

Hungary

Rating report

Rating rationale

Track record of robust growth performance, but near- and medium-term challenges point to a moderation in the growth outlook: The Hungarian economy has a track record of robust growth driven by foreign investments and significant EU funding. At the same time, a significant portion of EU funds remains frozen. Consumption is expected to support growth in 2026 and 2027, while investment remains subdued. Major capacity-expanding foreign direct investment projects support the economic outlook, but capacity underutilisation and production delays are a risk. We expect growth of around 1.3% in 2026 and 2.3% in 2027, after 0.5% in 2025. We have revised our projections downwards due to repercussions from the war in the Middle East. Downside risks are material and pertain predominantly to a more severe and longer-lasting conflict in Iran and higher-for-longer energy prices and supply constraints.

Robust structure of external and public liabilities and an improving external position: Hungary's public debt profile demonstrates resilience to external shocks due to its elevated share of domestic financing, facilitated by its domestic retail programme, reducing dependency on external sources. The country's external liabilities mostly consist of direct investment, supporting Hungary's resilience to external shocks. Hungary's current account was 1.6% of GDP but we expect a significant moderation this year due to a worsening in the trade balance given costlier energy imports. Once energy prices normalise, which expect the current account to recover from next year onwards.

Rating challenges include: i) elevated public debt with a heightened interest-payment burden; ii) a sustained fiscal deficit reflecting limited fiscal flexibility; iii) weak governance indicators and lingering uncertainty regarding the inflow of substantial EU funds; and iv) heightened vulnerability to external shocks as a small and open economy with a high dependence on foreign capital.

Figure 1: Hungary's sovereign-rating drivers

Risk pillars		Quantitative		Reserve currency	Political risk	Qualitative	Final rating
		Weight	Indicative rating	Notches	Notches	Notches	
Domestic economic risk		35%	bbb	HUF [+0]	Hungary [-0]	0	BBB
Public finance risk		25%	a			0	
External economic risk		10%	b+			- 1/3	
Financial stability risk		10%	a+			0	
ESG risk	Environmental factors	3%	bbb-			0	
	Social factors	3%	aaa			0	
	Governance factors	14%	bbb-			- 1/3	
Sovereign Quantitative Model*		bbb+			-1		
Additional considerations					0		

*Scope's Sovereign Quantitative Model (SQM) signals an indicative credit rating of 'bbb+' for Hungary which was approved by the rating committee.

For details, please see Scope's [Sovereign Rating Methodology](#).

Foreign currency

Long-term issuer rating/Outlook

BBB/Stable

Senior unsecured debt/Outlook

BBB/Stable

Short-term issuer rating/Outlook

S-2/Stable

Local currency

Long-term issuer rating/Outlook

BBB/Stable

Senior unsecured debt/Outlook

BBB/Stable

Short-term issuer rating/Outlook

S-2/Stable

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Credit strengths and challenges

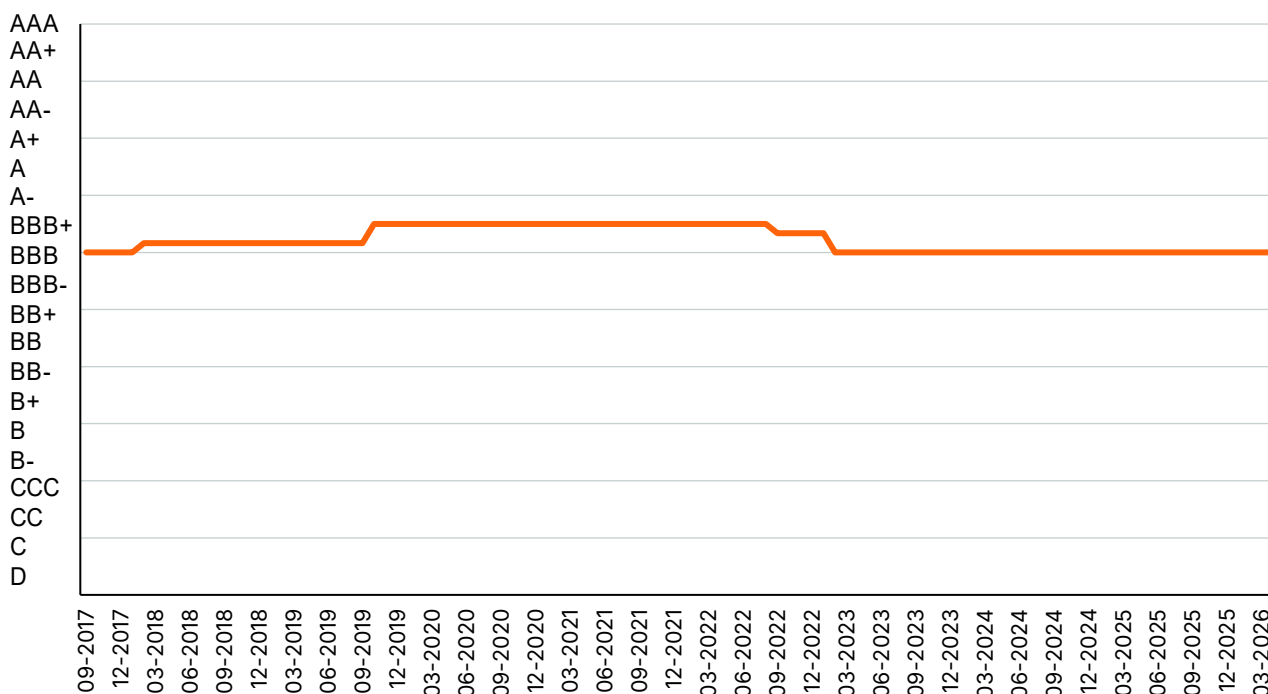
Credit strengths	Credit challenges
<ul style="list-style-type: none"> Robust medium-term growth prospects Robust structure of external and public liabilities and a robust external and foreign currency reserve position 	<ul style="list-style-type: none"> Elevated public debt with a high interest-payment burden Continuous fiscal deficits, reflecting limited fiscal flexibility Weak governance indicators, lingering uncertainty regarding the inflow of substantial EU funds Heightened vulnerability to external shocks

Outlook and rating triggers

The **Stable Outlook** reflects the view that risks for the ratings are balanced.

Positive rating-change drivers	Negative rating-change drivers
<ul style="list-style-type: none"> Improvement in public finances, resulting in a significant reduction in public debt in the medium term Materially improving external metrics and strengthened reserve adequacy 	<ul style="list-style-type: none"> Significant worsening in the economic growth outlook Protracted fiscal deterioration, materially weakening debt sustainability Significant worsening of external metrics, weighing on reserve adequacy

Figure 2: Rating history



Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment. Source: Scope Ratings

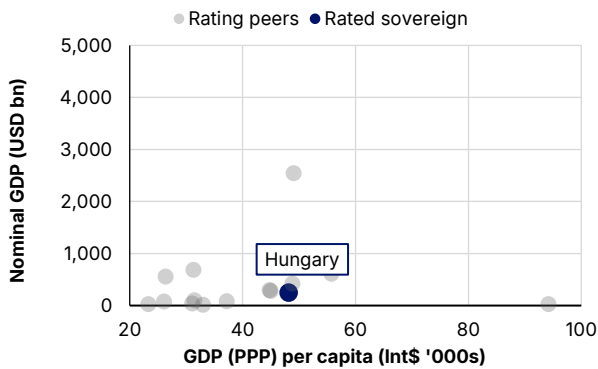
Rating analysis

Domestic economic risk

Overview of Scope's assessments of Hungary's Domestic Economic Risk

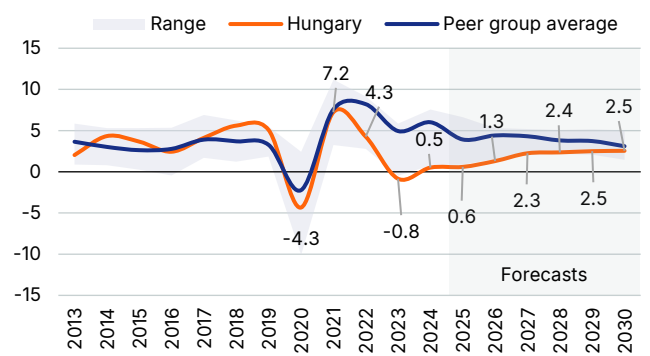
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
bbb	Growth potential and outlook	Neutral	0	Robust medium-term growth dynamics, albeit estimated potential growth has declined in recent years
	Monetary policy framework	Neutral	0	Credible central bank, conservative monetary policy stance maintained and reinforced after the outbreak of the war in the Middle East in early 2026
	Macroeconomic stability and sustainability	Neutral	0	High reliance on external markets amplified by an economic structure dominated by energy-intensive businesses with complex value chains; large-scale foreign direct investments in key industries

Figure 3: Nominal GDP and GDP per capita (2025E)



Source: IMF World Economic Outlook (WEO), Scope Ratings

Figure 4: Real GDP growth, %



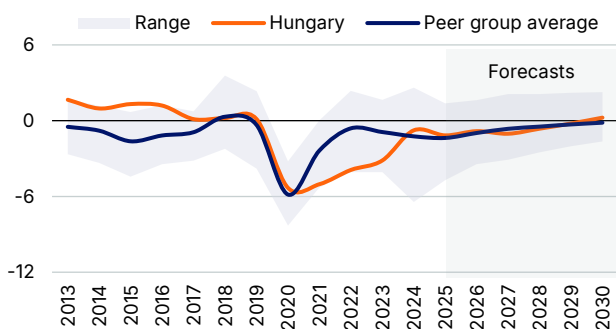
Source: IMF WEO, Scope Ratings forecasts

Public finance risk

Overview of Scope's assessments of Hungary's Public Finance Risk

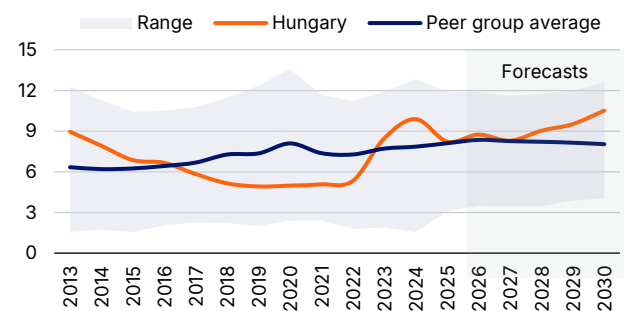
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a	Fiscal policy framework	Neutral	0	Historical track record of primary surpluses; limited fiscal space with relatively high budget deficits absent meaningful fiscal consolidation
	Long-term debt trajectory	Neutral	0	Elevated debt burden expected to increase moderately in the medium-term
	Debt profile and investor base	Neutral	0	Resilient debt profile and solid domestic investor base; still elevated foreign-currency denominated share of debt at around 30%

Figure 5: Primary balance, % of GDP



Source: IMF WEO forecasts, Scope Ratings

Figure 6: Net interest payments, % of government revenue



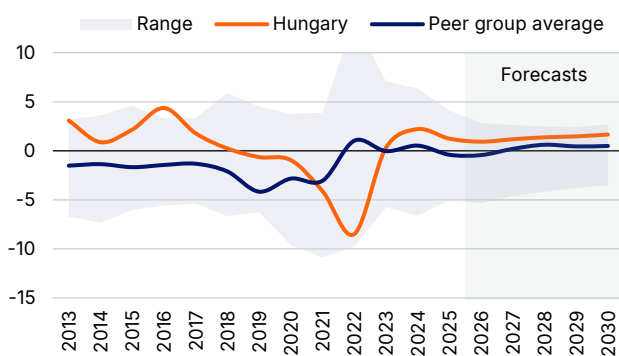
Source: IMF WEO forecasts, Scope Ratings

External economic risk

Overview of Scope's assessments of Hungary's External Economic Risk

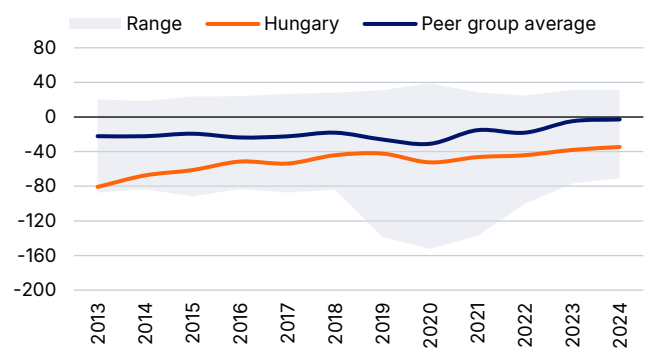
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
b+	Current account resilience	Neutral	0	Long-run track record of stable current account receipts with a manufacturing sector highly integrated in global supply chains
	External debt structure	Neutral	0	External liabilities mostly consist of direct investment and equity rather than debt-creating flows
	Resilience to short-term external shocks	Weak	- 1/3	High refinancing needs; reliance on external demand and foreign capital

Figure 7: Current-account balance, % of GDP



Source: IMF WEO forecasts, Scope Ratings

Figure 8: Net international investment position (NIIP), % GDP



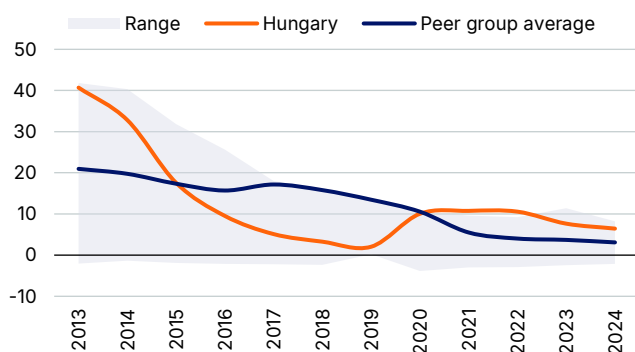
Source: IMF, Scope Ratings

Financial stability risk

Overview of Scope's assessments of Hungary's Financial Stability Risk

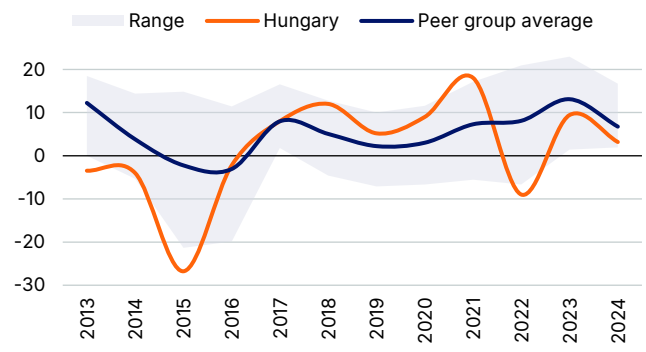
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a+	Banking sector performance	Neutral	0	High capitalisation and liquidity levels; resilient profitability
	Financial sector oversight and governance	Neutral	0	Effective supervisory control; timely and comprehensive regulatory measures
	Financial imbalances	Neutral	0	Macroprudential measures underpin financial stability; moderate private sector debt

Figure 9: Non-performing loans net of provision, % of capital



Source: IMF, Scope Ratings

Figure 10: Private sector credit growth, %



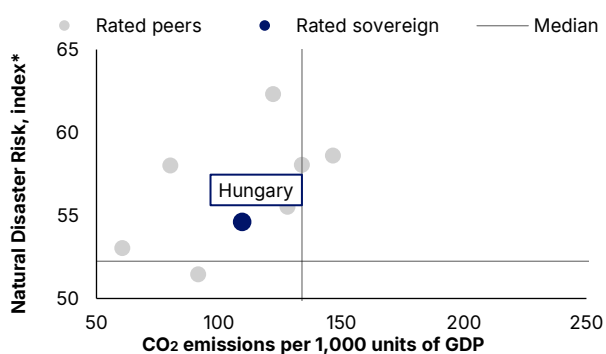
Source: World Bank (WB), Scope Ratings

Environmental, Social and Governance (ESG) risk

Overview of Scope's assessments of Hungary's ESG Risk

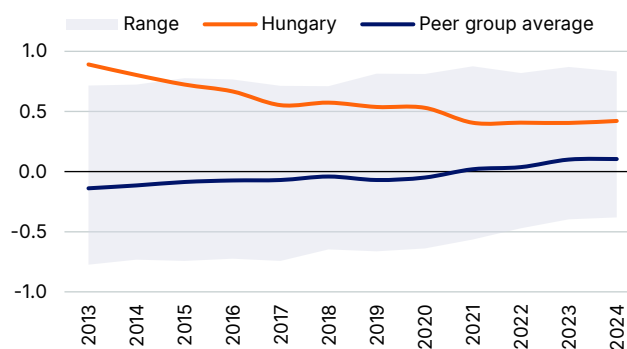
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
bbb+	Environmental factors	Neutral	0	Some exposure to climate risks via agricultural sector; elevated reliance on fossil fuel imports
	Social factors	Neutral	0	Significant employment gaps and high regional inequalities, mirroring those observed among peers
	Governance factors	Weak	- 1/3	Ongoing institutional challenges; limited policy predictability and lingering uncertainty regarding the inflow of substantial EU funds.

Figure 11: Transition and natural disaster risks



Source: European Commission, Notre Dame Global Adaptation Initiative, Scope Ratings
 *Higher scores indicate lower vulnerability to physical risks. Median of SQM peers.

Figure 12: Governance, index score*



Source: World Bank (WB), Scope Ratings
 *Mean of the WB estimates for Control of Corruption, Government Effectiveness, Regulatory Quality, and Rule of Law.

Reserve-currency adjustment

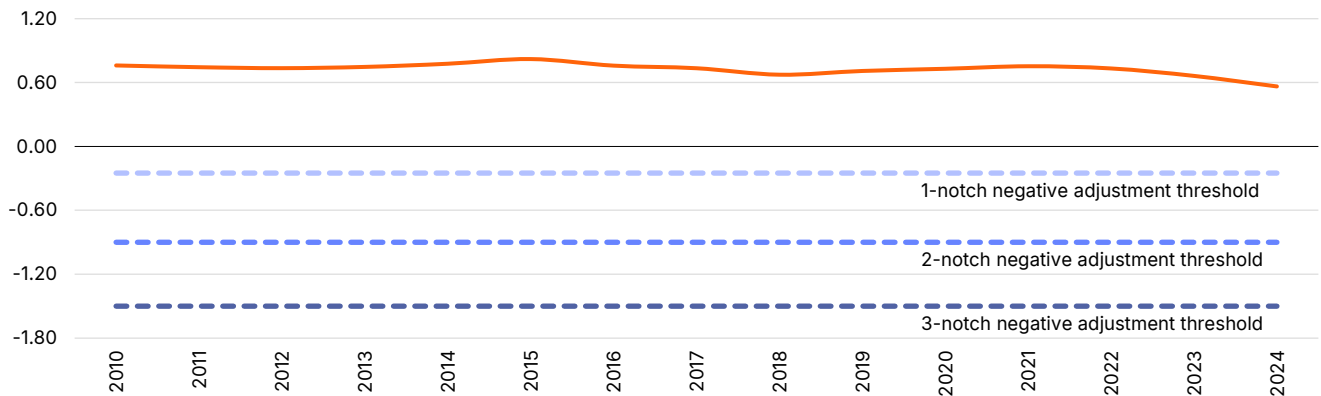
IMF SDR basket and Scope reserve-currency adjustment

Currency	U.S. dollar	Euro	Chinese yuan	Japanese yen	Pound sterling	Other
IMF SDR basket weights, %	43.4	29.3	12.3	7.6	7.4	0.0
Positive adjustment, notches	3	1	1	1	1	0

Source: IMF, Scope Ratings

Political-risk adjustment

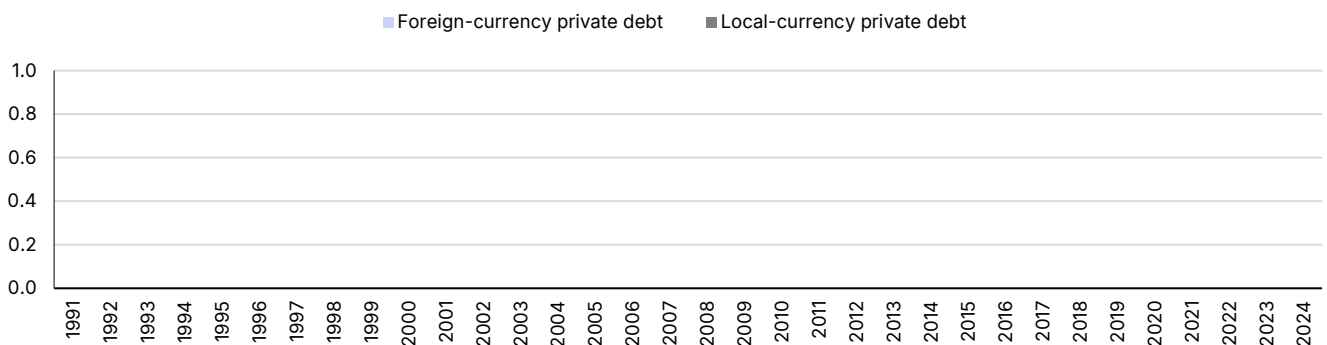
Figure 13: WB Political Stability & Absence of Violence/Terrorism index, Hungary, three-year moving average



Source: WB, Scope Ratings

Sovereign default history and applicability of the default cap

Figure 14: Sovereign default history, USD bn



Depicted private-debt defaults may not always constitute a credit event under [Scope's credit-rating definitions](#).

Source: [Bank of Canada–Bank of England Sovereign Default Database](#), Scope Ratings.

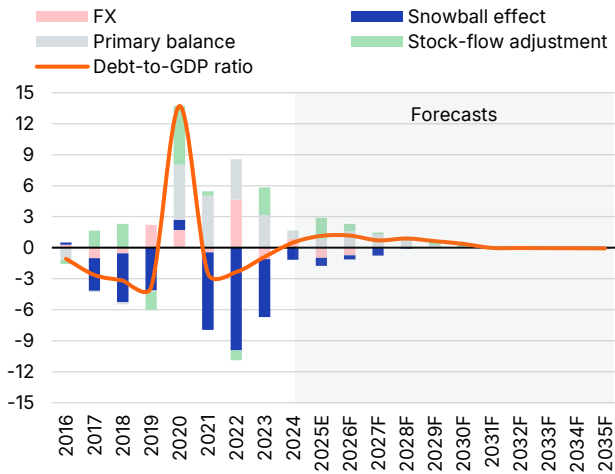
In view of the absence of a recent episode of default, the rating committee did not apply a cap to the indicative SQM rating.

Additional considerations

No adjustment was applied to the rating from additional considerations.

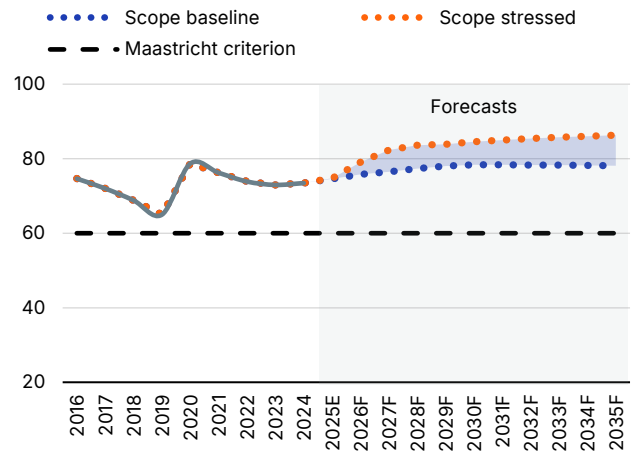
Appendix 1. Debt sustainability analysis

Figure 15: Contributions to change in debt ratio, pps of GDP



Source: IMF WEO, Scope Ratings forecasts

Figure 16: Debt-to-GDP forecasts, % of GDP



Source: IMF WEO, Scope Ratings forecasts

Scope DSA Baseline, % of GDP (unless stated otherwise)

	2025E	2026F	2027F	2028F	2029F	2030F	avg. 2031F-2035F
Real GDP growth (%)	0.4	1.3	2.3	2.4	2.5	2.4	2.4
Deflator (%)	6.2	4.8	4.2	3.1	2.8	2.8	2.8
Primary Balance	-0.9	-1.6	-1.2	-0.6	-0.2	0.0	0.0
Net Interest payments	3.8	3.9	3.9	3.9	3.9	4.0	3.9
General government debt (gross)	74.6	75.8	76.5	77.4	78.0	78.4	78.1*

* Figure refers to end-2035 forecast. Source: IMF WEO, Scope Ratings forecasts

Appendix 2. Rating peers

Rating peers are related to sovereigns with an indicative rating in the same rating category or adjacent categories, as assigned by Scope's SQM after accounting for methodological reserve-currency and political-risk adjustments.

Peer group*
Georgia
Greece
Romania

*Selected publicly rated sovereigns only; the full sample of sovereign-rating peers may be larger.

The shaded range in the charts above represents the distribution of sovereign-rating peers between the 10th and 90th percentiles of the full sample.

Appendix 3. Economic development and default indicators

IMF Development Classification

Emerging market and developing economy

5-year USD CDS spread (bps) as of 7 April 2026

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Appendix 4. Statistical table for selected SQM indicators

This table presents a selection of the indicators (22 out of 27 – with the governance indicator reflecting a composite of four indicators) used in Scope's quantitative model, in line with Scope's Sovereign Rating Methodology. The metrics and sources used ensures comparability across global sovereign peers and may therefore differ from national or other international statistical series; as a result they may not immediately reflect the latest national updates.

Pillar	Core variable	Source	2020	2021	2022	2023	2024	2025E
Domestic Economic	GDP per capita (PPP), Int\$ '000s	IMF	35.5	39.1	43.9	45.2	46.6	48.2
	Nominal GDP, USD bn	IMF	158	183	178	214	223	248
	Real growth, %	IMF	-4.3	7.2	4.3	-0.8	0.5	0.6
	CPI inflation, %	IMF	3.3	5.1	14.6	17.1	3.7	4.5
	Working-age population growth, %	UN	-1.0	-0.9	-0.5	-0.2	-0.2	-
Public Finance	General government debt, % of GDP	IMF	78.7	76.2	73.9	73.0	73.5	74.8
	Net interest payment, % of government revenue	IMF	5.0	5.1	5.3	8.5	9.9	8.2
	Primary balance, % of GDP	IMF	-5.3	-5.0	-3.9	-3.2	-0.8	-1.2
External Economic	Current-account balance, % of GDP	IMF	-0.9	-4.1	-8.5	0.3	2.2	1.2
	Total reserves, months of imports	WB	3.6	3.0	2.5	2.7	2.9	-
	NIIP, % of GDP	IMF	-52.4	-46.3	-44.2	-38.0	-34.6	-
Financial stability	Non-performing loans net of provisions, % of capital	IMF	10.1	10.8	10.6	7.6	6.4	-
	Private sector credit growth, (7y av. YoY change, %)	WB	0.2	3.3	5.9	7.5	6.8	-
ESG	CO ₂ per EUR 1,000 of GDP, kgCO ₂ e	EC	142.2	136.1	121.8	111.0	109.5	-
	Income share of bottom 50%, %	WID	23.1	23.2	23.0	23.0	-	-
	Labour-force participation rate, %	WB	75.0	76.2	77.2	78.1	78.2	-
	Unemployment rate, %	WB	4.2	4.0	3.6	4.1	4.5	-
	Composite governance indicators*	WB	0.4	0.4	0.3	0.3	0.3	-
	Political stability, index	WB	0.7	0.8	0.7	0.7	0.6	-

*Average of the following four World Bank Worldwide Governance Indicators: Control of Corruption, Rule of Law, Government Effectiveness, Regulatory Quality.

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Applied methodology

[Sovereign Rating Methodology](#), March 2026

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