



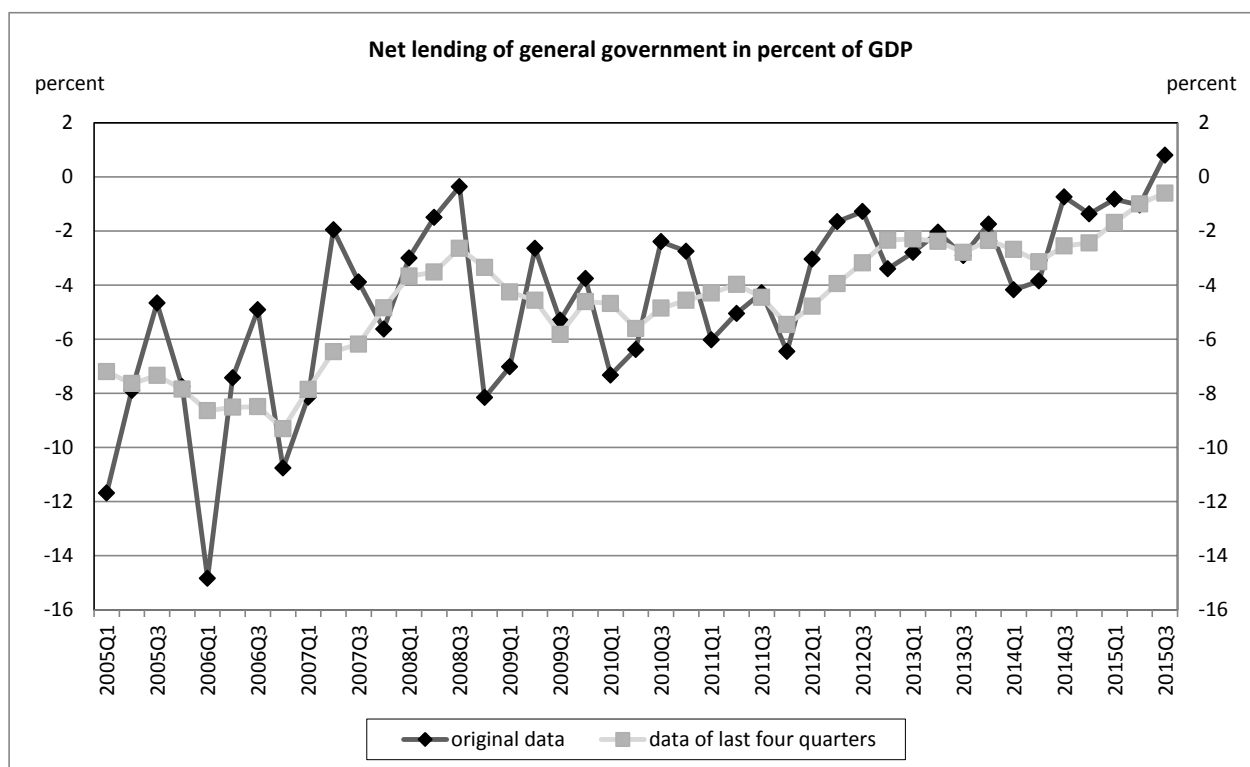
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PRESS RELEASE

Preliminary financial accounts for general government and households

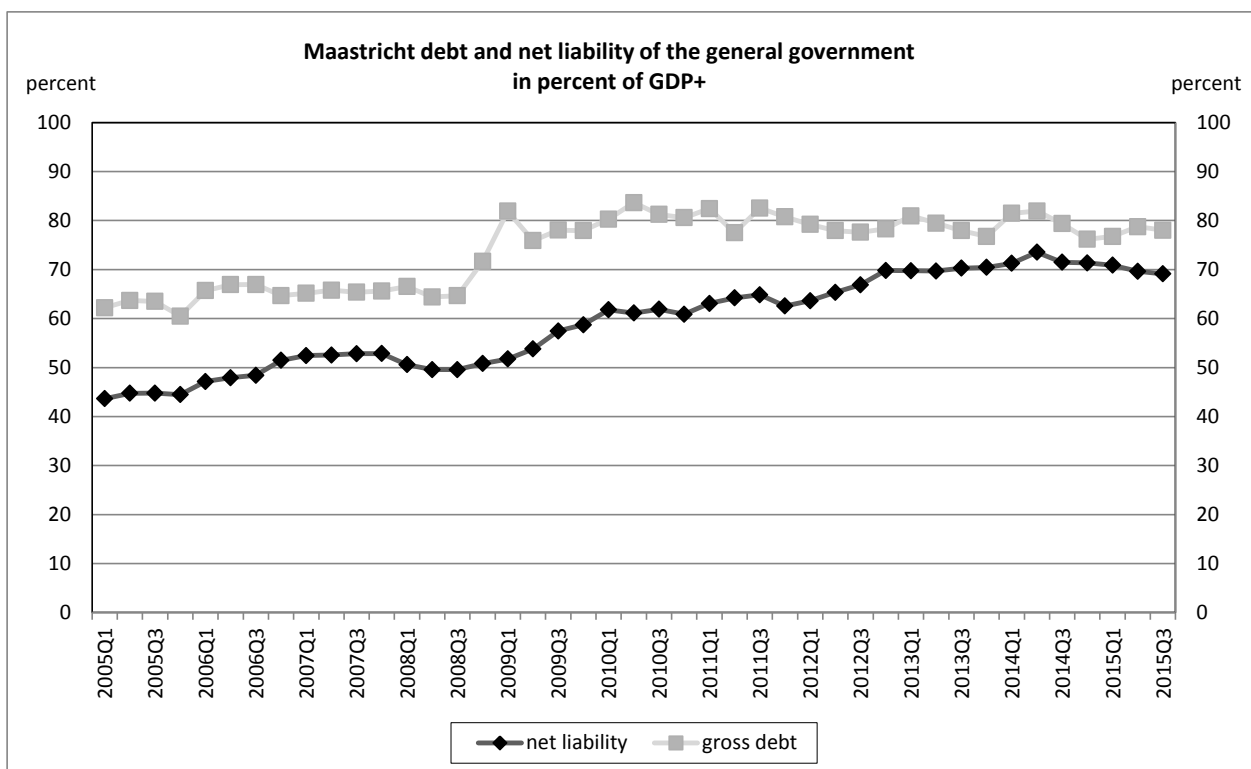
2015 Q3

According to preliminary financial accounts data, general government net lending was equal to -0.6 per cent of Hungary's GDP in the four quarters to 2015 Q3. General government consolidated gross debt at nominal value amounted to 78.0 per cent of GDP at the end of 2015 Q3. According to preliminary financial accounts data, net lending of households was equivalent to 8.0 per cent of GDP in the four quarters to 2015 Q3.



2015 Q3 data are based on the MNB's own GDP estimate.

According to preliminary data, general government net lending amounted to HUF -198 billion or -0.6 per cent of Hungary's GDP in the four quarters to 2015 Q3. General government net lending (HUF 70 billion) was equal to 0.8 per cent of quarterly GDP in 2015 Q3. At the end of 2015 Q3, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 25,910 billion, equivalent to 78.0 per cent of GDP. Net borrowing increased the sector's debt by HUF 92 billion and the appreciation of the forint exchange rate reduced it by HUF 60 billion. Net liabilities of general government amounted to HUF 22,955 billion or 69.1 per cent of GDP at the end of 2015 Q3.



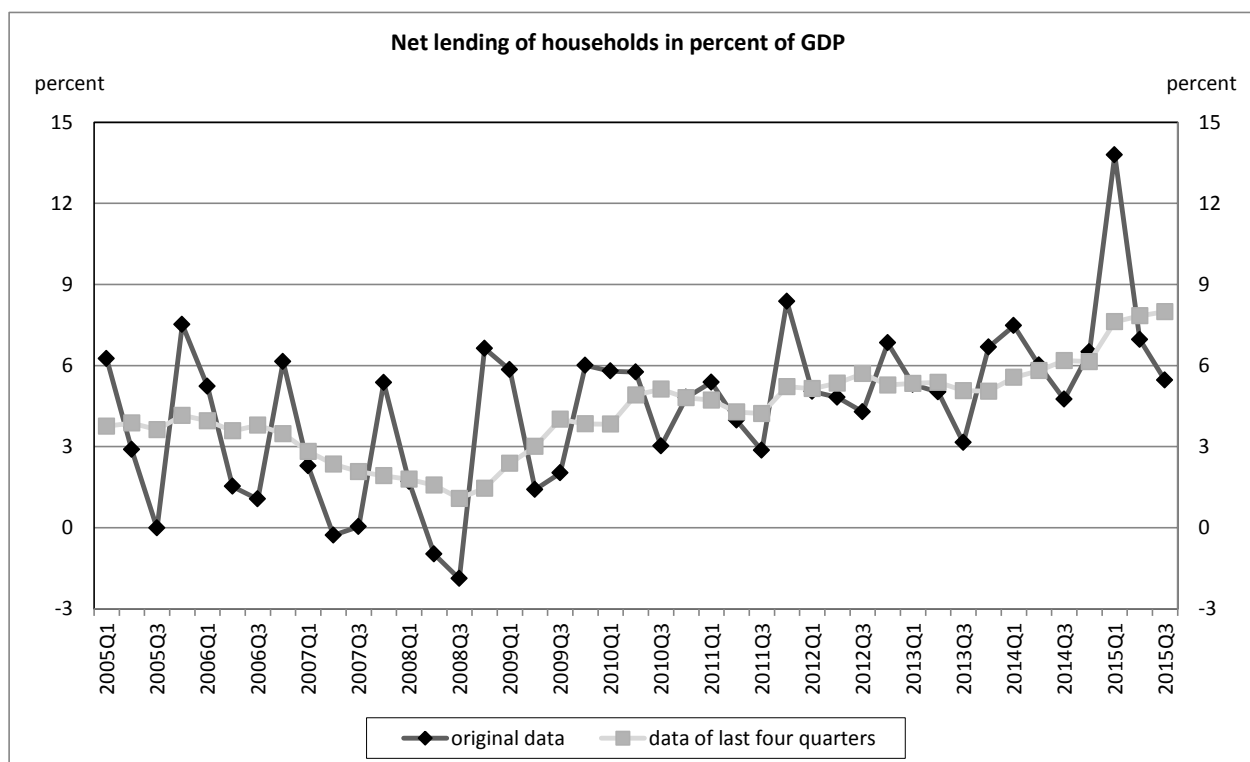
* The Maastricht measure of general government debt is defined as the sector's consolidated gross debt at nominal value, excluding other liabilities (AF.8). Net liability is equal to net worth (i.e. the difference between the market values of total financial assets and total liabilities) with the opposite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

2015 Q3 data are based on the MNB's own GDP estimate.

In 2015 Q3, net lending of central government amounted to HUF 1 billion. On the assets side of the sub-sector's balance sheet, there were considerable changes in other receivables, reflecting the significant increase in receivables vis-à-vis the European Union. There were only minor shifts in deposits of central government, with a decline in deposits held with the central bank and an increase in deposits held with credit institutions. On the liabilities side, the stock of short-term securities increased modestly: the effect of the significant amount of Treasury bill purchases by households was partly offset by securities redemptions by the other sectors (mainly the financial corporate sector). The increase in the stock of long-term securities due to transactions reflected two contrasting developments: there were strong purchases of domestic government bonds in the quarter, mainly by financial corporations, which were partly offset by significant redemptions of bonds held by the non-resident sector, similar to previous quarters. In the case of loans, the stock of long-term lending declined significantly, with large repayments of both domestic and foreign borrowing. Within other liabilities, there was a significant increase in tax liabilities.

Net lending of local governments was HUF 82 billion in 2015 Q3. Within the sub-sector's financial assets, local government deposits with credit institutions increased significantly. Parallel with this, the sub-sector's tax liabilities also increased. There were no significant changes in local governments' other financial assets and liabilities in the period.

Net borrowing of the social security funds was HUF 13 billion in 2015 Q3. On the assets side of the sub-sector's balance sheet, tax and contribution claims vis-à-vis the household sector fell. Liabilities remained broadly unchanged.



2015 Q3 data are based on the MNB's own GDP estimate.

According to preliminary financial accounts data, net lending of households (HUF 472 billion) was equivalent to 5.5 per cent of quarterly GDP in the four quarters to 2015 Q3. The change in the sector's net financial savings was driven by a smaller increase in financial assets than in the previous quarter and by a larger decline in financial liabilities. Compensation of injured persons due to the failure of Questor started in the period, which contributed to an increase in households' financial assets.

Within the sector's financial assets, household holdings of debt securities has shown the strongest increase in 2015 Q3. Here, there were net sales of bonds issued by credit institutions, while there continued to be strong demand for government debt securities. The volume of transactions in both short and long-term securities increased, but the most significant increase occurred in holdings of short-term securities. In addition, households increased their holdings of currency significantly. Outstanding amount of deposits fell, as seen in the previous quarter. Although the stock of current account deposits increased, this was offset by significant withdrawals from time deposits. Household holdings of mutual fund shares fell again due to transactions. Here, demand for non-money market funds increased and investments in money market funds declined. The increase in investments in insurance technical reserves by the sector reflected contributions to voluntary and mutual pension funds.

On the liabilities side, the decline in households' loan liabilities continued in 2015 Q3. In the case of real estate loans and consumption loans, the sector was a net repayer. The stocks of its forint and foreign currency loans fell due to transactions.

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 2015 Q3 will be published on 31 December 2015.

Tables

Main data of the institutional sectors

	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3
Net lending, quarterly transactions, billion HUF													
General government (S.13)	-94	-264	-186	-153	-226	-143	-299	-305	-62	-120	-62	-86	70
Households (S.14)	316	532	352	375	243	547	535	476	395	571	1 036	575	472
Net lending of last four quarters, billion HUF													
General government (S.13)	-910	-671	-661	-697	-828	-707	-820	-972	-808	-785	-548	-330	-198
Households (S.14)	1 633	1 512	1 540	1 575	1 502	1 518	1 701	1 803	1 954	1 977	2 478	2 576	2 654
Consolidated gross debt of the general government, billion HUF													
General government (S.13)	22 237	22 414	23 362	23 263	23 107	23 076	24 915	25 420	25 084	24 514	24 973	25 878	25 910
Quarterly changes in consolidated gross debt of the general government, billion HUF													
changes in debt	33	177	948	-99	-156	-31	1 839	505	-336	-570	459	906	32
of which: transactions	148	-112	470	219	-261	10	1 470	444	-338	-706	898	399	92
revaluation	-115	289	478	-318	105	-41	314	61	6	136	-440	507	-60
other changes in volume	0	0	0	0	0	0	55	0	-4	0	0	0	0

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

Methodological notes

1 Effect of the fixation of exchange rates and settlement of foreign currency mortgage loans on 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 and other financial intermediaries 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) in 2015 Q1 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 no longer having 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 households and financial corporations in 2015 Q2–Q3, but to a lesser degree than in the first quarter.

2 Compensation of customers of investment service providers put into liquidation; compensation by the Investor Protection Fund (BEVA)

BEVA pays compensation to investors having claims against member institutions put into liquidation. In accordance with the national accounts methodology, the amount of compensation received from BEVA is recorded as capital transfer, which increases household net lending. Compensation of holders of Questor bonds started in the period. In relation to this, HUF 86 billion has been paid out to injured persons so far. This has had an increasing effect on net financial savings of households.

3 Uncertainties related to general government sector data

The balance sheets of the central government and local government sub-sectors for 2015 Q3 were already available at the time of compilation of preliminary financial accounts. However, the balance sheet data were not used directly, similarly to balance sheet reports for the previous quarter, but served as a basis of expert estimates in calculating data for other assets and other liabilities and loans granted. These data, and consequently the sector's net lending, may change in later publications.

3 Uncertainties related to 2015 Q3 data for households

In compiling preliminary household data for 2015 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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