

Snap | 30 October 2025

HUNGARY

Hungary's economy can't find its way out

While the worst-case scenario has been avoided, Hungary's economy did not shrink in the third quarter; it also did not grow. Hungary just can't find a way out of the stagnation trap. It seems the economy is capable of something unique: decelerating even after a bad year. And we've downgraded our growth forecasts



Hungary's economy appears to be a little directionless

0.0%

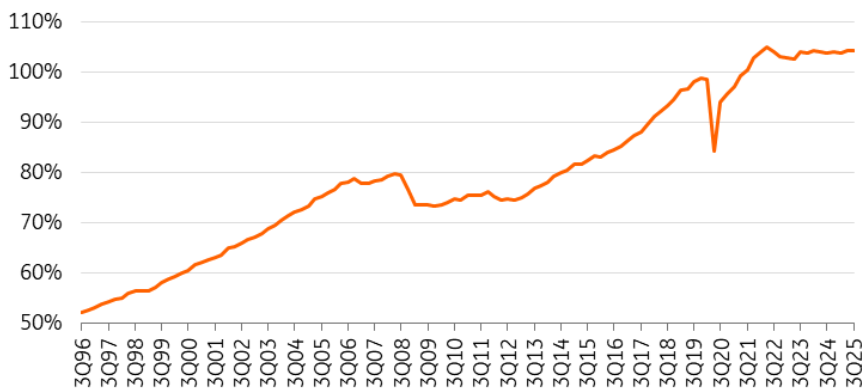
GDP growth in Q3 (QoQ, swda)

ING forecast -0.2% / Previous 0.5%

The latest GDP data release was disappointing once again. In the third quarter of 2025, the Hungarian economy failed to grow on a quarterly basis. Based on the information available prior to the release, a negative headline figure was also a possibility, so the outcome could have been worse. Nevertheless, the performance is hardly encouraging.

While it is worth noting that the year-on-year index improved from the second quarter, this is only due to the base effect. The year-on-year growth of 0.6% in Q3 can hardly be described as impressive. The latest data also suggests that the Hungarian economy is still unable to break free from its years of stagnation. A better period is followed by a worse one, meaning that the economy is not moving anywhere, which suggests the country's growth model has reached its limit in the recent global macroeconomic environment.

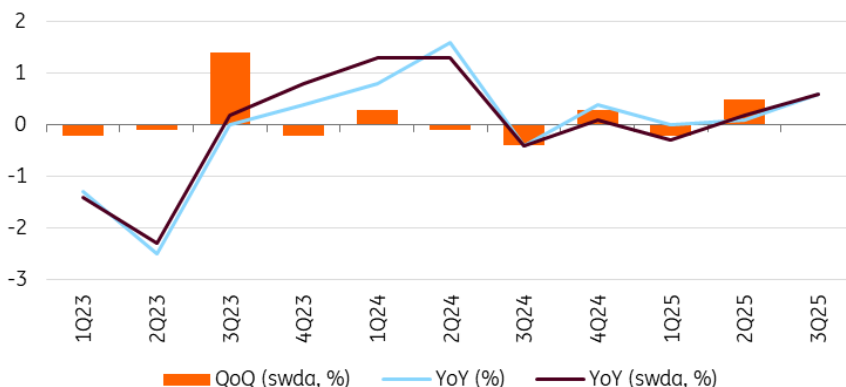
Real GDP in Hungary (2021 = 100%)



Source: HCSO, ING

Compared to the expectations outlined at the end of last year, and even the forecasts made halfway through this year, performance in 2025 has been disappointing. Based on raw data, the first three quarters have shown little growth, with adjusted data showing a total year-on-year expansion of just 0.2%. A significant increase in economic activity in the final quarter would be required for GDP growth in 2025 to exceed that seen in 2024 (an average of 0.6%). However, there are currently no clear signs of this happening.

Hungarian GDP growth



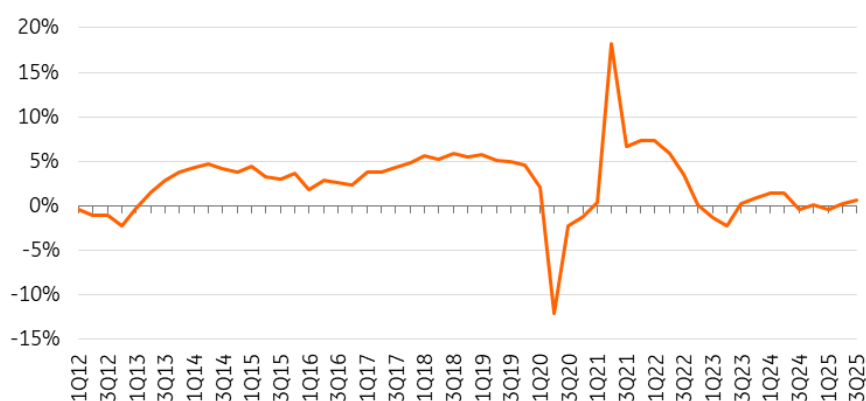
Source: HCSO, ING

As usual, the Hungarian Central Statistical Office (HCSO) provided few details about the underlying processes in its flash report. However, the information we obtained from the current report is entirely consistent with what could be inferred from preliminary sectoral data. Agriculture and industry held back the overall performance of the economy. The weather was unkind to agriculture this year, with late frosts and droughts affecting crop production. In addition, the livestock farming sector suffered from bird flu and an outbreak of foot-and-mouth disease.

Industry continues to be held back by a lack of external demand and the failure of the expected turnaround in the inventory cycle. The HCSO makes no mention of the construction industry. Following the slump in August, considerable uncertainty is likely to remain regarding the sector's contribution to growth, but we believe that it may also have hindered economic performance.

The service sector remains the only bright spot, with the information and communications technology sector performing particularly well. This may be related to the ongoing AI boom. The second estimate, to be released on 2 December, will reveal the details of the processes behind the economy's weak performance. On the final-use side, we expect consumption to have been the driving force on a quarterly basis, ultimately dragged back into stagnation by negative investment and net export performance.

The quarterly annualized growth rate of Hungarian real GDP



Source: HCSO, ING

Based on third-quarter data, we have revised our 2025 growth forecast downwards once again. The Hungarian economy is expected to grow by around 0.5% this year, perhaps slightly less. Taking today's data into account, our point estimate predicts GDP growth of 0.5%, but this assumes a strongly positive fourth quarter due to government measures to boost domestic demand. Therefore, the risks are skewed to the downside.

Consumption may remain the driving force for the rest of the year, primarily thanks to new

fiscal stimuli. However, the biggest question is how much of the resulting surplus income will be spent and how much will be saved. We do not expect a significant turnaround in investment, which means it will certainly be a strong negative contributor to the overall figure for the year. In the case of net exports, strong import demand and general weakness in external demand do not suggest any significant positive change by the end of the year.

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