

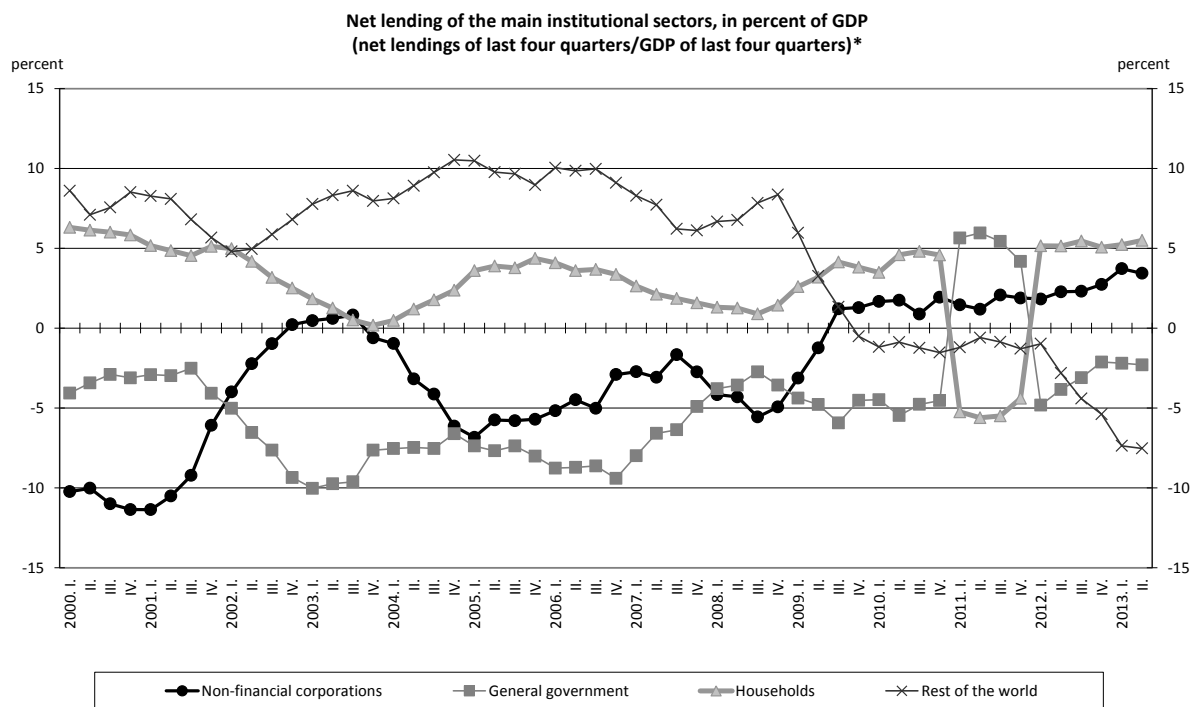


1 October 2013

PRESS RELEASE

Hungary's financial accounts: 2013 Q2

According to financial accounts data, general government net lending was equal to -2.3 per cent of Hungary's GDP in the four quarters to 2013 Q2.¹ Net lending of households was equivalent to 5.5 per cent of GDP in the period. Net lending of non-financial corporations was equal to 3.4 per cent of GDP in the four quarters to 2013 Q2. According to financial accounts data, net lending of the rest of the world was -7.5 per cent of GDP in the period.

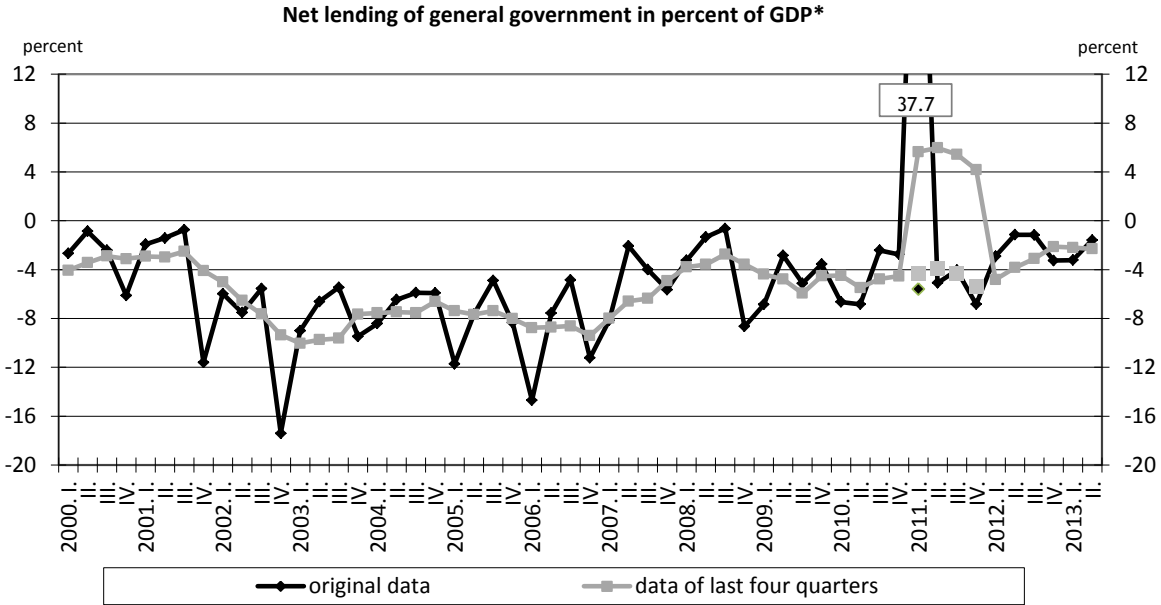


* Note: For clarity, the Chart does not plot net lending of financial corporations and non-profit institutions serving households (their values are usually close to 0). Data for a given quarter show the sum of balances for the year ending with that quarter, expressed as a percentage of GDP for the same period.

According to financial accounts data, general government net lending amounted to HUF -659 billion or -2.3 per cent of GDP in the four quarters to 2013 Q2. General government net lending (HUF -115 billion) was equal to -1.6 per cent of quarterly GDP in 2013 Q2. At the end of 2013 Q2, general government consolidated gross debt

¹ The Central Statistical Office published backward revisions to Hungary's GDP data on 30 September 2013. The financial accounts data being published do not yet reflect the effect of this revision on the sectors' net lending as a percentage of GDP, given that the CSO has not yet modified the quarterly GDP data. The CSO will revise quarterly GDP data in December 2013.

at nominal value (or Maastricht debt) was HUF 23,249 billion, equivalent to 81.1 per cent of GDP. Net transactions and the appreciation of the forint contributed HUF 216 billion and HUF 314 billion, respectively, to the HUF 98 billion decline in debt in 2013 Q2. Net liabilities of the general government sector amounted to HUF 17,666 billion or 61.6 per cent of GDP at the end of 2013 Q2.



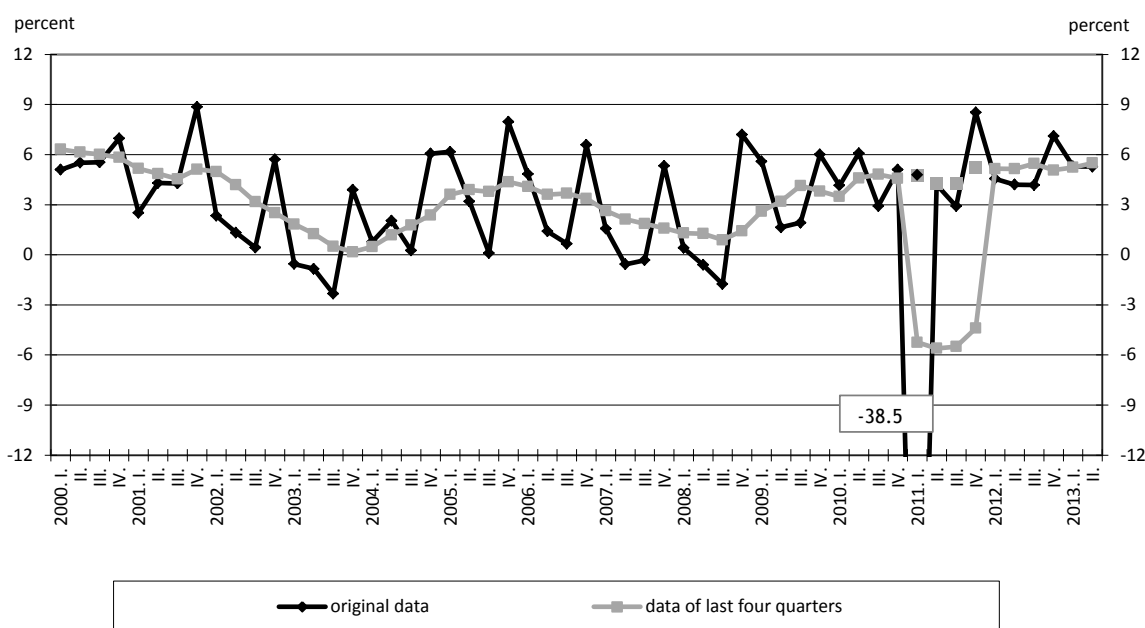
* For 2011, the quarterly data (shown in black, only for Q1) and the data referring to the four quarters (shown in grey), which show general government net lending excluding the effect of the capital transfer due to withdrawals from private pension funds in March 2011, were plotted as separate data points.

In 2013 Q2, central government net borrowing amounted to HUF 772 billion. On the assets side of the sector’s balance sheet, other receivables from companies and non-residents rose significantly, while the stock of short-term loans fell markedly. On the liabilities side, the stocks of long-term securities and loans of central government increased significantly, mainly reflecting the assumption of debt from local government authorities in the second quarter. In addition, the sector issued a large volume of government debt securities in the period under review.

Net lending of local government authorities was HUF 568 billion in 2013 Q2. On the assets side, the sector’s deposits with credit institutions fell significantly. The change in liabilities mainly reflected the assumption of local authority debt by central government. As a result of this, the sector’s long-term securities and loans fell significantly.

Net lending of the social security funds amounted to HUF 89 billion in 2013 Q2. On the assets side, current account deposits and tax claims on households rose. On the liabilities side, the sector’s short-term loans fell.

Net lending of households in percent of GDP*



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 household sector 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.

Net lending of households (HUF 1,576 billion) was equal to 5.5 per cent of GDP in the four quarters to 2013 Q2.

Net lending of the sector (HUF 383 billion) amounted to 5.3 per cent of quarterly GDP in 2013 Q2.

On the assets side, the sector's holdings of debt securities issued by central government and mutual fund shares increased significantly. In addition, its holdings of currency, current account deposits and other assets also rose. By contrast, other deposits fell sharply due to transactions. The decline in liabilities mainly reflected repayments of foreign currency loans.

Net lending of non-financial corporations was HUF 985 billion or 3.4 per cent of GDP in the four quarters to 2013 Q2. The sector's net lending was HUF 274 billion, the equivalent of 3.8 per cent of quarterly GDP in 2013 Q2.

On the assets side, non-financial corporations increased their holdings of current account deposits, short-term loans, holdings of unquoted shares and other assets, while they reduced their other deposits and long-term loans. On the liabilities side, foreign loans and other liabilities increased significantly due to transactions. By contrast, loans from other monetary financial institutions and foreign equity fell.

According to national accounts data, net lending of the rest of the world (or whole-economy net borrowing) amounted to HUF -2,159 billion or -7.5 per cent of GDP in the four quarters to 2013 Q2. The sector's net lending was HUF -657 billion, equal to -9.0 per cent of quarterly GDP in 2013 Q2.

On the assets side, non-residents increased their holdings of securities other than shares, short-term loans, holdings of unquoted shares and other assets. By contrast, there were sharp falls in other deposits, transactions related to financial derivatives, long-term loans and other equity assets. On the liabilities side,

short-term securities, unquoted shares and other liabilities increased due to transactions, while current account deposits, long-term securities and long-term loans fell.

Tables

Main data of the institutional sectors*

	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2	2012Q3	2012Q4	2013Q1	2013Q2
Net lending, quarterly transactions, billion HUF										
Non-financial corporations (S.11)	-48	216	254	106	-63	346	264	225	222	274
Financial corporations (S.12)	56	-100	-100	-65	-168	25	48	-100	105	105
General government (S.13)	2332	-347	-289	-530	-185	-79	-84	-252	-209	-115
Households (S.14)	-2383	287	207	661	289	293	301	549	343	383
Non-profit institutions serving households (S.15)	6	-2	-4	38	5	-10	-4	15	-5	5
Rest of the world (S.2)	21	-68	-85	-227	106	-589	-537	-501	-464	-657
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)	-345	-347	-289	-481	-130	-130	-84	-252	-209	-115
Households (S.14)	295	287	207	487	93	344	301	549	343	383
Net lending of last four quarters, billion HUF										
Non-financial corporations (S.11)	393	322	570	527	513	643	653	772	1057	985
Financial corporations (S.12)	-253	-319	-367	-210	-433	-308	-160	-195	78	157
General government (S.13)	1518	1618	1493	1166	-1351	-1083	-878	-600	-624	-659
Households (S.14)	-1410	-1522	-1512	-1227	1445	1451	1545	1432	1486	1576
Non-profit institutions serving households (S.15)	15	2	-9	38	37	29	29	6	-4	11
Rest of the world (S.2)	-324	-162	-237	-359	-274	-795	-1247	-1521	-2091	-2159
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)	-1160	-1059	-1185	-1463	-1247	-1030	-825	-596	-675	-659
Households (S.14)	1267	1156	1165	1277	1075	1132	1226	1287	1536	1576
Consolidated gross debt of the general government, billion HUF										
General government (S.13)	22484	21315	22964	22698	22410	22184	22218	22393	23347	23249
Quarterly changes in consolidated gross debt of the general government, billion HUF										
changes in debt	701	-1169	1649	-266	-288	-226	34	175	954	-98
of which: transactions	1226	-1193	572	-1041	313	23	149	-105	484	216
revaluation	-525	24	1077	776	-601	-249	-115	280	470	-314
other changes in volume	0	0	0	0	0	0	0	0	0	0
	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2	2012Q3	2012Q4	2013Q1	2013Q2
Net lending, quarterly transactions, percent of GDP										
Non-financial corporations (S.11)	-0,8	3,2	3,6	1,4	-1,0	5,0	3,7	2,9	3,4	3,8
Financial corporations (S.12)	0,9	-1,5	-1,4	-0,8	-2,6	0,4	0,7	-1,3	1,6	1,4
General government (S.13)	37,7	-5,1	-4,1	-6,8	-2,9	-1,1	-1,2	-3,3	-3,2	-1,6
Households (S.14)	-38,5	4,2	2,9	8,5	4,6	4,2	4,2	7,1	5,3	5,3
Non-profit institutions serving households (S.15)	0,1	0,0	-0,1	0,5	0,1	-0,1	-0,1	0,2	-0,1	0,1
Rest of the world (S.2)	0,3	-1,0	-1,2	-2,9	1,7	-8,5	-7,4	-6,5	-7,2	-9,0
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)	-5,6	-5,1	-4,1	-6,2	-2,0	-1,9	-1,2	-3,3	-3,2	-1,6
Households (S.14)	4,8	4,2	2,9	6,3	1,5	4,9	4,2	7,1	5,3	5,3
Net lending of last four quarters, percent of GDP										
Non-financial corporations (S.11)	1,5	1,2	2,1	1,9	1,8	2,3	2,3	2,7	3,7	3,4
Financial corporations (S.12)	-0,9	-1,2	-1,3	-0,8	-1,5	-1,1	-0,6	-0,7	0,3	0,5
General government (S.13)	5,6	6,0	5,4	4,2	-4,8	-3,8	-3,1	-2,1	-2,2	-2,3
Households (S.14)	-5,2	-5,6	-5,5	-4,4	5,2	5,1	5,5	5,1	5,2	5,5
Non-profit institutions serving households (S.15)	0,1	0,0	0,0	0,1	0,1	0,1	0,1	0,0	0,0	0,0
Rest of the world (S.2)	-1,2	-0,6	-0,9	-1,3	-1,0	-2,8	-4,4	-5,4	-7,4	-7,5
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)	-4,3	-3,9	-4,3	-5,2	-4,4	-3,7	-2,9	-2,1	-2,4	-2,3
Households (S.14)	4,7	4,3	4,2	4,6	3,8	4,0	4,3	4,6	5,4	5,5
Consolidated gross debt of the general government, percent of GDP										
General government (S.13)	83,6	78,5	83,5	81,4	79,9	78,7	78,5	79,3	82,3	81,1

* Data expressed as a percentage of GDP do not yet reflect the effect of the latest GDP revision. The reasons for this are discussed in Footnote 1.

Methodological notes

1 Uncertainties related to general government sector data

Fiscal balance sheets for 2013 Q2 are not yet available to compile the full set of financial accounts of general government for 2013 Q2. 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 and 2013 had a significant impact on the structure of general government and may have caused uncertainty in fiscal and general government information used to compile the statistics, and consequently in the financial accounts data for general government.

2 Impact of the assumption of local authority debt on the financial accounts

Central government assumed HUF 583 billion of local government authority debt in June 2013. This has been recorded as a transfer from central government to local authorities, i.e. as revenue and expenditure, in the national accounts. As a result, net lending of central government fell by the amount of debt assumed, while that of local authorities increased by the same amount, leaving general government deficit unaffected. In the financial accounts, the debt assumption is reflected as an increase in central government liabilities and a decline in local authority liabilities. At the general government level, the debt assumption did not increase general government debt, as the stock of debt affected was transferred from one sub-sector of general government to another.

2 Uncertainties related to 2013 Q2 data for households

Foreign financial assets of households are not fully captured by the statistics, and therefore data on financial savings of the sector contain uncertainties in the financial accounts.

Complementing central government debt statistics

From this quarter onwards, the MNB is publishing a table showing the difference between the statistical debt of central government and the budgetary debt of central government, in addition to the time series for the full set of the financial accounts. The table is available on the Magyar Nemzeti Bank's website at [Statistics/Statistical Data and Information/Statistical Time Series/XII. Financial Accounts/Time Series of Detailed Financial Accounts by Sectors](#) under 'Gross consolidated general government debt at nominal value'.

Revisions to past data

Changes in the net lending of the main institutional sectors compared to the last publication

	billion HUF									
	2005	2006	2007	2008	2009	2010	2011	2012	2013Q1	
Non-financial corporations (S.11)	0	0	0	-1	-1	-7	-41	-51	53	
Financial corporations (S.12)	0	0	0	0	0	0	-2	145	28	
General government (S.13)	0	0	0	1	-8	0	0	-43	1	
Households (S.14)	0	0	0	0	0	0	1	-89	-12	
Non-profit institutions serving households (S.15)	0	0	0	0	0	0	0	10	-6	
Rest of the world (S.2)	0	0	0	0	10	7	42	28	-65	

Data revisions reflect changes in the data sources and the methods of calculation of the financial accounts. The changes relating to the rest of the world sector were made in line with the revision of balance of payments data.

References

[Data](#)

[Financial accounts manual](#)

[Methodological notes](#)

MAGYAR NEMZETI BANK STATISTICS

The primary statutory duty of the Magyar Nemzeti Bank is to deliver and maintain price stability. The MNB ensures the safe operation of the payment and settlement systems, as well as the uninterrupted flow of payments, safeguards the financial stability of the banking sector, manages the country's foreign currency reserves, collects and publishes statistical data, and issues the forint, Hungary's national legal tender.

Contact information:

Phone: + (36) 428-2751

Fax: + 36 (1) 429-8000

Email: info@mnbb.hu