



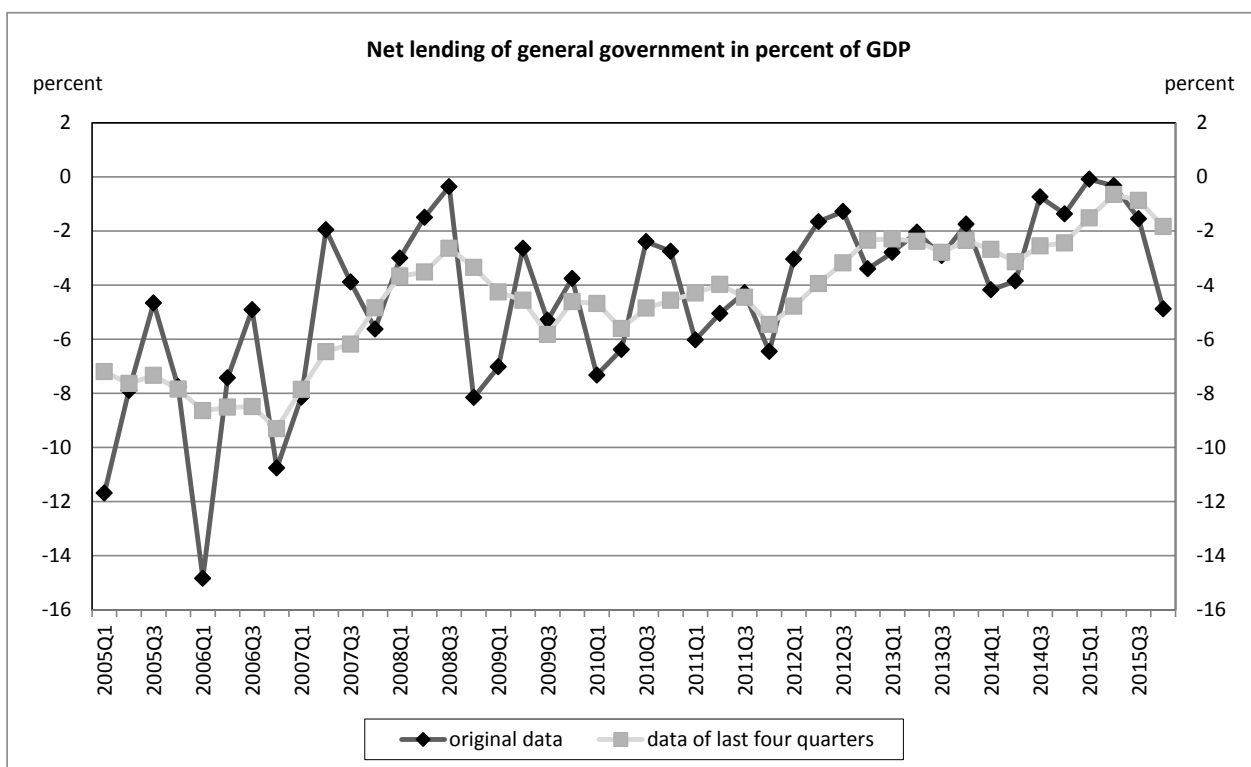
17 February 2016

PRESS RELEASE

Preliminary financial accounts for general government and households

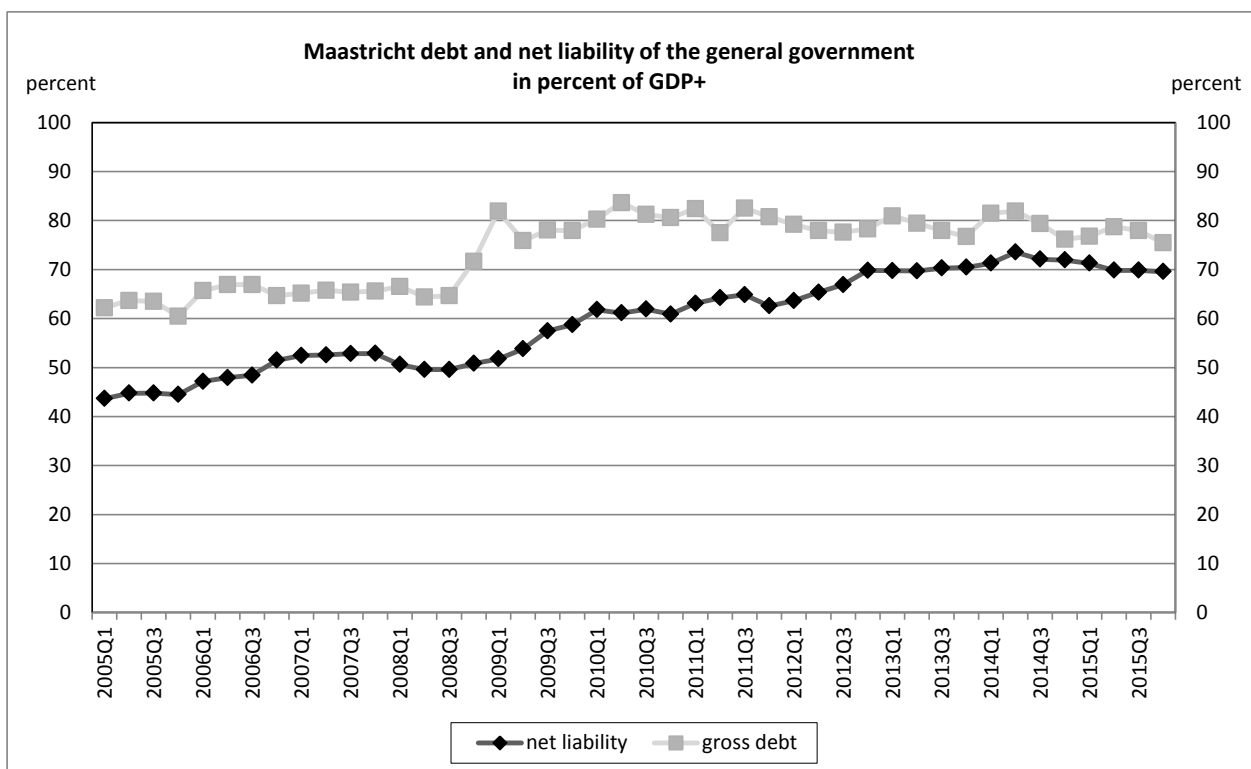
2015 Q4

According to preliminary financial accounts data, general government net lending was equal to -1.8 per cent of Hungary's GDP in 2015. General government consolidated gross debt at nominal value fell to 75.5 per cent of GDP at the end of 2015. According to preliminary financial accounts data, net lending of households was equivalent to 8.0 per cent of GDP in 2015.



2015 Q4 data are based on the MNB's own GDP estimate.

According to preliminary data, general government net lending amounted to HUF -616 billion or -1.8 per cent of GDP in 2015. General government net lending calculated from the financing side (HUF -448 billion) was equal to -4.9 per cent of quarterly GDP in 2015 Q4. At the end of 2015, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 25,393 billion, equivalent to 75.5 per cent of GDP. Net repayments of loans reduced the sector's debt by HUF 606 billion and the depreciation of the forint increased it by HUF 88 billion. Net liabilities of general government amounted to HUF 23,407 billion or 69.6 per cent of GDP at the end of 2015.



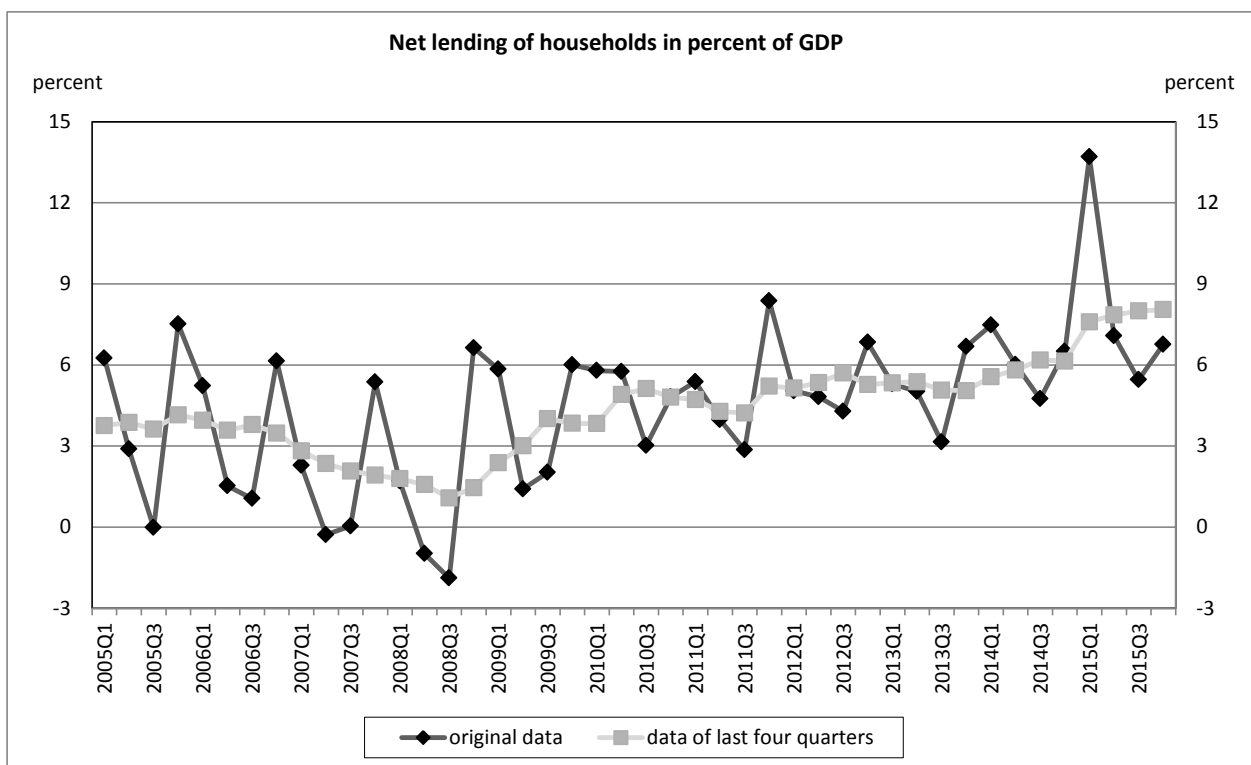
* The Maastricht measure of general government debt is defined as the sector's consolidated gross debt at nominal value, excluding other liabilities (AF.8). Net liability is equal to net worth (i.e. the difference between the market values of total financial assets and total liabilities) with the opposite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

2015 Q4 data are based on the MNB's own GDP estimate.

In 2015 Q4, net borrowing of central government amounted to HUF 335 billion. On the assets side of the sub-sector's balance sheet, there was a sharp decline in deposits with the central bank and credit institutions, which mainly reflected large amounts of maturing government securities and redemptions. Within other assets, receivables from the European Union rose and short-term loans increased temporarily. On the liabilities side, there was a significant decline in securities due to transactions. Within loans, repayments of long-term loans continued, but their amount was lower than in previous quarters. Within other liabilities, it was mainly trade payables and wage liabilities which declined significantly.

Net borrowing of local governments was HUF 100 billion in 2015 Q4. Within the sub-sector's financial assets, local government deposits with credit institutions fell significantly. Parallel with this, the sub-sector's tax liabilities also fell. 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 Q4. On the assets side of the sub-sector's balance sheet, deposits with central government fell, while tax and social contribution claims vis-à-vis the household sector increased. On the liabilities side, the stock of short-term loans granted by central government increased.



2015 Q4 data are based on the MNB's own GDP estimate.

According to preliminary financial accounts data, net lending of households (HUF 621 billion) was equivalent to 6.8 per cent of quarterly GDP in 2015 Q4. The change in the sector's net financial savings was driven by an increase in financial assets; liabilities barely changed due to transactions.

Within the sector's financial assets, household holdings of deposits and in particular current account deposits increased and there was a significant rise in currency holdings. This may have been related to the higher outflow of incomes characterising the end of the year as well as that fact that the payment of part of wages due in the early days of January was brought forward to December. Households increased further their securities holdings, which mainly affected short-term securities. In 2015 Q4, holdings of mutual fund shares rose significantly due to transactions. Although investments in money market funds fell, this was offset by an increase in demand for non-money market funds. In the case of bonds issued by credit institutions, net sales continued, and there was a decline in holdings of quoted shares. Within insurance technical reserves, pension fund reserves and life insurance reserves both increased.

On the liabilities side, the decline in households' loan liabilities continued in 2015 Q4. The sector was a net repayer of both real estate loans and consumption loans. Conversions of household non-mortgage foreign currency loans started in November, which led to a further shift in the currency composition of loan liabilities. At the end of the year, the overwhelming majority of households' loan liabilities were in forint, with the ratio of foreign currency loans to the total declining to around 2%.

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 Q4 will be published on 31 March 2016.

Tables

Main data of the institutional sectors

	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4
Net lending, quarterly transactions, billion HUF													
General government (S.13)	-264	-186	-153	-226	-143	-299	-305	-62	-120	-7	-27	-134	-448
Households (S.14)	532	352	375	243	547	535	476	395	571	1 030	584	474	621
Net lending of last four quarters, billion HUF													
General government (S.13)	-671	-661	-697	-828	-707	-820	-972	-808	-785	-493	-216	-288	-616
Households (S.14)	1 512	1 540	1 575	1 502	1 518	1 701	1 803	1 954	1 977	2 471	2 579	2 658	2 709
Consolidated gross debt of the general government, billion HUF													
General government (S.13)	22 414	23 362	23 263	23 107	23 076	24 915	25 420	25 084	24 514	24 976	25 878	25 910	25 393
Quarterly changes in consolidated gross debt of the general government, billion HUF													
changes in debt	177	948	-99	-156	-31	1 839	505	-336	-570	462	902	32	-518
of which: transactions	-112	470	219	-261	10	1 470	575	-124	-575	948	395	92	-606
revaluation	289	478	-318	105	-41	314	-71	-209	6	-486	507	-60	88
other changes in volume	0	0	0	0	0	55	0	-4	0	0	0	0	0
	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4
Net lending, quarterly transactions, percent of GDP													
General government (S.13)	-3,4	-2,8	-2,0	-2,9	-1,7	-4,2	-3,8	-0,7	-1,4	-0,1	-0,3	-1,5	-4,9
Households (S.14)	6,8	5,3	5,0	3,1	6,7	7,5	6,0	4,7	6,5	13,7	7,1	5,5	6,8
Net lending of last four quarters, percent of GDP													
General government (S.13)	-2,3	-2,3	-2,4	-2,8	-2,4	-2,7	-3,1	-2,6	-2,4	-1,5	-0,7	-0,9	-1,8
Households (S.14)	5,3	5,3	5,4	5,1	5,0	5,6	5,8	6,2	6,1	7,6	7,8	8,0	8,0
Consolidated gross debt of the general government, percent of GDP													
General government (S.13)	78,3	81,0	79,5	77,9	76,8	81,5	81,9	79,4	76,2	76,8	78,7	78,0	75,5

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 Conversion of household non-mortgage foreign currency loans

Conversions of household non-mortgage foreign currency loans started in 2015 Q4. Statistical recording of forint conversion is identical to the methodology presented in the case of conversions of foreign currency mortgage loans into forints. The decline in the stock of household loans resulting from forint conversion (the difference between stocks of loans recorded at market exchange rates and fixed exchange rates) amounted to HUF 18 billion, and derivative claims of households against credit institutions and other financial intermediaries declined by the same amount.

3 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 Quaestor 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.

4 Uncertainties related to general government sector data

Only preliminary balance sheets of the central government and local government sub-sectors for 2015 Q4 were available at the time of compilation of the preliminary financial accounts. Therefore, other assets, other liabilities and loans granted contain estimates. Furthermore, other assets and other liabilities related to transfers from the European Union are also based on estimates. These data, and consequently the sector's net lending, may change in later publications.

5 Uncertainties related to 2015 Q4 data for households

In compiling preliminary household data for 2015 Q4, estimates were used to calculate certain assets (primarily wage claims) and liabilities of the sector. 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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