

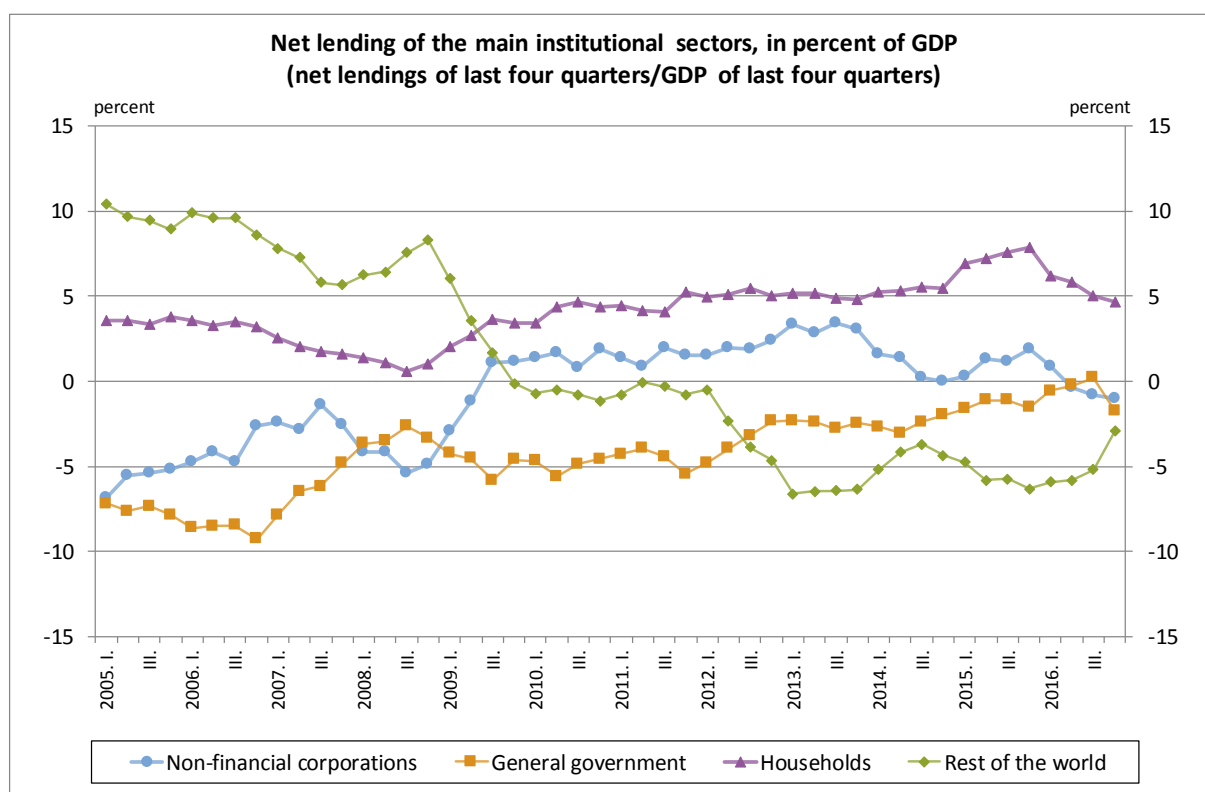


31 March 2017

PRESS RELEASE

Hungary's financial accounts: 2016 Q4

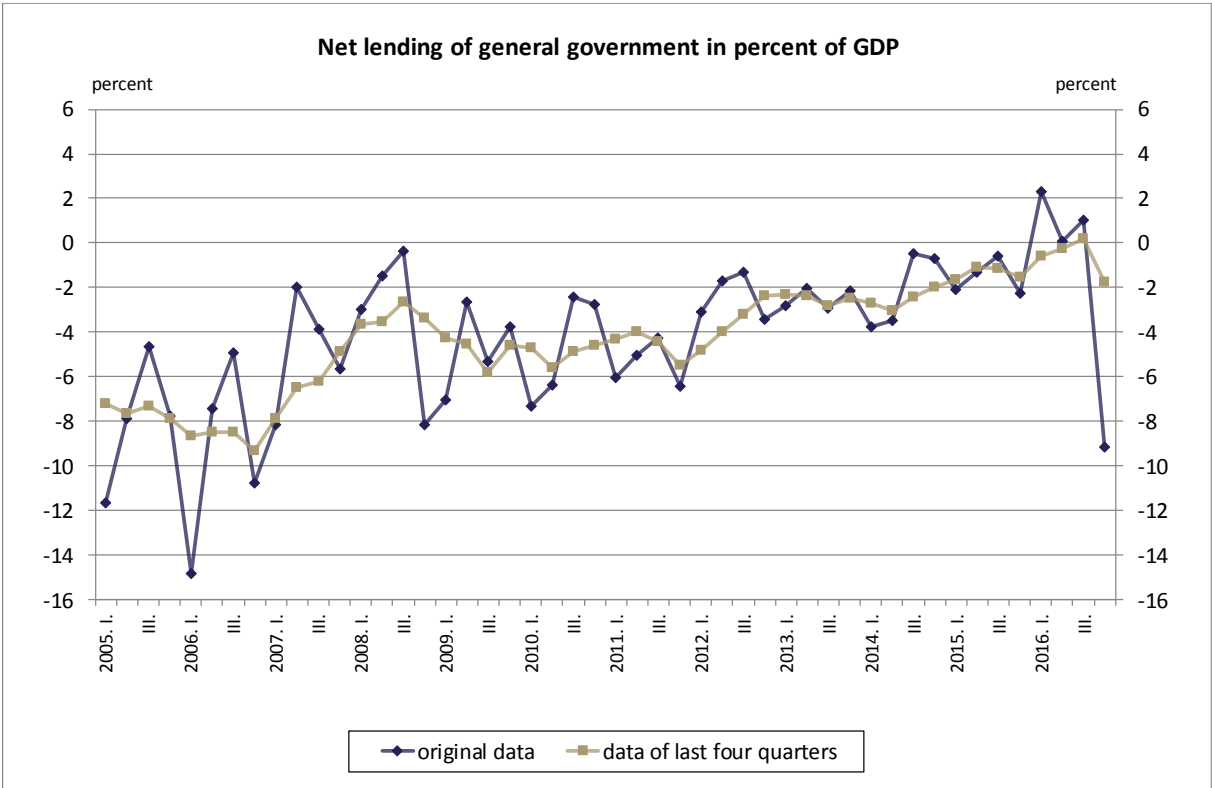
According to financial accounts data, net lending of general government amounted to -1.7 per cent and net lending of households amounted to 4.6 per cent of Hungary's GDP in 2016. Net lending of non-financial corporations was -1.1 per cent of GDP and net lending of the rest of the world was -2.9 per cent of GDP in the period.



* 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 -606 billion or -1.7 per cent of Hungary's GDP in 2016. In 2016 Q4, general government net lending calculated from the financing side was equal to -9.2 per cent (HUF - 879 billion) of quarterly GDP. At the end of 2016, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 25,922 billion, equivalent to 74.1 per cent of GDP. The upward revaluation of

foreign currency debt contributed HUF 52 billion to the increase in government debt calculated at current prices. This was offset by net repayments of loans amounting to HUF 13 billion. Net liabilities of general government amounted to HUF 23,097 billion or 66.0 per cent of GDP at the end of 2016.

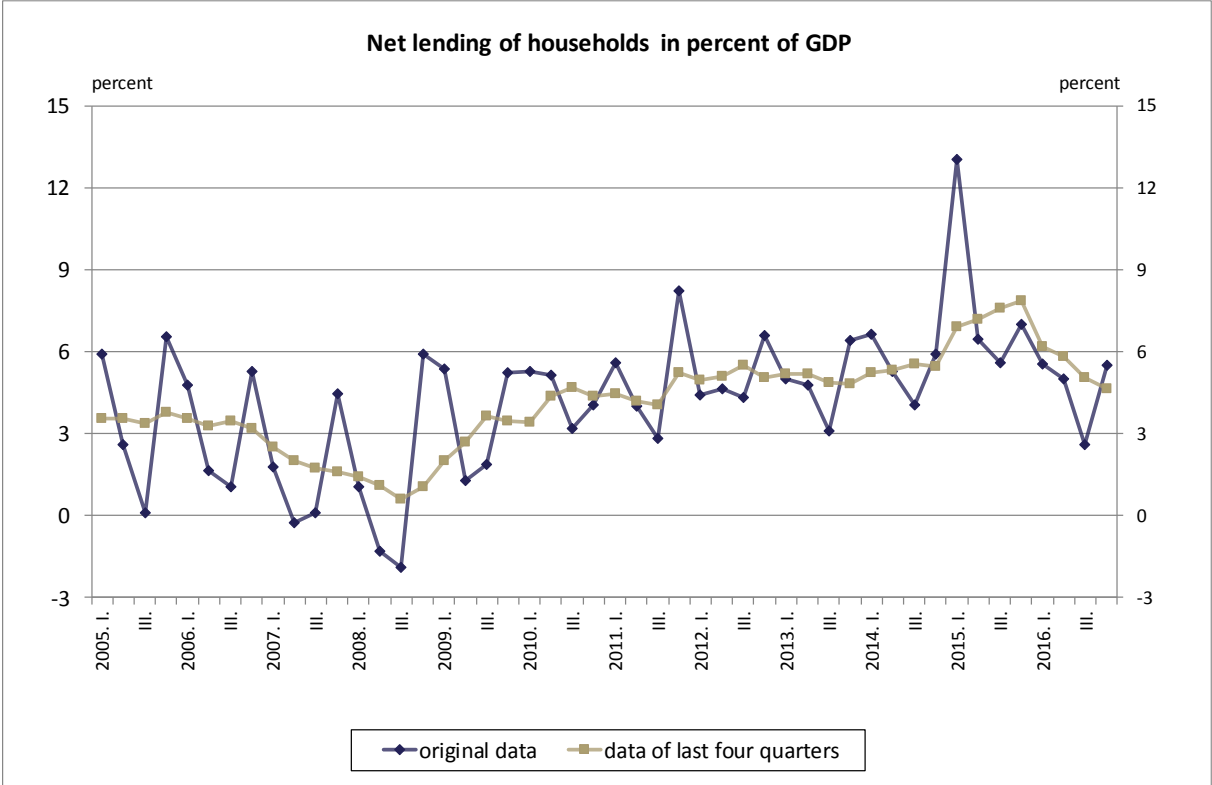


In 2016 Q4, net borrowing of central government amounted to HUF 791 billion. On the asset side of the sub-sector’s balance sheet, there was a significant decline in deposits placed with the central bank and credit institutions. In view of the end of the year, short-term lending to other sub-sectors of general government increased and there was some acquisition of equity. Looking at other assets of central government, claims from the European Union declined significantly, which was offset by an increase in claims from local governments and households. On the liability side, the stock of long-term securities fell significantly due to transactions, mainly affecting non-resident holders. Parallel with this, there were some net sales of government bonds, mainly to the household sector. Purchases of Treasury bills by the household sector picked up again as well in the period; nevertheless, the stock of short-term securities rose only slightly, as central government made net redemptions to the other sectors. The amount of loans outstanding remained broadly unchanged, with the increase in short-term loans and the decline in long-term loans offsetting each other. There was a significant increase in other liabilities of central government. Here, the increase in liabilities related to EU transfers was the main contributing factor. Advance payments for arable land purchases at public sales were recorded as other payables to households.

Net borrowing of local governments was HUF 62 billion in 2016 Q4. Within the sub-sector’s financial assets, local government deposits placed with central government and credit institutions rose. There was a slight decline in Treasury bills held by local governments; and their trade receivables also fell. Financial transactions vis-à-vis

central government played a major role in the increase in their liabilities. Short-term borrowing by local governments increased due to advance payments of wages at the end of the year; and their other liabilities also rose due to receipts of advance EU funding.

Net borrowing of the social security funds was HUF 26 billion in 2016 Q4. On the asset side of the sub-sector’s balance sheet, contribution receivables from households rose. On the liability side, the stock of short-term lending by central government increased.



Net lending of households was equivalent to 4.6 per cent (HUF 1,627 billion) of GDP in 2016 and to 5.5 per cent (HUF 527 billion) of quarterly GDP in 2016 Q4. Within households’ financial assets, the stock of deposits rose the most strongly in the quarter. In particular, current account deposits increased and the stock of term deposits fell further. In addition, holdings of currency rose. The increase in the stock of cash and deposits was closely related to the higher outflow of wages characterising the end of the year and payments of EU funding. Within investments by households, purchases of government securities continued to be dominant. Demand for short-term paper was greater, but the stock of long-term government bonds also increased steadily due to transactions. Households’ portfolio of mutual fund shares was broadly unchanged in the quarter, although the stock of non-money market fund shares increased due to transactions. This was offset by net sales of money market mutual fund shares. Net sales of bonds issued by credit institutions continued to dominate; and the sector’s portfolio of quoted shares fell. Within insurance technical reserves, the stocks of pension and life insurance reserves both rose in the quarter.

On the liability side, outstanding borrowing by the household sector continued to increase due to transactions in 2016 Q4. In the case of housing loans granted by credit institutions, there were net repayments of loans, but the stocks of consumption loans and other loans increased, mainly reflecting rising borrowing by sole proprietors.

Net lending of non-financial corporations was HUF -368 billion or -1.1 per cent of quarterly GDP in 2016, i.e. the sector had net borrowing in the year as a whole. The sector's net lending amounted to HUF 261 billion or 2.7 per cent of quarterly GDP in 2016 Q4. On the asset side, the sector's claims from financial corporations rose the most significantly, due mainly to an increase in current account deposits with credit institutions. In addition, there were significant changes in transactions related to the rest of the world. Deposits and equity purchased in foreign companies increased. This was offset by declines in loans granted and trade credits and advances.

On the liability side, the largest transactions were also related to the rest of the world sector. Liabilities acquired in the form of equity from the rest of the world increased significantly. In parallel, however, there was a decline in credits to non-residents. The increase in liabilities to financial corporations due to transactions was mainly driven by net borrowing. In relation to the household sector, wage and tax liabilities increased in the quarter.

Net lending of the rest of the world was HUF -1,024 billion or -2.9 per cent of GDP in 2016 and HUF -128 billion or -1.3 per cent of quarterly GDP in 2016 Q4, i.e. the national economy financed the rest of the world to that extent. On the asset side of the sector's balance sheet, claims from financial corporations fell the most strongly, mainly affecting deposits with credit institutions and loans. Transactions related to general government resulted in a decline in the stock of government securities and an increase in the stock of loans. Equity held in non-financial corporations increased significantly due to transactions in the quarter. This, however, was offset by a decline in loans granted to the sector.

On the liability side of the sector's balance sheet, there was an increase in payables to financial corporations increased and a fall in those to the other domestic sectors. The central bank's deposits held abroad, borrowing by non-residents from credit institutions and the stock of equity held by non-financial corporations rose the most significantly due to transactions. By contrast, foreign securities held by the central bank and the stock of borrowing from non-financial corporations fell.

Tables

Main data of the institutional sectors

	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4
Net lending, quarterly transactions, billion HUF													
Non-financial corporations (S.11)	177	-287	135	52	108	-201	484	7	345	-542	64	-151	261
Financial corporations (S.12)	-96	136	-191	28	10	-369	-307	-67	86	46	65	24	1
General government (S.13)	-177	-269	-279	-39	-59	-156	-109	-51	-211	176	7	90	-879
Households (S.14)	526	478	423	338	524	981	540	489	658	428	437	235	527
Non-profit institutions serving households (S.15)	21	49	143	2	106	-2	-7	5	40	18	13	-14	218
Rest of the world (S.2)	-451	-106	-231	-383	-688	-252	-600	-383	-917	-126	-586	-184	-128
Net lending of last four quarters, billion HUF													
Non-financial corporations (S.11)	931	493	440	78	9	94	444	398	635	294	-127	-285	-368
Financial corporations (S.12)	241	258	-59	-123	-17	-522	-638	-733	-658	-242	130	220	135
General government (S.13)	-740	-824	-951	-764	-646	-533	-363	-376	-527	-195	-78	63	-606
Households (S.14)	1 457	1 603	1 667	1 765	1 763	2 265	2 383	2 534	2 667	2 114	2 011	1 757	1 627
Non-profit institutions serving households (S.15)	24	69	210	215	300	249	99	101	35	56	76	58	236
Rest of the world (S.2)	-1 914	-1 599	-1 307	-1 171	-1 408	-1 554	-1 924	-1 923	-2 152	-2 026	-2 012	-1 813	-1 024
Consolidated gross debt of the general government, billion HUF													
General government (S.13)	23 076	24 915	25 420	25 084	24 514	24 986	25 887	25 921	25 403	26 157	25 909	25 883	25 922
Quarterly changes in consolidated gross debt of the general government, billion HUF													
changes in debt	-31	1 839	505	-336	-570	471	902	34	-518	754	-248	-26	39
of which: transactions	27	1 472	433	-340	-700	896	396	95	-606	754	-305	150	-13
revaluation	-58	312	72	7	131	-434	506	-62	88	0	57	-176	52
other changes in volume	0	54	0	-3	0	9	0	0	0	0	0	0	0
	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4
Net lending, quarterly transactions, percent of GDP													
Non-financial corporations (S.11)	2,2	-4,0	1,7	0,6	1,2	-2,7	5,8	0,1	3,7	-7,1	0,7	-1,7	2,7
Financial corporations (S.12)	-1,2	1,9	-2,4	0,3	0,1	-4,9	-3,7	-0,8	0,9	0,6	0,7	0,3	0,0
General government (S.13)	-2,2	-3,7	-3,5	-0,5	-0,7	-2,1	-1,3	-0,6	-2,2	2,3	0,1	1,0	-9,2
Households (S.14)	6,4	6,6	5,3	4,0	5,9	13,0	6,5	5,6	7,0	5,6	5,0	2,6	5,5
Non-profit institutions serving households (S.15)	0,3	0,7	1,8	0,0	1,2	0,0	-0,1	0,1	0,4	0,2	0,1	-0,2	2,3
Rest of the world (S.2)	-5,5	-1,5	-2,9	-4,6	-7,8	-3,4	-7,2	-4,4	-9,8	-1,6	-6,7	-2,0	-1,3
Net lending of last four quarters, percent of GDP													
Non-financial corporations (S.11)	3,1	1,6	1,4	0,2	0,0	0,3	1,3	1,2	1,9	0,9	-0,4	-0,8	-1,1
Financial corporations (S.12)	0,8	0,8	-0,2	-0,4	-0,1	-1,6	-1,9	-2,2	-1,9	-0,7	0,4	0,6	0,4
General government (S.13)	-2,5	-2,7	-3,1	-2,4	-2,0	-1,6	-1,1	-1,1	-1,6	-0,6	-0,2	0,2	-1,7
Households (S.14)	4,8	5,2	5,3	5,6	5,4	6,9	7,2	7,6	7,8	6,2	5,8	5,1	4,6
Non-profit institutions serving households (S.15)	0,1	0,2	0,7	0,7	0,9	0,8	0,3	0,3	0,1	0,2	0,2	0,2	0,7
Rest of the world (S.2)	-6,4	-5,2	-4,2	-3,7	-4,3	-4,8	-5,8	-5,8	-6,3	-5,9	-5,8	-5,2	-2,9
Consolidated gross debt of the general government, percent of GDP													
General government (S.13)	76,6	81,2	81,6	78,9	75,7	76,4	78,3	77,5	74,7	76,6	75,0	74,4	74,1

About the publication of information related to the financial accounts

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 tables showing 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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016Q1	2016Q2	2016Q3
Non-financial corporations (S.11)	0	0	0	0	1	-1	0	-54	-267	-162	-15	-85
Financial corporations (S.12)	0	0	0	0	0	0	0	11	-2	-4	-1	16
General government (S.13)	0	0	0	0	0	0	0	0	3	252	57	-266
Households (S.14)	0	0	0	0	-1	1	0	-1	45	11	8	32
Non-profit institutions serving households (S.15)	0	0	0	0	0	0	0	0	0	0	0	0
Rest of the world (S.2)	0	0	0	0	0	0	0	45	222	-97	-49	303

Data revisions reflect changes in the data sources and the methods of calculation of the financial accounts. Relative to the full set of accounts for 2016 Q3, data have changed mainly as a result of the overall revision of shares and equity data derived from annual corporate balance sheets and the revision of balance of payments statistics. The retroactive changes in transactions data for general government mainly reflect improvements in accrual-based data on EU funding.

References

[Comprehensive tables](#)

[Time series](#)

[Charts](#)

[Financial accounts manual](#)

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