

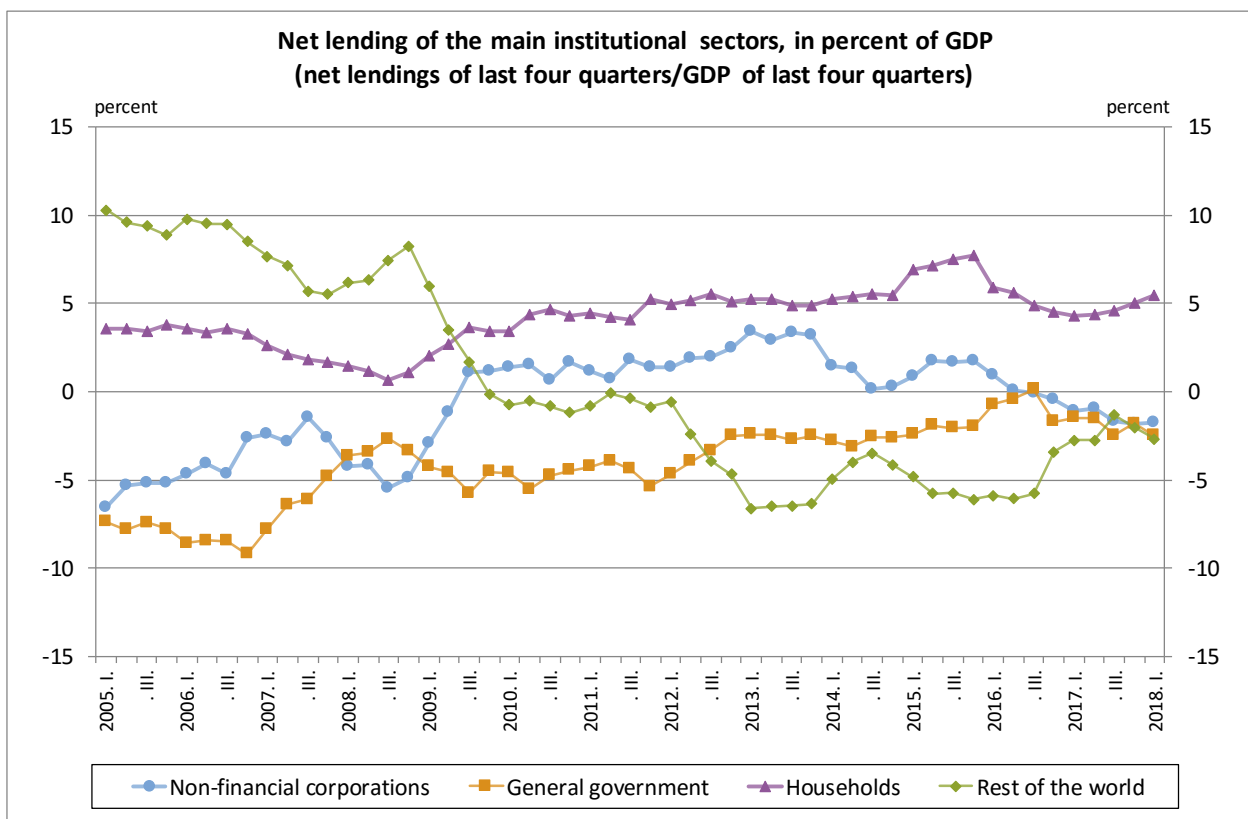


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PRESS RELEASE

Hungary's financial accounts: 2018 Q1

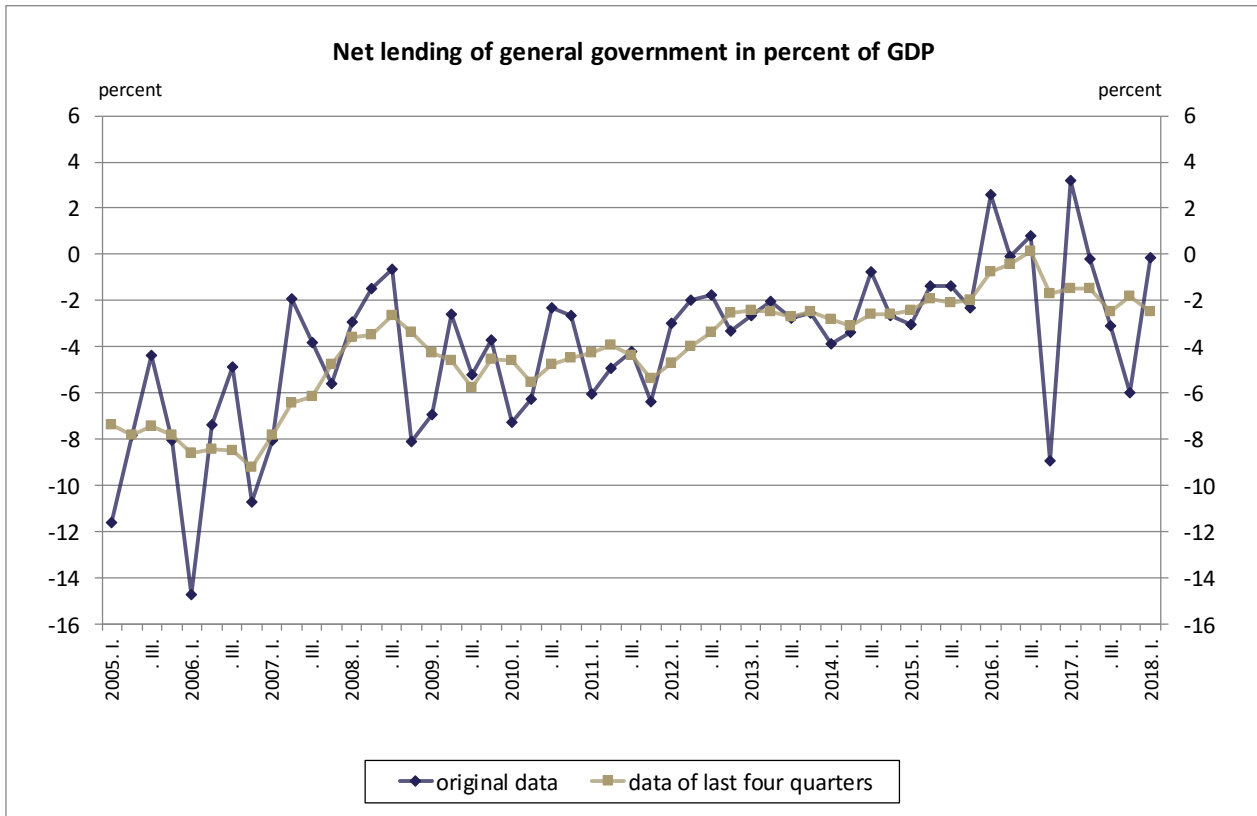
According to financial accounts data, net lending of general government amounted to -2.5 per cent in the four quarters to 2018 Q1. Net lending of households was 5.5 per cent of Hungary's GDP in the same period. Net lending of non-financial corporations amounted to -1.8 per cent of GDP and net lending of the rest of the world was -2.7 per cent of GDP in the four quarters to 2018 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 -969 billion or -2.5 per cent of Hungary's GDP in the four quarters to 2018 Q1. General government net lending calculated from the financing side (HUF -13 billion) was equal to -0.1 per cent of quarterly GDP in 2018 Q1.

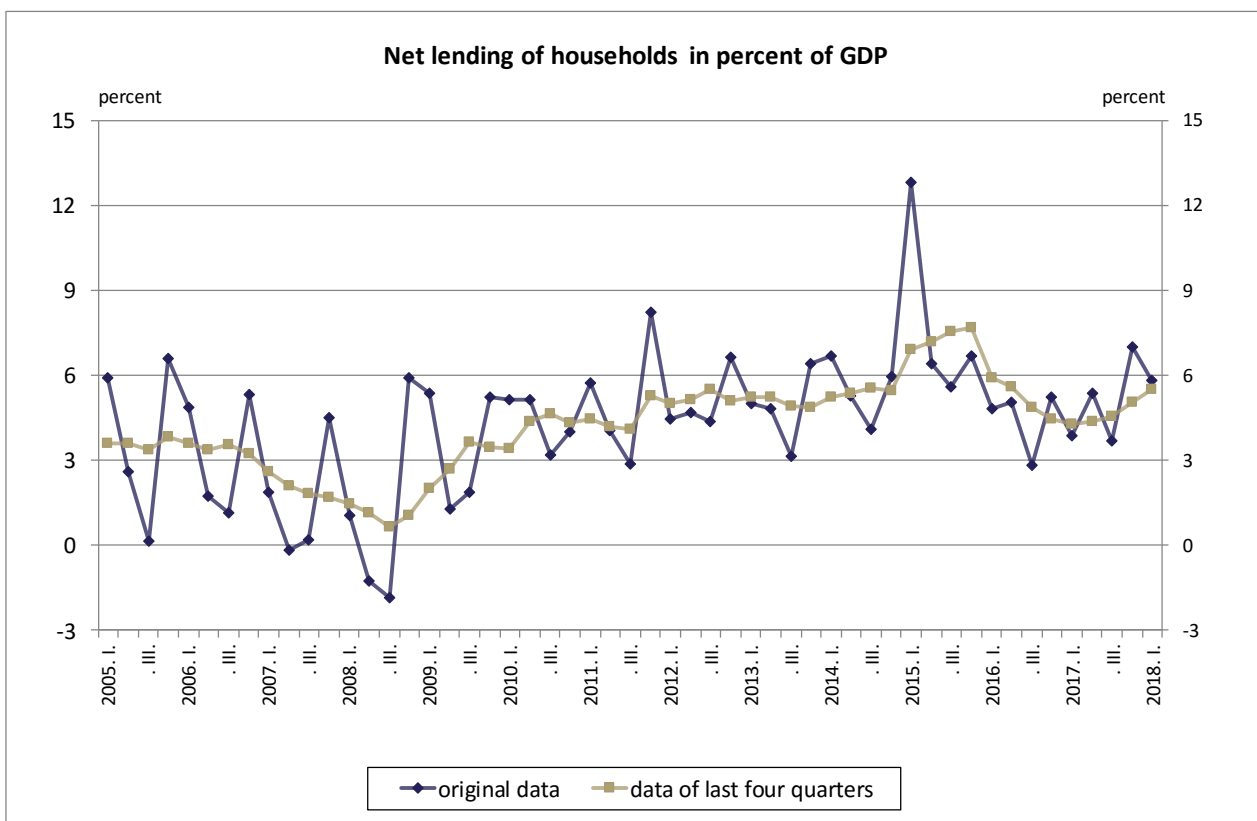
Net liabilities of general government amounted to HUF 23,984 billion or 61.6 per cent of GDP at the end of 2018 Q1. At the end of 2018 Q1, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 28,045 billion, equivalent to 72.1 per cent of GDP. Transactions and revaluations increased the government debt calculated at current prices by HUF 627 billion and HUF 59 billion, respectively. In consideration of the debt of the Eximbank the sector's Maastricht measure of debt was 73.9 per cent of the GDP, which is 1.8 percentage point higher than 72.1 per cent calculated on the basis of financial accounts methodology.



In 2018 Q1, net borrowing of central government amounted to HUF 208 billion. Within the increase in its financial assets due to transactions, the sharp expansion in the stock of other accounts receivable was the most significant. Besides trade credits, claims related to transfers from the European Union and the advances granted to local governments also rose. In addition, a slight increase was observed in deposits and securities resulting from transactions, while there was a decline in outstanding loans. On the liabilities side there was a substantial bond issuance in 2018 Q1. Primarily credit institutions exhibited significant demand; however, there was a considerable increase in the amount of government securities held by local governments, households and the non-resident sector due to transactions. Similarly to previous quarters, outstanding borrowing by the central government fell, which primarily affected the stock of short-term loans to non-residents. There was a considerable decrease in other accounts payable, particularly in trade credits and tax liabilities.

Net lending of local governments was HUF 199 billion in 2018 Q1. Due to transactions the sector's financial assets rose significantly. The increase was reflected in deposits with the central government and credit institutions on the one hand, and the significant amount of purchases of government securities, on the other. On the liabilities side, only their other accounts payable rose more significantly, which is attributable to the advances granted by the central government, as well as tax liabilities to corporations.

Net borrowing of the social security funds was HUF 4 billion in 2018 Q1. On the assets side of the sub-sector's balance sheet, other accounts receivable relating to social contributions decreased. On the liabilities side, there was a slight decrease in the stock of short-term loans by the central government.



According to financial accounts data, net lending of households was equivalent to 5.5 per cent (HUF 2,141 billion) of quarterly GDP in the four quarters to 2018 Q1 and to 5.8 per cent (HUF 534 billion) of quarterly GDP in 2018 Q1.

Within households' financial assets, there was a significant increase in currency and current account deposits, long-term debt securities, shares and other equities due to transactions in the quarter; the increase was less substantial in insurance technical reserves. However, a decrease was observable in short-term debt securities.

In terms of liabilities of households, within loans from credit institutions the stock of housing loans rose significantly due to transactions, while that of consumer and other loans declined. In the case of loans from other financial

corporations the situation was reverse: housing loans fell, while consumer and other loans rose. Other accounts payable of households decreased considerably due to transactions.

Net lending of non-profit institutions serving households was HUF 335 billion or 0.9 per cent of quarterly GDP in the year up to 2018 Q1 and HUF 209 billion or 2.3 per cent of quarterly GDP in 2018 Q1. Non-profit institutions serving households primarily increased their deposits and stocks of debt securities using the transfers received from the central government in 2018 Q1; changes in other financial assets and liabilities remained insignificant.

Net lending of non-financial corporations was HUF -694 billion or -1.8 per cent of quarterly GDP in the year up to 2018 Q1 and HUF -675 billion or -7.4 per cent of quarterly GDP in 2018 Q1.

In 2018 Q1, non-financial corporations' financial assets rose slightly, while the increase was more significant in their liabilities due to transactions. Within financial assets current account and other deposits, short-term loans and shares and other equity rose significantly; however, there was a considerable decline in long-term loans and other accounts receivable. On the liabilities side the most prominent increase was observed in other accounts payable, but there was also a significant increase in short-term loans and shares and other equities; however, long-term loans declined considerably.

Net lending of the rest of the world was HUF -1038 billion or -2.7 per cent of GDP in the year up to 2018 Q1 and HUF -242 billion or -2.6 per cent of quarterly GDP in 2018 Q1.

The financial assets and liabilities of the rest of the world rose sharply due to transactions, the increase in liabilities exceeded considerably the rise in financial assets. Within financial assets there was a considerable increase in the stocks of current account deposits, debt securities, shares and other equities and particularly other accounts receivable; however, the decline in loans and financial derivative was significant due to transactions.

With respect to the liabilities of the sector, a substantial increase was observed in the stock of deposits, long-term securities, short-term loans and other accounts payable due to transactions; however, there was a decline in short-term securities, long-term loans and financial derivative liabilities.

Tables

Main data of the institutional sectors

	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1
Net lending, quarterly transactions, billion HUF													
Non-financial corporations (S.11)	-173	464	4	304	-451	169	-46	171	-686	209	-310	82	-675
Financial corporations (S.12)	-305	-293	3	90	32	72	25	-6	64	-6	45	-1	187
General government (S.13)	-230	-113	-118	-222	201	-9	75	-870	267	-21	-301	-634	-13
Households (S.14)	974	542	488	641	376	448	253	511	325	506	359	742	534
Non-profit institutions serving households (S.15)	-2	-7	5	40	46	13	-14	218	7	22	-12	117	209
Rest of the world (S.2)	-263	-593	-383	-853	-203	-693	-292	-23	22	-710	219	-305	-242
Net lending of last four quarters, billion HUF													
Non-financial corporations (S.11)	284	593	557	599	321	26	-25	-158	-392	-352	-615	-704	-694
Financial corporations (S.12)	-417	-507	-565	-505	-168	197	219	123	155	77	97	102	225
General government (S.13)	-800	-642	-695	-683	-252	-148	44	-604	-537	-550	-925	-688	-969
Households (S.14)	2 271	2 387	2 531	2 645	2 048	1 953	1 717	1 587	1 536	1 594	1 701	1 932	2 141
Non-profit institutions serving households (S.15)	249	99	101	35	83	104	85	263	224	233	234	133	335
Rest of the world (S.2)	-1 588	-1 930	-1 929	-2 091	-2 031	-2 131	-2 041	-1 211	-986	-1 003	-492	-774	-1 038
Consolidated gross debt of the general government, billion HUF													
General government (S.13)	25 081	25 981	26 092	25 665	26 411	26 190	26 145	26 172	26 690	26 923	26 969	27 359	28 045
Quarterly changes in consolidated gross debt of the general government, billion HUF													
changes in debt	576	900	111	-428	746	-221	-45	27	517	234	46	391	686
of which: transactions	1 001	394	173	-514	746	-278	132	-25	571	283	-7	338	627
revaluation	-434	505	-62	87	0	57	-177	52	-57	-49	53	52	59
other changes in volume	9	0	0	0	0	0	0	0	2	0	0	0	0
	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1
Net lending, quarterly transactions, percent of GDP													
Non-financial corporations (S.11)	-2,3	5,5	0,1	3,2	-5,8	1,9	-0,5	1,8	-8,1	2,2	-3,2	0,8	-7,4
Financial corporations (S.12)	-4,0	-3,5	0,0	0,9	0,4	0,8	0,3	-0,1	0,8	-0,1	0,5	0,0	2,0
General government (S.13)	-3,0	-1,3	-1,3	-2,3	2,6	-0,1	0,8	-8,9	3,2	-0,2	-3,1	-6,0	-0,1
Households (S.14)	12,8	6,4	5,6	6,7	4,8	5,0	2,8	5,2	3,9	5,4	3,7	7,0	5,8
Non-profit institutions serving households (S.15)	0,0	-0,1	0,1	0,4	0,6	0,1	-0,2	2,2	0,1	0,2	-0,1	1,1	2,3
Rest of the world (S.2)	-3,5	-7,0	-4,4	-8,9	-2,6	-7,8	-3,3	-0,2	0,3	-7,5	2,3	-2,9	-2,6
Net lending of last four quarters, percent of GDP													
Non-financial corporations (S.11)	0,9	1,8	1,7	1,7	0,9	0,1	-0,1	-0,4	-1,1	-1,0	-1,6	-1,8	-1,8
Financial corporations (S.12)	-1,3	-1,5	-1,7	-1,5	-0,5	0,6	0,6	0,3	0,4	0,2	0,3	0,3	0,6
General government (S.13)	-2,4	-1,9	-2,1	-2,0	-0,7	-0,4	0,1	-1,7	-1,5	-1,5	-2,5	-1,8	-2,5
Households (S.14)	6,9	7,2	7,5	7,7	5,9	5,6	4,9	4,5	4,3	4,4	4,6	5,1	5,5
Non-profit institutions serving households (S.15)	0,8	0,3	0,3	0,1	0,2	0,3	0,2	0,7	0,6	0,6	0,6	0,3	0,9
Rest of the world (S.2)	-4,8	-5,8	-5,7	-6,1	-5,9	-6,1	-5,8	-3,4	-2,7	-2,7	-1,3	-2,0	-2,7
Consolidated gross debt of the general government, percent of GDP													
General government (S.13)	76,1	78,0	77,6	74,8	76,4	74,8	74,2	73,9	74,1	73,6	72,3	71,7	72,1
Consolidated gross debt of the general government including Eximbank, percent of GDP													
General government including Eximbank	77,8	79,7	79,4	76,7	78,3	76,8	76,2	76,0	76,2	75,7	74,3	73,6	73,9

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. Changes in the recording of accrued interest

From 2018 the method of statistical reporting of accrued interest on outstanding loans changed for a part of resident credit institutions due to a changeover in accounting. Therefore, in financial accounts, accrued interest suspended earlier is also included in the stock of loans to clients. The resulting increase in loan liabilities was treated as other changes in volume.

3. 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 Q1 are based on estimates. Therefore, these values may change in later publications.

4. Uncertainties related to 2018 Q1 data for households

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

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017Q1	2017Q2	2017Q3	2017Q4
Non-financial corporations (S.11)	0	0	0	0	0	0	-16	-10	-2	-82	-24	-35	102
Financial corporations (S.12)	0	0	0	0	0	0	16	11	2	-4	-20	16	-7
General government (S.13)	0	0	0	0	0	0	0	0	0	6	5	5	18
Households (S.14)	0	0	0	0	0	0	0	0	0	-4	9	-25	-7
Non-profit institutions serving households (S.15)	0	0	0	0	0	0	0	0	0	0	0	0	7
Rest of the world (S.2)	0	0	0	0	0	0	0	0	0	84	31	39	-112

Data revisions reflect changes in the data sources of the financial accounts and the effect of data corrections. Relative to the full set of accounts for 2017 Q4, data have changed going back to 2017 Q1 as a result of the data revision of balance of payments statistics. General government sector data reflects changes in data sources related to corporations classified into the general government sector. Revision of the sector of several institutions resulted in small changes in past data in the sectors of non-financial corporations and financial corporations.

References:

[Comprehensive tables](#)

[Time series](#)

[Charts](#)

[Financial accounts manual](#)

MAGYAR NEMZETI BANK
DIRECTORATE STATISTICS

Contact information:

Phone: + 36 (1) 428-2750

Fax: + 36 (1) 429-8000

Email: info@mnbb.hu