



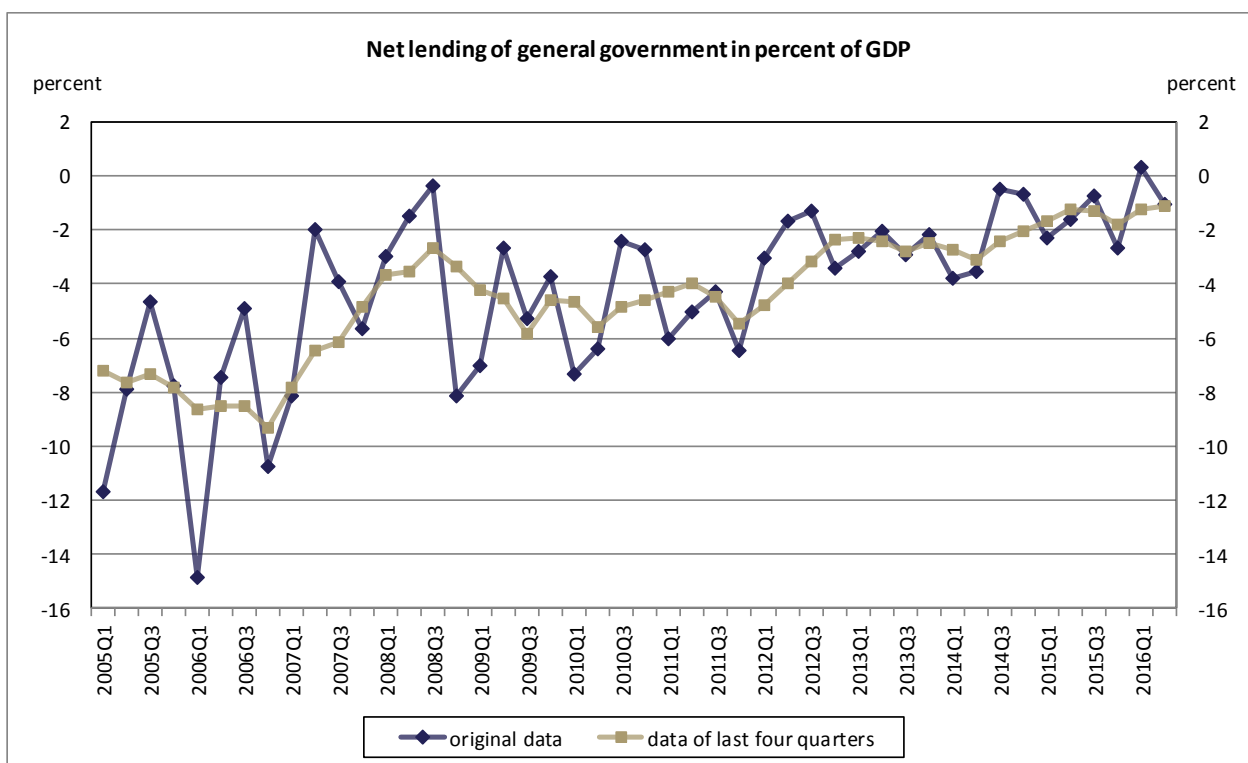
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PRESS RELEASE

Preliminary financial accounts for general government and households

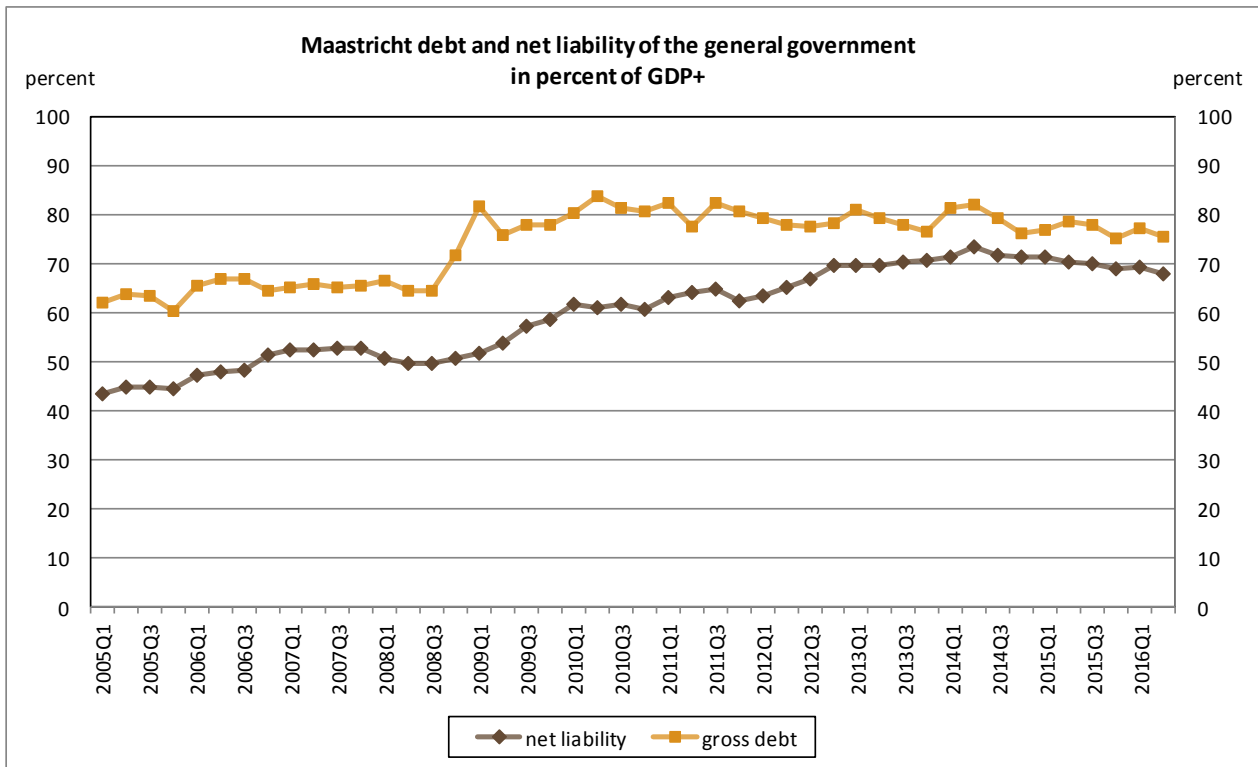
2016 Q2

According to preliminary financial accounts data, general government net lending was equal to -1.1 per cent of Hungary's GDP in the four quarters to 2016 Q2. General government consolidated gross debt at nominal value was 75.5 per cent of GDP at the end of 2016 Q2. According to preliminary financial accounts data, net lending of households was equivalent to 5.8 per cent of GDP in the four quarters to 2016 Q2.



2016 Q2 data are based on the MNB's own GDP estimate.

According to preliminary data, general government net lending amounted to HUF -376 billion or -1.1 per cent of GDP in the four quarters to 2016 Q2. General government net lending calculated from the financing side (HUF -89 billion) was equal to -1.0 per cent of quarterly GDP in 2016 Q2. At the end of 2016 Q2, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 25,900 billion, equivalent to 75.5 per cent of GDP. Net repayments contributed HUF 306 billion to the decline in debt. The revaluation of foreign currency debt partly offset the effect by HUF 58 billion. Net liabilities of general government amounted to HUF 23,262 billion or 67.8 per cent of GDP at the end of 2016 Q2.



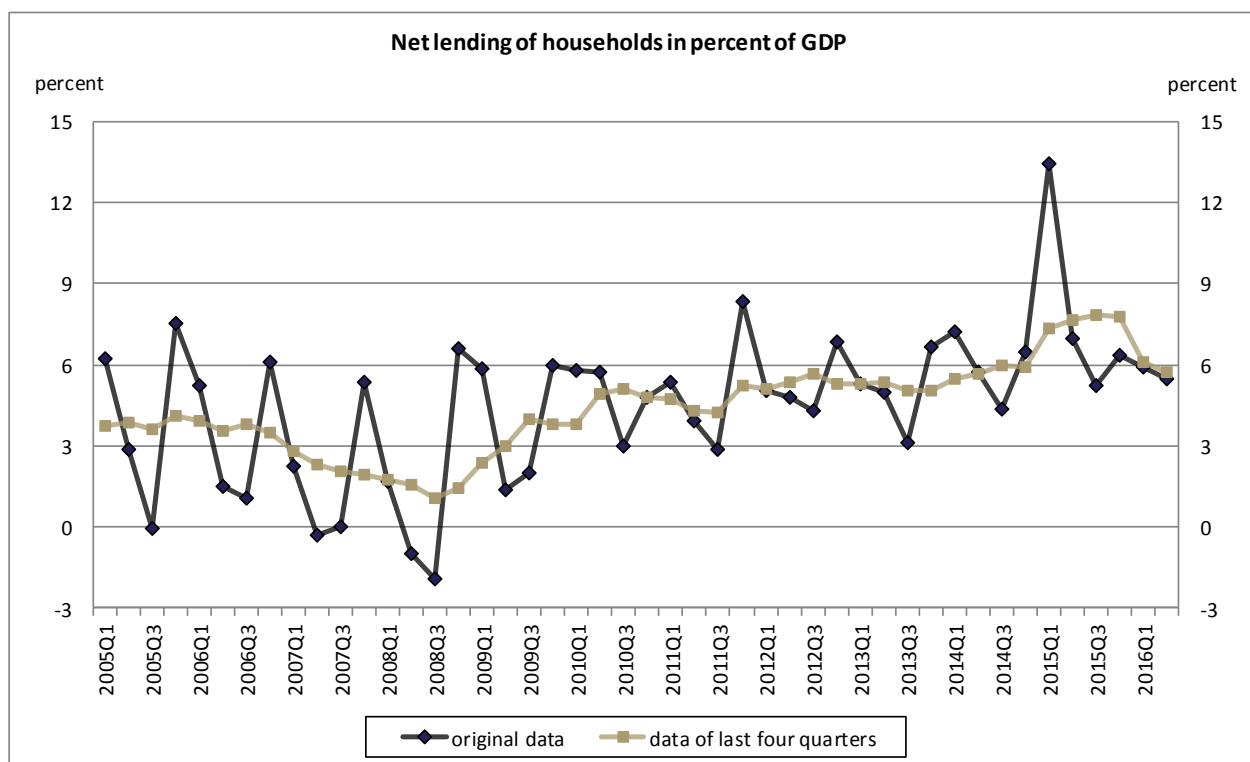
+ The Maastricht measure of general government debt is defined as the sector's consolidated gross debt at nominal value, excluding other liabilities (AF.8). Net liability is equal to net worth (i.e. the difference between the market values of total financial assets and total liabilities) with the opposite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

2016 Q2 data are based on the MNB's own GDP estimate.

In 2016 Q2, net borrowing of central government amounted to HUF 28 billion. On the assets side of the sub-sector's balance sheet, there was a decline in deposits with the central bank, mainly reflecting repayments of borrowing abroad. In addition, there were slight declines in respect of shares and other equities and financial derivatives due to transactions. Other assets of central government increased. The decline in equity holdings of central government due to transactions mainly reflects the payment of dividends by the central bank, which does not affect the sectors' net lending, according to the statistical methodology. On the liabilities side, there were significant net issues of short-term government securities, although less than in the previous quarter. Treasury bills were mainly purchased by households, while those held by credit institutions fell. Turnover in government bonds in the quarter was characterised by net redemptions, which primarily affected bonds held by non-residents. As a result of the two divergent trends, holdings of securities issued by central government rose slightly. The stock of long-term foreign currency borrowing from abroad fell significantly, reflecting large repayment of loans. Consequently, liabilities of central government fell overall.

Net lending of local governments was HUF 75 billion in 2016 Q2. Within the sub-sector's financial assets, local government deposits with credit institutions fell significantly. By contrast, securities held by local governments continued to increase: there were significant purchases of Treasury bills, as seen in the previous quarter. Within liabilities of local governments, other payables to the corporate sector fell.

Net lending of the social security funds was HUF 13 billion in 2016 Q2. On the assets side of the sub-sector's balance sheet, deposits held with central government increased. Liabilities of social security funds remained broadly unchanged.



2016 Q2 data are based on the MNB's own GDP estimate.

According to preliminary financial accounts data, net lending of households was equivalent to 5.8 per cent (HUF 1,973 billion) of quarterly GDP in the four quarters to 2016 Q2 and to 5.5 per cent (HUF 477 billion) of quarterly GDP in 2016 Q2. Within the sector's financial assets, there was a significant increase in currency held by households and a slight rise in deposits. Although current account deposits increased significantly, this was partly offset by withdrawals from time deposits. Net purchases of government securities continued to be dominant within financial investments of the household sector. In particular, demand for short-term securities was strong. Quoted shares and other equities also increased due to transactions. By contrast, there were net sales of mutual fund shares and bonds issued by financial corporations. The stock of non-money market fund shares increased, as seen in previous quarters; however, investments in money market fund shares fell more strongly than the increase in the former. Insurance technical reserves also continued to increase in the period, which affected both life insurance reserves and pension fund reserves.

On the liabilities side, the decline in households' loan liabilities continued in 2016 Q2. The sector was a net repayer of consumption loans. In the case of real estate loans provided by credit institutions, households on balance borrowed small amounts.

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 2016 Q2 will be published on 3 October 2016.

Tables

Main data of the institutional sectors

	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2
Net lending, quarterly transactions, billion HUF													
General government (S.13)	-152	-225	-177	-273	-279	-38	-58	-172	-132	-63	-245	22	-89
Households (S.14)	374	242	547	519	454	363	568	1 009	575	457	587	452	477
Net lending of last four quarters, billion HUF													
General government (S.13)	-700	-829	-740	-827	-954	-767	-648	-548	-401	-426	-613	-419	-376
Households (S.14)	1 572	1 499	1 514	1 682	1 762	1 882	1 903	2 393	2 514	2 609	2 628	2 072	1 973
Consolidated gross debt of the general government, billion HUF													
General government (S.13)	23 263	23 107	23 076	24 915	25 420	25 084	24 514	24 976	25 878	25 912	25 394	26 148	25 900
Quarterly changes in consolidated gross debt of the general government, billion HUF													
changes in debt	-99	-156	-31	1 839	505	-336	-570	462	902	34	-518	754	-248
of which: transactions	217	-278	28	1 469	444	-338	-706	902	395	94	-606	751	-306
revaluation	-315	122	-59	315	61	5	136	-440	507	-60	88	2	58
other changes in volume	0	0	0	54	0	-3	0	0	0	0	0	0	0
	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2
Net lending, quarterly transactions, percent of GDP													
General government (S.13)	-2,0	-2,9	-2,2	-3,8	-3,5	-0,5	-0,7	-2,3	-1,6	-0,7	-2,6	0,3	-1,0
Households (S.14)	5,0	3,1	6,7	7,2	5,7	4,4	6,5	13,4	7,0	5,3	6,3	5,9	5,5
Net lending of last four quarters, percent of GDP													
General government (S.13)	-2,4	-2,8	-2,5	-2,7	-3,1	-2,4	-2,0	-1,7	-1,2	-1,3	-1,8	-1,2	-1,1
Households (S.14)	5,4	5,1	5,0	5,5	5,7	6,0	5,9	7,4	7,7	7,9	7,8	6,1	5,8
Consolidated gross debt of the general government, percent of GDP													
General government (S.13)	79,5	77,9	76,8	81,5	81,9	79,4	76,2	76,8	78,8	78,0	75,3	77,2	75,5

Methodological notes

1 Compensation for clients of investment service providers in liquidation and the statistical recording of financial settlement

The Settlement Fund started to disburse the amounts established for victims of the Quaeator and Hungária company groups in liquidation in May 2016 (second phase of compensation for bond holders). Simultaneously with this, Hrrurira and Hungária bonds recorded in the financial accounts and remaining in circulation were closed in the statistics. Consequently, the bonds held by households were reduced by transaction, and financial compensation paid by the Settlement Fund was recorded under other financial instruments (currency, deposits). In connection with the settlement, household net lending remained unaffected, while there was a shift among financial instruments.

2 Uncertainties related to the use of general government sector data

Balance sheets of the central government and local government sub-sectors for 2016 Q1 and Q2 were used only to a limited extent, as they were not fully available at the time of compilation of preliminary financial accounts data. As a consequence, other assets and liabilities as well as loans granted contain estimates as well. Furthermore, 2016 Q1–Q2 data on other assets and other liabilities related to transfers from the European Union are also based on preliminary estimates. These data, and consequently general government net lending, may change in later data releases.

3 Uncertainties related to 2016 Q2 data for households

In compiling preliminary household sector data for 2016 Q2, estimates were used to calculate certain assets (primarily wage claims) and the sector's liabilities to the general government 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](#)

MAGYAR NEMZETI BANK

DIRECTORATE STATISTICS

Contact information:

Phone: + 36 (1) 428-2751

Fax: + 36 (1) 429-8000

Email: info@mnbb.hu