



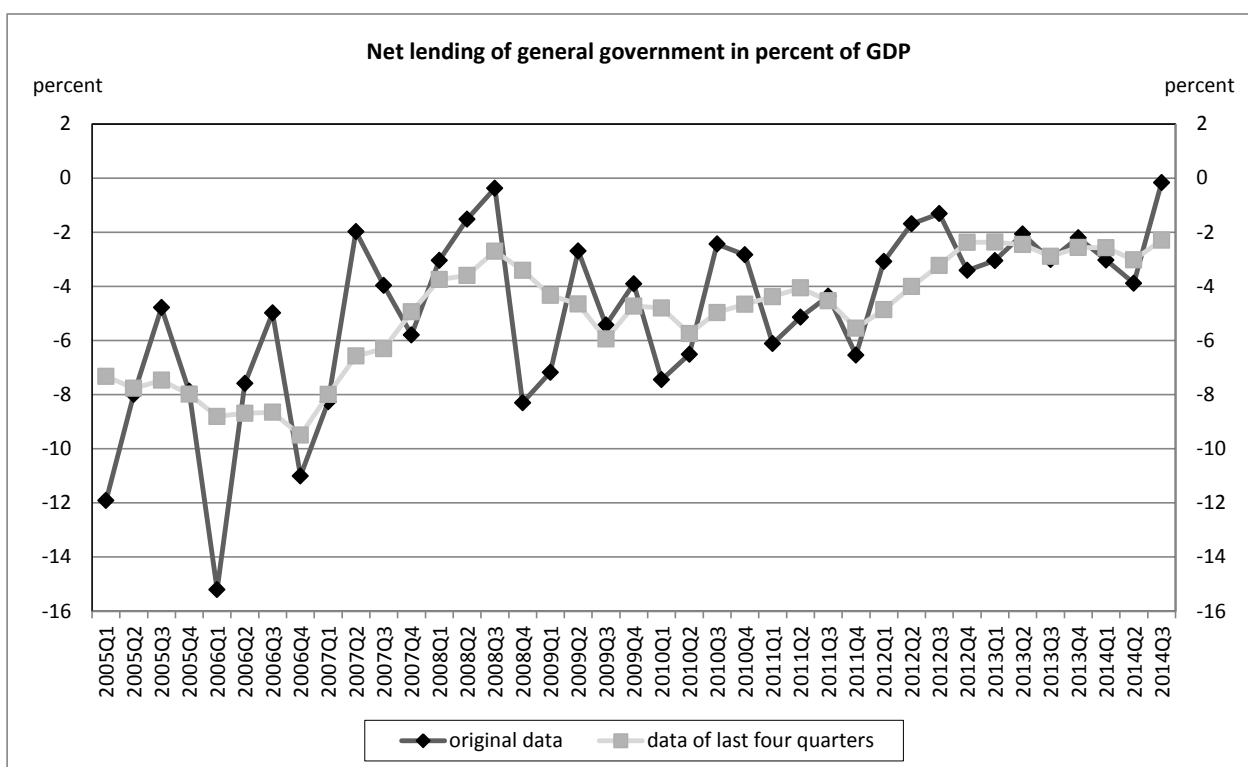
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PRESS RELEASE

Preliminary financial accounts for general government and households 2014 Q3

According to preliminary financial accounts data, general government net lending was equal to -2.3 per cent of Hungary's GDP in the four quarters to 2014 Q3.¹ General government consolidated gross debt at nominal value amounted to 83 per cent of GDP at the end of 2014 Q3. Net repayments reduced the sector's debt by HUF 330 billion and the depreciation of the forint increased it by HUF 6 billion in 2014 Q3.

According to preliminary financial accounts data, net lending of households was equivalent to 6.2 per cent of GDP in the four quarters to 2014 Q3.

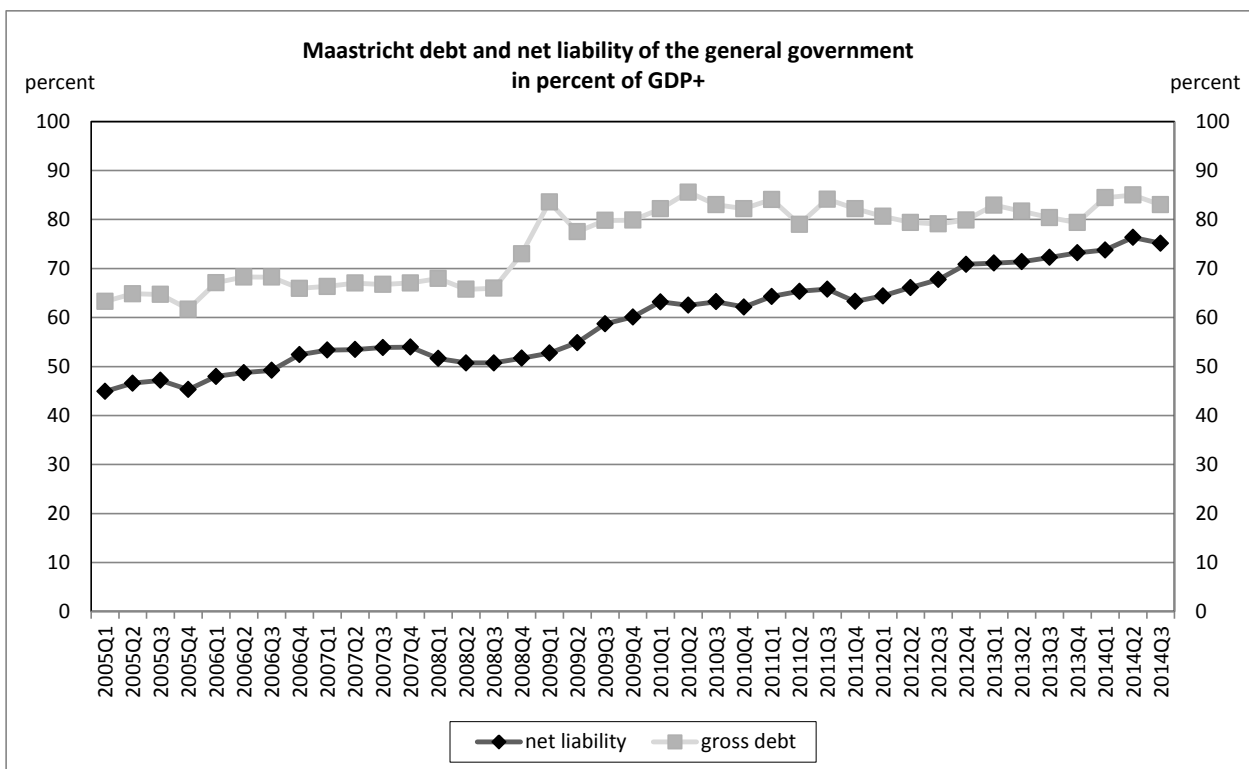


2014 Q3 data are based on the MNB's own GDP estimate. The quarterly GDP data do not yet reflect the effects of the methodological changeover and revisions made in September 2014.

¹ The Hungarian Central Statistical Office published backward revisions to annual GDP data on 30 September 2014. The effect of this revision on the year-end level of gross debt expressed in terms of GDP is shown in a separate line in the last row of the table containing main data for general government and households. As the HCSO will revise quarterly GDP data in December 2014, the quarterly indicators published in this press release, expressed as a percentage of GDP, do not yet reflect the effects of annual GDP data revisions.

According to preliminary data, general government net lending amounted to HUF -692 billion or -2.3 per cent of Hungary's GDP in the four quarters to 2014 Q3. General government net lending (HUF -13 billion) was equal to -0.2 per cent of quarterly GDP in 2014 Q3.

At the end of 2014 Q3, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 25,112 billion, equivalent to 83 per cent of GDP. Net repayments reduced the sector's debt by HUF 330 billion and the depreciation of the forint increased it by HUF 6 billion in 2014 Q3. The sector's net liabilities amounted to HUF 22,734 billion or 75.2 per cent of GDP at the end of 2014 Q3.

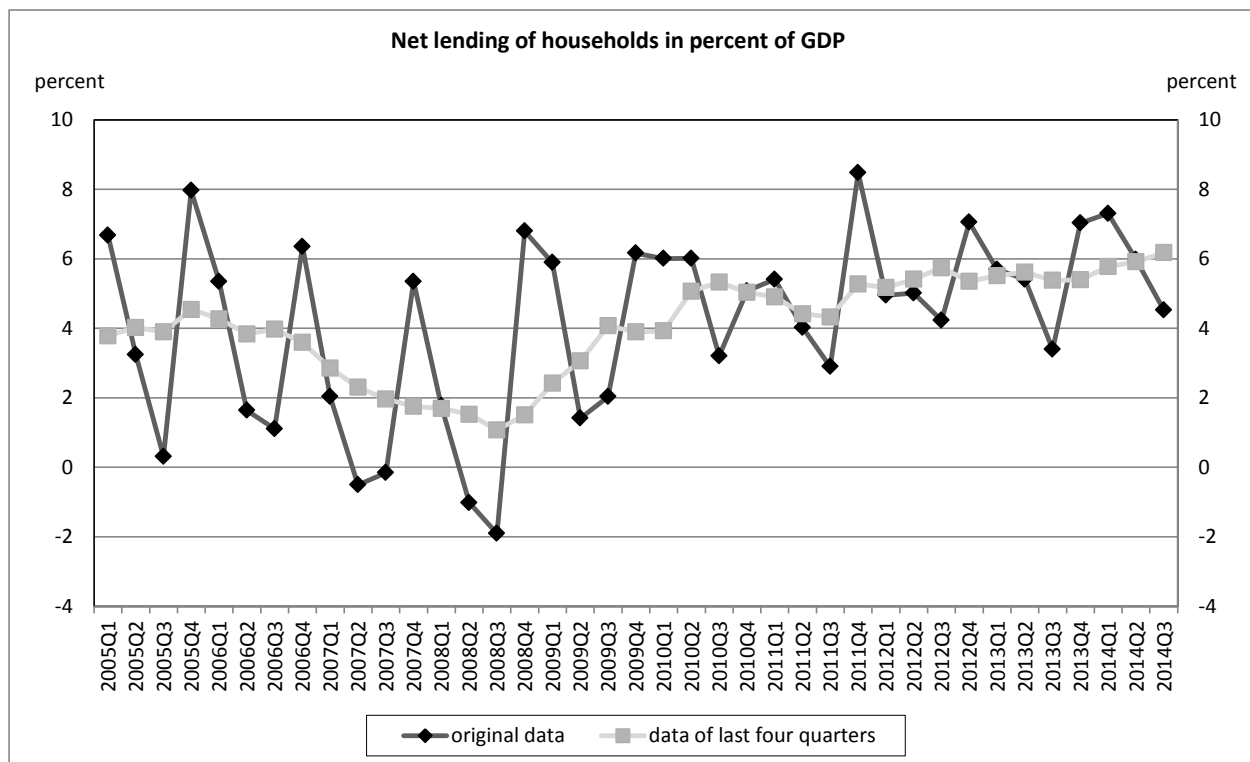


* The Maastricht measure of general government debt is defined as the sector's consolidated gross debt at nominal value, excluding other liabilities (AF.8). Net liability is equal to net worth (i.e. the difference between the market values of total financial assets and total liabilities) with the opposite sign. 2014 Q3 data are based on the MNB's own GDP estimate. The quarterly GDP data do not yet reflect the effects of the methodological changeover and revisions made in September 2014.

In 2014 Q3, net borrowing of central government amounted to HUF 80 billion. On the assets side of the sub-sector's balance sheet, deposits with the central bank fell significantly, while other receivables from non-financial corporations and the EU increased. On the liabilities side, the stock of long-term loans from credit institutions fell significantly. In the case of short-term debt securities, large amounts of Treasury bills were redeemed, while issuance of long-term government securities increased sharply. As a result of these contrasting developments, the outstanding stock of government securities fell slightly due to transactions. The government debt portfolio was mainly reallocated by credit institutions. The only exception was non-resident holdings of government securities, which fell markedly. Within other liabilities, other accounts payable vis-à-vis non-financial corporations and the EU increased significantly.

Net lending of local government was HUF 33 billion in 2014 Q3. Within financial assets, local government deposits with credit institutions increased, while other receivables vis-à-vis the corporate sector fell. On the liabilities side, other accounts payable vis-à-vis the corporate sector increased markedly.

Net lending of social security funds was HUF 34 billion in 2014 Q3. On the assets side, deposits with the Treasury rose significantly, while contribution receivables from households fell. On the liabilities side, other accounts payable vis-à-vis the corporate sector fell slightly.



2014 Q3 data are based on the MNB's own GDP estimate. The quarterly GDP data do not yet reflect the effects of the methodological changeover and revisions made in September 2014.

According to preliminary financial accounts data, net lending of households (HUF 1,870 billion) was equivalent to 6.2 per cent of GDP in the four quarters to 2014 Q3. Net lending of the sector (HUF 354 billion) amounted to 4.5 per cent of quarterly GDP in 2014 Q3.

In 2014 Q3, the structural transformation of household portfolios continued in the manner observed previously. Similarly to recent periods, holdings of currency and current account deposits increased strongly. Households purchased significant amounts of long-term government securities and their holdings of mutual fund shares continued to increase strongly. Insurance technical reserves increased slightly. Within financial assets, other deposits and short-term securities fell markedly, with the former falling due to combined effect of transactions and other changes in volume. The decline in the sector's liabilities mainly reflected repayments of foreign-currency loans. Household forint borrowing strengthened.

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 2014 Q3 will be published on 31 December 2014.

Tables

Main data of the institutional sectors													
	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3
Net lending, quarterly transactions, billion HUF													
General government (S.13)	-308	-501	-194	-117	-95	-259	-196	-149	-226	-175	-209	-296	-13
Households (S.14)	205	650	312	347	306	536	367	390	254	557	503	456	354
Net lending of last four quarters, billion HUF													
General government (S.13)	-1 239	-1 532	-1 352	-1 121	-907	-665	-667	-700	-830	-746	-758	-905	-692
Households (S.14)	1 182	1 459	1 439	1 514	1 614	1 501	1 555	1 599	1 548	1 569	1 705	1 770	1 870
Consolidated gross debt of the general government, billion HUF													
General government (S.13)	22 986	22 721	22 432	22 204	22 237	22 414	23 371	23 272	23 116	23 085	24 935	25 437	25 112
Quarterly changes in consolidated gross debt of the general government, billion HUF													
changes in debt	1 650	-265	-289	-228	33	177	957	-99	-156	-31	1 850	502	-324
of which: transactions	573	-1 043	311	21	148	-112	479	213	-281	10	1 478	437	-330
revaluation	1 077	778	-600	-249	-115	289	478	-312	125	-41	317	65	6
other changes in volume	0	0	0	0	0	0	0	0	0	0	55	0	0
	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3
Net lending, quarterly transactions, percent of GDP													
General government (S.13)	-4,4	-6,5	-3,1	-1,7	-1,3	-3,4	-3,0	-2,1	-3,0	-2,2	-3,0	-3,9	-0,2
Households (S.14)	2,9	8,5	5,0	5,0	4,2	7,1	5,7	5,4	3,4	7,0	7,3	6,0	4,5
Net lending of last four quarters, percent of GDP													
General government (S.13)	-4,5	-5,5	-4,9	-4,0	-3,2	-2,4	-2,4	-2,5	-2,9	-2,6	-2,6	-3,0	-2,3
Households (S.14)	4,3	5,3	5,2	5,4	5,7	5,4	5,5	5,6	5,4	5,4	5,8	5,9	6,2
Consolidated gross debt of the general government, percent of GDP													
General government (S.13)	84,1	82,2	80,7	79,4	79,1	79,9	82,9	81,7	80,4	79,4	84,5	85,0	83,0
Consolidated gross debt of the general government, percent of GDP (calculated with annual GDP)													
General government (S.13)		81,0				78,5				77,3			

* Indicator calculated using annual GDP data published by the HCSO on 30 September 2014. For more details, see Footnote 1.

Methodological notes

1 Dissolution of credit institutions and compensations by the National Deposits Insurance Fund (NDIF)

In 2014 Q1 and Q3, three cooperative credit institutions were removed from the banking sector due to dissolution. Customer claims and liabilities vis-à-vis these credit institutions were cancelled through other changes in volume, which, however, did not have an impact on household net lending. The cancellation of household deposits resulted in HUF 23 billion and HUF 63 billion other changes in volume in Q1 and Q3, respectively, and, in the case of borrowings, HUF 4 billion and HUF 17 billion, respectively, due to liquidation. Consistent with the national accounts methodology, the amount of compensation paid by the NDIF was recorded as a capital transfer, which has increased household net lending.

2 Uncertainties related to general government sector data for 2014 Q1-Q3

The full sets of quarterly audited government balance sheets for 2014 Q1-Q3 were not yet available at the time the preliminary financial accounts of general government were compiled. Therefore, certain assets and liabilities of the general government sector for these periods have been calculated using estimates. Estimates have been made for the following instruments: loans granted, trade credits and advances as well as other assets and other liabilities. These data, and consequently the sector's net lending, may change in later publications.

3 Uncertainties related to 2014 Q3 data for households

In compiling preliminary household data for 2014 Q3, estimates were used to calculate certain assets (primarily wage claims) and liabilities to general government. Foreign financial assets of households are not fully captured by the statistics; therefore, data on financial savings of the household sector contain uncertainties in the financial accounts. The estimated values may change in later publications or may be replaced by actual data as they become available.

References:

[Data](#)

[Financial accounts manual](#)

[Methodological notes](#)

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