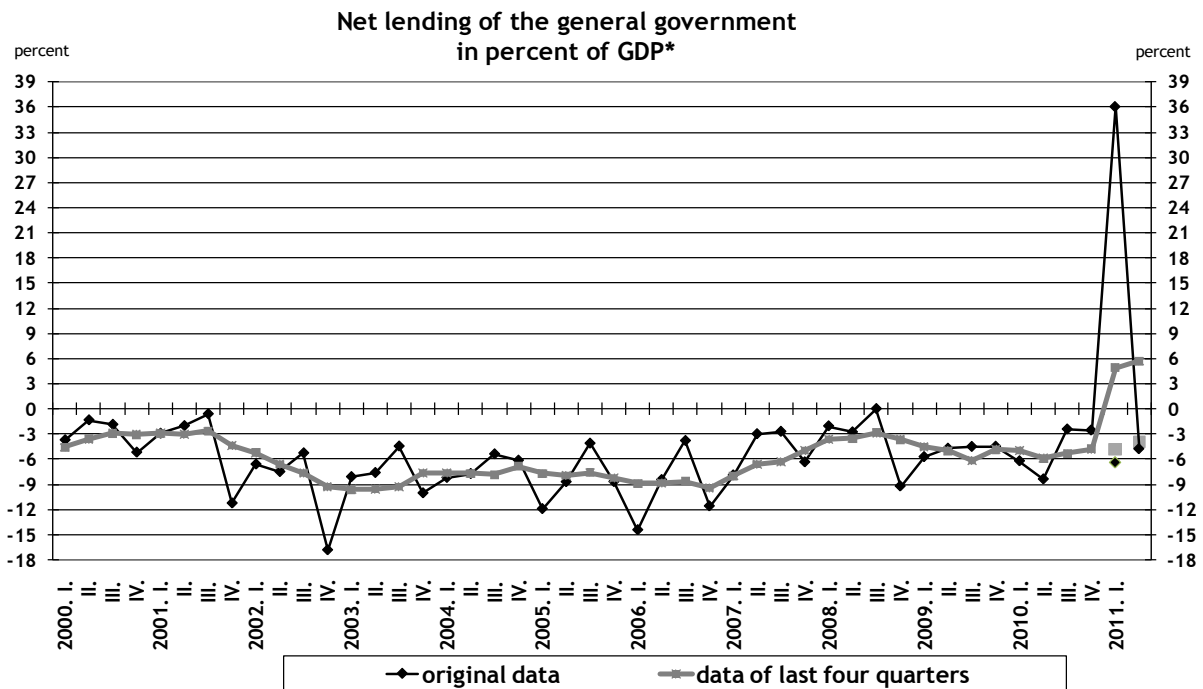


PRESS RELEASE

Preliminary financial accounts for general government and households: 2011 Q2

According to preliminary financial accounts data, general government net lending was equal to 5.7 per cent of Hungary's GDP in the four quarters to 2011 Q2. The positive balance mainly reflected capital transfers from households to general government due to opt-outs from private pension funds, recorded in 2011 Q1. Excluding the amount of the capital transfer, general government net lending was equivalent to -4.0 per cent of GDP in the year to 2011 Q1. General government consolidated gross debt at nominal value decreased significantly in 2001 Q2 and amounted to 76.8 per cent of GDP at the end of 2011 Q2.

Net lending of households was equivalent to -5.5 per cent of GDP in the four quarters to 2011 Q2, according to preliminary financial accounts data. Excluding the effect of the capital transfer from households to general government due to opt-outs from private pension funds, net lending of households was equal to 4.2 of GDP in the year to 2011 Q2.



* 2011 Q2 data are based on the MNB's own GDP estimate.

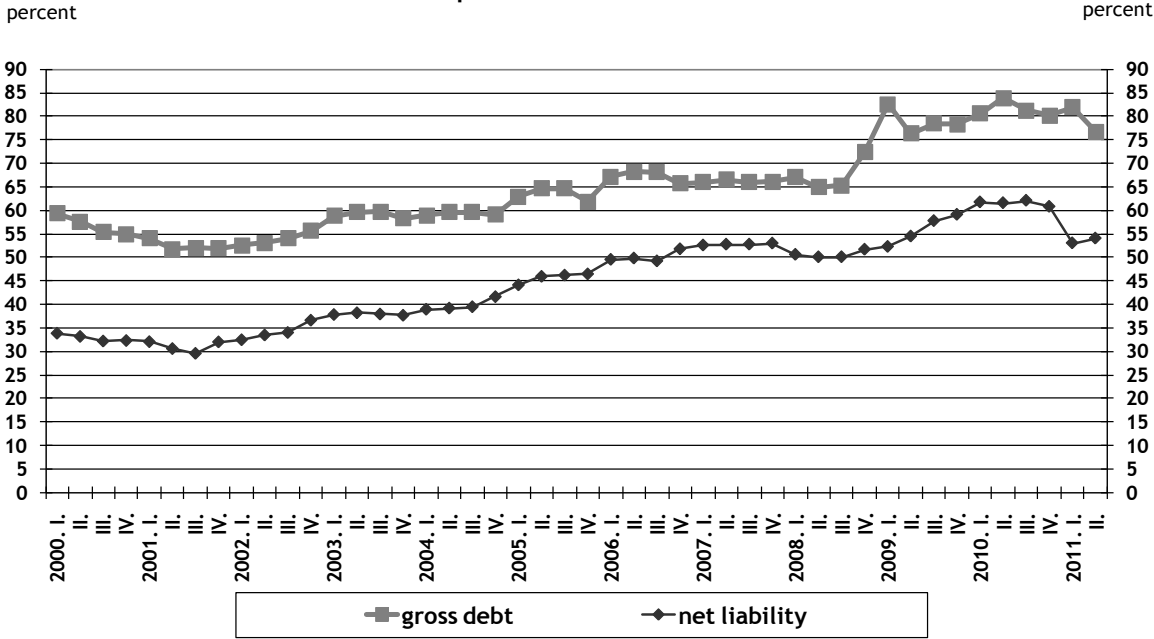
For 2011 Q2, the quarterly data (shown in black, only for Q1) and the data referring to the final four quarters (shown in grey), which show general government net lending excluding the effect of the capital transfer due to withdrawals from private pension funds, were plotted as separate data points.

According to preliminary data, general government net lending amounted to HUF 1,574 billion or 5.7 per cent of Hungary’s GDP in the four quarters to 2011 Q2. Excluding the effect of the capital transfer from households to general government due to opt-outs from private pension funds, general government net lending amounted to HUF -1,103 billion or -4.0 per cent of GDP in the year to 2011 Q2.

General government net lending (HUF -336 billion) was equal to -4.8 per cent of quarterly GDP in 2011 Q2.

At the end of 2011 Q2, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 21,285 billion, equivalent to 76.8 per cent of GDP. General government net liability amounted to HUF 14,975 billion or 54.0 per cent of GDP at the end of 2011 Q2. Transfers recorded due to opt-outs from private pension funds reduced the amount of net liability in Q1, given the increase in other accounts receivable of general government on pension funds. In Q2, general government gross debt fell mainly due to the retirement of government bonds and Treasury bills as a result of opt-outs from private pension funds. Pension funds transferred financial assets of their former members to the general government in Q2.

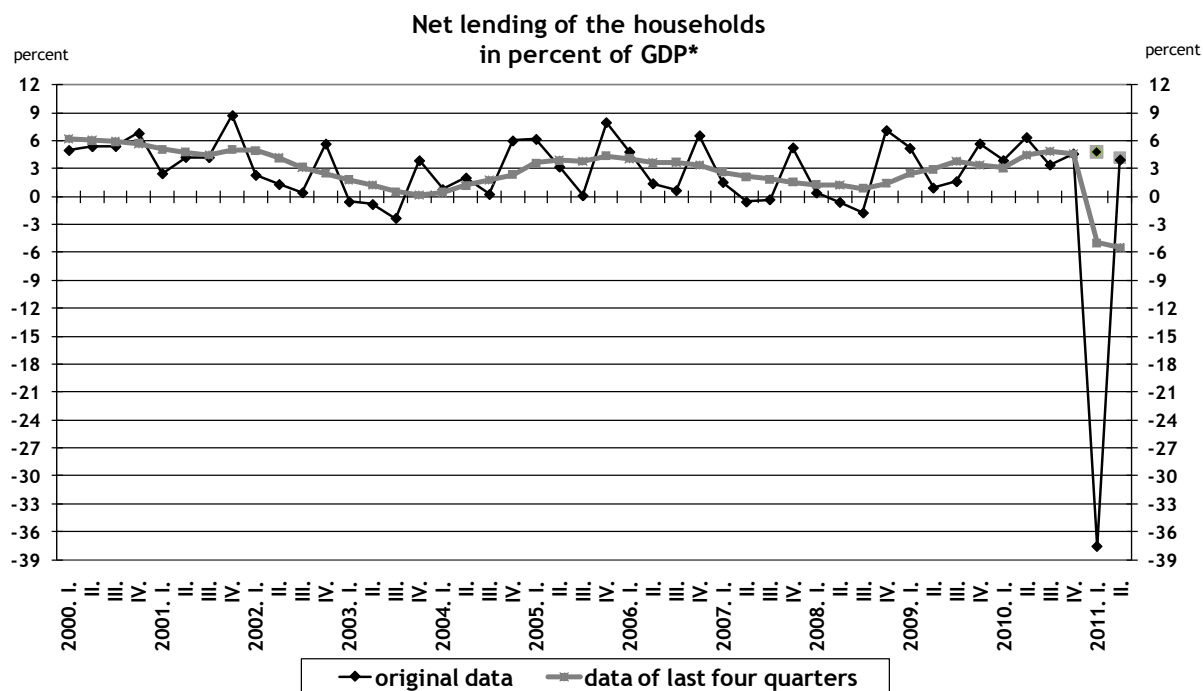
**Maastricht debt and net liability of the general government*
in percent of GDP**



* 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 Q2, net borrowing of central government amounted to HUF 153 billion. Transfers of financial assets related to opt-outs from private pension funds had a significant effect on the structure of the balance sheet of central government. Other accounts receivable on private pension funds, arising in the previous quarter, have been removed as a result of the transfer of assets and have been replaced by cash on deposit from pension funds and securities issued by economic agents outside central government. As an effect of the asset transfer, government bonds and Treasury bills transferred to the state reduced central government liabilities. Local government authorities financed their borrowing requirement (HUF 110 billion) mainly by reducing their deposits. The net

borrowing requirement of social security funds (HUF 73 billion) caused an increase in loans from central government.



* 2011 Q2 data are based on the MNB's own GDP estimate.

For 2011 Q1, the quarterly data (shown in black, only for Q1) 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 opt-outs from private pension funds, were plotted as separate data points.

According to preliminary financial accounts data, household net lending (HUF -1,512 billion) was equivalent to -5.5 per cent of GDP in the four quarters to 2011 Q2. Excluding the effect of the capital transfer from households to general government due to opt-outs from private pension funds, household net lending amounted to HUF 1,166 billion or 4.2 per cent of GDP in the year to 2011 Q2.

In 2011 Q2, household net lending (HUF 277 billion) amounted to 4.0 per cent of quarterly GDP.

On the assets side, household holdings of cash, deposits, debt securities issued by credit institutions, mutual fund shares and other accounts receivable increased significantly in 2011 Q2. On the liabilities side, forint loans increased and foreign currency loans declined by more than the increase in forint borrowing. The sector's other liabilities rose 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 Q2 will be published on 3 October 2011.

Table

Main data of the general government and the households

	2009Q1	2009Q2	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2
Net lending, quarterly transactions, billion HUF										
General government (S.13)	-341	-308	-294	-324	-376	-561	-170	-194	2274	-336
Households (S.14)	309	61	106	408	234	425	237	347	-2372	277
Net lending of last four quarters, billion HUF										
General government (S.13)	-1193	-1313	-1607	-1267	-1302	-1556	-1431	-1302	1349	1574
Households (S.14)	664	765	986	883	809	1173	1304	1243	-1364	-1512
Consolidated gross debt of the general government, billion HUF										
General government (S.13)	21837	19990	20443	20422	21048	22094	21730	21750	22458	21285
Net lending, quarterly transactions, percent of GDP										
General government (S.13)	-5,8	-4,8	-4,5	-4,5	-6,3	-8,4	-2,5	-2,6	36,1	-4,8
Households (S.14)	5,2	0,9	1,6	5,7	3,9	6,4	3,4	4,6	-37,6	4,0
Net lending of last four quarters, percent of GDP										
General government (S.13)	-4,5	-5,0	-6,2	-4,9	-5,0	-5,9	-5,3	-4,8	4,9	5,7
Households (S.14)	2,5	2,9	3,8	3,4	3,1	4,5	4,9	4,6	-5,0	-5,5
Consolidated gross debt of the general government, percent of GDP										
General government (S.13)	82,6	76,3	78,5	78,4	80,5	83,9	81,2	80,2	81,9	76,8

Methodological notes

Under the relevant law, membership of former members in private pension funds ceased on 1 March 2011. Accordingly, 2011 Q1 financial accounts data include the amount of capital transfers from households to general government related to the opt-outs. In the statistical records, members' pension fund reserves, excluding their real returns and personal contributions to the funds, 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 general government's claims on pension funds (recorded under other assets/liabilities) being increased by the same amount in Q1. Data on the amount of capital transfer and the amount due to households' (real returns plus personal contributions to the funds), published in the previous release, have been adjusted. The value of capital transfer and the amount due to households are currently estimated to be HUF 2,678 billion and HUF 233 billion respectively.

Private pension funds transferred financial assets of their former members to central government in 2011 Q2. This asset transfer only affected the balance sheets of central government and private pension funds, and left the sectors' net lending unaffected. As a result of the asset transfer, general government gross debt fell by the values of government bonds and Treasury bills transferred to the state (by HUF 1,354 billion at nominal value).

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](#)

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