

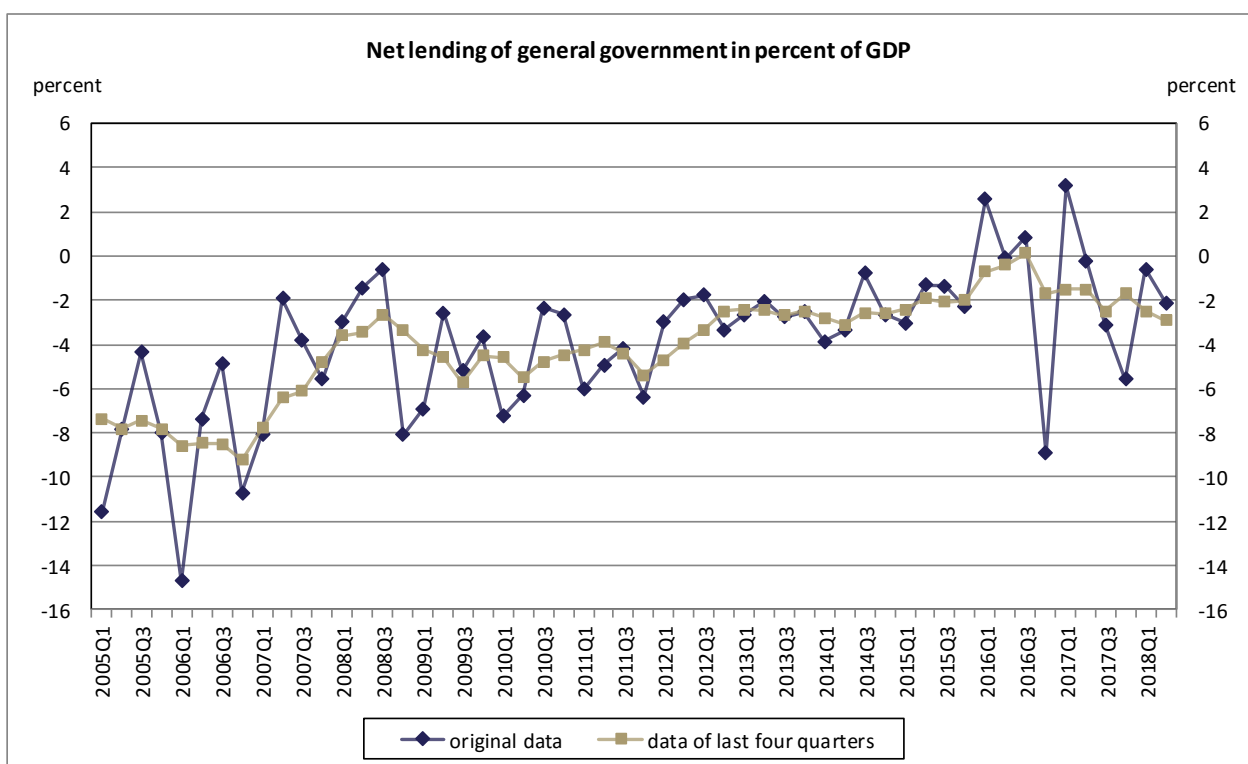


17 August 2018

PRESS RELEASE

Preliminary financial accounts for general government and households 2018 Q2

According to preliminary financial accounts data, general government net lending was equal to -2.9 per cent of Hungary's GDP in the four quarters to 2018 Q2. General government consolidated gross debt at nominal value was 72.5 per cent of GDP at the end of 2018 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 2018 Q2.

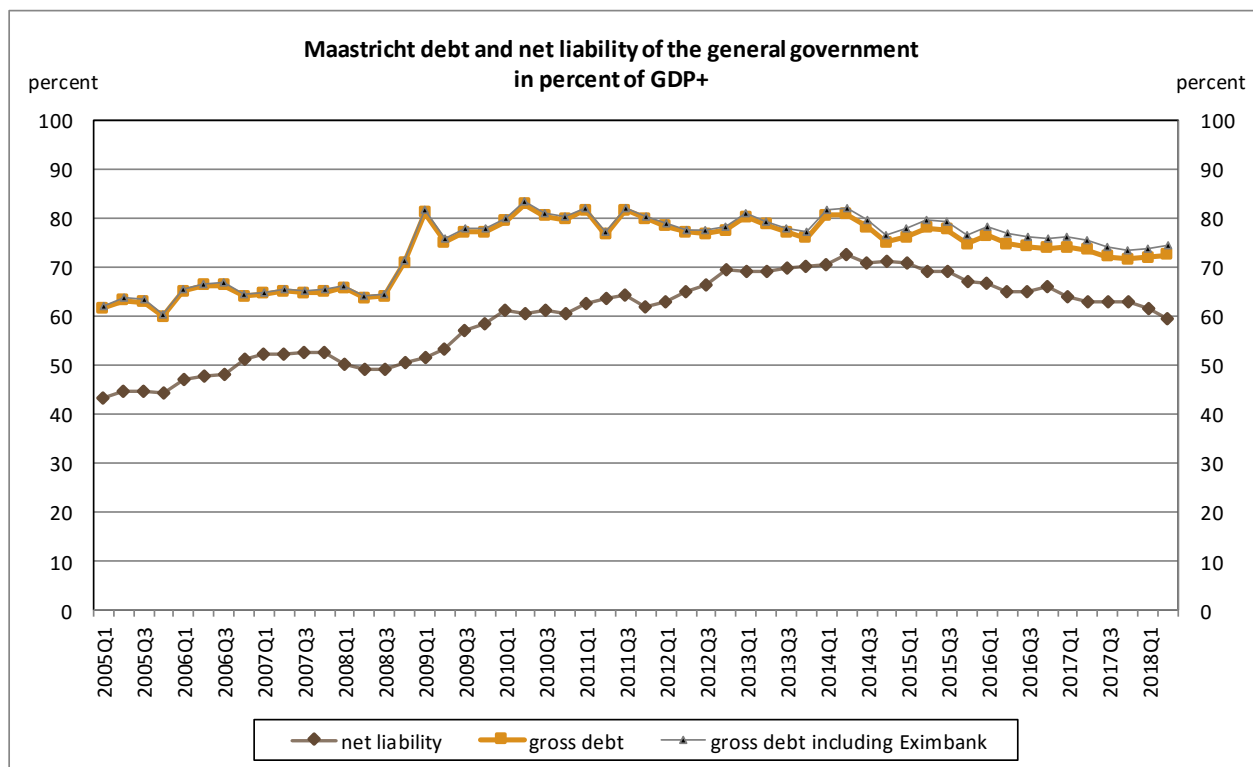


2018 Q2 data are based on the MNB's own GDP estimate.

According to preliminary data, general government net lending amounted to HUF -1161 billion or -2.9 per cent of GDP in the four quarters to 2018 Q2. General government net lending calculated from the financing side (HUF -214 billion) was equal to -2.1 per cent of quarterly GDP in 2018 Q2.

At the end of 2018 Q2, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 28,743 billion, equivalent to 72.5 per cent of GDP. Transactions and revaluations increased the debt by HUF 376 billion and HUF 322 billion, respectively, in the reporting quarter. In consideration of the debt of the Eximbank the

sector's Maastricht measure of debt was 74.5 per cent of the GDP, which is 2.0 percentage point higher than 72.5 per cent calculated on the basis of financial accounts methodology. Net liabilities of general government amounted to HUF 23,650 billion or 59.7 per cent of GDP at the end of 2018 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.

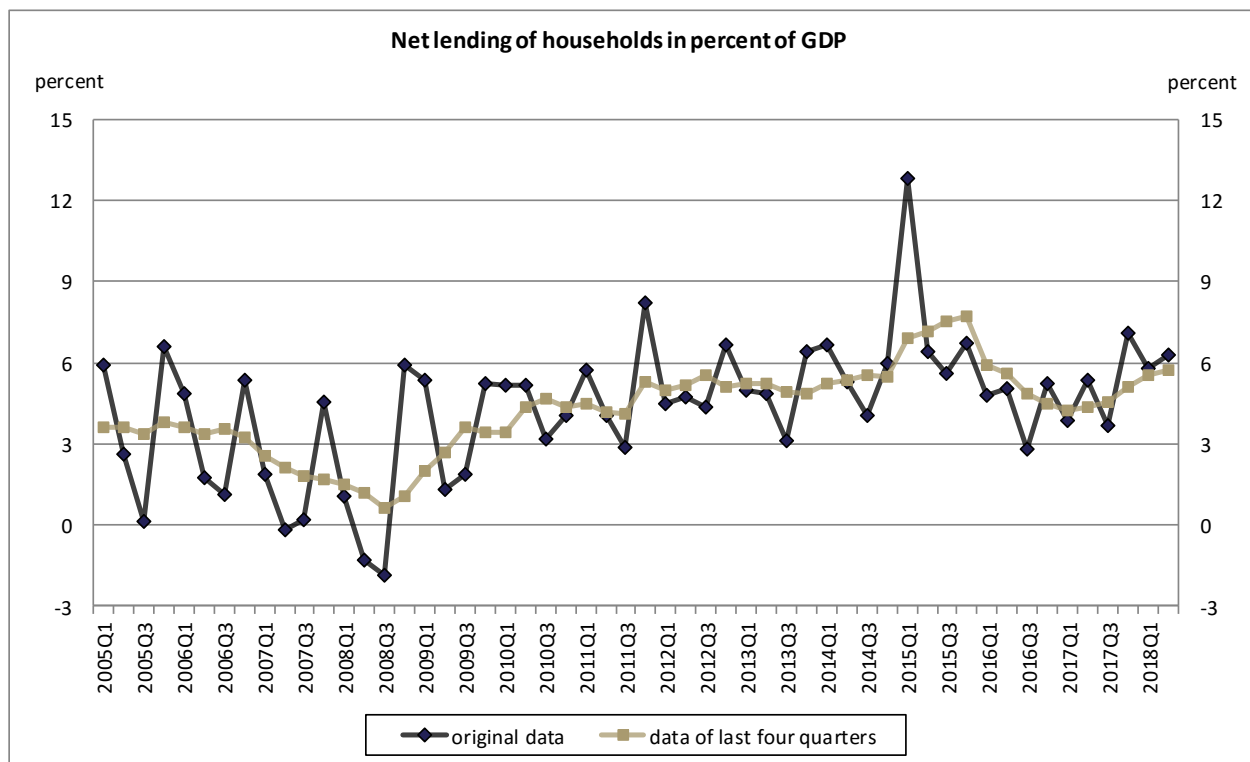
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In 2018 Q2, net borrowing of central government amounted to HUF 258 billion. Within its financial assets - similarly to previous quarters - other assets increased the most significantly; however, its extent was significantly lower than earlier. Central government deposits also rose, while the increase was slighter in outstanding loans. Extensive net issues of Treasury bills contributed significantly to a rise in liabilities in 2018 Q2: the main buyers were financial corporations (primarily credit institutions) and non-residents. However, there was a sharp decline in the stock of Treasury bonds due to transactions, only households and local governments made a significant amount of purchases. Contrary to previous quarters, outstanding borrowing by the central government rose substantially, which fundamentally affected the stock of short-term loans to non-residents. There was a considerable increase in other liabilities, and within this supplier liabilities grew mostly in the quarter.

Net lending of local governments was HUF 26 billion in 2018 Q2. Within the sector's financial assets only the other assets rose significantly: mainly with respect to tax related assets. There was a shift in deposits: the decline in deposits with credit institutions was offset by the increase in deposits with the central government. Securities held by local governments remained broadly unchanged. Although the stock of Treasury bills declined, that of Treasury bonds rose

to the same extent. Overall, liabilities remained unchanged due to transactions, borrowing was offset by the decrease in other (primarily tax related) liabilities.

Net lending of the social security funds was HUF 19 billion. On the assets side, deposits with the central government and tax related assets slightly rose, while on the liabilities side there was a modest decline in the stock of short-term loans by the central government.



2018 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 2,283 billion) of quarterly GDP in the four quarters to 2018 Q2 and to 6.3 per cent (HUF 640 billion) of quarterly GDP in 2018 Q2.

Within households' financial assets, there was a significant increase in currency, current account deposits and debt securities issued by the central government. The increase was less pronounced in shares and other equities, insurance technical reserves and other assets due to transactions. However, a decrease was observable in mutual fund shares and foreign exchange. The stock of foreign exchange deposits did not fall, overall, because the impact of the transactions was offset by the revaluation gain resulting from the depreciation of the forint exchange rate.

In terms of liabilities of households, within loans from credit institutions the stock of housing loans rose significantly due to transactions, and that of consumer and other loans also increased. In the case of loans from other financial corporations, consumer and housing loans decreased slightly. The distribution between credit institutions and other financial corporations in credit transactions was affected by the fact that other financial corporations sold household loans to credit institutions (in the value of ca. HUF 25 billion). Other liabilities of households increased moderately 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 2018 Q2 will be published on 1 October 2018.

Tables

Main data of the institutional sectors

	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2
Net lending, quarterly transactions, billion HUF													
General government (S.13)	-113	-118	-222	201	-9	75	-870	267	-21	-301	-590	-55	-214
Households (S.14)	542	488	641	376	448	253	511	325	506	359	751	533	640
Net lending of last four quarters, billion HUF													
General government (S.13)	-642	-695	-683	-252	-148	44	-604	-537	-550	-925	-646	-968	-1 161
Households (S.14)	2 387	2 531	2 645	2 048	1 953	1 717	1 587	1 536	1 594	1 701	1 941	2 149	2 283
Consolidated gross debt of the general government, billion HUF													
General government (S.13)	25 981	26 092	25 665	26 411	26 190	26 145	26 172	26 690	26 923	26 969	27 359	28 045	28 743
Quarterly changes in consolidated gross debt of the general government, billion HUF													
changes in debt	900	111	-428	746	-221	-45	27	517	234	46	391	686	698
of which: transactions	394	173	-514	746	-278	132	-25	571	283	-7	338	627	376
revaluation	505	-62	87	0	57	-177	52	-57	-49	53	52	59	322
other changes in volume	0	0	0	0	0	0	0	2	0	0	0	0	0
	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2
Net lending, quarterly transactions, percent of GDP													
General government (S.13)	-1,3	-1,3	-2,3	2,6	-0,1	0,8	-8,9	3,2	-0,2	-3,1	-5,6	-0,6	-2,1
Households (S.14)	6,4	5,6	6,7	4,8	5,0	2,8	5,2	3,9	5,4	3,7	7,1	5,8	6,3
Net lending of last four quarters, percent of GDP													
General government (S.13)	-1,9	-2,1	-2,0	-0,7	-0,4	0,1	-1,7	-1,5	-1,5	-2,5	-1,7	-2,5	-2,9
Households (S.14)	7,2	7,5	7,7	5,9	5,6	4,9	4,5	4,3	4,4	4,6	5,1	5,5	5,8
Consolidated gross debt of the general government, percent of GDP													
General government (S.13)	78,0	77,6	74,8	76,4	74,8	74,2	73,9	74,1	73,6	72,3	71,7	72,1	72,5
Consolidated gross debt of the general government including Eximbank, percent of GDP													
General government including Eximbank	79,7	79,4	76,7	78,3	76,8	76,2	76,0	76,2	75,7	74,3	73,6	73,9	74,5

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. 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 2018 Q2 are based on estimates. Therefore, these values may change in later publications.

3. Uncertainties related to 2018 Q2 data for households

In compiling preliminary household sector data for 2018 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](#)

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