

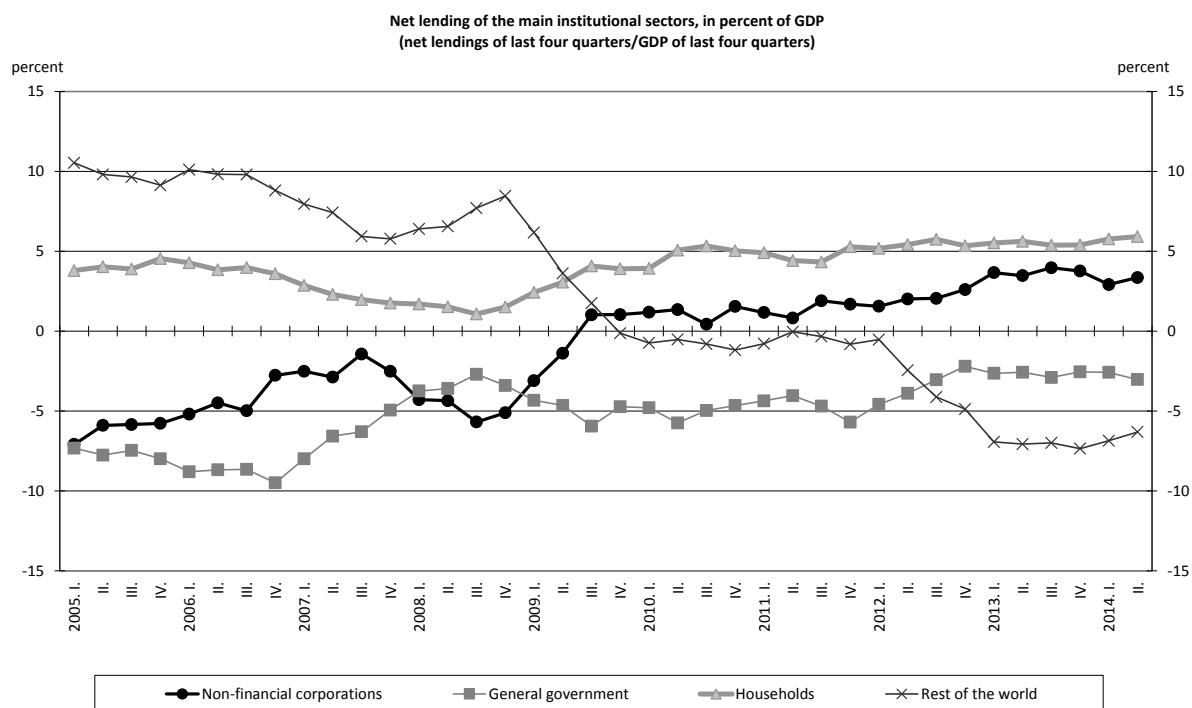


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PRESS RELEASE

Hungary's financial accounts: 2014 Q2

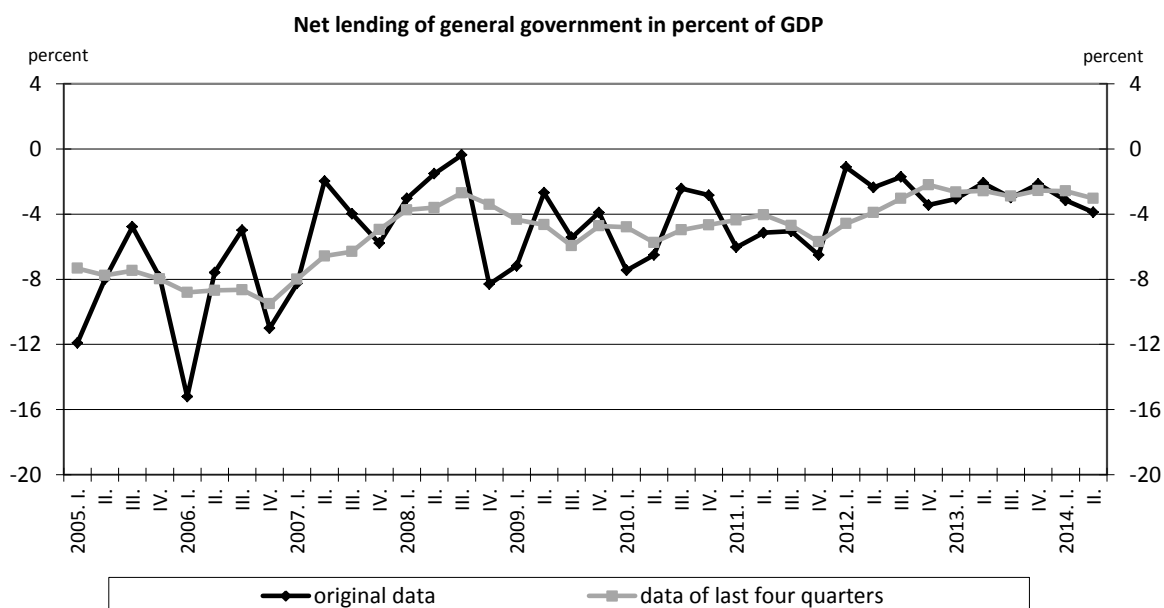
According to financial accounts data, general government net lending was equal to -3.0 per cent of Hungary's GDP in the four quarters to 2014 Q2. Net lending of households was equivalent to 5.9 per cent of GDP in the period.¹ Net lending of non-financial corporations was 3.4 per cent of GDP and net lending of the rest of the world was -6.3 per cent of GDP in the four quarters to 2014 Q2.



* Note: For clarity, the Chart does not plot net lending of financial corporations and non-profit institutions serving households (their values are usually close to 0). Data for a given quarter show the sum of balances for the year ending with that quarter, expressed as a percentage of GDP for the same period.

¹ The Central Statistical Office published backward revisions to Hungary's GDP data on 30 September 2014. The financial accounts data being published do not yet reflect the effect of this revision on the sectors' net lending as a percentage of GDP, given that the CSO has not yet modified the quarterly GDP data. The CSO will revise quarterly GDP data in December 2014.

In the four quarters to 2014 Q2, general government net lending amounted to HUF -908 billion or -3.0 per cent of Hungary's GDP. General government net lending (HUF -296 billion) was equal to -3.9 per cent of quarterly GDP in 2014 Q2. At the end of 2014 Q2, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 25,437 billion, equivalent to 85.0 per cent of GDP. In 2014 Q2, general government debt increased by HUF 437 billion due to net borrowing and by HUF 65 billion due to the depreciation of the forint. Net liabilities of the general government sector amounted to HUF 22,841 billion or 76.3 per cent of GDP at the end of 2014 Q2.

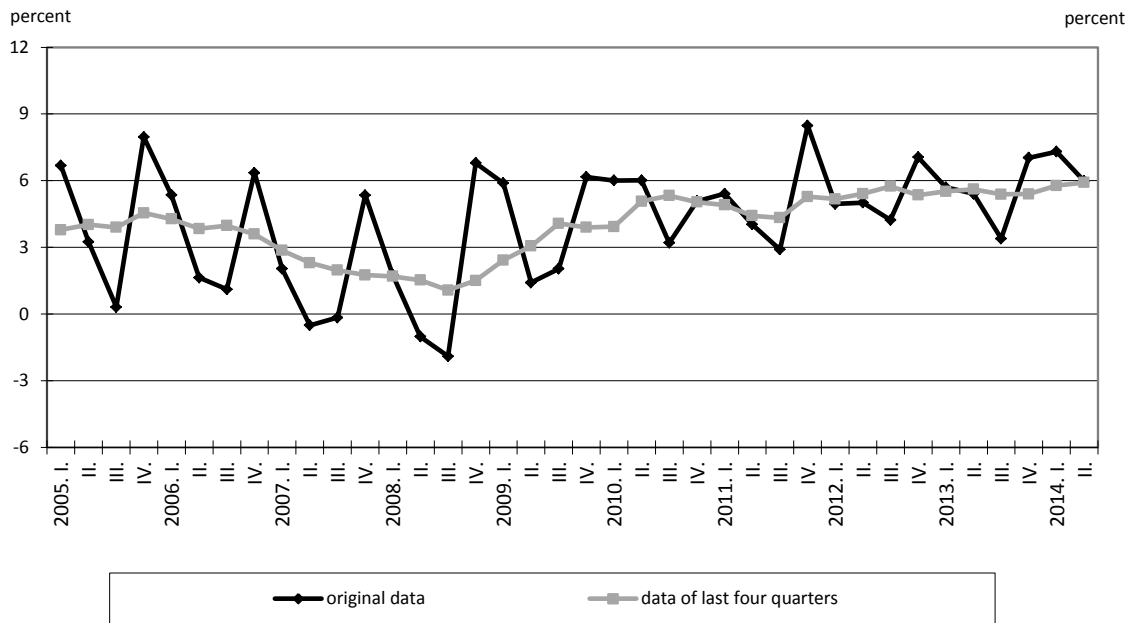


Central government net borrowing amounted to HUF 274 billion in 2014 Q2. On the assets side of the sub-sector's balance sheet, deposits with the central bank increased significantly and there were small-value purchases of equity stakes. Within other accounts receivable of central government, trade and tax receivables vis-à-vis the corporate sector increased and receivables vis-à-vis the EU fell. On the liabilities side, there were large issues of government securities. The issues were purchased mainly by credit institutions, and to a lesser extent being purchased by households. Within other accounts payable, liabilities vis-à-vis the EU increased significantly, and tax and trade liabilities vis-à-vis the corporate sector rose slightly.

Net borrowing of local government authorities was HUF 86 billion in 2014 Q2. On the assets side of the sub-sector's balance sheet, local authority deposits with monetary financial institutions fell significantly. By contrast, other receivables vis-à-vis the corporate sector increased. On the liabilities side, loans and other accounts payable rose slightly.

Net lending of the social security funds amounted to HUF 64 billion in 2014 Q2. On the assets side, deposits with the Treasury rose significantly and contribution receivables vis-à-vis households increased slightly. On the liabilities side, other liabilities vis-à-vis the corporate sector fell modestly.

Net lending of households in percent of GDP



Net lending of households (HUF 1,771 billion) was equal to 5.9 per cent of GDP in the four quarters to 2014 Q2. The sector's net lending (HUF 456 billion) amounted to 6.0 per cent of quarterly GDP in 2014 Q2.

The realignment of portfolios by households observed in previous quarters continued in 2014 Q2. Similar to previous periods, there were strong increases in holdings of currency and current account deposits. In addition, households purchased significant amounts of long-term government securities and their holdings of mutual fund shares continued to increase strongly. Holdings of short-term securities, insurance technical reserves, receivables of transfers from the European Union and other receivables vis-à-vis the corporate sector increased slightly. The decline in the sector's liabilities mainly reflected repayments of foreign-currency loans. Forint borrowing by households started to grow.

Net lending of the non-financial corporation sector was HUF 1,004 billion or 3.4 per cent of GDP in the four quarters to 2014 Q2. In 2014 Q2, net lending of non-financial corporations was HUF 420 billion, the equivalent of 5.5 per cent of quarterly GDP.

On the assets side, non-financial corporations increased their holdings of current account deposits, short-term loans granted to non-residents and, within equity assets, unquoted equity and mutual fund shares. In addition, there was a strong increase in trade credits and advances granted. However, other deposits with credit institutions and other accounts receivable vis-à-vis non-residents fell significantly due to transactions. On the liabilities side of the sector's balance sheet, loans taken and the stock of other accounts payable rose, while shares and other equity fell sharply.

According to financial accounts data, net lending of the rest of the world (or whole-economy net borrowing) amounted to HUF -1,889 billion or -6.3 per cent of GDP in the four quarters to 2014 Q2. In 2014 Q2, net lending of the rest of the world was HUF -469 billion, equal to -6.2 per cent of quarterly GDP.

On the assets side of their balance sheet, non-residents increased their holdings of current account deposits, short-term loans and other accounts receivable, while they reduced other deposits, short-term securities, long-term loans and equities. On the liabilities side, short-term debt securities and equities increased significantly. By contrast, current account deposits, other deposits and other accounts payable fell.

Tables

Main data of the institutional sectors*

	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2
Net lending, quarterly transactions, billion HUF													
Non-financial corporations (S.11)	190	268	121	-145	320	281	275	157	277	432	228	-76	420
Financial corporations (S.12)	-95	-51	-78	-262	49	78	-130	106	88	72	-68	63	-253
General government (S.13)	-348	-358	-499	-70	-163	-124	-261	-197	-151	-224	-170	-217	-296
Households (S.14)	272	205	650	312	347	306	536	367	390	254	557	503	456
Non-profit institutions serving households (S.15)	-10	-6	37	15	-7	-7	21	3	1	-4	20	49	142
Rest of the world (S.2)	-9	-58	-231	150	-546	-533	-440	-436	-605	-531	-567	-322	-469
Net lending of last four quarters, billion HUF													
Non-financial corporations (S.11)	221	519	467	433	564	577	731	1 033	989	1 140	1 093	860	1 004
Financial corporations (S.12)	-299	-302	-156	-486	-342	-213	-265	103	142	136	198	155	-186
General government (S.13)	-1 091	-1 284	-1 574	-1 274	-1 090	-856	-618	-745	-733	-833	-742	-762	-908
Households (S.14)	1 194	1 182	1 459	1 439	1 514	1 614	1 501	1 555	1 599	1 548	1 569	1 705	1 771
Non-profit institutions serving households (S.15)	-13	-23	31	36	39	37	21	9	17	21	20	67	209
Rest of the world (S.2)	-12	-92	-226	-148	-685	-1 160	-1 369	-1 955	-2 014	-2 012	-2 139	-2 025	-1 889
Consolidated gross debt of the general government, billion HUF													
General government (S.13)	21 336	22 986	22 721	22 432	22 204	22 237	22 414	23 371	23 272	23 116	23 085	24 935	25 437
Quarterly changes in consolidated gross debt of the general government, billion HUF													
changes in debt	-1 168	1 650	-265	-289	-228	33	177	957	-99	-156	-31	1 850	502
of which: transactions	-1 191	573	-1 043	311	21	148	-112	479	213	-281	10	1 478	437
revaluation	23	1 077	778	-600	-249	-115	289	478	-312	125	-41	317	65
other changes in volume	0	0	0	0	0	0	0	0	0	0	0	55	0
	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2
Net lending, quarterly transactions, percent of GDP													
Non-financial corporations (S.11)	2,8	3,8	1,6	-2,3	4,6	3,9	3,6	2,4	3,8	5,8	2,9	-1,1	5,5
Financial corporations (S.12)	-1,4	-0,7	-1,0	-4,1	0,7	1,1	-1,7	1,6	1,2	1,0	-0,9	0,9	-3,3
General government (S.13)	-5,1	-5,1	-6,5	-1,1	-2,4	-1,7	-3,4	-3,1	-2,1	-3,0	-2,1	-3,2	-3,9
Households (S.14)	4,0	2,9	8,5	5,0	5,0	4,2	7,1	5,7	5,4	3,4	7,0	7,3	6,0
Non-profit institutions serving households (S.15)	-0,1	-0,1	0,5	0,2	-0,1	-0,1	0,3	0,0	0,0	0,0	0,3	0,7	1,9
Rest of the world (S.2)	-0,1	-0,8	-3,0	2,4	-7,9	-7,4	-5,8	-6,8	-8,4	-7,1	-7,2	-4,7	-6,2
Net lending of last four quarters, percent of GDP													
Non-financial corporations (S.11)	0,8	1,9	1,7	1,6	2,0	2,1	2,6	3,7	3,5	4,0	3,8	2,9	3,4
Financial corporations (S.12)	-1,1	-1,1	-0,6	-1,7	-1,2	-0,8	-0,9	0,4	0,5	0,5	0,7	0,5	-0,6
General government (S.13)	-4,0	-4,7	-5,7	-4,6	-3,9	-3,0	-2,2	-2,6	-2,6	-2,9	-2,6	-2,6	-3,0
Households (S.14)	4,4	4,3	5,3	5,2	5,4	5,7	5,4	5,5	5,6	5,4	5,4	5,8	5,9
Non-profit institutions serving households (S.15)	0,0	-0,1	0,1	0,1	0,1	0,1	0,1	0,0	0,1	0,1	0,1	0,2	0,7
Rest of the world (S.2)	0,0	-0,3	-0,8	-0,5	-2,4	-4,1	-4,9	-6,9	-7,1	-7,0	-7,4	-6,9	-6,3
Consolidated gross debt of the general government, percent of GDP													
General government (S.13)	79,0	84,1	82,2	80,7	79,4	79,1	79,9	82,9	81,7	80,4	79,4	84,5	85,0

* Data expressed as a percentage of GDP do not yet reflect the effect of the latest GDP revision. The reasons for this are discussed in Footnote 1.

Methodological notes

1 Changes related to the statistical changeover

The methodological changeover e.g. the application of the changes of international methodological standards in Hungarian financial accounts was completed with the release of the full set of national accounts for 2014 Q1 on 30 June 2014. As the CSO closed the annual non-financial accounts of the national accounts in September, certain transactions related to general government under the new methodology have only been recorded for the current data publication. This mainly affects such corporations and non-profit institutions included in general government and the reclassification of assets and liabilities related to them.

2 Uncertainties related to general government sector data for 2014 Q2

Fiscal balance sheets for 2014 Q2 were not yet available at the time the preliminary financial accounts of general government were compiled. Therefore, estimates have been used to calculate certain assets and liabilities of the general government sector. Balance sheet reports of the central government units for 2014 Q1 are not yet fully available; therefore, estimates used for certain instruments of central government for 2014 Q1 have been maintained. Data on the following instruments have been calculated using estimates: loans granted, trade credits and advances as well as other assets and other liabilities. These data, and consequently the sector's net lending, may change in later publications.

Data revisions

Changes in the net lending of the main institutional sectors compared to the last publication (billion HUF)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014Q1
Non-financial corporations (S.11)	8	-11	-23	-25	-61	-42	-11	-70	-4	-80
Financial corporations (S.12)	2	-1	1	-68	-8	-3	8	17	19	-20
General government (S.13)	-2	1	-1	-1	-1	0	-13	-6	-24	51
Households (S.14)	0	0	0	2	0	0	0	15	0	-27
Non-profit institutions serving households (S.15)	-5	-4	-6	-2	0	0	0	0	1	7
Rest of the world (S.2)	-2	15	29	94	70	45	16	43	8	69

Data revisions reflect changes in the data sources and the methods of calculation of the financial accounts. The changes relative to the full set of accounts for 2014 Q1 were mainly related to data for enterprises and non-profit institutions newly categorised into general government and as a result of data corrections as well as to revisions of balance of payments data. Corrections were carried out on longer-period data for the certain sub-sectors of the financial sector.

References

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