



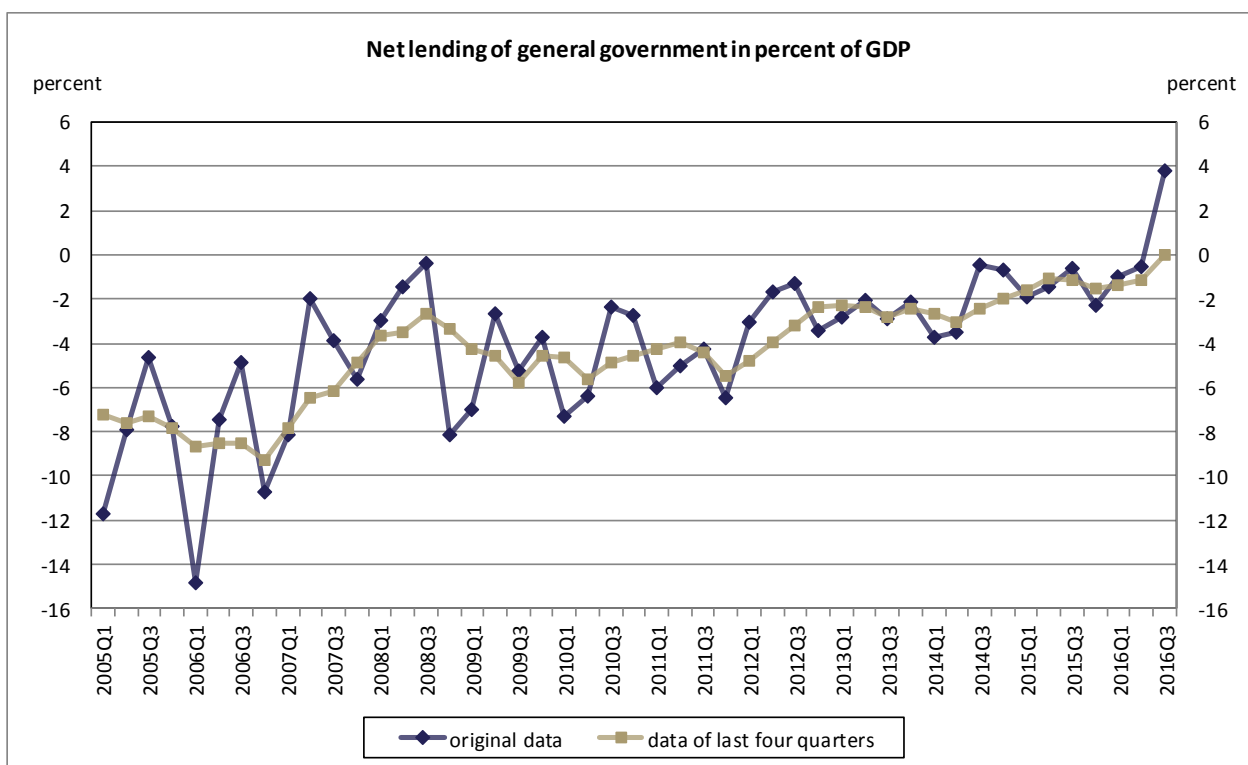
17 November 2016

PRESS RELEASE

Preliminary financial accounts for general government and households

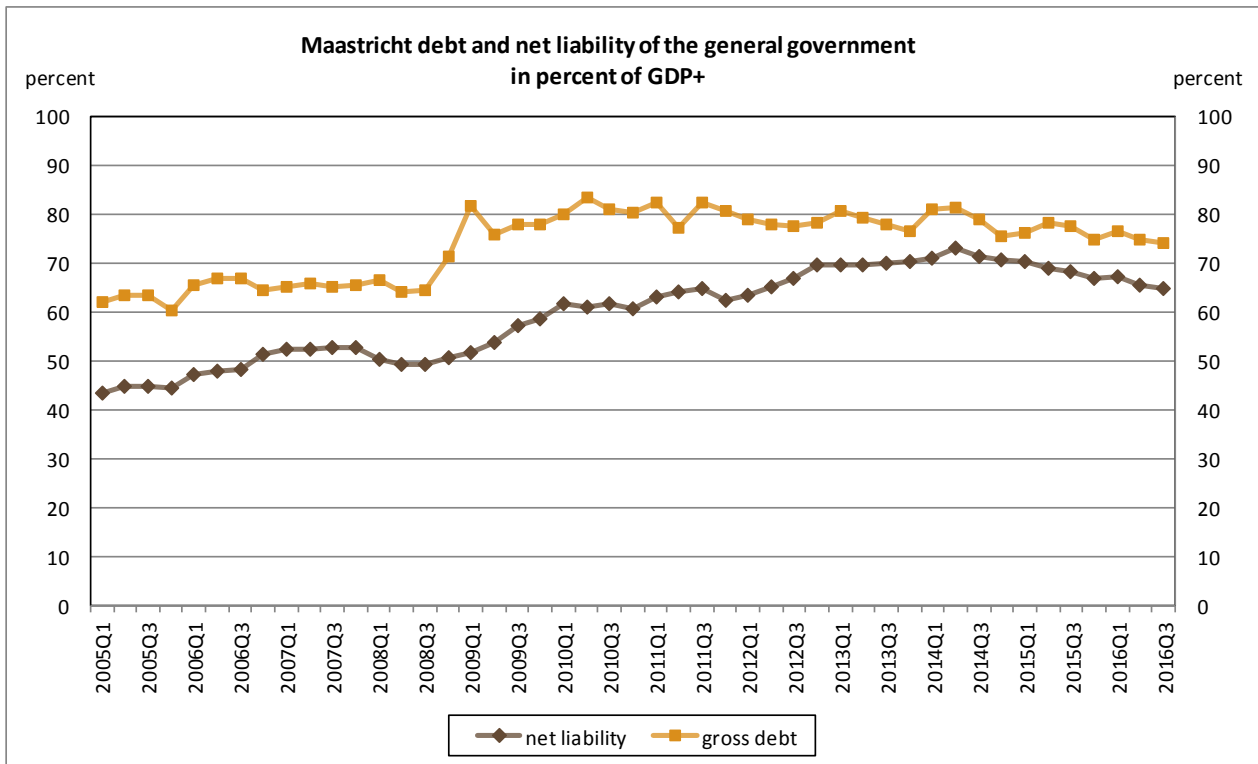
2016 Q3

According to preliminary financial accounts data, general government net lending was equal to 0.02 per cent of Hungary's GDP in the four quarters to 2016 Q3. General government consolidated gross debt at nominal value was 74.2 per cent of GDP at the end of 2016 Q3. According to preliminary financial accounts data, net lending of households was equivalent to 5.0 per cent of GDP in the four quarters to 2016 Q3.



2016 Q3 data are based on the MNB's own GDP estimate.

According to preliminary data, general government net lending amounted to HUF 8 billion or 0.02 per cent of GDP in the four quarters to 2016 Q3. General government net lending calculated from the financing side (HUF 346 billion) was equal to 3.8 per cent of quarterly GDP in 2016 Q3. At the end of 2016 Q3, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 25,883 billion, equivalent to 74.2 per cent of GDP. The downward revaluation of foreign currency debt reduced government debt by HUF 178 billion. This was partially offset by net borrowing of HUF 153 billion. Net liabilities of general government amounted to HUF 22,589 billion or 64.7 per cent of GDP at the end of 2016 Q3.



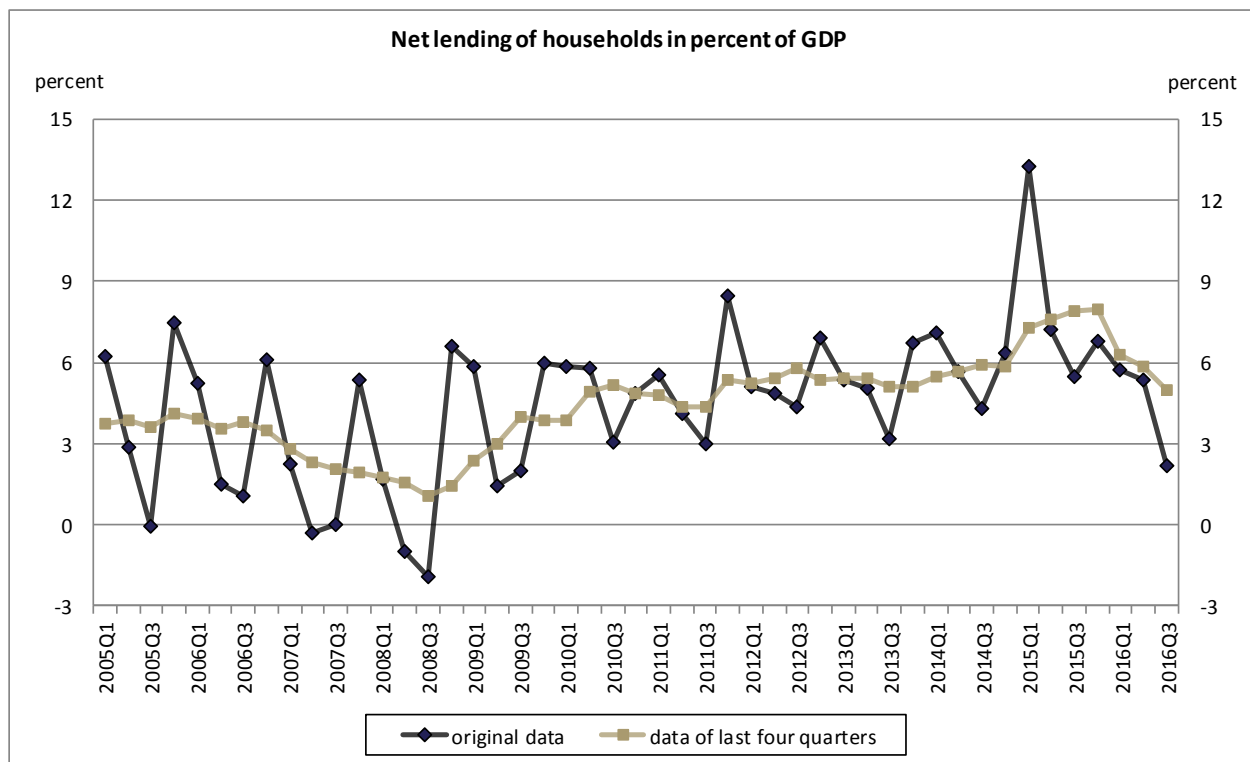
+ The Maastricht measure of general government debt is defined as the sector's consolidated gross debt at nominal value, excluding other liabilities (AF.8). Net liability is equal to net worth (i.e. the difference between the market values of total financial assets and total liabilities) with the opposite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

2016 Q3 data are based on the MNB's own GDP estimate.

In 2016 Q3, net lending of central government amounted to HUF 315 billion. On the assets side of the sub-sector's balance sheet, there was a notable increase in deposits placed with the central bank and credit institutions. In addition, shares held by the central government sub-sector also rose due to transactions. As seen in the previous quarter, there was a fall in respect of financial derivatives and claims from the EU declined sharply. On the liabilities side, there was a much smaller increase in respect of Treasury bills than in the previous quarter. This is explained by the fact that purchases by the household sector rose much less strongly, and Treasury bills held by the financial corporations sector fell significantly. Holdings of government bonds rose significantly, reflecting massive net sales. Credit institutions purchased the overwhelming majority of bonds; however, households also purchased slight amounts. By contrast, the process of redemptions of government bonds held by the rest of the world slowed significantly, with the pace of redemptions moderating in this respect. In terms of outstanding borrowing, the stock of short-term loans fell and the stock of long-term loans remained practically unchanged. As concerns other liabilities, payables related to transfers from the European Union declined significantly. As a result, liabilities of central government increased slightly overall, despite the substantial amount of government securities issued in the period.

Net lending of local governments was HUF 64 billion in 2016 Q3. Within the sub-sector's financial assets, local government deposits placed with credit institutions rose significantly. Within liabilities of local governments, other payables to the corporate sector increased.

Net borrowing of the social security funds was HUF 33 billion in 2016 Q3. On the assets side of the sub-sector's balance sheet, deposits held with central government and contribution receivables from households fell. On the liabilities side, the stock of short-term lending by central government increased.



2016 Q3 data are based on the MNB's own GDP estimate.

According to preliminary financial accounts data, net lending of households was equivalent to 5.0 per cent (HUF 1,746 billion) of quarterly GDP in the four quarters to 2016 Q3. The sector's financial savings decreased steadily in the past quarters, and amounted to HUF 201 billion or 2.2 per cent of quarterly GDP in 2016 Q3. Purchases of government securities continued to be dominant within financial investments by the household sector. In particular, there was significant demand for short-term securities. The stock of long-term government securities has also increased steadily in recent months. Claims of households from credit institutions fell notably due to maturing bonds issued by the banking sector. Investments in quoted shares issued by credit institutions also declined in the period under review. The stock of household deposits increased, reflecting the significant increase in foreign currency deposits. The stock of forint deposits fell. Households' portfolio of mutual fund shares increased in 2016 Q3. Although net sales of money market fund shares continued, net purchases of non-money market fund shares exceeded the decline in the former. The stock of insurance technical reserves rose only slightly in the period. Assets of households in pension funds increased due to transactions. By contrast, the stock of reserves recorded for insurance companies fell.

Outstanding borrowing by the household sector increased following the decline over the past several years. In the case of housing loans granted by credit institutions, there was modest net borrowing again in the period. In addition, the stock of consumption loans increased due to transactions, mainly reflecting borrowing by sole proprietors.

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 Q3 will be published on 30 December 2016.

Tables

Main data of the institutional sectors

	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3
Net lending, quarterly transactions, billion HUF													
General government (S.13)	-225	-177	-269	-279	-39	-59	-145	-121	-51	-213	-75	-50	346
Households (S.14)	246	552	510	454	360	564	997	601	482	635	442	468	201
Net lending of last four quarters, billion HUF													
General government (S.13)	-829	-740	-824	-951	-764	-646	-522	-363	-376	-530	-460	-390	8
Households (S.14)	1 516	1 531	1 686	1 762	1 876	1 888	2 374	2 521	2 643	2 715	2 160	2 027	1 746
Consolidated gross debt of the general government, billion HUF													
General government (S.13)	23 107	23 076	24 915	25 420	25 084	24 514	24 985	25 887	25 920	25 402	26 156	25 908	25 883
Quarterly changes in consolidated gross debt of the general government, billion HUF													
changes in debt	-156	-31	1 839	505	-336	-570	471	902	34	-518	754	-248	-25
of which: transactions	-278	28	1 484	431	-338	-705	902	395	94	-606	753	-307	153
revaluation	122	-59	301	73	5	135	-439	507	-60	89	1	59	-178
other changes in volume	0	0	54	0	-3	0	8	0	0	0	0	0	0
	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3
Net lending, quarterly transactions, percent of GDP													
General government (S.13)	-2,9	-2,2	-3,7	-3,5	-0,5	-0,7	-1,9	-1,4	-0,6	-2,3	-1,0	-0,6	3,8
Households (S.14)	3,2	6,7	7,1	5,7	4,3	6,4	13,3	7,2	5,5	6,8	5,7	5,4	2,2
Net lending of last four quarters, percent of GDP													
General government (S.13)	-2,8	-2,5	-2,7	-3,1	-2,4	-2,0	-1,6	-1,1	-1,1	-1,6	-1,3	-1,1	0,0
Households (S.14)	5,1	5,1	5,5	5,7	5,9	5,8	7,3	7,6	7,9	8,0	6,3	5,9	5,0
Consolidated gross debt of the general government, percent of GDP													
General government (S.13)	77,8	76,6	81,2	81,6	78,9	75,7	76,4	78,3	77,5	74,7	76,5	75,0	74,2

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 Quaestor 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 units and local government sub-sectors for 2016 Q3 were not fully available at the time of compilation of preliminary financial account data. As a consequence, other account receivable and other accounts payable as well as loans granted contain estimates as well. Furthermore, 2016 Q1–Q3 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 Q3 data for households

In compiling preliminary household sector data for 2016 Q3, 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](#)

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