

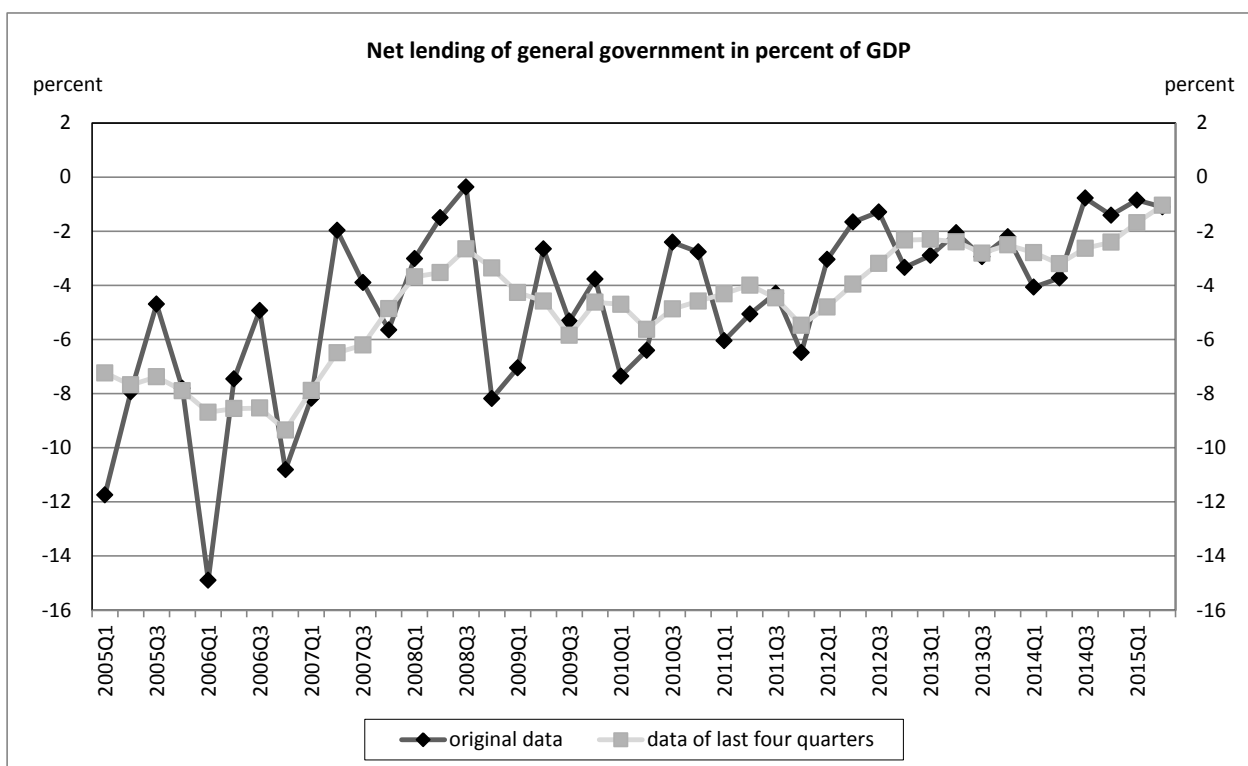


17 August 2015

PRESS RELEASE

Preliminary financial accounts for general government and households 2015 Q2

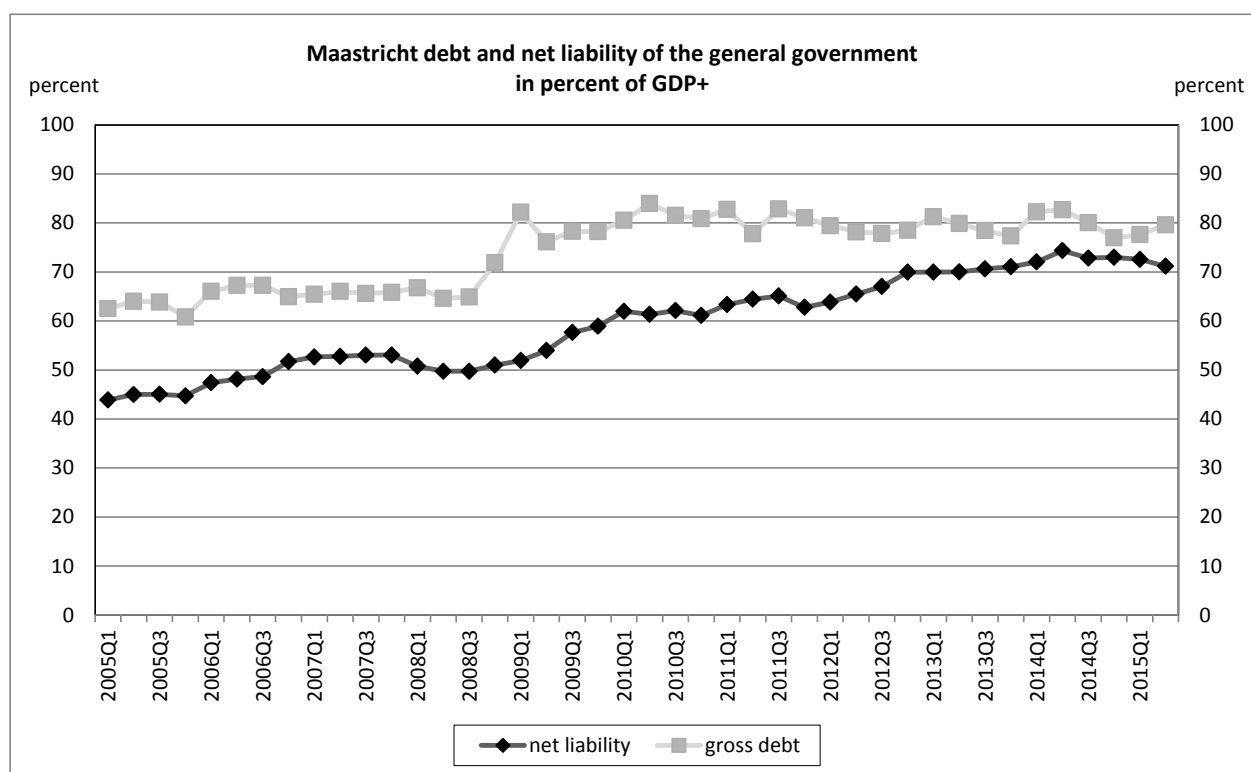
According to preliminary financial accounts data, general government net lending was equal to -1.0 per cent of Hungary's GDP in the four quarters to 2015 Q2. General government consolidated gross debt at nominal value amounted to 79.6 per cent of GDP at the end of 2015 Q2. In 2015 Q2, net borrowing and exchange rate changes increased the sector's debt by HUF 397 billion and HUF 508 billion, respectively. According to preliminary financial accounts data, net lending of households was equivalent to 7.7 per cent of GDP in the four quarters to 2015 Q2.



2015 Q2 data are based on the MNB's own GDP estimate.

According to preliminary data, general government net lending amounted to HUF -339 billion or -1.0 per cent of Hungary's GDP in the four quarters to 2015 Q2. General government net lending (HUF -90 billion) was equal to -1.1 per cent of quarterly GDP in 2015 Q2. At the end of 2015 Q2, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 25,881 billion, equivalent to 79.6 per cent of GDP. The

sector's debt increased by HUF 508 billion and HUF 397 billion, respectively, due to the depreciation of the forint exchange rate and net borrowing. Lending to the MFB (Hungarian Development Bank) to purchase Budapest Bank accounted for HUF 195 billion of the increase in debt due to transactions. Net liabilities of general government amounted to HUF 23,132 billion or 71.2 per cent of GDP at the end of 2015 Q2.



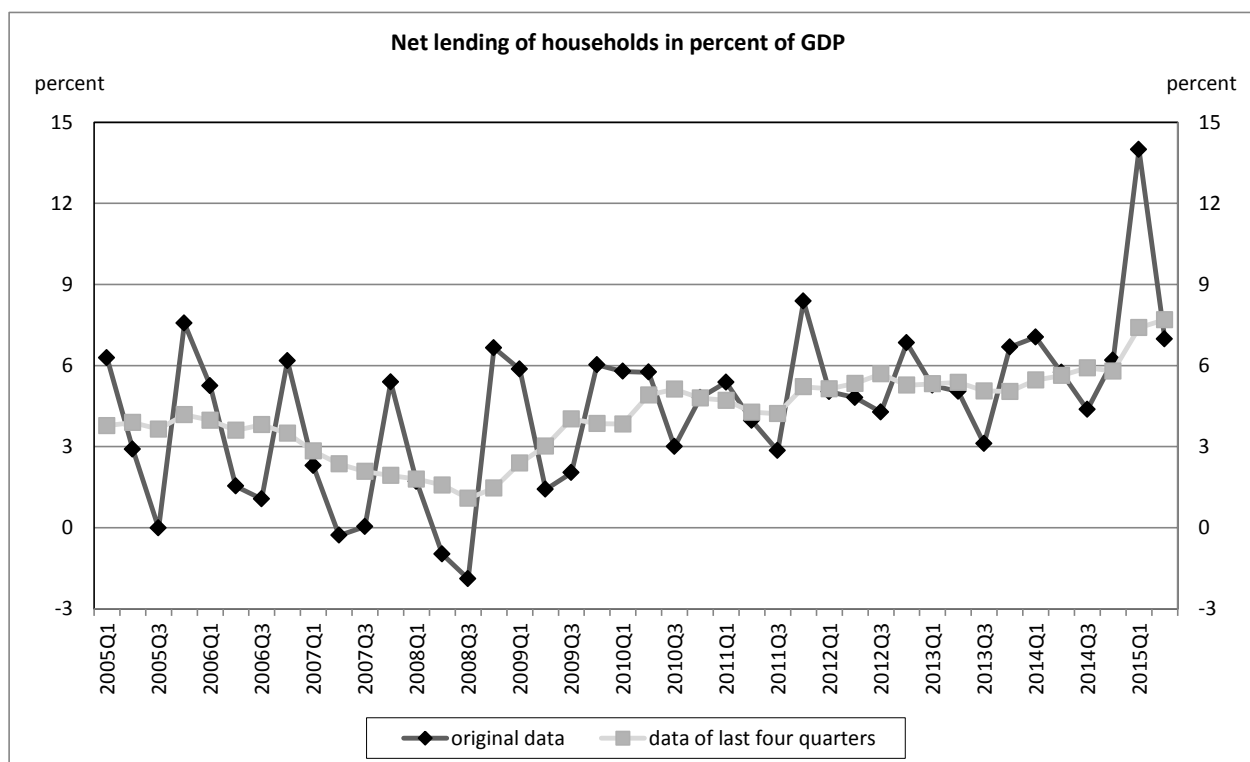
* The Maastricht measure of general government debt is defined as the sector's consolidated gross debt at nominal value, excluding other liabilities (AF.8). Net liability is equal to net worth (i.e. the difference between the market values of total financial assets and total liabilities) with the opposite sign.

2015 Q2 data are based on the MNB's own GDP estimate.

In 2015 Q2, net borrowing of central government amounted to HUF 46 billion. On the assets side, equity held by the sub-sector increased significantly as a result of the purchase of Budapest Bank. Other receivables vis-à-vis the European Union also increased significantly. On the liabilities side, the stock of short-term securities fell considerably, solely, in the case of households there were large purchases of Treasury bills. The increase in the stock of long-term securities due to transactions reflected two contrasting developments: there was strong issuance of domestic government bonds in the reference quarter, which was partly offset by large repurchases of foreign currency bonds abroad. The increase in the stock of long-term loans mainly reflected borrowing related to the equity purchase. Besides, there was a small repayment of loans in the period. The decline in short-term loans due to transactions resulted from the fall in outstanding loans related to derivative transactions vis-à-vis non-residents.

Net borrowing of local governments was HUF 75 billion in 2015 Q2. Within the sub-sector's financial assets, local government deposits with credit institutions fell significantly, which local governments used mainly to finance their other accounts payable. As a consequence, tax liabilities and other accounts payables vis-à-vis non-financial corporations declined sharply.

Net lending of social security funds was HUF 31 billion in 2015 Q2. On the assets side of the sub-sector's balance sheet, tax and contribution claims vis-à-vis the household sector increased slightly. Liabilities remained broadly unchanged.



2015 Q2 data are based on the MNB's own GDP estimate.

According to preliminary financial accounts data, net lending of households (HUF 2,502 billion) was equivalent to 7.7 per cent of GDP in the four quarters to 2015 Q2. Net lending of the sector (HUF 571 billion) amounted to 7.0 per cent of quarterly GDP in 2015 Q2. The conversion into forint and settlement of part of foreign currency loans continued into the second quarter, which increased household net lending in the reference period. Outstanding borrowing fell further, due to the settlement of housing and other loans. Financial assets of households having no longer outstanding debt and participating in the settlement increased due to transfers received from financial institutions.

Within financial assets, households' cash holdings continued to increase in 2015 Q2. Short-term deposits fell by nearly the same amount as the increase in current account deposits. Holdings of short-term government securities increased due to transactions and the stock of bonds issued by credit institutions fell slightly. The fall in household holdings of MMF units was partly offset by purchases of mutual fund shares issued by foreign and non-money market funds. The increase in insurance technical reserves resulted from rises in investments held in voluntary and mutual pension funds. Tax liabilities vis-à-vis non-financial corporations and transfers from the European Union contributed to the increase in other accounts receivables. On the liabilities side, tax liabilities vis-à-vis central government and contribution payables vis-à-vis the social security funds increased. There were net repayments of loans by households to all financial lender sub-sectors.

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 General Government and Households](#). The full set of financial accounts for the institutional sectors of the national economy for 2015 Q2 will be published on 1 October 2015.

Tables

Main data of the institutional sectors

	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2
Net lending, quarterly transactions, billion HUF													
General government (S.13)	-117	-94	-258	-191	-153	-226	-179	-287	-293	-64	-122	-63	-90
Households (S.14)	338	314	530	348	374	239	543	498	451	362	536	1 033	571
Net lending of last four quarters, billion HUF													
General government (S.13)	-1 124	-910	-665	-661	-697	-828	-748	-844	-985	-823	-766	-542	-339
Households (S.14)	1 517	1 627	1 505	1 531	1 566	1 491	1 504	1 654	1 731	1 854	1 847	2 382	2 502
Consolidated gross debt of the general government, billion HUF													
General government (S.13)	22 204	22 237	22 414	23 371	23 272	23 116	23 085	24 924	25 429	25 092	24 519	24 976	25 881
Quarterly changes in consolidated gross debt of the general government, billion HUF													
changes in debt	-228	33	177	957	-99	-156	-31	1 839	505	-336	-574	457	906
of which: transactions	21	148	-118	479	219	-261	10	1 460	448	-338	-716	897	397
revaluation	-249	-115	289	478	-318	105	-41	318	57	6	142	-440	508
other changes in volume	0	0	6	0	0	0	0	61	0	-4	0	0	0

	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2
Net lending, quarterly transactions, percent of GDP													
General government (S.13)	-1,7	-1,3	-3,3	-2,9	-2,1	-2,9	-2,2	-4,1	-3,7	-0,8	-1,4	-0,8	-1,1
Households (S.14)	4,8	4,3	6,8	5,3	5,0	3,1	6,7	7,1	5,7	4,4	6,2	14,0	7,0
Net lending of last four quarters, percent of GDP													
General government (S.13)	-4,0	-3,2	-2,3	-2,3	-2,4	-2,8	-2,5	-2,8	-3,2	-2,6	-2,4	-1,7	-1,0
Households (S.14)	5,3	5,7	5,3	5,3	5,4	5,1	5,0	5,5	5,6	5,9	5,8	7,4	7,7
Consolidated gross debt of the general government, percent of GDP													
General government (S.13)	78,2	77,8	78,5	81,3	79,9	78,4	77,3	82,3	82,7	80,1	76,9	77,6	79,6

Methodological notes

1 Effect of the fixation of exchange rates and settlement of foreign currency mortgage loans on the recording

Residential foreign currency mortgage loans are recorded in the MNB's statistics at forint value recalculated at the MNB's official exchange rates until the time of their actual conversion into forints. The effect of exchange rate fixation will be recorded as a financial derivative claim vis-à-vis credit institutions among households' financial assets until actual conversion. The amount of financial derivatives is equal to the difference between the forint values of the stocks of loans recorded at market exchange rates and fixed exchange rates.

The conversion of foreign currency loans into forints has been recorded as transaction in the financial account statistics, in line with monetary statistics. The decline in household loans arising from forint conversion (HUF 344 billion) that is equal to the difference between the stocks of loans recorded at market exchange rates and fixed exchange rates. Households' derivative claims against credit institutions and other financial intermediaries fell by the same amount due to conversion. Consequently, forint conversion had no effect on net lending of households and financial corporations, but protected households from incurring a significant revaluation loss of HUF 66 billion in 2014 Q4 and one of HUF 278 billion in 2015 Q1.

In 2015 Q1, the decline in the stock of household loans due to financial settlements (HUF 370 billion) was recorded as transaction in the financial account statistics. Financial assets of households having no longer outstanding debt and participating in the settlement increased due to transactions on account of the settlement (by around HUF 130 billion). Accordingly, capital transfers from financial corporations as a result of financial settlement increased household net lending in the financial accounts by approximately HUF 500 billion in 2015 Q1. Financial settlement will continue to have an effect on net lending of financial corporations in 2015 Q2 as well as in Q3.

2 Uncertainties related to general government sector data for 2015 Q2

The full sets of balance sheets of central government and local governments for 2015 Q2 were not yet fully available at the time the preliminary financial accounts of general government were compiled. Therefore, certain assets and liabilities of the general government sector for the period (loans granted, trade credits) have been calculated using expert estimates. Balance sheets of central government institutions and local governments for 2015 Q1 were still not fully available; therefore, these data were not used directly, but served as a basis for expert estimates. These data, and consequently the sector's net lending, may change in later publications.

3 Uncertainties related to 2015 Q2 data for households

In compiling preliminary household data for 2015 Q2, estimates were used to calculate certain assets (primarily wage claims) and liabilities vis-à-vis general government. Financial assets of households held abroad 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](#)

MAGYAR NEMZETI BANK

DIRECTORATE STATISTICS

Contact information:

Phone: + 36 (1) 428-2751

Fax: + 36 (1) 429-8000

Email: info@mnbb.hu