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**UPDATE 2-Hungary central bank says it will review inflation-targeting system in 2020**

BUDAPEST, Nov 11 (Reuters) - Hungary’s central bank will conduct a review of its inflation-targeting system next year as part of its regular practice, the National Bank of Hungary (NBH) said on Monday, adding that the current system has been working well.

In a reply to emailed Reuters questions the NBH said the tolerance range around its 3% inflation target, which it introduced in March 2015 as part of its last review to make the system more flexible, has worked and is able to handle uncertainties related to the measuring inflation.

In a study published earlier on Monday, NBH Governor Gyorgy Matolcsy, Deputy Governor Marton Nagy and two of the bank’s managing directors argued that central banks of developed countries have been unable to reach their inflation targets for some time and this underlines the need for reforming the systems used for measuring inflation and for a review of inflation targets.

They said the driving forces behind inflation trends have changed, and that the digital age posed further challenges for central bankers when it comes to tackling inflation.

The NBH said in its statement to Reuters later that its own system, which targets inflation at 3% with a one percentage point tolerance range either side, performs appropriately “even with the measurement uncertainties” mentioned in the study.

“In light of developments, the NBH from time to time reviews the framework of the inflation targeting system applied in Hungary,” it said.

“This review is expected to happen in 2020 again, in line with the bank’s earlier practice.”

It did not say what a potential review could entail.

The NBH also reiterated that its only policy anchor was inflation, and its priority was to achieve and maintain price stability.

Headline inflation was running at 2.9% in October in annual terms, while the tax-adjusted core inflation measure the central bank follows closely picked up to 3.7% in October from 3.4% in September. (Reporting by Krisztina Than; Editing by Toby Chopra)

<https://www.reuters.com/article/hungary-cenbank-inflation/update-2-hungary-central-bank-says-it-will-review-inflation-targeting-system-in-2020-idUSL8N27R56C>