

MNI NBH Review: November 2025

Executive Summary:

- The National Bank of Hungary kept the base rate unchanged at 6.50% for the 14th consecutive meeting.
- Guidance was unchanged and hawkish, while Governor Varga highlighted the role of a stronger forint in achieving price stability.
- [Click here to see the policy statement.](#)

MNI Point of View:

The November MPC meeting offered no surprises, with both the 6.50% base rate and the Bank's hawkish guidance unchanged. Governor Mihaly Varga explicitly stated that the monetary council's forward guidance has not changed, stressing the need for tight monetary policy in the interest of FX stability. Given the overwhelming consensus for the maintenance of the status quo, risks were skewed towards the dovish side headed into this meeting.

This month's policy statement retained a cautious tone, reiterating that a "careful and patient" approach to monetary policy remains necessary – guidance which was identical to that offered in October, and indeed for the entirety of the year. The central bank notes that mandatory and voluntary price restriction measures have had a significant inflation-reducing effect, although high annual price pressures were still observed for metrics outside of the scope of these measures. Forint strength since the beginning of the year was noted, with officials increasingly seeing its favourable effects on purchase prices.

The Bank forecast that with price margin restrictions measures extended and their scope widened, the rate of price increases will decline into the tolerance band by the end of 2025 and temporarily decrease at the beginning of 2026. This provided the most notable change as previously the NBH expected inflation to fall only "in early 2026."

While the view is in line with expectations of markets and economists, the Bank did not specifically comment on its forecasts for price growth further out, noting only that the disinflation would be 'temporary'. Among sell-side, analysts expect headline CPI inflation to surge once the profit margin measures expire at the end of February, complicating the trajectory for rates in 2026. On the recent revisions to the government's deficit targets, the NBH cautioned that "higher budgetary expenditures have a stimulating effect on domestic demand and make reducing the public debt-to-GDP ratio harder."

Governor Mihaly Varga reflected the hawkish tone of the policy statement in his post-meeting press conference. He explicitly stated that the monetary council's forward guidance has not changed, and again highlighted the role of a strong, stable forint in achieving price stability. He also welcomed the 'financial shield' agreement with the US, which Prime Minister Orbán has said could be worth \$10-20bn. He has said previously that a currency swap line or a flexible credit line are among the possible options which could be tapped depending on the situation.

Key Upcoming Dates:

- **Final Q3 GDP data:** December 02
- **November inflation data:** December 09
- **Next rate-setting meeting:** December 16

Analyst Views (Alphabetical):

Goldman Sachs: Language in Policy Statement Broadly Unchanged

- Similar to recent meetings, Goldman Sachs note that the language of the accompanying press release was broadly unchanged, with the most notable change that the NBH now expects headline inflation to return to its +3.0% +/- 1ppt target at the end of this year, instead of early 2026.
- Beyond this change, the NBH continued to emphasise that a stable HUF and tight monetary conditions are important to reduce inflation. Goldman had expected the NBH to somewhat soften its guidance, in light of the appreciation of the HUF and inflation having declined recently.

ING: Base Case Assumes Easing Cycle Beginning in Autumn 2026

- ING note that nothing they have seen, heard or read has made them reconsider their short-term monetary policy forecast. The usual hawkish messaging and emphasis on inflation risk, coupled with still-elevated inflation expectations, suggest that a cautious, patient approach will continue.
- ING assume that the policy rate will remain at 6.50% for much of 2026. Their base case assumes an easing cycle beginning in autumn 2026 and concluding the year with a base rate of 6.00%. This equates to a total of 50bps of rate cuts, followed by a pause before another easing cycle begins in 2027.
- However, ING do not rule out the possibility of a deviation. If the Fed and the ECB adopt a more dovish policy stance and other central banks in the region ease more quickly, and if the carry trade yields a stronger forint, they say the NBH may start its cycle earlier and implement deeper cuts. In this case, it would need to be prepared to tighten if inflation were to pick up strongly in 2027. Nevertheless, ING believe that the central bank would prioritise stability over volatility in rates.

JP Morgan: See NBH Staying on Hold Until Around Mid-2026, Risks Skewed to a More Prolonged Pause

- JP Morgan say the meeting was predictably an uneventful one, but it was still useful to learn how the central bank incorporates the latest developments into its thinking. On the latest inflation data, the NBH notes that although government measures lower CPI figures, the underlying pressures are still visible in items outside the scope of government policy, and inflation remains elevated overall.
- They note that the statement comments on the wider budget deficit targets for 2025 and 2026, highlighting their stimulating effect on demand and how it will be harder to stabilise debt/GDP.
- Overall, JPM say the new information if anything reinforces the central bank's hawkish stance on the margin. The central bank reiterates its view that the mix of high inflation and elevated geopolitical risks calls for tight monetary policy in order to secure financial stability and anchor inflation expectations. JPM see the NBH staying on hold until around mid-2026, with risks skewed for a more prolonged period of policy stability.