of the year, the 6.7% price index for services also substantially exceeded the average, partly due to wages (e.g. for domestic services) and partly due to soaring input prices (e.g. restaurant meals). The price of natural gas also rose at a pace above average, by 11.4% in the first nine months, reflecting not a change in prices but the growing portion of gas consumption sold at the elevated, “market” price to households.

Returning to the pace of food price increases, it is worth examining how the producer price index for agricultural products has evolved. Following the peak at the end of 2022 and the trough at the end of 2023, agricultural purchase prices began to rise again from the beginning of 2024, primarily for crop products, but also to a lesser extent for animal products. By mid-2025, price fluctuation had stabilized, but even in July 2025, the annual price index for both crop and animal products was still well above 10%. No retail price margin cap can provide protection against this, as the cap cannot be expanded to producer prices.

Industrial producer prices followed a similar trajectory to agricultural products, but with significantly less volatility. It is noteworthy that after the local peak at the end of 2024, the rise in industrial producer prices have moderated month by month throughout 2025, standing at only 2.3% year-on-year in August 2025, with the domestic industrial price dipping to 0.9%. This is a favorable indicator regarding the domestic inflation outlook.



In the last third of 2025, we expect monthly consumer price indices of between 4.2% and 4.4% year-on-year. **We are lowering** our annual price index forecast for **2025** to **4.6%**. For 2026, we predict a consumer price index of 3.9%. This is higher than indicated in our previous report, since the lifting of the price margin cap in early 2026 – after being in force for more than a year – may raise the annual price index by a few tenths of a percentage point.

3.5.4. Central bank interest rates

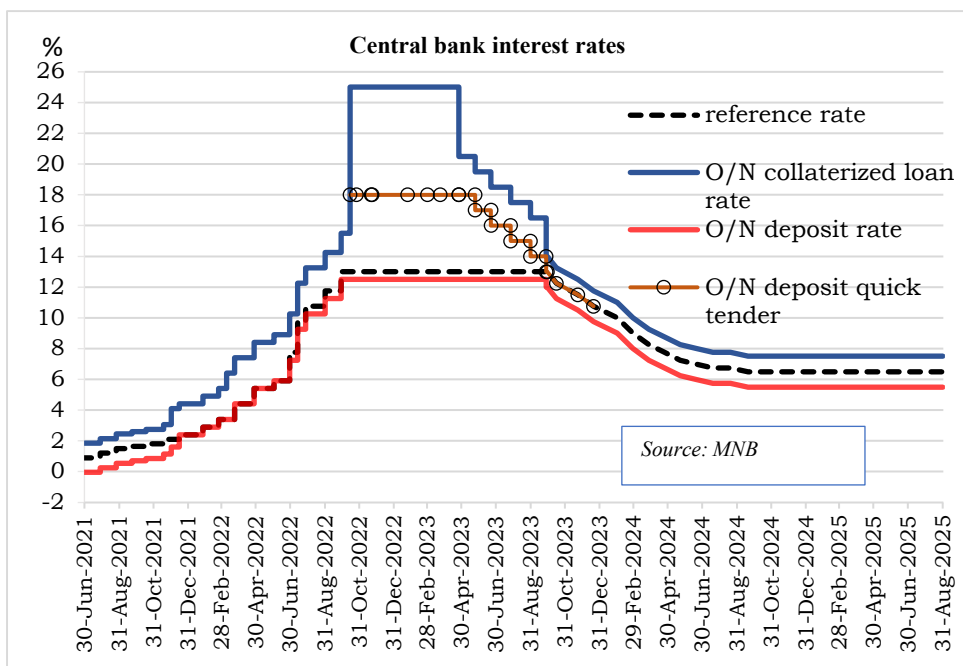
Between September 2023 and September 2024, the central bank base rate fell from 13% to 6.5% and has remained at this level ever since. The interest rate corridor has not changed either: it has remained relatively narrow and symmetrical (± 1 per cent), with O/N lending rates at 7.5 per cent and O/N deposit rates at 5.5 per cent since September 2024.

The rate cut cycle was halted in October last year by resurgent inflationary pressures and the rapid weakening of the forint. Of these two, the risk of rising inflation is still present, prompting the central bank to exercise caution. According to market and central bank predictions, the price index will definitely not reach the central bank's target range in 2025, and such an outcome is doubtful for 2026 as well. At the same time, the euro-forint exchange rate has been steadily strengthening from above 410 forints at the end of last year and the beginning of this year, and was fluctuating around 390 forints during the first half of 2025.

The central bank appears determined to stick to its inflation target, which the market seems to accept and appreciate. The Hungarian economy, which has been stagnating for three years, may prompt proposals for monetary easing, but such an easing is risky due to the threat of inflation, especially in an election year.

The unpredictable changes in the international trade environment, the tariff war launched by the US president in January and the subsequent zigzags continue to create general uncertainty. Experience shows that the forint is extremely sensitive to international trade and financial turbulence.

Therefore, we consider it likely that the current central bank interest rate conditions **will remain in place** until the end of 2025. The base rate may be reduced when monthly inflation falls below 4% on a sustained basis, which, according to our forecast, can be expected in the second half of 2026 in the best-case scenario.



3.5.5. Exchange rate

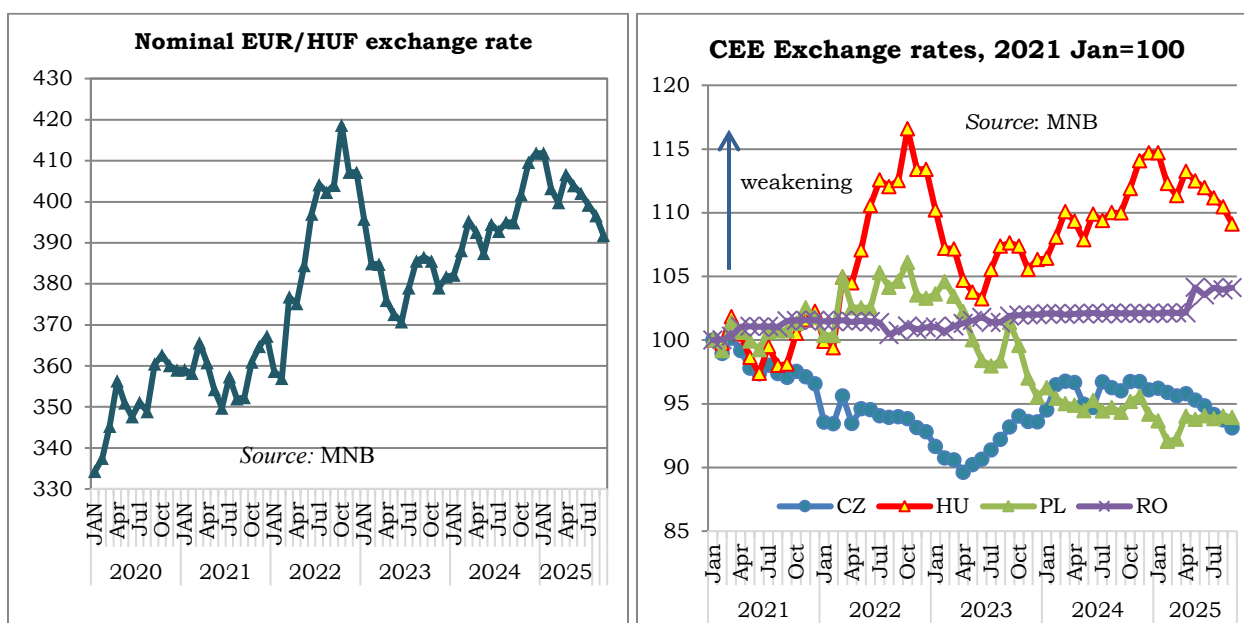
The **forint-euro exchange rate** rose above 400 EUR/HUF in September 2024, after which it weakened further very quickly to above 410 EUR/HUF. This was followed by a slight correction in February 2025 and then a more pronounced strengthening in March, with the monthly average exchange rate of the forint falling below 400 EUR/HUF. Since the summer, the forint-euro exchange rate has typically fluctuated around 390, and in September it even fell below this level to around 388-389 EUR/HUF. Thus, the euro exchange rate virtually returned to its summer 2024 level.

This turnaround may seem strange given the weak performance of the Hungarian economy. The strengthening of the forint exchange rate can be explained in part by the abundance of international liquidity and in part by growing confidence in the current monetary policy.

In the first nine months of the year, the bilateral exchange rate was 400.7 EUR/HUF, and based on current trends, it can be assumed that, barring any shocks in the international money markets, the average annual euro exchange rate will dip below 400 EUR/HUF. However, based on long-term trends, it cannot be ruled out that the exchange rate will rise again to close to 400 EUR/HUF, or even above that level, in 2026.

There have been only minor movements in the exchange rates of other regional currencies recently. The Czech koruna has strengthened slightly since the beginning of 2024, while the Romanian leu has moved slightly away from its previous stable level in the spring of 2025, weakening slightly. The Romanian leu's extremely stable exchange rate was ensured for several years by the Romanian central bank's interventions in the foreign exchange market. The central bank was forced to abandon this policy in May 2025 because amid several external and internal financial imbalances and political uncertainty these interventions were placing too much strain on foreign exchange reserves.

The euro exchange rate of the Polish currency has been essentially stable since the beginning of 2024, with minor fluctuations.



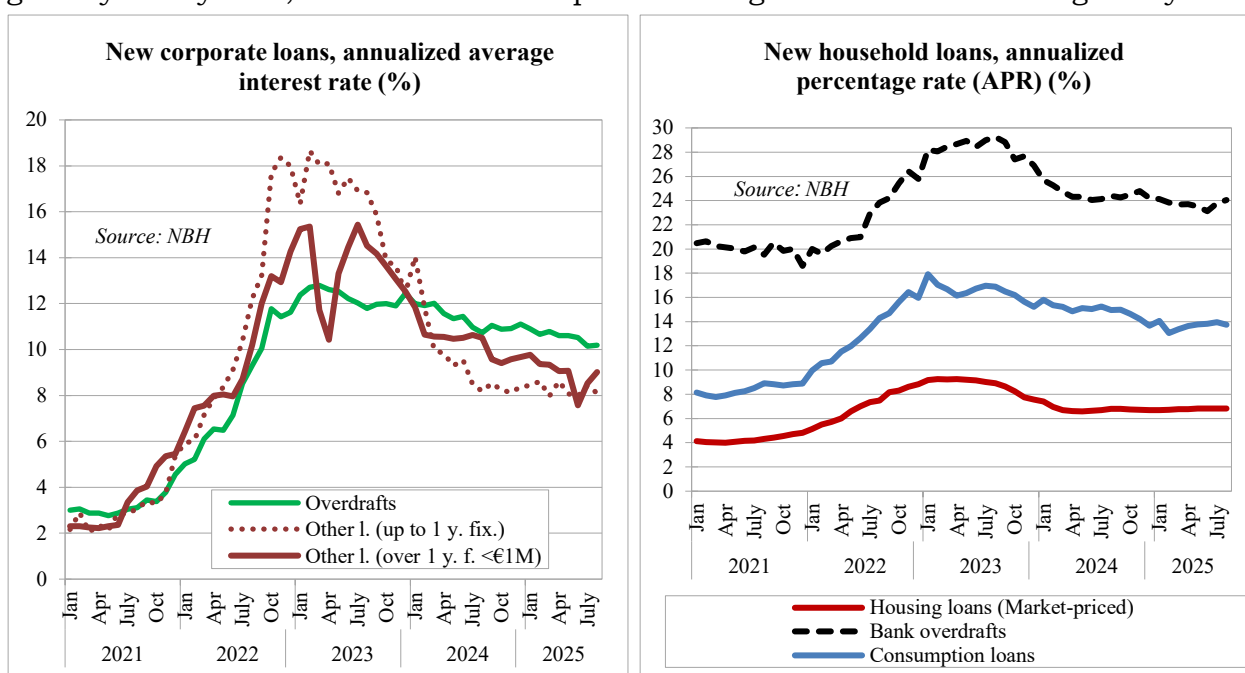
3.5.7. Business and household lending rates

In the first half of 2025, interest rates on bank loans to non-financial corporations and households fluctuated moderately.

Interest rates on **corporate overdrafts**, which are decisive in terms of working capital financing, fell by 0.7 percentage points during the year, from 10.9% in January to 10.2% in August, but still failed to fall below 10%. HUF-denominated loans with interest rates fixed for at least one year and up to EUR 1 million showed a similar trend: their interest rates fell to 7.6% in June, then started to rise again in the following two months, exceeding 9% in August. Interest rates on loans with up to one-year rate fixation fell below 8% in March and June but stood at 8.1% in August after a trend reversal in the middle of the year.

Corporate demand for loans picked up in March–April. The contractual amount of new forint loans up to EUR 1 million grew at a more moderate pace after peaking in March, while for contracts above EUR 1 million April was the outstanding month. In the second quarter of 2025, the total stock of outstanding loans to businesses increased by HUF 315 billion, an annual growth of 2%, which was below the 4.1% growth recorded in 2024 and the 7% average growth in the Visegrad countries. At the same time, the HUF 1,456 billion in new *non-overdraft corporate loan agreements* placed in the second quarter stood out compared to the second quarters in previous years. This spectacular year-on-year growth (by 36%) was in great part due to several individual large transactions on the one hand, and contracts concluded under the Sándor Demján Program on the other hand. According to bank executives participating in the MNB's lending survey, the companies' willingness to invest continues to be limited by the uncertainty in the consumer market, so they expect stagnation in the second half of 2025, while there are signs of recovery in the financing of housing projects.

Among **household** loans, the average interest rate *on consumer loans* declined significantly in February 2025, by 1 percentage point. Subsequently, it fluctuated in the range of 13.1–14.0%. In the first eight months of the year, the volume of consumer loans grew by nearly 40%, while loans for the purchase of goods and other loans grew by 50%.



When the Munkáshitel (Workers' Loan) – a new, state-subsidized scheme – was introduced, there was significant demand, which stabilized at a lower level from March onwards; in August, the amount of outstanding loans grew by HUF 10.1 . However, lending managers do not expect any further significant growth in this product in 2025.

Interest rates on retail *overdraft loans* did not change significantly in 2025, ranging between 23.1% and 24.1%. The amount of new placement of this type of loans has been stagnant for some time, with interest-bearing credit card loans accounting for nearly half of the portfolio. At the same time, the *overnight deposit* placements of households continue to grow: they rose by 15.6% in the first eight months of the year, even though their average annualized interest rate was only between 0.18% and 0.22%. This may reflect the households' preference for liquidity.

Overall, the first eight months of 2025 were characterized by moderate growth in corporate lending and dynamic expansion in household loans. In the corporate sector, uncertainty is holding back borrowing, while on the retail side, demand for consumer loans and the new subsidized loan products is driving growth.

Housing loans

The average total cost of borrowing (APR) for market-priced housing loans remained essentially stable until August 2025, fluctuating between 6.7% and 6.8%, following a significant decline in February 2024. In contrast, the cost of subsidized housing loans, where the majority of the costs are borne by the state, rose from 8.1% in January to 8.7% in August.

The magnitude of new residential mortgage loan agreements grew rapidly in 2025. In the first quarter, there was a 45% increase compared to the same period of the previous year, but the momentum slowed in the second quarter. In July, the rate of expansion slowed to just 3%, and in August, the contractual amount of forint-based housing loans granted to households declined by 3.3% on an annual basis.

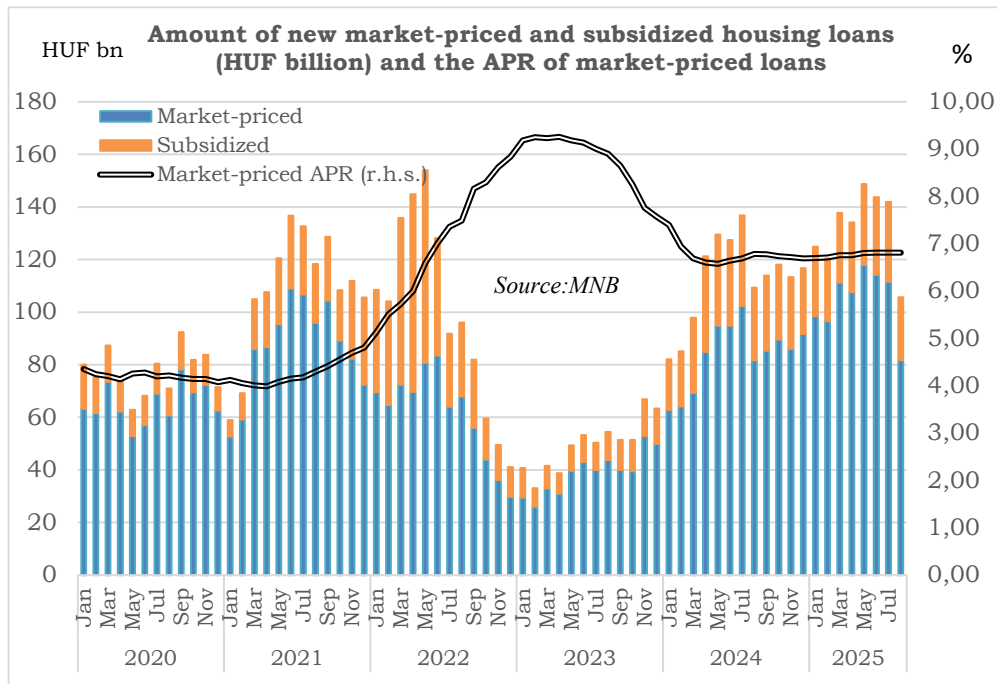
The slowdown in growth is closely linked to the announcement of the Otthon Start program, a state-subsidized loan scheme with a fixed interest rate of 3%. Following the announcement of the program, banks perceived a tendency to postpone borrowing on the part of buyers, while sellers hope that property prices will rise along with the strengthening of demand. Bank executives participating in the MNB's lending survey expect an additional HUF 200-250 billion in lending as a result of the program in 2025, but they also unanimously predict a significant increase in housing prices.

If supply cannot keep up with the sudden surge in demand, the interest rate advantage of subsidized loan schemes may be eroded in a short period of time. On the one hand, this process could make it impossible for buyers purchasing for their own use to acquire a home and force families planning to move to make compromises, while on the other hand, it could also reduce the return on purchases made for investment purposes. Demand may be further weakened by the population's caution regarding debt: for example, less than 10% of those eligible have taken advantage of the 10% down payment scheme available to first-time home buyers since 2024.

On the supply side, the upturn in housing construction investment and the mass release of properties previously purchased for investment purposes onto the market may moderate the rise in house prices. The impact of new construction projects are likely to

be felt no sooner than 2-3 year from now, and their implementation requires confidence and a predictable economic environment. The sale of properties purchased for investment purposes may also ease demand pressure in the shorter term, but this is likely to have a more localized impact.

Overall, the first eight months of 2025 were characterized by strong growth in residential lending, followed by a slowdown due to the postponement associated with the programs. In the short term, house prices are likely to rise, while the supply-side adjustments can only exert their price-moderating effect in the medium term.



Economic indicators for 2017-2024, forecast for 2025 and 2026
(percentage change)

	2017	2018	2019	2020	2021	2022	2023	2024	2025*	2026*
GDP AGGREGATES, ANNUAL REAL GROWTH										
GDP total	4.1	5.6	5.1	-4.3	7.2	4.2	-0.8	0.6	0.4	2.5
Domestic Demand	5.6	7.3	7.3	-2.2	6.8	4.4	-8.1	-1.8	1.6	3.3
Private Consumption	4.9	4.1	4.7	-1.8	4.8	7.0	-1.5	4.9	3.1	3.7
Public Consumption	3.8	4.3	9.6	4.2	2.1	0.6	3.8	-4.2	1.8	2.0
Gross Capital Formation	8.2	17.1	12.2	-7.7	13.1	0.6	-23.5	-15.8	-2.8	2.7
of which: Fixed Capital Formation	19.7	16.4	12.7	-7.6	5.9	-0.4	-6.7	-9.9	-4.8	3.0
Export	6.5	5.0	5.5	-6.1	8.2	10.7	17.4	-0.9	-0.8	2.4
Import	8.4	7.0	8.2	-3.6	7.7	10.9	8.3	-3.9	0.3	3.4
PRODUCTION INDICES										
Agricultural Production (gross)	-4.1	2.6	-0.1	-2.4	-1.1	-16.5	25.6	-3.7	-9.0	0.0
Industrial Production	4.6	3.5	5.6	-6.0	9.5	6.1	-5.5	-4.1	-2.0	3.0
Retail Trade Volume	5.6	6.7	6.3	-0.1	3.7	5.0	-7.7	2.8	2.8	3.9
EMPLOYMENT, EARNINGS										
Number of Employed	1.5	1.3	0.8	-0.9	0.7	1.3	0.6	0.0	-0.5	0.0
Unemployment Rate	4.0	3.6	3.3	4.1	4.1	3.6	4.1	4.5	4.5	4.4
Gross Nominal Wages ^a	12.9	11.3	11.9	9.0	8.7	17.6	14.0	13.2	8.8	9.5
Net Real Wages ^a	10.3	8.3	8.4	5.7	3.1	3.2	-3.1	9.0	4.3	6.1
PRICES, EXCHANGE RATES										
Consumer Price Index	2.4	2.8	3.4	3.3	5.1	14.5	17.6	3.7	4.6	3.9
EUR/HUF Exchange Rate (annual average)	309	319	325	351	359	391	382	395	400	405
EUR/USD Exchange Rate (annual average)	1.13	1.18	1.12	1.14	1.18	1.05	1.08	1.08	1.13	1.13
Short-term Interest Rates (3M), eop	-0.01	0.00	-0.01	0.28	2.16	12.32	6.23	5.10	6.0	5.7
Long-term Interest Rates (10Y), eop	2.02	3.01	2.01	2.08	4.51	8.98	5.86	6.55	7.0	6.5
BALANCE OF PAYMENTS										
Current and Capital Accounts, % of GDP	2.6	2.4	1.2	0.9	-2.1	-7.5	1.1	1.8	2.0	1.0
GOVERNMENT BUDGET										
General Government Balance, ESA-95, % of GDP	-2.5	-2.0	-2.0	-7.5	-7.1	-6.2	-6.7	-5.0	-4.8	-4.8
Gross Government Debt, % of GDP ^b	72.0	68.8	65.0	78.7	76.2	74.1	73.2	73.5	75.5	75.0

a From 2019, the data refer to all employers; earlier data in the time series refer to enterprises employing at least five persons, all budgetary institutions and non-profit organisations that are significant in terms of employment.

b General government debt, includes Eximbank.

* Kopint-Tárki forecast

Source: CSO, MNB

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