



12 October 2015

PRESS RELEASE

Preliminary statistical balance sheet of the MNB: September 2015

In September 2015, the MNB introduced a new policy instrument and changed the parameters of the loan tenders available for counterparties. Forint liquidity of the domestic banking sector fell in the month. The average and end-of-month stocks of external assets both declined sharply relative to August.

1 Balance sheet of the MNB containing monthly average stocks

Table 1 Statistical balance sheet of the MNB – monthly average stocks

HUF billions							
Assets	Aug 2015	Sep 2015	Monthly changes	Liabilities	Aug 2015	Sep 2015	Monthly changes
External assets	10963,8	10613,8	-350,0	Currency in circulation	4104,2	4128,0	23,8
One and Two-week and Three and Six-month loans of credit institutions ⁵	62,9	116,0	53,1	Current account balances of other MFIs	517,1	512,2	-4,9
Swap claims on foreign currency with credit institutions ¹	0,0	0,0	0,0	Overnight deposits of other MFIs	93,2	28,1	-65,1
Swap claims on foreign currency related to Pillar 3 of the Funding for Growth Scheme with credit institutions ^{1,2}	149,8	150,6	0,8	Two-week deposits of other MFIs	4531,8	4290,0	-241,8
Swap claims on HUF related to foreign currency sale tender for the settlement and conversation of FX loans with credit institutions ^{1,3}	2073,1	2070,4	-2,6	Three-month deposits of other MFIs ⁶	0,0	92,1	92,1
Remaining assets ⁴	1664,3	1715,0	50,8	Other deposits of other MFIs	99,9	105,8	5,9
				Deposits of central government	1651,0	1562,8	-88,2
				Foreign liabilities	559,1	528,4	-30,7
				Swap liabilities to HUF with credit institutions ¹	0,0	0,0	0,0
				Swap liabilities to HUF related to Pillar 3 of the Funding for Growth Scheme with credit institutions ^{1,2}	149,8	150,6	0,8
				Swap liabilities to foreign currency related to euro sale tender for the settlement and conversation of FX loans with credit institutions ^{1,3}	2073,1	2070,4	-2,6
				Remaining liabilities	1134,6	1197,4	62,7
Total assets	14913,8	14665,9	-247,9	Total liabilities	14913,8	14665,9	-247,9

¹ This item includes the overnight, one-week, two-week, three-month- and EUR/HUF central bank FX-swaps with credit institutions related to Pillar 3 of the Funding for Growth Scheme, and swap related to euro sale tender for the settlement and conversation of FX loans on a gross basis. (See the Methodological notes.)

² The euro liquidity-providing FX swap tender, introduced under Pillar 3 of the Funding for Growth Scheme, was terminated on 1 July 2014. The monthly average amounts of FX swaps outstanding are shown in the table.

³ For more information see the website: Notice on EUR and CHF sale tender of the settlement and conversation of FX loans. <http://www.mnb.hu/en/monetary-policy/monetary-policy-instruments/tenders-quick-tenders/fx-spot-tenders>.

⁴ Includes loans offered to credit institutions within Funding for Growth Scheme. <http://www.mnb.hu/en/monetary-policy/funding-for-growth-scheme-fgs>.

⁵ From September 2015, includes the stocks of loans allotted at one-week and three-month loan tenders introduced on 25 September 2015, replacing two-week and six-month loans.

⁶ From 23 September, the three-month deposit has been the MNB's new policy instrument.

From 23 September 2015, the three-month deposit has been the MNB's key policy instrument, replacing the two-week deposit. The two-week deposit will continue to be available for credit institutions, but in the future the facility will be announced for counterparties with a quantity restriction, at variable rate auctions.¹ In the future, the new policy instrument will be included in the banking sector's forint liquidity. The parameters of the MNB's liquidity management facilities also have changed, with the two-week loan being replaced by a one-week collateralised loan and the six-month loan by a three-month collateralised loan.²

In September, forint liquidity of the banking sector fell, which was mainly reflected in a decline in the average stocks of credit institutions' overnight and two-week deposits and partly in the a smaller increase in the average stock of three-month deposits.

The average of credit institutions' current account balances fell slightly relative to the previous month. The average stock of currency in circulation continued to rise (Table 1 and Chart 5 of the chart-pack).

The average stock of swap transactions related to the settlement and forint conversion of household foreign currency loans is contained in Table 1 and Chart 8 of the chart-pack.³

The average and end-of-month stocks of external assets, and within that international reserves, fell. The fall was mainly accounted for by the maturity of swap transactions related to the settlement and forint conversion of household foreign currency loans and their closing out before maturity as well as items of the Debt Management Agency related to debt management. Early repayments, announced by the DMA earlier, started in the month, with loans from the European Investment Bank being repaid before maturity in September.

A number of factors, including lending to the Depositor Protection Fund and the rise in loans extended under the FGS, contributed to an increase in the average stock of other assets.

The monthly average of the banking sector's current account balances with the MNB slightly exceeded reserve requirements.⁴ Excess reserves amounted to HUF 1.28 billion, which was moderate compared with the sector's total reserve requirements of HUF 510.94 billion (Charts 1 and 2 of the chart-pack).

With effect from 25 September 2015, the MNB reduced the overnight interest rates marking the upper and lower bounds of the interest rate corridor by 25 basis points, while leaving the base rate unchanged. This also means that from this date the interest rate corridor has not been symmetrical: the interest rate paid on O/N deposits is equal to the base rate –125 basis points and the interest rate to be paid on collateralised O/N loan is equal to the base rate +75 basis points.

The overnight interbank rate fluctuated near the bottom of the interest rate corridor in the first third of September, then near the upper edge of the corridor (Chart 12 of the chart-pack).

¹ More information is available on the MNB's website at <http://www.mnb.hu/en/monetary-policy/monetary-policy-instruments/tenders-quick-tenders/two-week-forint-deposit-tender>

² More information on the new tenders is available at the following link: <http://www.mnb.hu/en/monetary-policy/monetary-policy-instruments/tenders-quick-tenders/forint-tenders>.

³ Includes the stock of FX swaps entered into at the Swiss franc sale tender, in addition to the euro sale tender.

⁴ Decree 13/2010. (IX.6.) of the Magyar Nemzeti Bank entered into force on 1 October 2010. The Decree allows credit institutions subject to reserve requirements to choose one of the reserve ratios specified in Article 1 (2) at most semi-annually. In the absence of such a choice, the lowest ratio will apply to required reserves, as specified in the Decree.

2 Balance sheet of the MNB compiled from end-of-month data

Table 2 Transactions and revaluations in the balance sheet of the MNB compiled from preliminary end-of-month data – September 2015

HUF billions									
Assets	Opening stocks	Revaluations and other changes	Transactions	Closing stocks	Liabilities	Opening stocks	Revaluations and other changes	Transactions	Closing stocks
External assets	10 893,0	-39,5	-437,1	10 416,4	Currency in circulation	4 111,9	0,0	29,4	4 141,3
Remaining assets	1 767,3	41,8	188,9	1 997,9	Other deposits of other MFIs	789,1	-0,1	121,1	910,1
					Three-month deposits of other MFIs	0,0	0,0	835,7	835,7
					Two-week deposits of other MFIs	4 417,3	0,0	-1 288,0	3 129,4
					Deposits of central government	1 567,2	-0,7	77,0	1 643,5
					External liabilities	560,1	-3,3	1,5	558,2
					Remaining liabilities	1 214,8	6,4	-25,0	1 196,2
Total assets	12 660,3	2,3	-248,3	12 414,3	Total liabilities	12 660,3	2,3	-248,3	12 414,3

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The seasonally adjusted data, published simultaneously with this press release in the [chart pack](#) and in the tables entitled '[Balance sheets of MFIs and the monetary aggregates](#)', are subject to more uncertainty than usual, due to fluctuations caused by the financial crisis.

MAGYAR NEMZETI BANK DIRECTORATE STATISTICS

Detailed tables: [Time series](#)

Notes: [Methodological notes](#)

Charts: [Chart pack](#)

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