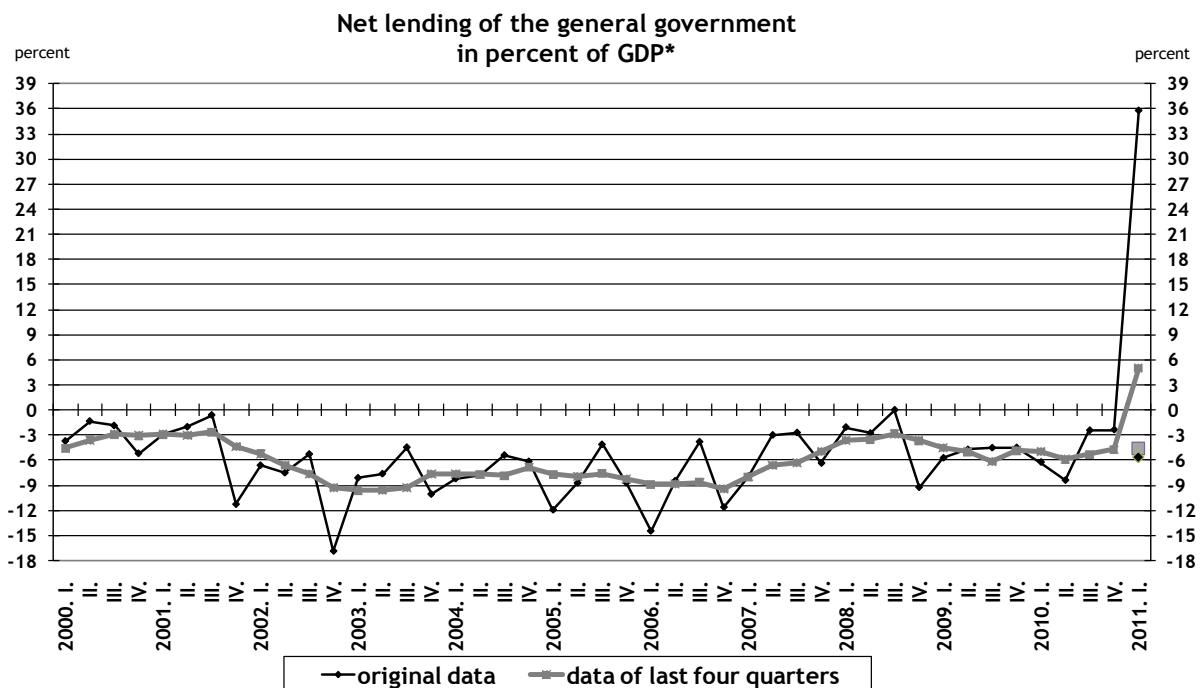


PRESS RELEASE

Preliminary financial accounts for general government and households: 2011 Q1

According to preliminary financial accounts data, general government net lending was equal to 5.0 per cent of Hungary's GDP in the four quarters to 2011 Q1. The significant increase in net lending mainly reflected capital transfers from households to general government due to withdrawals from private pension funds, recorded in 2011 Q1. Excluding the amount of the capital transfer, general government net lending was equal to -4.6 per cent of GDP in the year to 2011 Q1. General government consolidated gross debt at nominal value amounted to 81.6 per cent of GDP at the end of 2011 Q1.

Net lending of households was equivalent to -4.8 per cent of GDP in the year to 2011 Q1, according to preliminary financial accounts data. Excluding the effect of the capital transfer from households to general government due to withdrawals from private pension funds, net lending of households was equal to 4.8 of GDP in the year to 2011 Q1.



* 2011 Q1 data are based on the MNB's own GDP estimate.

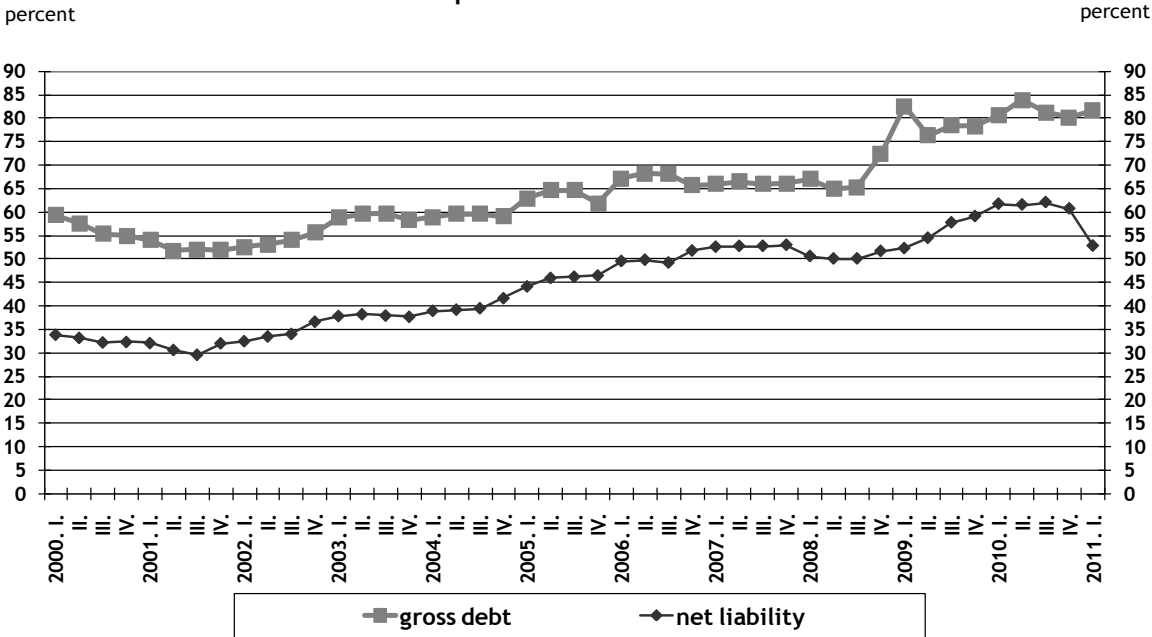
For 2011 Q1, the quarterly data (shown in black) and the data referring to the final four quarters (shown in grey), which show general government net lending excluding the effect of the capital transfer due to withdrawals from private pension funds, were plotted as separate data points.

According to preliminary data, general government net lending amounted to HUF 1,379 billion or 5.0 per cent of Hungary’s GDP in the four quarters to 2011 Q1. Excluding the effect of the capital transfer from households to general government due to withdrawals from private pension funds, amounting to 9.6 per cent of GDP, general government net lending was equal to -4.6 per cent of GDP in the year to 2011 Q1.

In 2011 Q1, general government net lending (HUF 2,289 billion) was equal to 36 per cent of quarterly GDP. Excluding the effect of the capital transfer from households to general government due to withdrawals from private pension funds, general government net lending was equal to -5.6% of GDP (HUF -361 billion) in 2011 Q1.

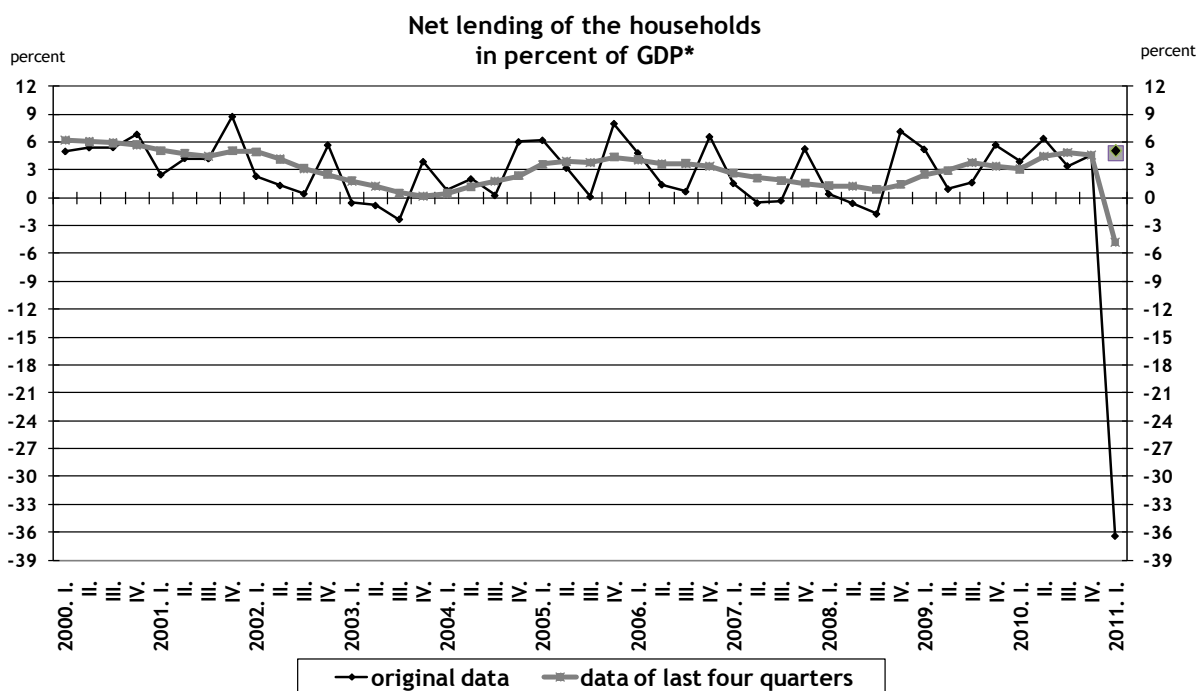
At the end of 2011 Q1, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 22,456 billion, equivalent to 81.6 per cent of GDP. General government net debt (HUF 14,518 billion) amounted to 52.8 per cent of GDP at the end of 2011 Q1. Net debt fell in the period as a result of transfers recorded due to withdrawals from private pension funds. However, the transfer did not affect the sector’s gross debt in the period, as the pension funds have not yet transferred to the general government the assets of those whose membership ceased. Consequently, the withdrawal of government securities and sales of other assets in the market have not yet started.

**Maastricht debt and net liability of the general government*
in percent of GDP**



* The Maastricht measure of general government debt is defined as the sector’s consolidated gross debt at nominal value, excluding other liabilities (AF.7). Net debt is equal to net worth (i.e. the difference between the market values of total financial assets and total liabilities) with the opposite sign.

In 2011 Q1, net lending of the central government (HUF 2,306 billion) mainly reflected the increase in other claims against pension funds. In addition, on the assets side, deposits with the central bank and loans to credit institutions increased significantly. On the liabilities side, there was a significant increase in security liabilities and a decline in loan liabilities. Net lending of local government authorities (HUF 69 billion) mainly reflected an increase in deposits. The social security funds financed their net borrowing (HUF 85 billion) mainly by loans from the central government.



* 2011 Q1 data are based on the MNB's own GDP estimate.

For 2011 Q1, the quarterly data (shown in black) and the data referring to the final four quarters (shown in grey), which show households' net lending excluding the effect of the capital transfer due to withdrawals from private pension funds, were plotted as separate data points.

According to preliminary financial accounts data, household net lending (HUF -1,323 billion) was equivalent to -4.8 per cent of GDP in the four quarters to 2011 Q1. Excluding the effect of the capital transfer from households to general government due to withdrawals from private pension funds, household net lending amounted to HUF 1,327 billion or 4.8 per cent of GDP in the year to 2011 Q1.

In 2011 Q1, household net lending (HUF -2,330 billion) amounted to -36.4 per cent of quarterly GDP. Excluding the effect of the capital transfer from households to general government due to withdrawals from private pension funds, households' net lending was equal to 5.0% of GDP (HUF 320 billion) in 2011 Q1.

On the assets side, households' pension fund reserves declined sharply in 2011 Q1, due to withdrawals from private pension funds. In addition, cash holdings fell significant in and debt securities holdings and other assets increased. On the liabilities side, there was an increase in forint loans and a market decline in foreign currency loans. The sector's other liabilities fell significantly.

Preliminary financial accounts data are available on the MNB's website at: Statistics/Statistical Data and Information/Statistical Time Series/XII. Financial Accounts/Preliminary Financial Accounts of Households and General Government. The full set of financial accounts for the institutional sectors of the national economy for the period 2011 Q1 will be published on 1 July 2011.

Methodological notes

Under the relevant law, membership of former members in private pension funds ceased on 1 March 2011. Accordingly, transactions related to withdrawals from pension funds were recorded for 2011

Q1. In the statistical accounts, members' pension fund reserves, excluding their real returns and personal contributions to the funds (amounting to HUF 2,650 billion, according to estimate), were recorded as a capital transfer to the central government on 1 March 2011; households' pension fund reserves (recorded under insurance technical reserves) were reduced by the same amount, with the general government's claims on pension funds (recorded under other assets/liabilities) being increased by the same amount. Accordingly, this HUF 2,650 billion reduced household net lending and increased general government net lending in 2011 Q1. Pension fund reserves of former members (recorded under insurance technical reserves) fell by the sum of real returns and personal contributions (HUF 210 billion, according to estimates), at the same time as other claims on pension funds were increased by the same amount. This HUF 210 billion left the sectors' net lending unaffected, but changed the structure of households' and funds' financial relationship. Data on the size of the capital transfer and the amount of real returns and personal contributions may be revised after more accurate data become available.

In order to provide more detailed information to users, data on the stocks and flows of private pension fund reserves were also published in the worksheets containing the full time series, among the memorandum items of the household sector, in line 74.

In contrast with previous practice, direct reports by local authorities were not used in 2011 Q1, as they were unavailable at the time the compilation of data ended.

The appropriation in the Budget Act was used to estimate general government revenue from corporate income tax.

The seasonally adjusted data are subject to more uncertainty than usual, due to fluctuations caused by the financial crisis.

**MAGYAR NEMZETI BANK
STATISTICS**

One of the primary statutory duties of the Magyar Nemzeti Bank is to collect and publish statistical information. The statistical press release aims to help the reader understand the latest published data. The Quarterly Report on Inflation and the Report on Financial Stability, published periodically, contain the Bank's analyses of underlying economic processes and are accessible at www.mnb.hu.

References

[Data](#)
[Financial accounts manual](#)
[Methodological notes](#)

Availability: sajto@mnb.hu