

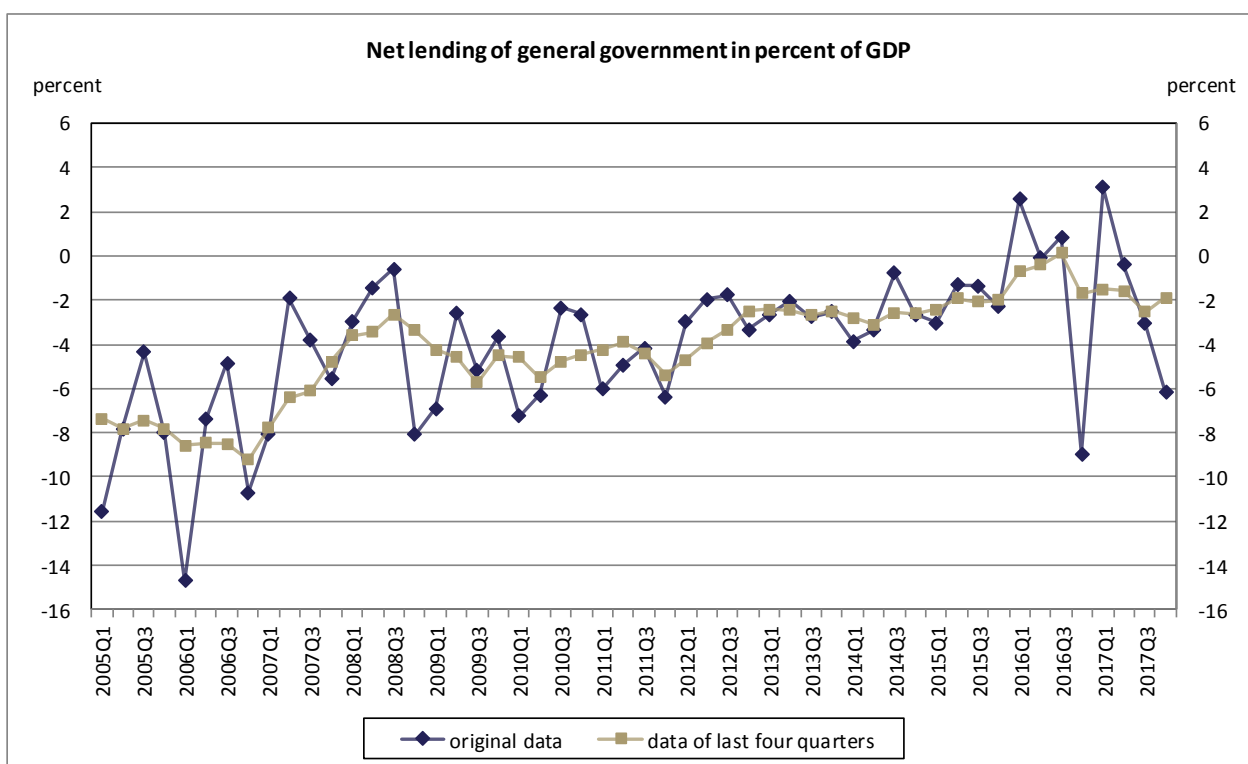


19 February 2017

PRESS RELEASE

Preliminary financial accounts for general government and households 2017 Q4

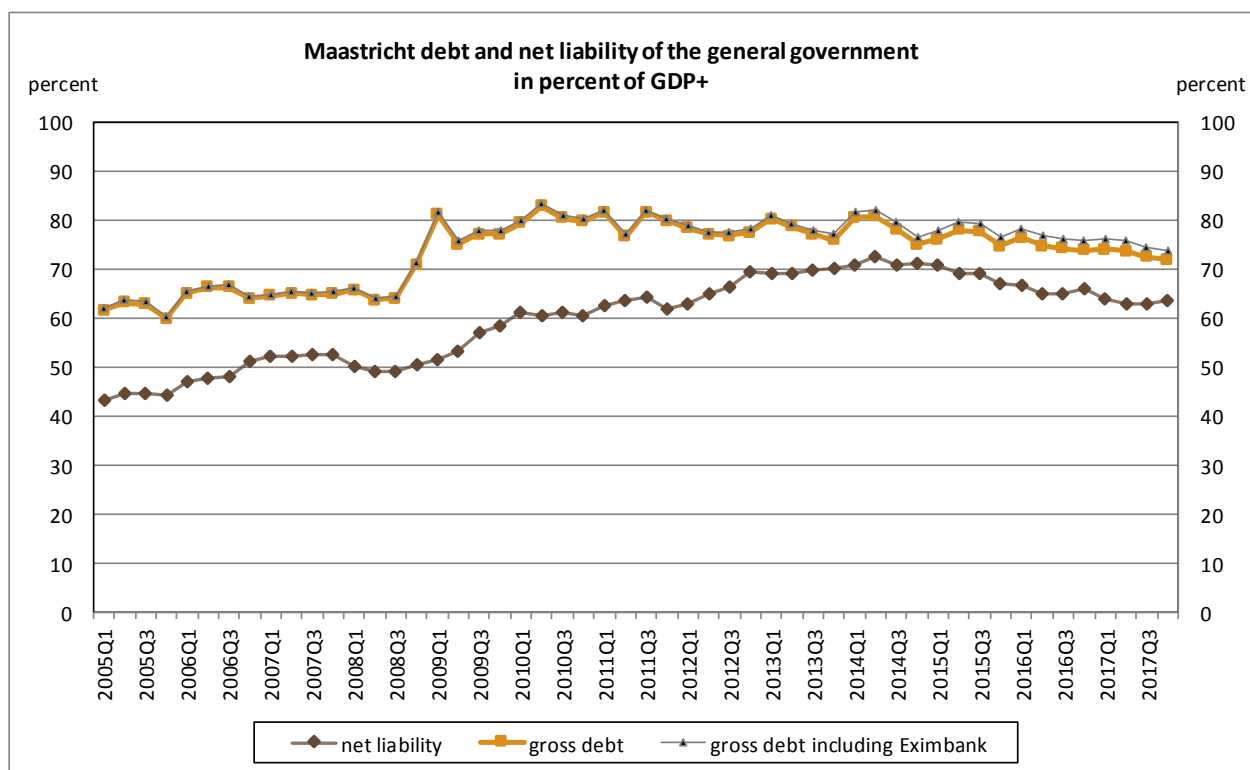
According to preliminary financial accounts data, general government net lending was equal to -1.9 per cent of Hungary's GDP in 2017. General government consolidated gross debt at nominal value was 72.1 per cent of GDP at the end of 2017. According to preliminary financial accounts data, net lending of households was equivalent to 5.2 per cent of GDP in 2017.



2017 Q4 data are based on the MNB's own GDP estimate.

According to preliminary data, general government net lending amounted to HUF -722 billion or -1.9 per cent of GDP in 2017. General government net lending calculated from the financing side (HUF -648 billion) was equal to -6.2 per cent of quarterly GDP in 2017 Q4. At the end of 2017, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 27,359 billion, equivalent to 72.1 per cent of GDP. The debt calculated at current prices rose by HUF 390 billion, the gross debt was increased by the revaluation of foreign currency debt by HUF 52 billion,

and also by transactions by HUF 338 billion. In consideration of the debt of the Eximbank¹ the sector's Maastricht measure of debt was 1.9 percentage point higher than 72.1 per cent calculated on the basis of financial accounts methodology, which was 74.0 per cent of the GDP. Net liabilities of general government amounted to HUF 24,127 billion or 63.5 per cent of GDP at the end of 2017.



+ 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.

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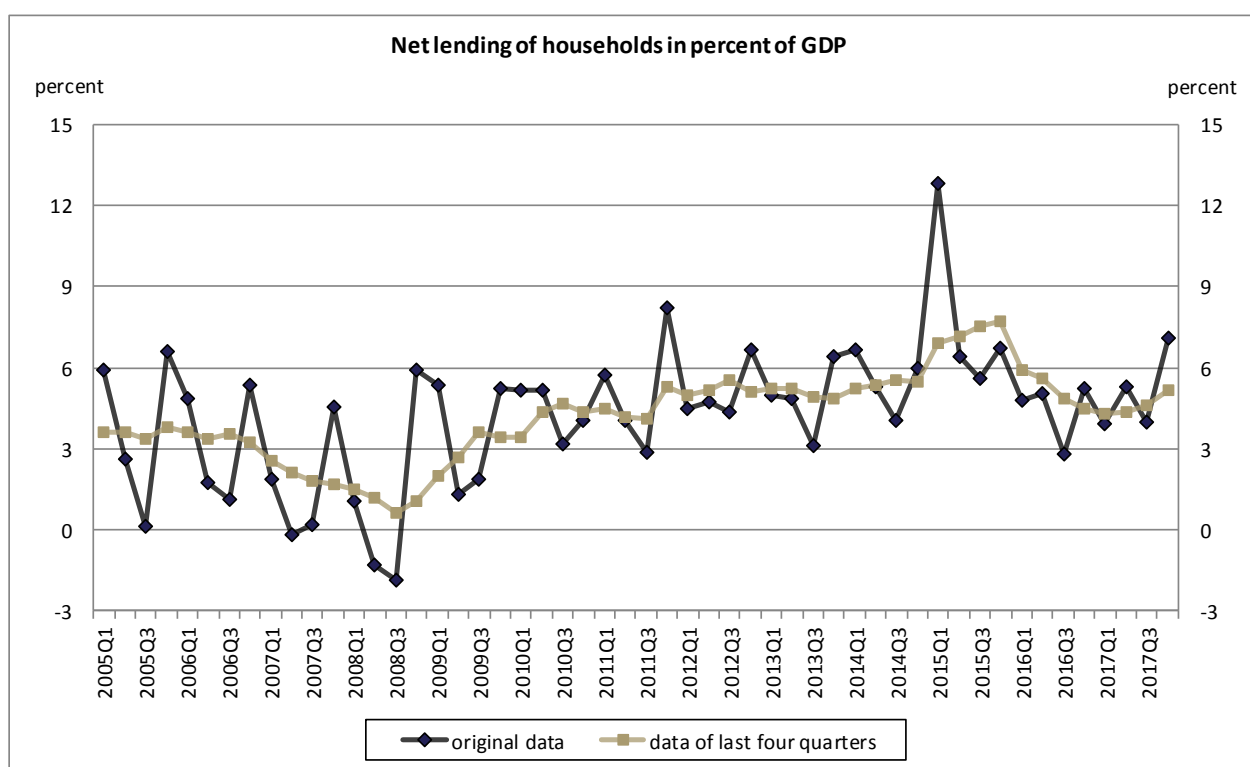
In 2017 Q4, net borrowing of central government amounted to HUF 383 billion. On the assets side, there was a sharp decline in deposits with the central bank, as seen in the previous quarters. The stock of loans by the central government rose by the end of the year, and there was a small share purchase. There was a sharp increase within other financial assets, which can be primarily explained by the liabilities related to the advances granted to local governments, while there was a decline in assets from the European Union. On the liabilities side, local governments' deposits held with the central government rose sharply in the last quarter of 2017. Resulting from transactions, the increase in the stock of issued securities continued, as seen in previous quarters. Overall, households were the main lending sector, but non-money market funds and credit institutions also made significant purchases of Treasury bills and bonds, respectively. Non-residents sold a significant amount of their bonds. The outstanding loan liabilities of the central government continued to decrease, which primarily affected the stock of short-term loans to non-

¹ See the Methodological notes.

residents and credit institutions. In respect of other liabilities, there was a sharp increase in liabilities to non-financial corporations.

Net borrowing of local governments was HUF 344 billion in 2017 Q4. There was no substantial change in the sector's financial assets due to transactions, the sales of government securities were practically offset by the increase in the deposits held with central government. On the liabilities side, there was an increase in their short-term loans from central government, related to their loans for year-end advances on wages. In addition, the sector made significant long-term borrowing from credit institutions. Within other liabilities, the sharp increase in the stock of assets from central government related to advances of subsidies continued.

Net lending of the social security funds was HUF 79 billion in 2017 Q4. On the assets side of the sub-sector's balance sheet, other contribution assets increased. On the liabilities side, there was a slight increase in the stock of short-term loans by central government.



2017 Q4 data are based on the MNB's own GDP estimate.

According to preliminary financial accounts data, net lending of households was equivalent to 5.2 per cent (HUF 1,959 billion) of GDP in 2017 and 7.1 per cent (HUF 749 billion) of quarterly GDP in 2017 Q4.

Within households' financial assets, there was a significant increase in currency and current account deposits, short- and long-term debt securities, due to transactions, in the quarter. The increase was less substantial in mutual fund shares and insurance technical reserves.

In terms of liabilities of households in 2017 Q4 due to transactions there was a significant increase in the stocks of other liabilities. The increase was less intense in the stock of housing loans, while the stock of consumer and other loans declined.

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 2017 Q4 will be published on 3 April 2018.

Tables

Main data of the institutional sectors

	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4
Net lending, quarterly transactions, billion HUF													
General government (S.13)	-234	-230	-113	-118	-222	201	-9	75	-874	259	-38	-295	-648
Households (S.14)	526	974	542	488	641	377	449	254	512	329	497	384	749
Net lending of last four quarters, billion HUF													
General government (S.13)	-848	-800	-642	-695	-683	-251	-147	45	-608	-550	-579	-949	-722
Households (S.14)	1 780	2 271	2 387	2 531	2 645	2 049	1 956	1 721	1 593	1 544	1 592	1 722	1 959
Consolidated gross debt of the general government, billion HUF													
General government (S.13)	24 505	25 081	25 981	26 092	25 665	26 411	26 190	26 145	26 172	26 690	26 923	26 969	27 359
Quarterly changes in consolidated gross debt of the general government, billion HUF													
changes in debt	-537	576	900	111	-428	746	-221	-45	27	517	234	46	390
of which: transactions	-678	1 001	394	173	-514	746	-278	132	-25	571	283	-8	338
revaluation	131	-434	505	-62	87	0	57	-177	52	-57	-49	54	52
other changes in volume	11	9	0	0	0	0	0	0	0	2	0	0	0
	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4
Net lending, quarterly transactions, percent of GDP													
General government (S.13)	-2,6	-3,0	-1,3	-1,3	-2,3	2,6	-0,1	0,8	-9,0	3,1	-0,4	-3,1	-6,2
Households (S.14)	6,0	12,8	6,4	5,6	6,7	4,8	5,1	2,8	5,3	3,9	5,3	4,0	7,1
Net lending of last four quarters, percent of GDP													
General government (S.13)	-2,6	-2,4	-1,9	-2,1	-2,0	-0,7	-0,4	0,1	-1,7	-1,5	-1,6	-2,6	-1,9
Households (S.14)	5,5	6,9	7,2	7,5	7,7	5,9	5,6	4,9	4,5	4,3	4,4	4,6	5,2
Consolidated gross debt of the general government, percent of GDP													
General government (S.13)	75,2	76,1	78,0	77,6	74,8	76,4	74,8	74,2	73,9	74,1	73,7	72,5	72,1
Consolidated gross debt of the general government including Eximbank, percent of GDP													
General government including Eximbank	76,6	77,8	79,7	79,4	76,7	78,3	76,8	76,2	76,0	76,2	75,8	74,5	74,0

Methodological notes

1. The inclusion of Eximbank data in compiling general government statistics

Given that the Hungarian Export-Import Bank Plc. (Eximbank) is a financial institution operating as a credit institution, the financial corporation sector (S.12), and within this credit institution sub-sector (S.122) will contain its data in the statistical publications prepared by the MNB. However, within financial accounts statistics, the Maastricht debt of the general government including the Eximbank is also published, as supplementary information, from the release of current data. In line with the Eurostat's decision affecting methodology, this extended category of liabilities will serve as the main indicator of the Hungarian general government's reported Maastricht debt. Due to the characteristics of financial intermediation, the inclusion of Eximbank's data will not significantly modify the net financial worth (or net liabilities) of the general government, or its net lending in the periods when there was no capital increase by the government recorded as transfers.

2. Uncertainties related to the use of general government sector data

The stocks of other assets and other liabilities of the general government sector related to transfers from the European Union for 2017 are based on estimates. Therefore, these values may change in later publications.

3. Uncertainties related to 2017 Q4 data for households

In compiling preliminary household sector data for 2017 Q4, 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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