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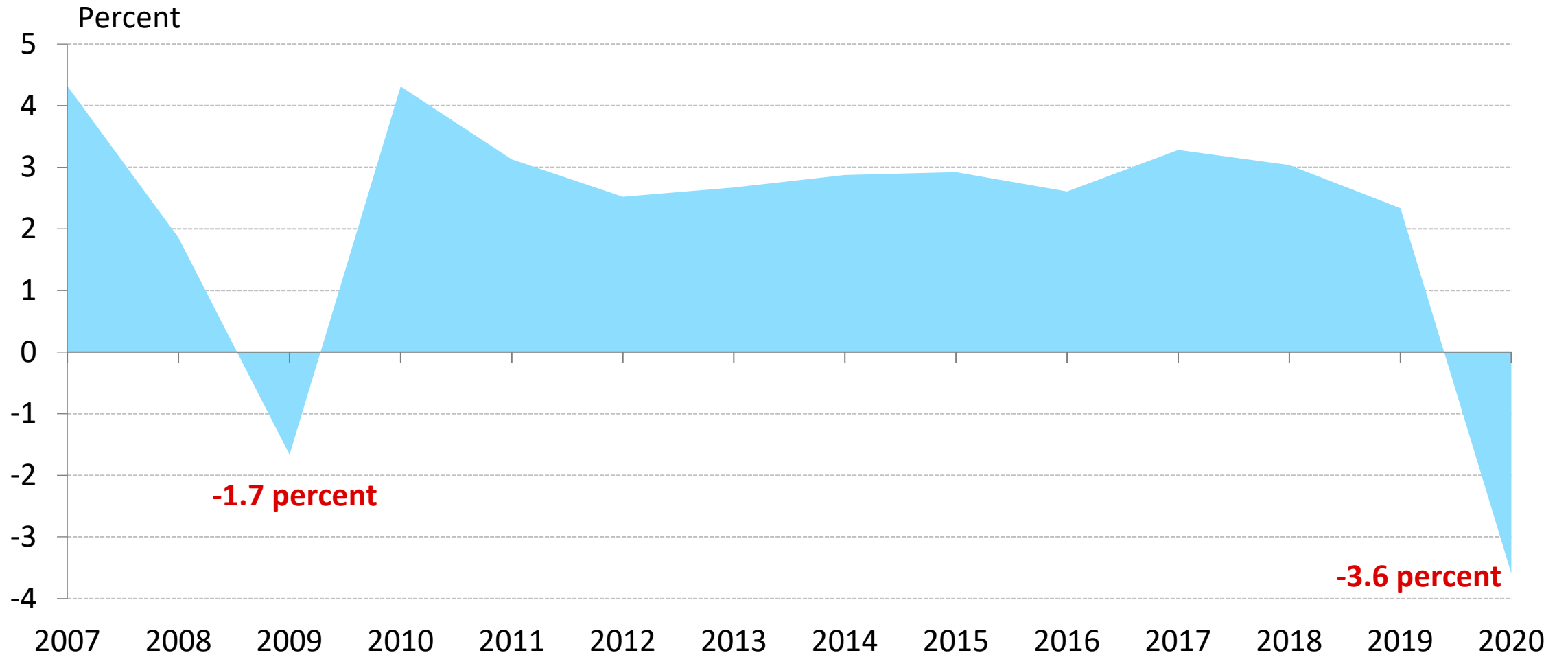
Warsaw, 1 October 2021



THE MACROECONOMIC OUTLOOK FOR THE POST-COVID ERA IN HUNGARY

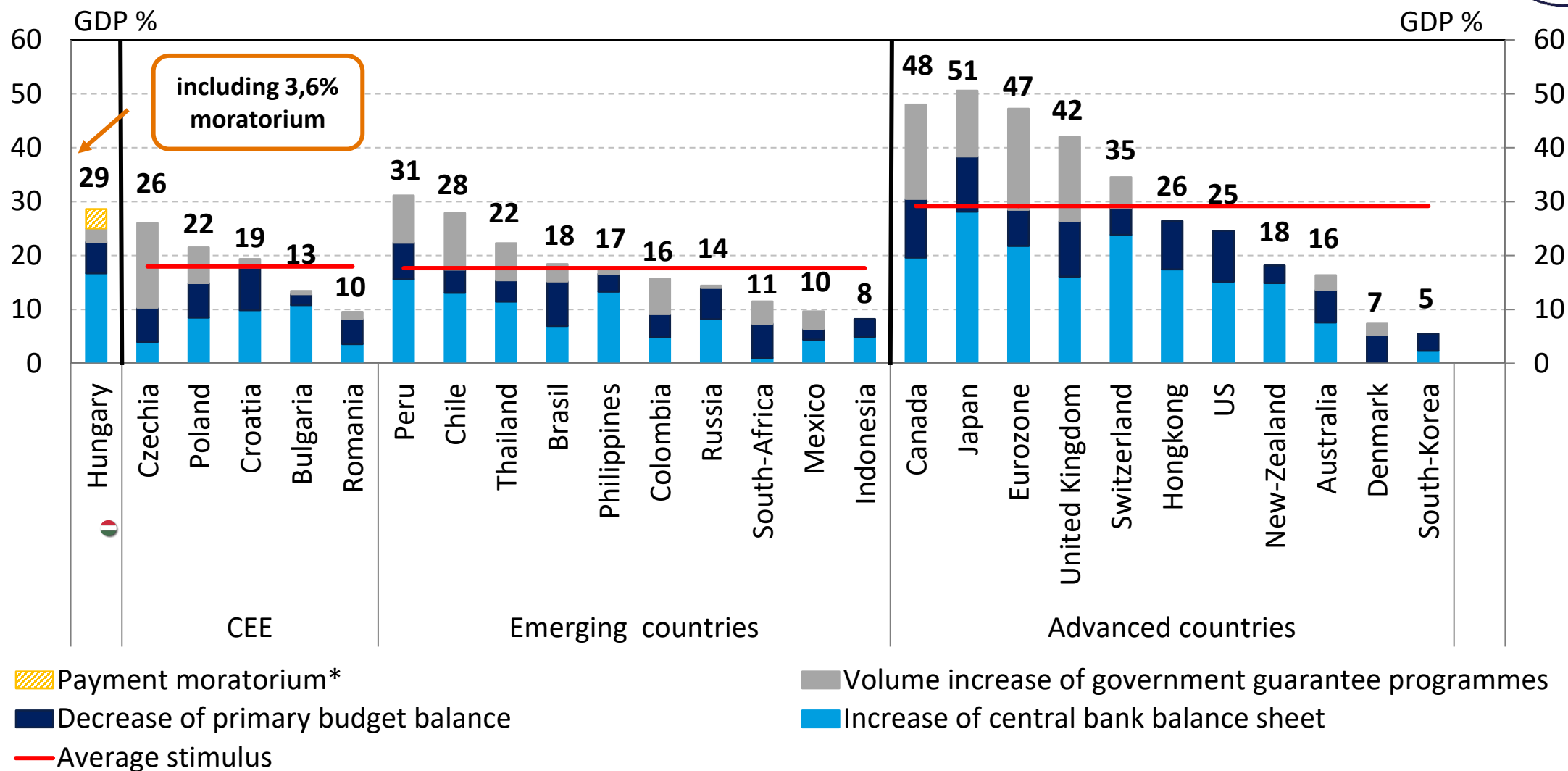


THE CORONAVIRUS PANDEMIC HAD A GREATER IMPACT ON THE GLOBAL ECONOMY, THAN THE 2008-2009 FINANCIAL CRISIS



ANNUAL CHANGES IN GLOBAL GDP

BOTH FISCAL AND MONETARY CRISIS MANAGEMENT WAS MORE ACTIVE AROUND THE WORLD THAN AT THE TIME OF GFC



Note | *There is no internationally comprehensive data for payment moratorium, therefore the Hungarian measure is exhibited in the chart. Source | IMF, UBS, ECB, national central banks.

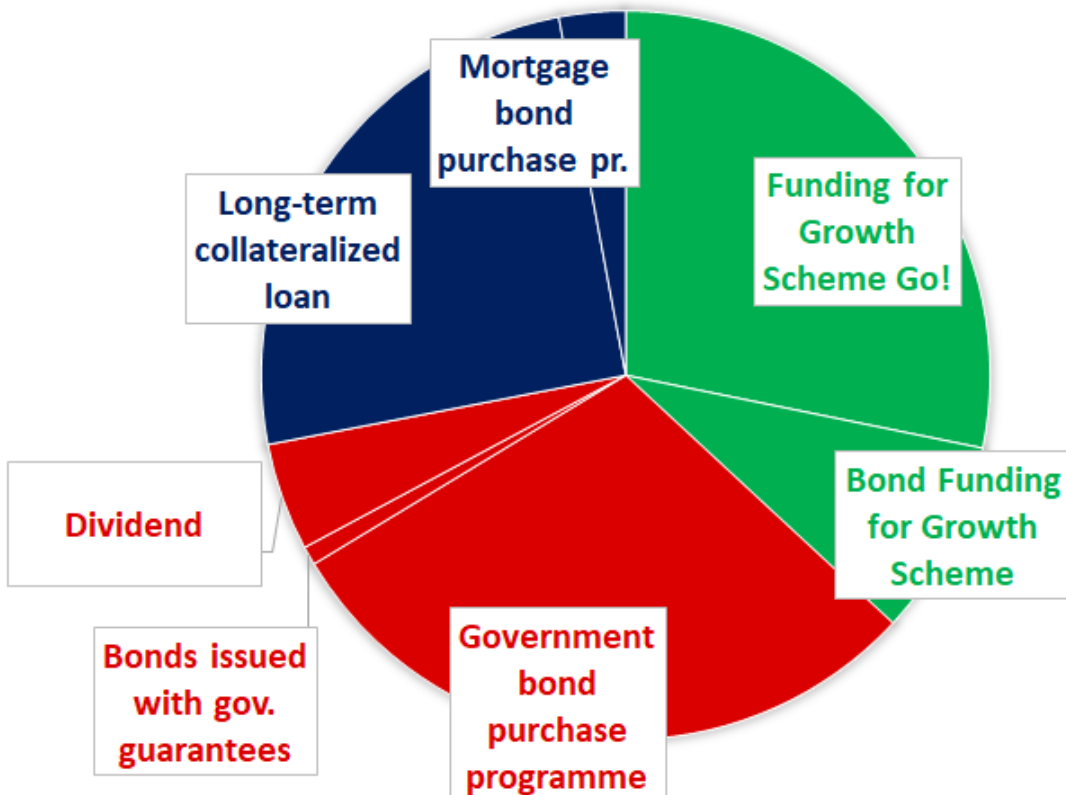


Financial stability

Liquidity

Stable government bond market

Total of more than 10 000 billion HUF liquidity



Government

3662 bn HUF

Bank system

2930 bn HUF

Corporates

3854 bn HUF

Government bond purchase programme

Dividend

Bonds issued with government guarantees

Long-term collateralized loan

Mortgage bond purchase programme

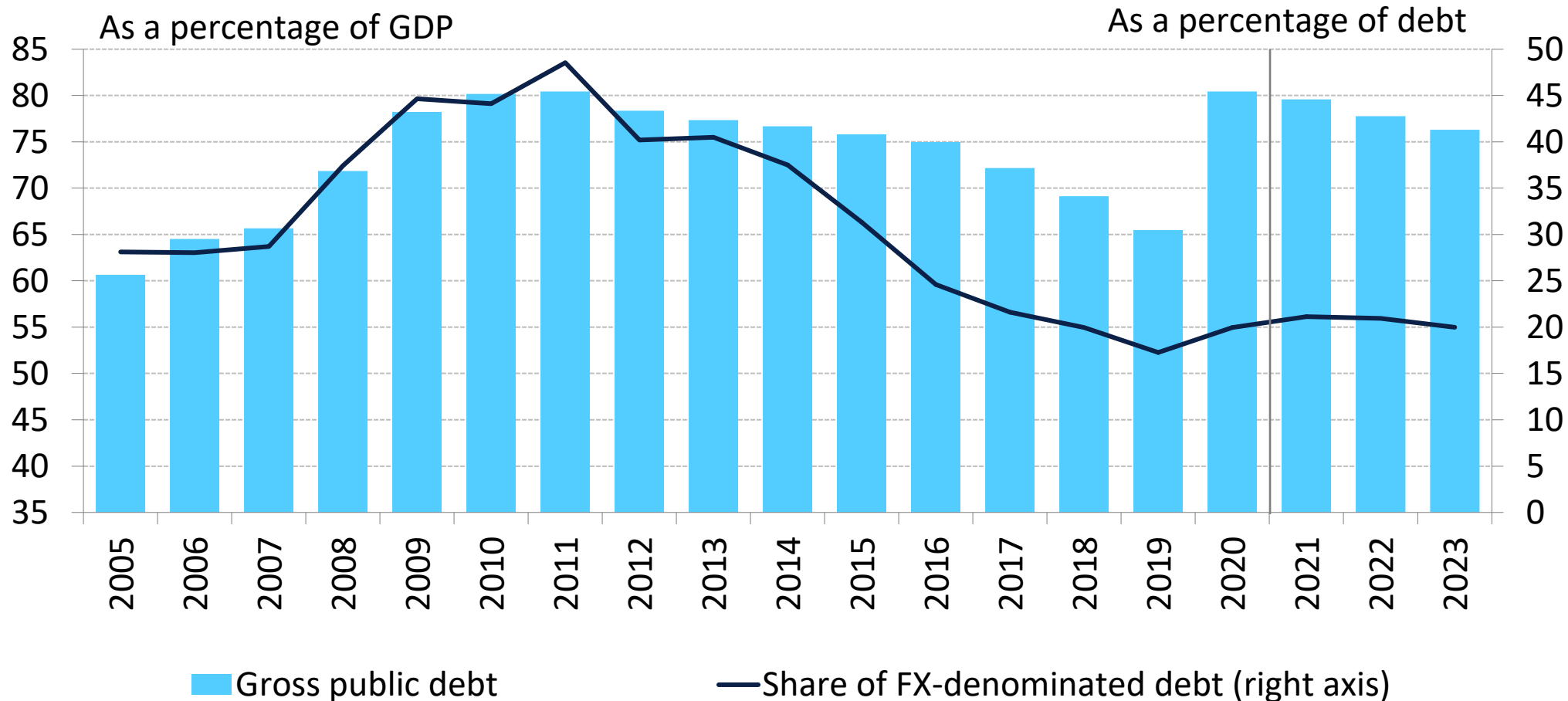
FGS Go!

BGS

CENTRAL BANK PROGRAMMES IN CRISIS

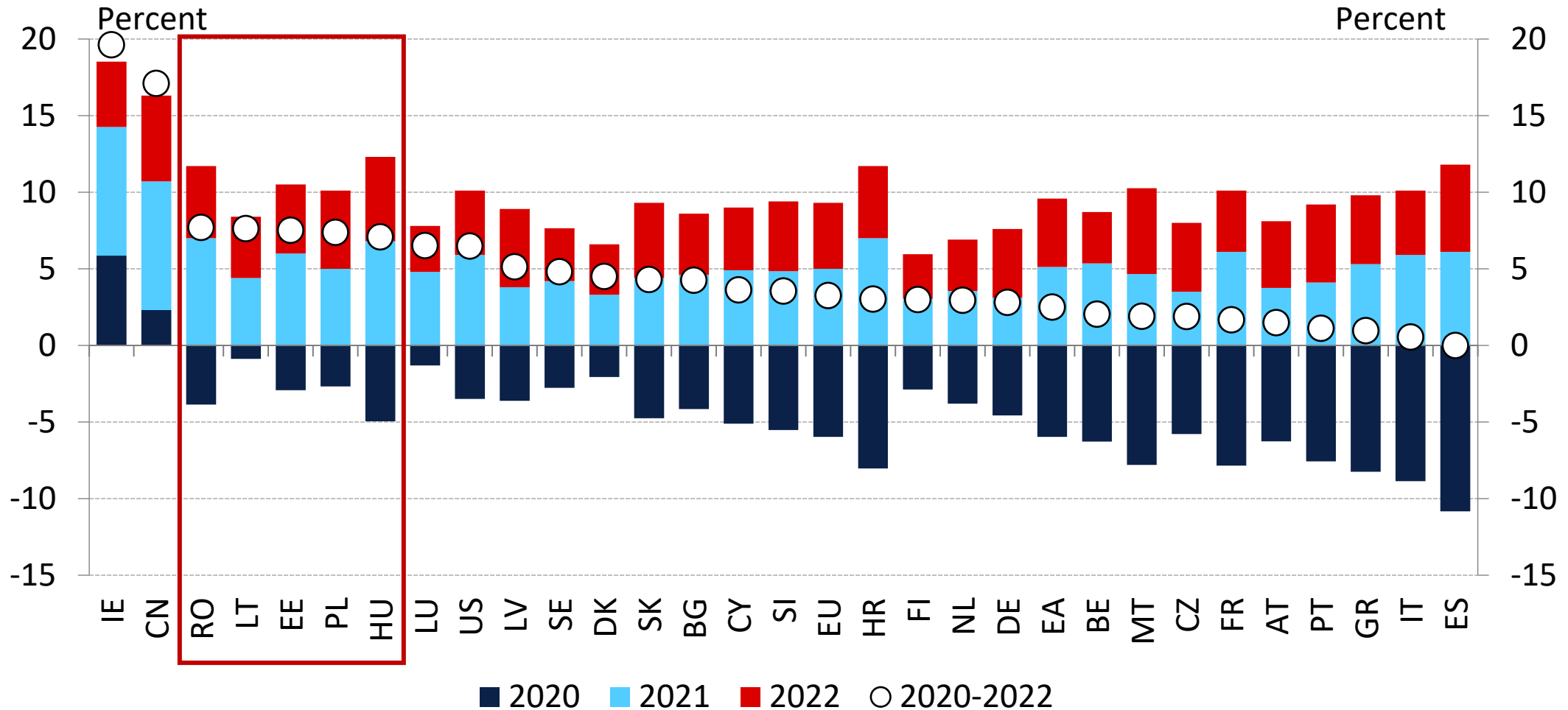
Note | Data as of 17th September 2021. Source | MNB

PUBLIC DEBT WILL TURN ON A DOWNWARD PATH AGAIN



DEVELOPMENT OF GROSS PUBLIC DEBT AND FX SHARE OF CENTRAL GOVERNMENT DEBT

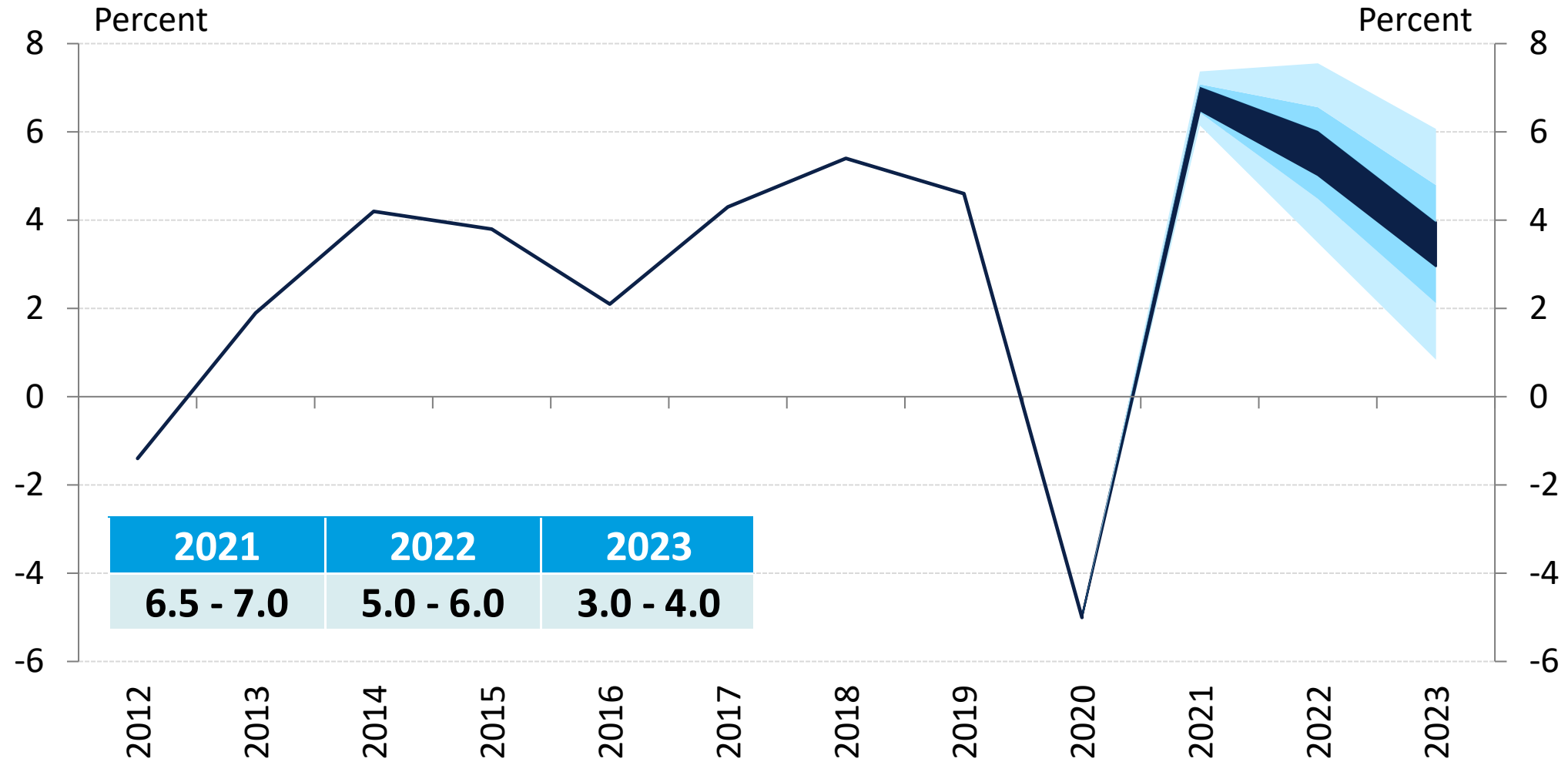
CENTRAL AND EASTERN EUROPEAN COUNTRIES SHOW SOME OF THE FASTEST RECOVERY AFTER COVID



EXPECTED GDP CHANGE IN THE EUROPEAN UNION AND SOME OTHER COUNTRIES BETWEEN 2020-2022

Source | Bloomberg, European Commission, Eurostat, HCSO, MNB

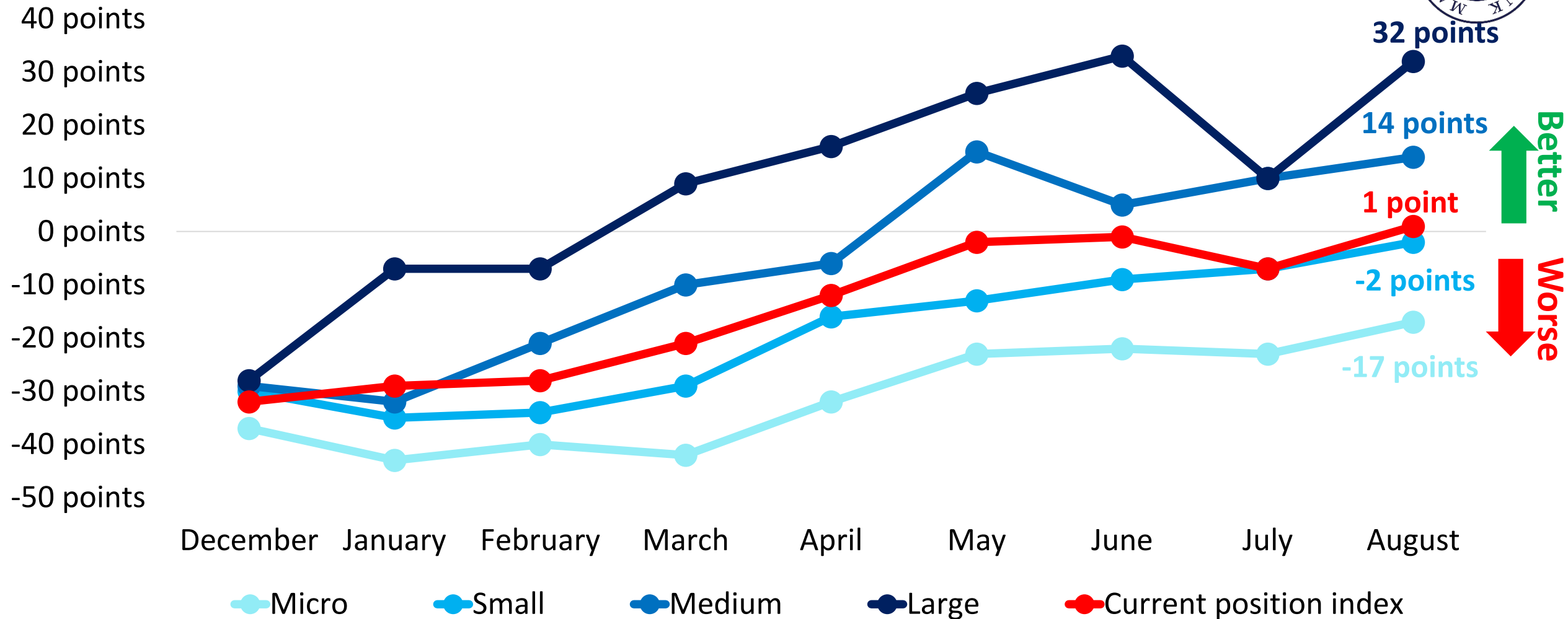
HUNGARIAN GDP MAY EXPAND BY 6.5-7.0 PERCENT IN 2021 AND 5.0-6.0 PERCENT IN 2022



FAN CHART OF THE GDP FORECAST

Note | Based on unadjusted data. Source | HCSO, MNB

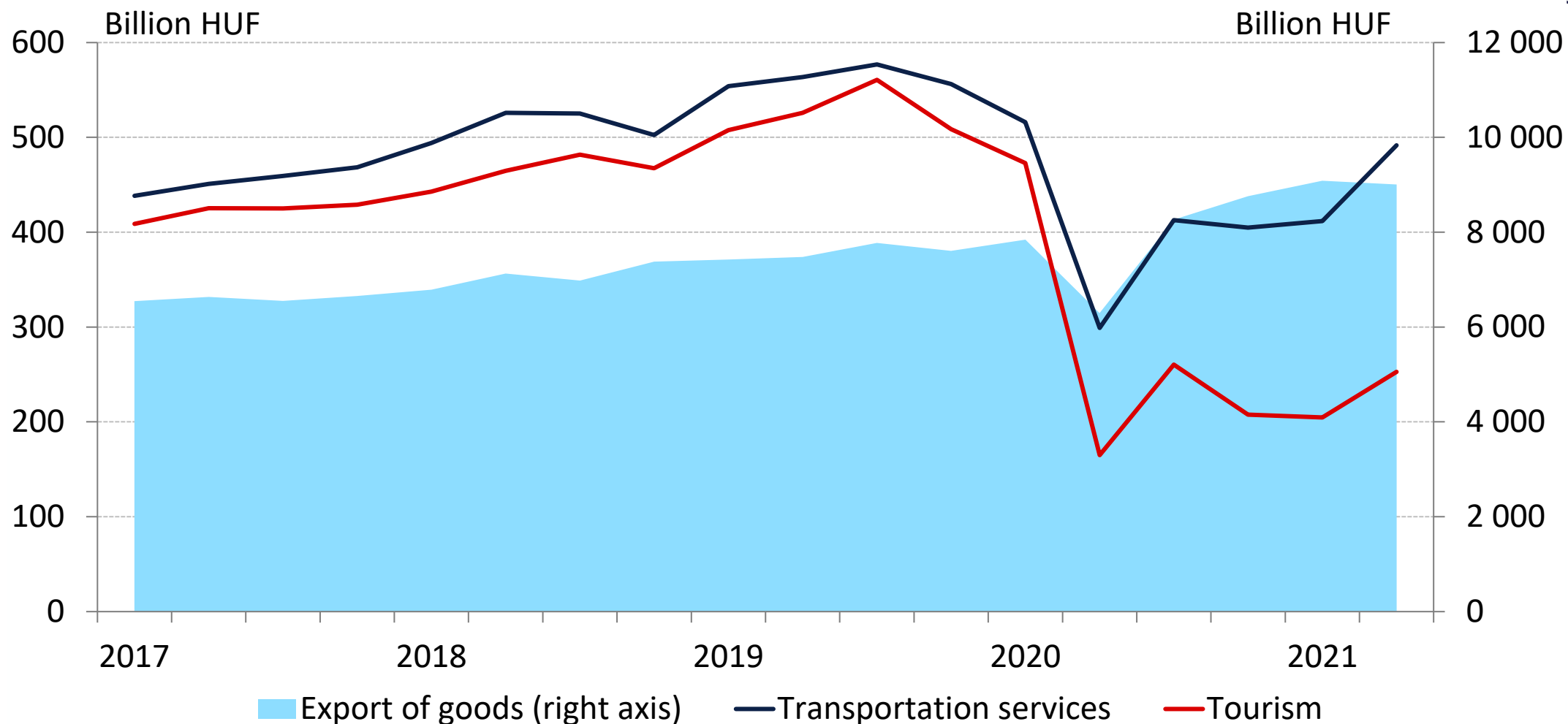
THE RECOVERY AFTER THE CRISIS IS SLOWER FOR THE MICRO AND SMALL ENTERPRISES THAN FOR THE MEDIUM AND LARGE COMPANIES



CURRENT POSITION SUBINDEX OF THE MNB ECONOMIC SENTIMENT INDEX BY SIZE OF ENTERPRISES

Note | The range is between -100 and 100 points. Higher values indicate better economic sentiment, lower values indicate worse economic sentiment in the business sector. Source | MNB survey data

MANUFACTURING EXPORT IS THE ENGINE OF THE RECOVERY WHILE SERVICES ARE LAGGING BEHIND

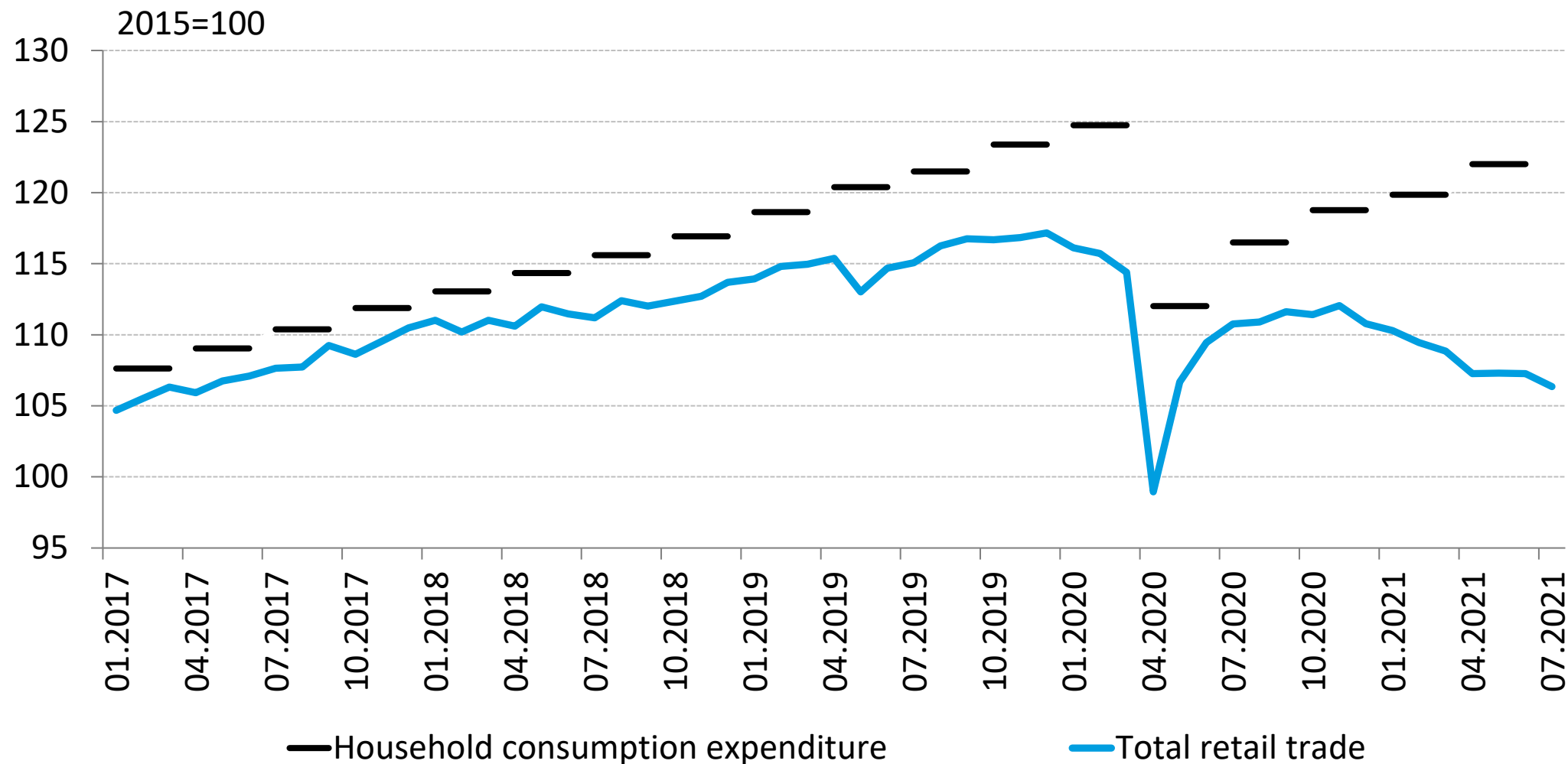


EVOLUTION OF EXPORTS OF GOODS, TRANSPORTATION SERVICES AND TOURISM

Note | Based on seasonally adjusted data.

Source | HCSO

THE GAP BETWEEN RETAIL TRADE AND HOUSEHOLD CONSUMPTION GROWTH IS CAUSED BY STRONGER RECOVERY IN SERVICE CONSUMPTION






EVOLUTION OF HOUSEHOLD CONSUMPTION AND RETAIL TRADE





Note | Based on seasonally adjusted data.

Source | HCSO, MNB

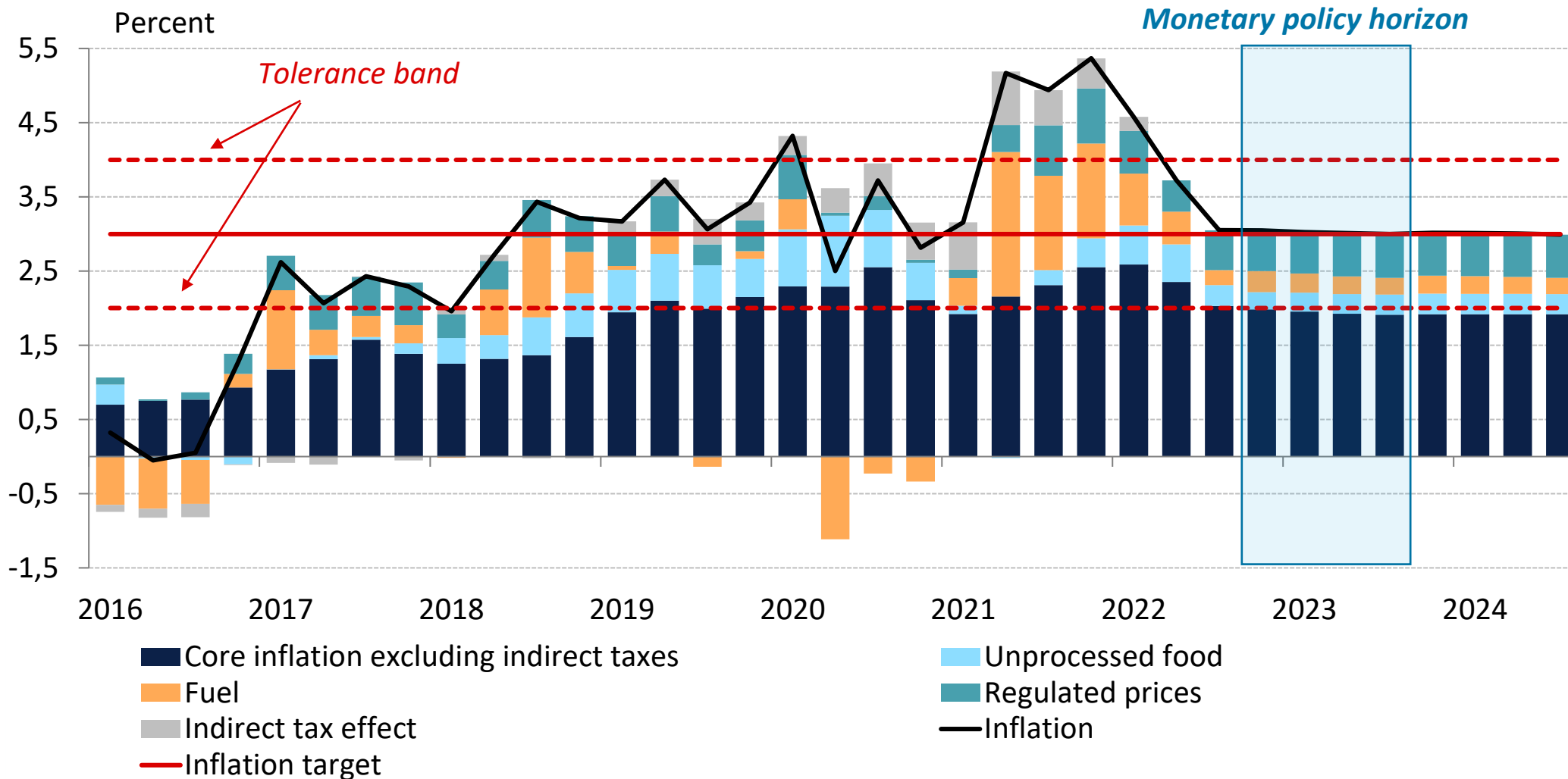
Factors affecting 2021

-  The surge in inflation is the “price of restart” as a result of a successful recovery.
-  The rise in global commodity prices has slowed, but their level remains high compared to last year.
-  Prices of services rose as a result of opening, while prices of industrial goods rose due to problems with raw materials and supply chains.

Factors affecting 2022

-  A rapid and decisive rise in interest rates will reduce inflation.
-  The base effect helps the disinflation process.
-  Anomalies in production chains are expected to disappear or be significantly reduced.
-  Cost-side factors (commodity and energy prices) will have a price-increasing effect even next year.

INFLATION WILL START TO DECLINE AS OF EARLY 2022, REACHING THE CENTRAL BANK TOLERANCE BAND AGAIN IN Q2



DECOMPOSITION OF OUR INFLATION FORECAST

Note | The decomposition belongs to the midpoint for the forecast range.

Source | HCSO, MNB-forecast



THANK YOU FOR YOUR KIND
ATTENTION!

