

MNI NBH Review: December 2025

Executive Summary:

- The National Bank of Hungary kept the base rate unchanged at 6.50% for the 15th consecutive meeting.
- The NBH made a noteworthy addition to the guidance paragraph in its policy statement, stating that that incoming macro data will influence the decisions made on the base rate.
- [Click here to see the policy statement.](#)

MNI Point of View:

The December MPC meeting offered no surprises in terms of the rate decision itself, however, as we had deliberated in our preview, there was a slight tweak in the central bank’s guidance. Officials highlighted the importance of market stability and repricing effects on the inflation outlook which, together with incoming macro data, will be key for influencing upcoming decisions on the base rate. The Bank’s new staff projections saw downward adjustments to the CPI forecasts for 2025 and 2026, reflecting the expectation that underlying inflation will evolve more favourably relative to the September forecast.

There was no change to the main line of guidance in this month’s policy statement – “a careful and patient approach to monetary policy remains necessary” – but the Bank added that incoming macro data will influence the decisions made on the base rate. In particular, the Bank referred to repricing effects and the stability of financial markets. Our view is that while the changes to this month’s statement and guidance are not massively dovish in isolation, the new additions are nevertheless notable as until now the guidance paragraph had been left unchanged for all of 2025. See the adjustments below:

“The Monetary Council is committed to the achievement of the inflation target in a sustainable manner. A careful and patient approach to monetary policy remains necessary due to risks to the inflation environment as well as trade policy and geopolitical tensions. In the Council’s assessment, maintaining tight monetary conditions is warranted. The Council is constantly assessing incoming macroeconomic data and factors influencing the inflation outlook, in particular repricings at the start of the year and the stability of financial markets, based on which it will take decisions on the level of the base rate in a cautious and data-driven manner from meeting to meeting.”

	September Forecast		December Forecast
2025 Average CPI	4.60%	↓	4.40%
2026 Average CPI	3.80%	↓	3.20%
2027 Average CPI	3.00%	↑	3.30%
2028 Average CPI			3.00%
2025 GDP	0.60%	↓	0.50%
2026 GDP	2.80%	↓	2.40%
2027 GDP	3.20%	↓	3.10%

This month’s policy statement also included the key highlights from the Bank’s quarterly inflation report – which will be released in full later in the week. December’s staff forecast saw a small downward revision to this year’s average CPI forecast from 4.6% to 4.4%, while the average CPI forecast for 2026 was lowered to 3.2% from 3.8%.

The 2027 forecast was nudged slightly higher (to 3.3% from 3%), with average inflation expected to return to target only in 2028. GDP forecasts were revised slightly lower across 2025-2027.

Governor Mihaly Varga tilted slightly more dovish in his post-decision press conference. While reiterating the Bank's commitment to achieving price stability, he stated that decisions will be made on a 'meeting-by-meeting' basis. Again, this is not massively dovish, but it provides the central bank with room to gear towards rate cuts should incoming data continue to paint a more benign picture of Hungarian inflation. More significantly, Varga explicitly stated that the central bank stands ready to cut rates should the data allow.

But as the Bank acknowledges, the recent slowdown in headline inflation merely marks the beginning of what is expected to be a more volatile period for Hungarian inflation. That is largely due to the government-imposed profit caps on certain food items and basic goods, with inflation expected to surge following the expiry of these measures in February 2026. Should these measures be extended further, artificially subdued price pressures will have to be factored into decision making for a longer period. The NBH state that "the timing of the withdrawal of price margin restrictions and the effects thereof carry uncertainty regarding the inflation outlook." Nonetheless, while the consumer price index remains volatile, "underlying inflation is projected to evolve more favourably over the coming year relative to the September forecast due to a stronger forint and an improved external cost environment."

Market Reaction:

EUR/HUF jumped moderately higher on the back of the policy statement, swiftly reversing Tuesday's earlier decline. However, the move lacked distinct conviction given that the changes to the statement – albeit notable – do not necessarily imply that rate cuts are coming soon. The HUF's attractive carry profile has underpinned its strength this year – no other major EM currency has recorded greater spot gains than HUF vs. USD on a YTD basis – and therefore further dovish tweaks to the central bank's communication could leave the currency vulnerable.

Should EUR/HUF topside momentum gain traction, key resistance at the 50-day EMA (at 385.60) will be closely watched. Spot pierced this average on Monday, bringing us to around 10 tests of the level over the past 6 months and a subsequent failure to close above it on each occasion. Above here, we flag notable topside levels at 386.00 (trendline resistance) and 387.56 (the Oct 3 low).

Key Upcoming Dates:

- **December inflation data:** January 08 – January 12 (exact date TBC)
- **December meeting minutes:** January 14
- **Next rate-setting meeting:** January 26