



MAGYAR NEMZETI BANK

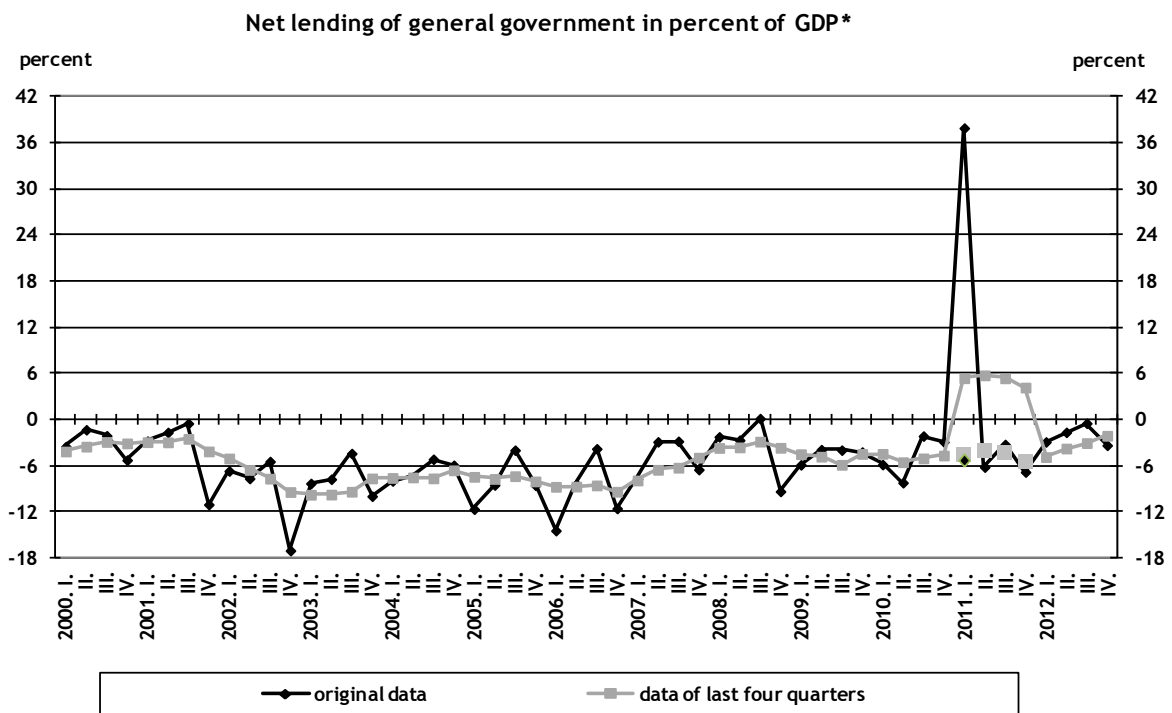
18 February 2013

PRESS RELEASE

Preliminary financial accounts for general government and households: 2012 Q4

According to preliminary financial accounts data, general government net lending was equal to -2.1 per cent of Hungary's GDP in 2012. General government consolidated gross debt at nominal value amounted to 79 per cent of GDP at the end of 2012. The change in the forint exchange rate reduced the debt by HUF 690 billion, while net borrowing by the sector increased it by HUF 373 billion in 2012.

Net lending of households was equivalent to 5.3 per cent of GDP in 2012, according to preliminary financial accounts data.



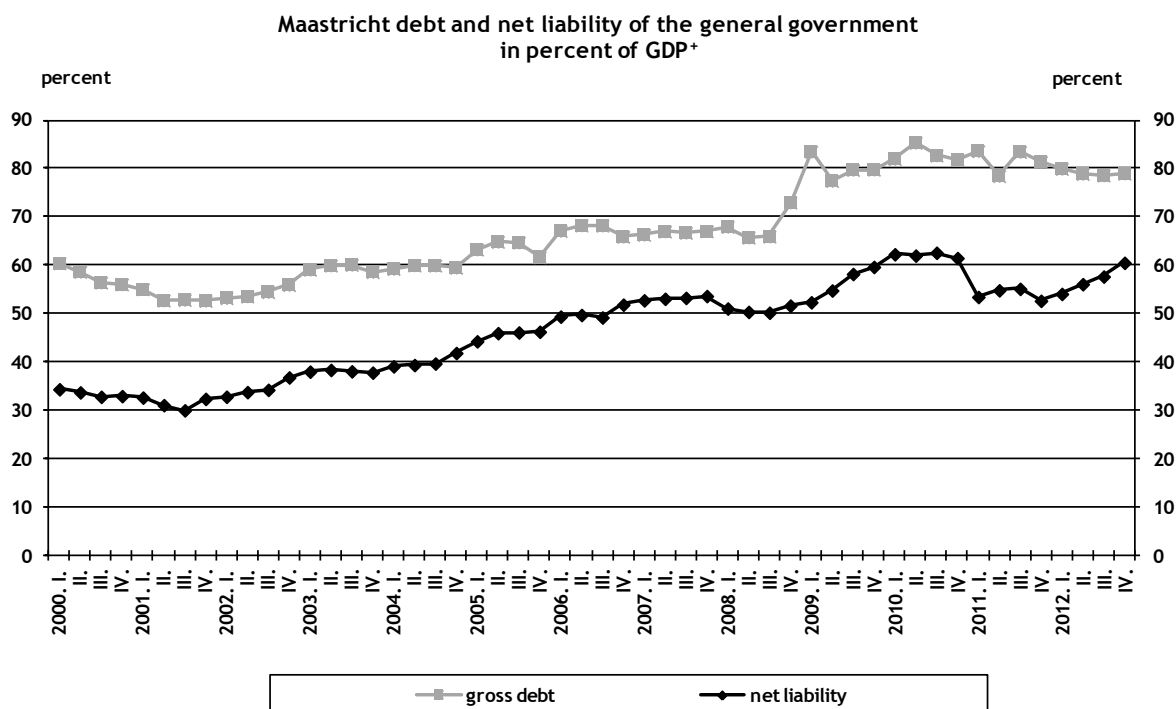
* 2012 Q4 data are based on the MNB's own GDP estimate.

Note: For 2011, the quarterly data (shown in black, only for Q1) and the data referring to the 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 in March 2011, were plotted as separate data points.

According to preliminary data, general government net lending amounted to HUF -592 billion or -2.1 per cent of Hungary's GDP in 2012. General government net lending (HUF -261 billion) was equal to -3.3 per cent of quarterly GDP in 2012 Q4.

At the end of 2012, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 22,373 billion, equivalent to 79 per cent of GDP. Net repayments reduced general government debt by HUF 107 billion, while the depreciation of the forint increased it by HUF 275

billion in 2012 Q4. Net liabilities of general government amounted to HUF 17,153 billion or 60.5 per cent of GDP at the end of 2012.

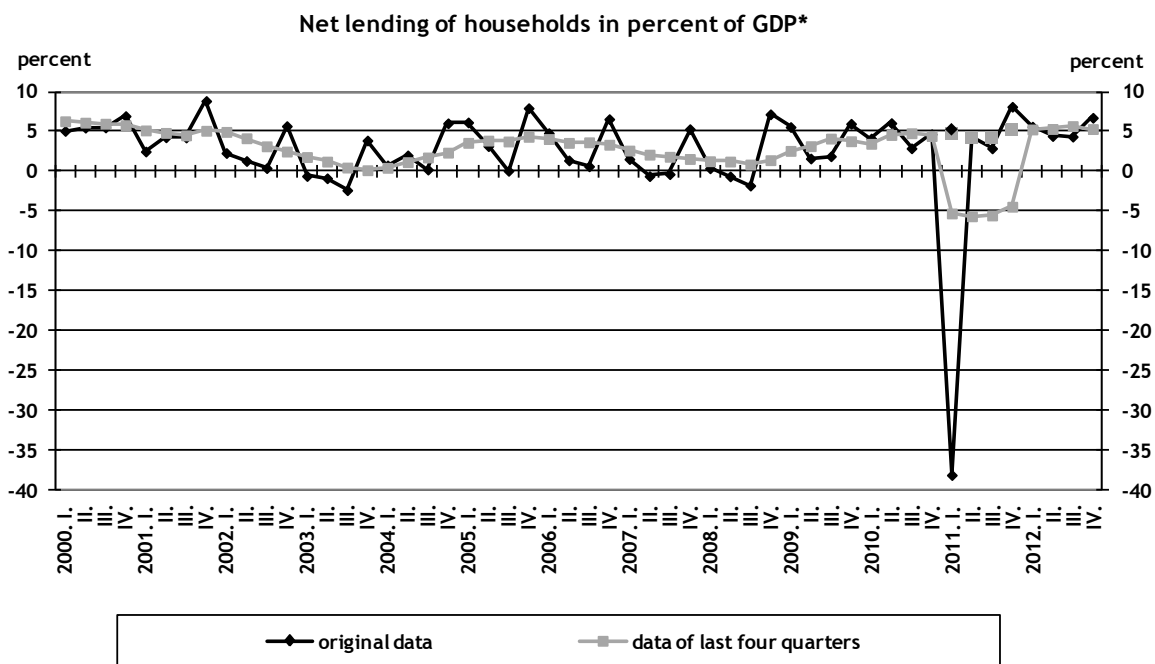


+ The Maastricht measure of general government debt is defined as the sector's consolidated gross debt at nominal value, excluding other liabilities (AF.7). Net liability is equal to net worth (i.e. the difference between the market values of total financial assets and total liabilities) with the opposite sign. 2012 Q4 data are based on the MNB's own GDP estimate.

In 2012 Q4, net borrowing of central government amounted to HUF 285 billion. On the assets side of the sector's balance sheet, deposits with the central bank fell significantly. The changes in liabilities mainly reflected issues of government securities, repayments of loans taken from abroad and the decline in other liabilities.

Net lending of local government authorities was HUF 17 billion in 2012 Q4. On the assets side, deposits and loans to the corporate sector fell significantly. The sector's liabilities also fell, mainly affecting long-term securities and loans as well as tax liabilities.

Net lending of social security funds amounted to HUF 6 billion in 2012 Q4. On the assets side, tax claims increased. Liabilities also rose, mainly accounted for by increases in short-term loans and accounts payable.



* 2012 Q4 data are based on the MNB's own GDP estimate.

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

According to preliminary financial accounts data, household net lending (HUF 1,512 billion) was equivalent to 5.3 per cent of GDP in 2012. Net lending of the sector (HUF 528 billion) amounted to 6.8 per cent of quarterly GDP in 2012 Q4.

On the assets side, household holdings of forint cash and deposits, debt securities issued by central government as well as mutual fund shares increased significantly. By contrast, holdings of foreign equity assets and debt securities issued by credit institutions fell due to transactions. The decline in liabilities mainly reflected repayments of foreign currency loans. This was partly offset by an increase in other liabilities.

Detailed 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 2012 Q4 will be published on 2 April 2013.

Tables

Main data of the general government and the households

	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2	2012Q3	2012Q4
Net lending, quarterly transactions, billion HUF												
General government (S.13)	-345	-537	-144	-213	2343	-421	-230	-528	-183	-114	-34	-261
Households (S.14)	245	399	198	346	-2353	287	207	630	356	309	319	528
Net lending, quarterly transactions, excluding the effect of the main capital transfers due to opt-outs from private pension funds and early repayment of foreign exchange loans, billion HUF												
General government (S.13)	-403	-537	-144	-213	-335	-421	-230	-479	-128	-165	-34	-261
Households (S.14)	303	399	198	346	325	287	207	456	160	359	319	528
Net lending of last four quarters, billion HUF												
General government (S.13)	-1142	-1432	-1323	-1239	1448	1564	1479	1164	-1361	-1054	-859	-592
Households (S.14)	896	1191	1265	1187	-1410	-1522	-1512	-1228	1481	1502	1614	1512
Net lending of last four quarters, excluding the effect of the main capital transfers due to opt-outs from private pension funds and early repayment of foreign exchange loans, billion HUF												
General government (S.13)	-1232	-1522	-1413	-1297	-1229	-1114	-1199	-1465	-1257	-1001	-806	-588
Households (S.14)	986	1281	1355	1245	1267	1156	1165	1276	1111	1183	1295	1367
Consolidated gross debt of the general government, billion HUF												
General government (S.13)	21074	22121	21757	21775	22475	21306	22955	22690	22397	22171	22204	22373
Quarterly changes in consolidated gross debt of the general government, billion HUF												
changes in debt	625	1047	-364	18	700	-1169	1649	-265	-293	-226	34	169
of which: transactions	717	166	40	-76	1226	-1193	572	-1030	308	23	149	-107
revaluation	-92	881	-404	94	-526	24	1077	764	-601	-249	-115	275
other changes in volume	0	0	0	0	0	0	0	0	0	0	0	0
	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2	2012Q3	2012Q4
Net lending, quarterly transactions, percent of GDP												
General government (S.13)	-5.8	-8.2	-2.1	-2.9	37.9	-6.2	-3.2	-6.8	-2.9	-1.6	-0.5	-3.3
Households (S.14)	4.1	6.1	2.9	4.7	-38.1	4.2	2.9	8.1	5.6	4.5	4.4	6.8
Net lending, quarterly transactions, excluding the effect of the main capital transfers due to opt-outs from private pension funds and early repayment of foreign exchange loans, percent of GDP												
General government (S.13)	-6.8	-8.2	-2.1	-2.9	-5.4	-6.2	-3.2	-6.2	-2.0	-2.4	-0.5	-3.3
Households (S.14)	5.1	6.1	2.9	4.7	5.3	4.2	2.9	5.9	2.5	5.2	4.4	6.8
Net lending of last four quarters, percent of GDP												
General government (S.13)	-4.4	-5.5	-5.0	-4.7	5.4	5.8	5.4	4.2	-4.9	-3.8	-3.0	-2.1
Households (S.14)	3.5	4.6	4.8	4.5	-5.2	-5.6	-5.5	-4.4	5.3	5.3	5.7	5.3
Net lending of last four quarters, excluding the effect of the main capital transfers due to opt-outs from private pension funds and early repayment of foreign exchange loans, percent of GDP												
General government (S.13)	-4.8	-5.9	-5.4	-4.9	-4.6	-4.1	-4.4	-5.3	-4.5	-3.6	-2.9	-2.1
Households (S.14)	3.8	4.9	5.2	4.7	4.7	4.3	4.2	4.6	4.0	4.2	4.6	4.8
Consolidated gross debt of the general government, percent of GDP												
General government (S.13)	82.0	85.3	82.7	81.8	83.6	78.5	83.4	81.4	80.0	78.9	78.6	79.0

Methodological notes

1 The impact of early repayments on the sectors' net lending

Early repayments had a significant impact on net lending of households, general government and financial corporations in 2011 Q4 and 2012 Q1. Under the relevant regulation, financial corporations were required to use fixed, significantly below-market exchange rates for early repayments by households. The resulting increase in wealth is treated as a capital transfer to households in the statistics. Calculated at market exchange rates, households repaid HUF 712 billion of foreign currency loans under the early repayment programme in 2012 Q1. Here, the sector received a HUF 196 billion capital transfer, shared between financial corporations (HUF 144 billion) and general government (HUF 52 billion).

2 The effects of compensation from the National Deposit Insurance Fund (NDIF) on household savings

In 2012 Q2, financial assets and liabilities of customers of a credit institution were liquidated through other changes in volume, due to the dissolution of the credit institution. The amount of compensation from the NDIF was recorded as a capital transfer, which increased net lending of the sectors affected. As a result of this capital transfer, household net lending increased by nearly HUF 30 billion in 2012 Q2, being consistent with earlier data releases.

3 Recording withdrawals from private pension funds in 2012

A HUF 51 billion capital transfer between the household sector and general government was recorded in the national accounts in 2012 Q2, due to withdrawals from private pension funds and entries into the state pension scheme. Consistent with earlier data releases, this amount is reflected as a decline in pension fund reserves of households and an increase in financial assets of central government, reducing financial savings of households and increasing general government net lending in 2012 Q2.

4 Recording the proceeds from the sale of mobile phone concession

Of the amount received by the National Media and Infocommunications Authority from the sale of mobile phone frequency, HUF 12.7 billion has not been treated as government revenue in 2012, as one of the four winning service providers has not started to use the frequency. The item has been recorded as other liability of central government in 2012.

5 Data revisions for the first three quarters of 2012

Data for 2012 Q1-Q3 of general government have changed relative to the previous publication, reflecting the effects of annual data received and backward revisions. The effect of the revisions on general government net lending was HUF -25 billion in Q1, HUF 34 billion in Q2 and HUF -43 billion in Q3.

6 Uncertainties related to 2012 general government sector data

Fiscal balance sheets for the end of 2012 are not yet available to compile the preliminary financial accounts of general government. Therefore, estimates have been used to calculate certain assets and liabilities of the sector. These items (and, consequently, general government net lending) may change in later publications. The transformation of budgetary institutions, debt assumptions and asset reallocations in 2012 had a significant impact on the structure of general government and may have caused uncertainty in fiscal and general government information used in the statistics. Therefore, the preliminary financial accounts data of general government for 2012 are subject to greater uncertainty than in previous periods.

7 Uncertainties related to 2012 Q4 data for households

In compiling preliminary data for 2012 Q4, estimates were used to calculate changes in the household sector's deposits held abroad, claims on voluntary pension funds and other assets (mainly wages). Foreign financial assets of households are not fully captured by the statistics, and consequently, data on financial savings of the sector contain uncertainties in the financial accounts. The estimates may change in later publications or may be replaced by actual data as they become available.

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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