

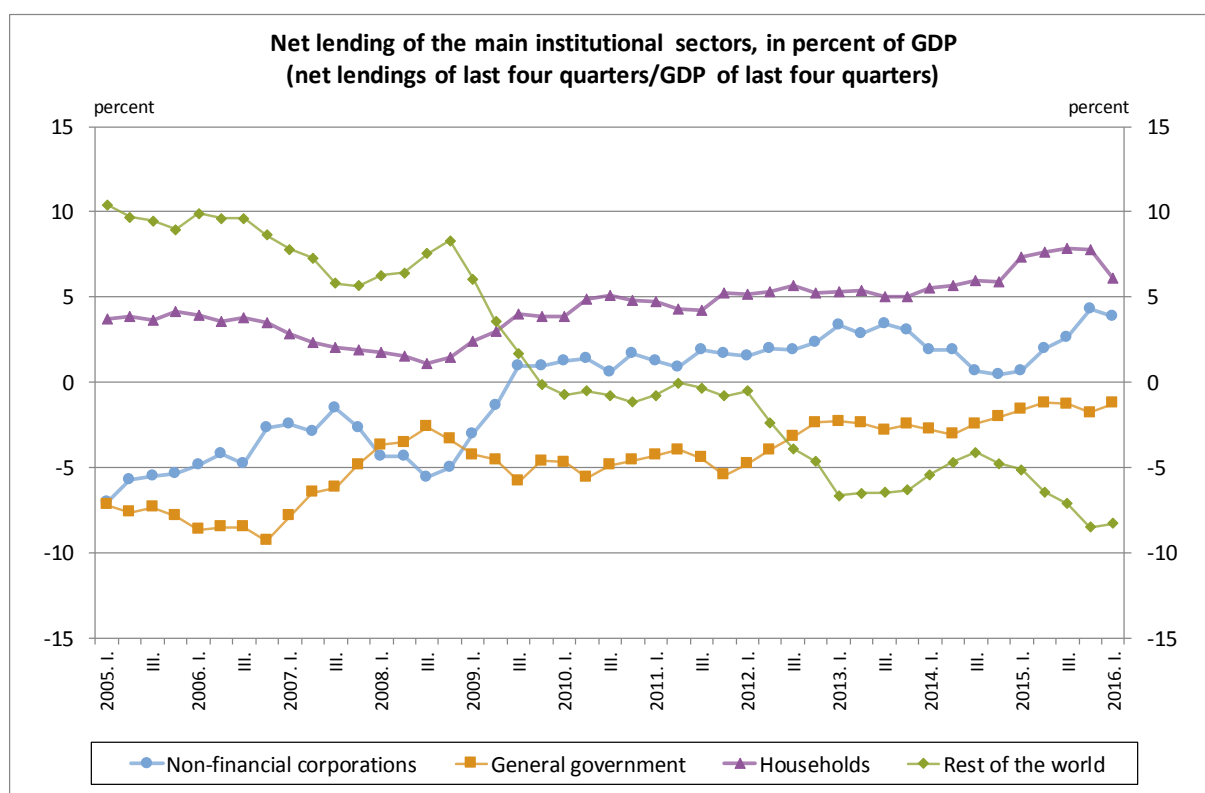


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PRESS RELEASE

Hungary's financial accounts: 2016 Q1

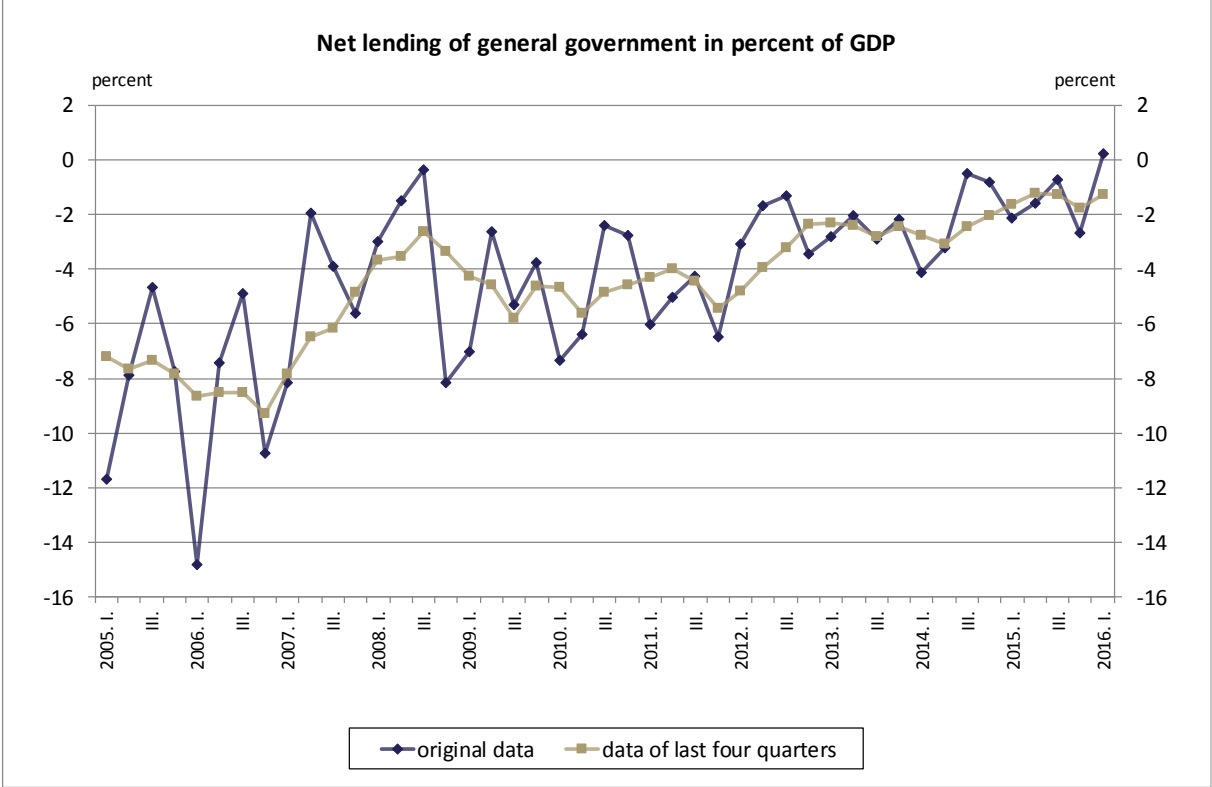
According to financial accounts data, net lending of general government amounted to -1.3 per cent of Hungary's GDP in the four quarters to 2016 Q1. Net lending of households was 6.1 per cent of GDP in the period. Net lending of non-financial corporations was 3.9 per cent of GDP and net lending of the rest of the world was -8.3 per cent of GDP in the four quarters to 2016 Q1.



* 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.

Net lending of general government amounted to HUF -425 billion or -1.3 per cent of Hungary's GDP in the four quarters to 2016 Q1. In 2016 Q1, the general government deficit, calculated from the financing side, was HUF 18 billion or 0.2 per cent of quarterly GDP. At the end of 2016 Q1, general government consolidated gross debt

at nominal value (or Maastricht debt) was HUF 26,148 billion, equivalent to 77.2 per cent of GDP. Net borrowing was the main contributing factor to the increase in debt, with the effect of revaluation being insignificant (HUF 2 billion). Net liabilities of general government amounted to HUF 23,496 billion or 69.4 per cent of GDP at the end of 2016 Q1.

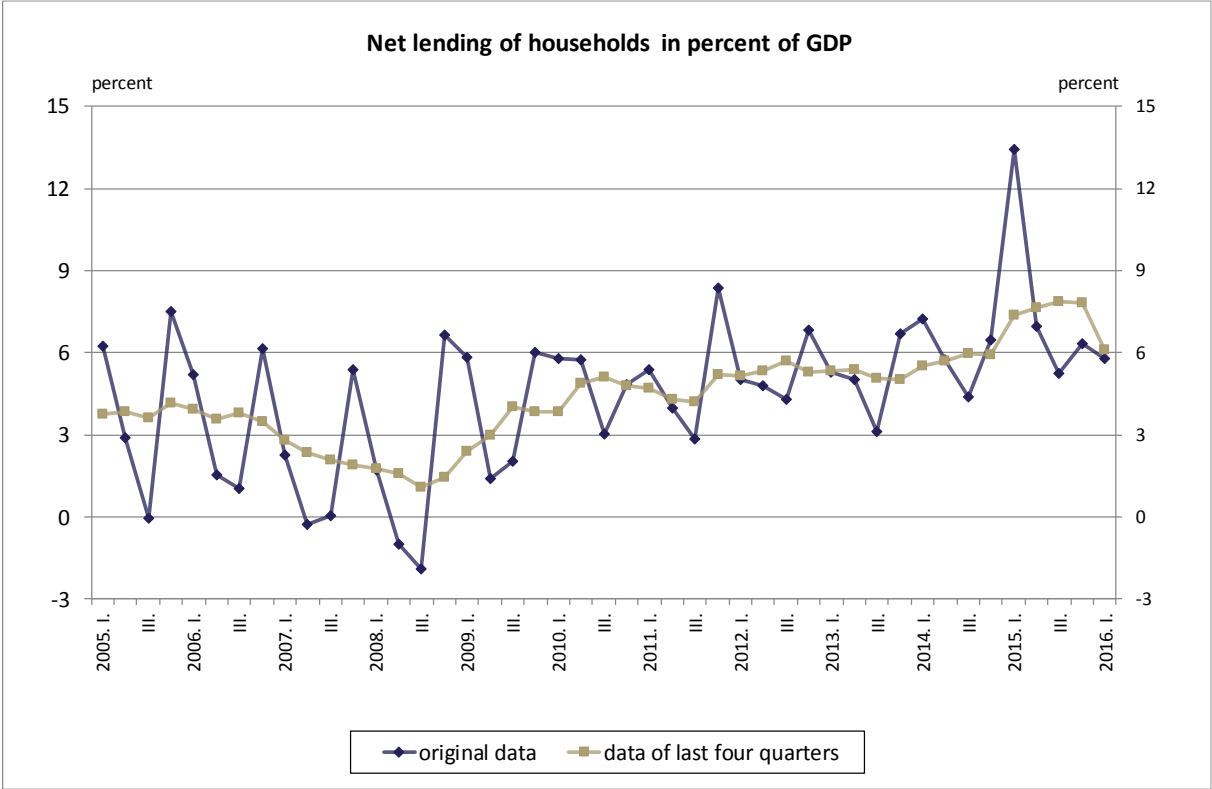


In 2016 Q1, net borrowing of central government amounted to HUF 101 billion. On the assets side of the sub-sector's balance sheet, there was a significant increase in deposits with the central bank and credit institutions. This partly reflected the fact that there were significant net issues of government securities and that the amount of transfers received from the European Union but not yet paid out increased considerably. Short-term loans granted by central government at the end of the previous year were repaid, resulting in a significant decline in outstanding loans. Within other assets of central government, claims from the corporate sector and the rest of the world increased slightly and those from the household sector fell. On the liabilities side, there were significant net issues of government securities, which affected the stocks of Treasury bills and government bonds. In both cases, the bulk of issues were purchased by financial corporations and households. In parallel, there were large redemptions of government securities, which was reflected in a decline in government bonds held by non-residents. Within loans, the sub-sector made significant long-term borrowing abroad, in contrast with previous quarters, while there were large net repayments of foreign short-term loans of similar magnitude. Within other liabilities, there was a sharp increase in liabilities due to EU transfers and tax liabilities fell slightly.

Net lending of local governments was HUF 109 billion in 2016 Q1. Within the sub-sector's financial assets, local government deposits with credit institutions rose significantly, as seen in the first quarter of previous years.

Government securities held by local governments also increased, as there were significant purchases of Treasury bills in the quarter. Within liabilities, other payables to the corporate sector increased.

Net lending of the social security funds was HUF 10 billion in 2016 Q1. On the assets side of the sub-sector’s balance sheet, contribution claims vis-à-vis the household sector fell. On the liabilities side, short-term loans granted by central government were repaid and trade payables to the corporate sector fell.



Net lending of households (HUF 2,065 billion) was equivalent to 6.1 per cent of GDP in the four quarters to 2016 Q1 and to HUF 445 billion or 5.8 per cent of quarterly GDP in 2016 Q1. Within the sector’s financial assets, households mainly increased their savings in government securities, with purchases of both short and long-term securities being significant. In parallel, they reduced their investments in several types of financial instruments. There was a sharp decline in the sector’s currency and deposit holdings and there were net sales of bonds issued by credit institutions and foreign-issued bonds, quoted shares and mutual fund shares. Although the stock of non-money market fund shares increased due to transactions, investments in money market fund shares fell more strongly than the increase in the former. Insurance technical reserves increased in the period, which mainly affected non-life reserves. Household holdings of other equity also increased significantly. This reflected the fact that part of limited liability companies implemented their compulsory capital increase in 2016 Q1.

On the liabilities side, the decline in households’ loan liabilities continued in 2016 Q1, with the sector being a net repayer of both real estate loans and consumption loans.

Net lending of non-financial corporations was HUF 1,306 billion or 3.9 per cent of quarterly GDP in the four quarters to 2016 Q1. By contrast, the sector registered a net borrowing of HUF 258 billion or 3.4 per cent of quarterly GDP in 2016 Q1. On the assets side, the most significant decline occurred to non-financial corporations' claims from financial corporations due to transactions, mainly because of the fall in deposits with banks. The sector's receivables from central government increased, closely related to net purchases of government securities and transfers from the European Union. Developments in claims from the rest of the world were shaped by a decline in loans granted and an increase in shares and other equities.

On the liabilities side, payables to the resident sectors increased, while payables to non-residents fell due to transactions. Non-financial corporations mainly reduced their loan liabilities, while the stock of shares and other equities increased.

Net lending of the rest of the world was HUF -2,805 billion or -8.3 per cent of GDP in the four quarters to 2016 Q1 and HUF -269 billion or -3.5 per cent of quarterly GDP in 2016 Q1, i.e. the national economy financed the rest of the world to that extent. In 2016 Q1, an outlying transaction appeared within both financial assets and financial liabilities (within equity in financial corporations), which was related to the discontinuation of a large company. In addition, deposits with credit institutions and equity in non-financial corporations within non-residents' financial assets rose significantly and the stock of receivables from central government related to EU transfers increased. There were significant net sales of government securities in the quarter and the stock of loans granted fell due to transactions.

On the liabilities side of the sector's balance sheet, deposits placed by the MNB abroad, the stock of non-residents' loans from credit institutions and shares and other equity held by non-financial corporations increased significantly due to transactions. By contrast, there was a sharp decline in foreign securities held by the MNB.

Tables

Main data of the institutional sectors

	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1
Net lending, quarterly transactions, billion HUF													
Non-financial corporations (S.11)	139	193	416	168	-200	193	51	104	-122	606	288	671	-258
Financial corporations (S.12)	119	109	83	-125	115	-219	-19	-23	-377	-293	-68	110	38
General government (S.13)	-186	-152	-225	-177	-295	-255	-40	-71	-159	-132	-63	-247	18
Households (S.14)	352	374	242	547	519	454	363	568	1 009	575	458	588	445
Non-profit institutions serving households (S.15)	4	2	-3	21	49	143	3	90	-20	-3	6	41	27
Rest of the world (S.2)	-428	-526	-514	-434	-188	-316	-358	-668	-330	-753	-620	-1 162	-269
Net lending of last four quarters, billion HUF													
Non-financial corporations (S.11)	957	837	1 008	917	578	578	213	149	227	639	876	1 443	1 306
Financial corporations (S.12)	74	177	216	187	182	-146	-248	-146	-638	-712	-761	-628	-213
General government (S.13)	-666	-700	-829	-740	-850	-953	-767	-661	-525	-402	-426	-602	-425
Households (S.14)	1 537	1 572	1 499	1 514	1 682	1 762	1 883	1 904	2 393	2 514	2 609	2 629	2 065
Non-profit institutions serving households (S.15)	12	20	24	24	69	211	216	284	215	69	73	24	71
Rest of the world (S.2)	-1 915	-1 906	-1 917	-1 902	-1 662	-1 452	-1 296	-1 530	-1 672	-2 109	-2 371	-2 865	-2 805
Consolidated gross debt of the general government, billion HUF													
General government (S.13)	23 362	23 263	23 107	23 076	24 915	25 420	25 084	24 514	24 976	25 878	25 912	25 394	26 148
Quarterly changes in consolidated gross debt of the general government, billion HUF													
changes in debt	948	-99	-156	-31	1 839	505	-336	-570	462	902	34	-518	754
of which: transactions	471	217	-278	28	1 469	444	-338	-706	902	395	94	-606	751
revaluation	477	-315	122	-59	315	61	5	136	-440	507	-60	88	2
other changes in volume	0	0	0	0	54	0	-3	0	0	0	0	0	0
	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1
Net lending, quarterly transactions, percent of GDP													
Non-financial corporations (S.11)	2,1	2,6	5,4	2,1	-2,8	2,4	0,6	1,2	-1,6	7,3	3,3	7,2	-3,4
Financial corporations (S.12)	1,8	1,5	1,1	-1,5	1,6	-2,8	-0,2	-0,3	-5,0	-3,6	-0,8	1,2	0,5
General government (S.13)	-2,8	-2,0	-2,9	-2,2	-4,1	-3,2	-0,5	-0,8	-2,1	-1,6	-0,7	-2,7	0,2
Households (S.14)	5,3	5,0	3,1	6,7	7,2	5,7	4,4	6,5	13,4	7,0	5,3	6,3	5,8
Non-profit institutions serving households (S.15)	0,1	0,0	0,0	0,3	0,7	1,8	0,0	1,0	-0,3	0,0	0,1	0,4	0,4
Rest of the world (S.2)	-6,4	-7,0	-6,6	-5,3	-2,6	-4,0	-4,3	-7,6	-4,4	-9,1	-7,1	-12,5	-3,5
Net lending of last four quarters, percent of GDP													
Non-financial corporations (S.11)	3,3	2,9	3,4	3,1	1,9	1,9	0,7	0,5	0,7	1,9	2,6	4,3	3,9
Financial corporations (S.12)	0,3	0,6	0,7	0,6	0,6	-0,5	-0,8	-0,5	-2,0	-2,2	-2,3	-1,9	-0,6
General government (S.13)	-2,3	-2,4	-2,8	-2,5	-2,8	-3,1	-2,4	-2,1	-1,6	-1,2	-1,3	-1,8	-1,3
Households (S.14)	5,3	5,4	5,1	5,0	5,5	5,7	6,0	5,9	7,4	7,7	7,9	7,8	6,1
Non-profit institutions serving households (S.15)	0,0	0,1	0,1	0,1	0,2	0,7	0,7	0,9	0,7	0,2	0,2	0,1	0,2
Rest of the world (S.2)	-6,6	-6,5	-6,5	-6,3	-5,4	-4,7	-4,1	-4,8	-5,1	-6,4	-7,1	-8,5	-8,3
Consolidated gross debt of the general government, percent of GDP													
General government (S.13)	81,0	79,5	77,9	76,8	81,5	81,9	79,4	76,2	76,8	78,8	78,0	75,3	77,2

Methodological notes

1 Methodological changes to the recording of forint currency

An estimate of currency holdings of non-profit institutions serving households has been made, which was not previously included in the financial accounts. The data have been backdated over the entire time series. Banknotes and coin in circulation has remained broadly unchanged and currency held by households has been reduced by the amount of currency held by non-profit institutions serving households. The latter has been defined as a residual in distributing the amount of forint currency among the sectors.

2 Methodological changes to the recording of monetary gold and SDR

Beginning with this press release, unallocated gold accounts, forming part of international reserves, will be recorded as an asset of the central bank and a liability of the rest of the world in the national accounts, in line with international statistical standards. As a result, the recording of monetary gold without an offsetting entry, where the asset of the central bank is not the liability of another sector, has been terminated.

In the financial accounts, the reserve position in the International Monetary Fund, which was previously recorded under the SDR instrument, has been reclassified into current account deposits.

The above changes have been backdated over the entire time series.

3 Uncertainties related to the use of general government sector data

Balance sheets of the central government and local government sub-sectors for 2016 Q1 were not available at the time of compilation of the financial accounts. Therefore, other assets and liabilities as well as loans granted contain estimates. These data, and consequently the sector's net lending, may change in later publications.

4 Uncertainties related to household data for 2016 Q1

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.

About the publication of information related to the financial accounts

The tables showing the key financial data of state and local government-owned large non-financial enterprises, the differences between the financial accounts and balance of payments statistics, the differences between the financial accounts and the monetary balance sheets as well as the tables showing the financial accounts of companies in collective ownership (state and local government) are being released in conjunction with this press release. They can be accessed by clicking on the following link: <http://www.mnb.hu/en/statistics/statistical-data-and-information/statistical-time-series/xii-financial-accounts-financial-assets-and-liabilities-of-institutional-sectors/other-data-relating-to-financial-accounts>.

Revisions to past data

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015Q1	2015Q2	2015Q3	2015Q4
Non-financial corporations (S.11)	0	0	-1	-1	2	0	7	-16	-66	-61	112	-3	145
Financial corporations (S.12)	0	0	0	0	0	0	0	14	22	34	8	2	-6
General government (S.13)	0	0	1	1	-2	0	-7	1	55	-9	-51	-9	101
Households (S.14)	-2	-2	-2	-2	-1	-3	-3	-4	-12	-26	-2	-2	-6
Non-profit institutions serving households (S.15)	2	2	2	2	1	3	3	4	1	3	3	12	35
Rest of the world (S.2)	0	0	0	0	0	0	0	0	0	60	-70	0	-269

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 2015 Q4 were related to revisions of balance of payments data, which mainly affected the non-financial corporate sector. In the case of general government, the change is related to the receipt of updated data sources (primarily balance sheets related to annual reports for 2014 and 2015), which mainly affected trade credits of and loans granted by general government. In the case of non-profit institutions serving households and the household sector, the recording of currency holdings according to a new methodology caused the change in data.

References

[Comprehensive tables](#)

[Time series](#)

[Charts](#)

[Financial accounts manual](#)

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