

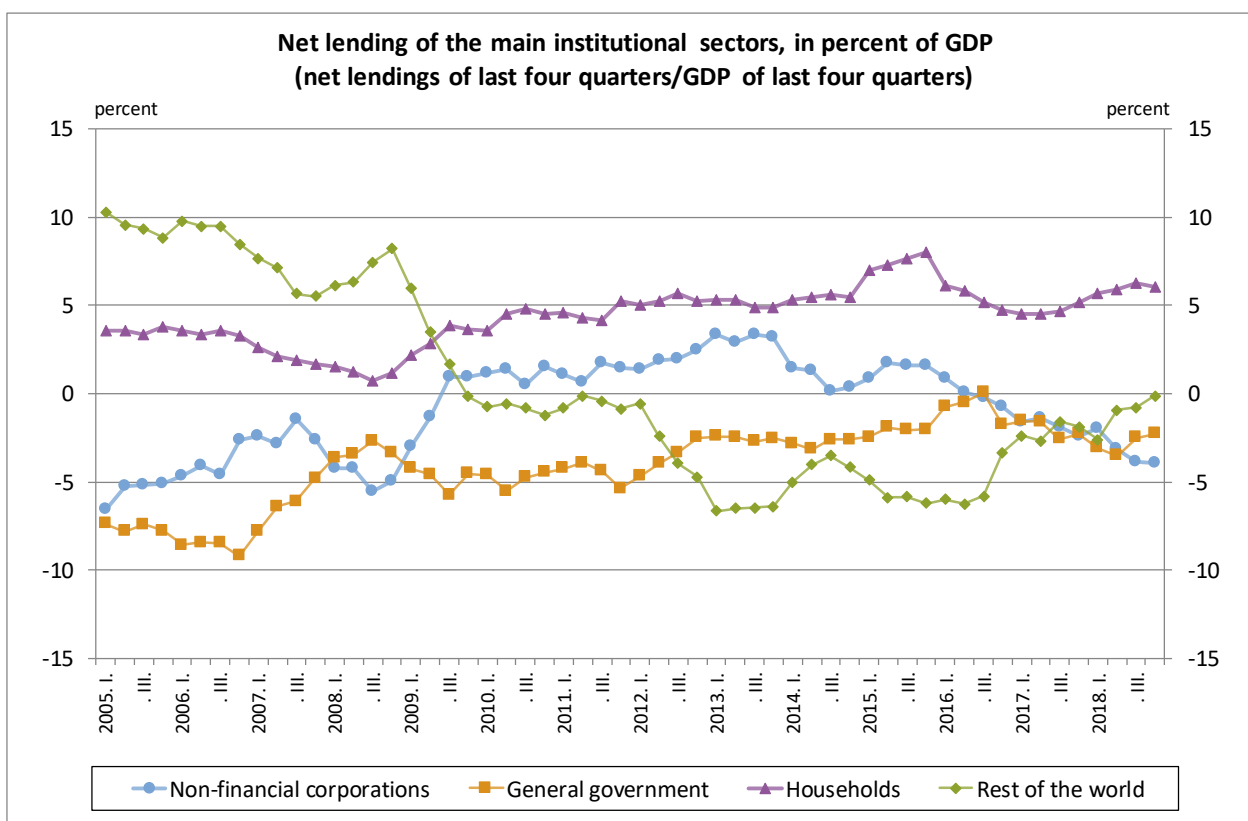


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PRESS RELEASE

Hungary's financial accounts: 2018 Q4

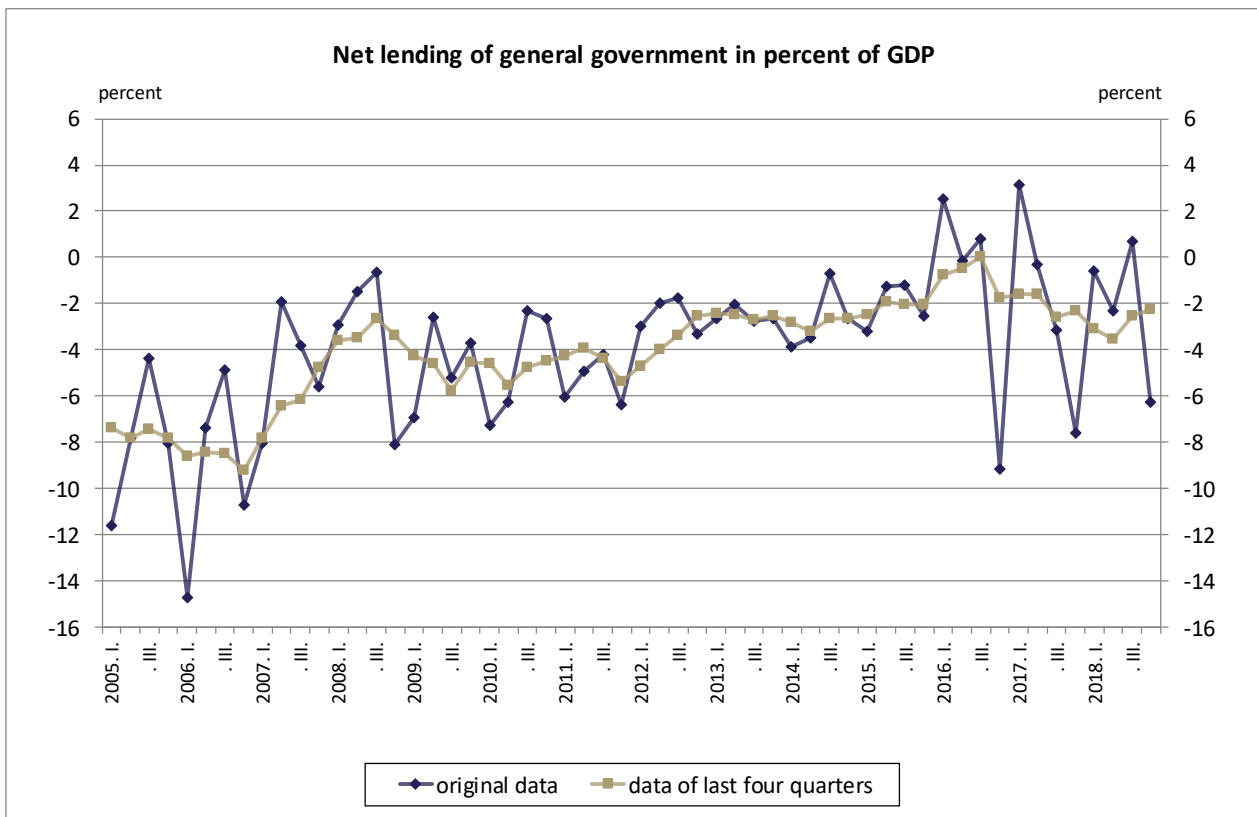
According to financial accounts data, general government net lending was equal to -2.3 per cent of Hungary's GDP in 2018. Net lending of households was 6 per cent of Hungary's GDP in the same period. Net lending of non-financial corporations amounted to -4 per cent of GDP and net lending of the rest of the world was -0.1 per cent of GDP in 2018.



* 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.

According to financial accounts data, general government net lending amounted to HUF -953 billion or -2.3 per cent of GDP in 2018. General government net lending calculated from the financing side (HUF -732 billion) was equal to -6.3 per cent of quarterly GDP in 2018 Q4.

At the end of 2018, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 29,042 billion, equivalent to 69.0 per cent of GDP. Transactions increased the debt by HUF 68 billion and revaluations decreased it by HUF 44 billion in the reporting quarter. In consideration of the debt of the Eximbank the sector's Maastricht measure of debt was 70.8 per cent of the GDP, which is 1.8 percentage point higher than 69.0 per cent calculated on the basis of financial accounts methodology. Net liabilities of general government amounted to HUF 24,215 billion or 57.6 per cent of GDP at the end of 2018.

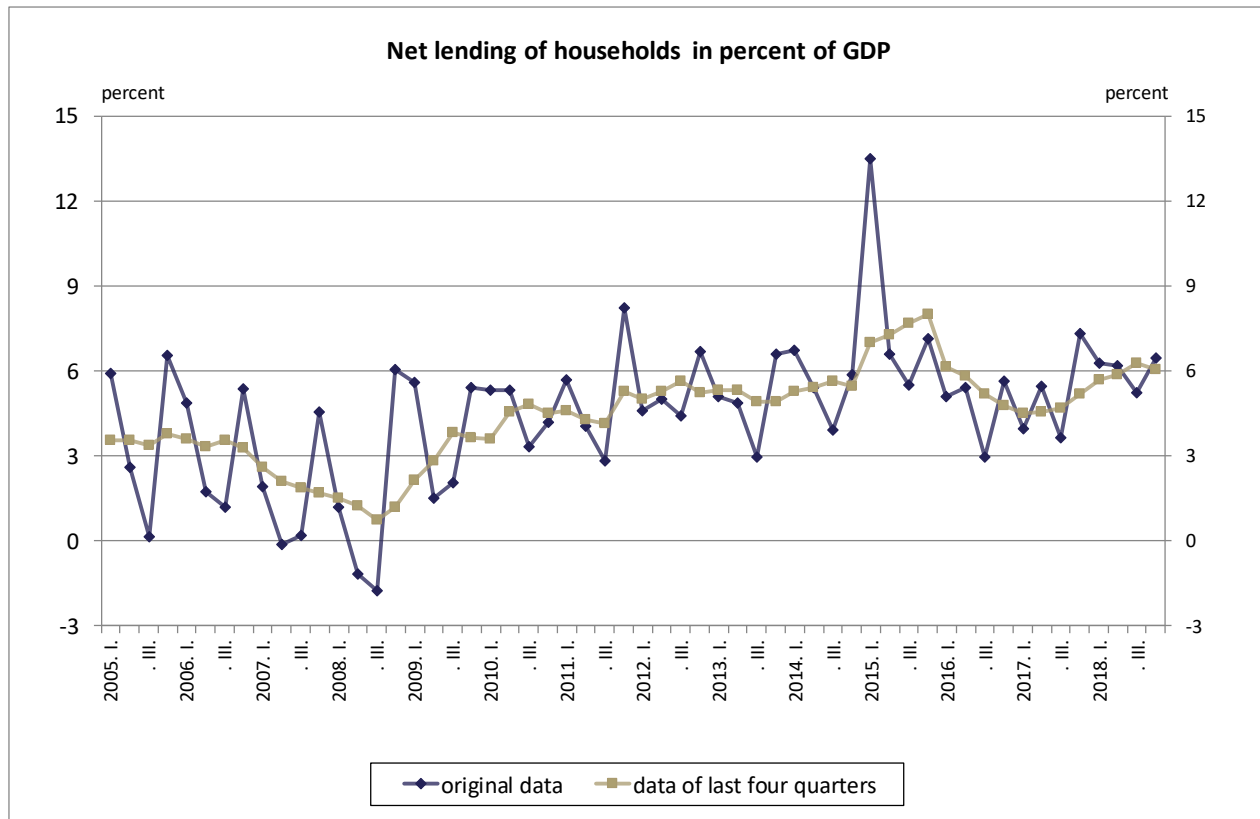


In 2018 Q4, net borrowing of central government amounted to HUF 637 billion. Overall, the financial assets decreased significantly, which mainly reflected a sharp decline in assets from the European Union and non-financial corporations. In 2018 Q4, only shares and deposits increased slightly, due to transactions. Other accounts payable played a dominant role in the increase in liabilities. Primarily, liabilities to the European Union and non-financial corporations rose. Overall, there was only a slight decrease in the stock of loans and securities due to transactions; however, the change was more significant in respect of partner sectors and between short- and long-term financial instruments.

Net borrowing of local governments was HUF 193 billion in 2018 Q4. On the assets side, there was a sharp decline in their stocks of deposits with credit institutions due to transactions. Stocks of securities held by local governments declined slightly, as the decrease in the stock of Treasury bills due to transactions was only partly offset by

government bond purchases. On the liabilities side, the stock of loans rose substantially due to transactions and their other accounts payable fell slightly.

Net lending of the social security funds was HUF 98 billion. Of their financial assets, their claims from households grew substantially, while within their liabilities, outstanding borrowing from the central government fell.



According to financial accounts data, net lending of households was equivalent to 6.0 per cent (HUF 2,544 billion) of GDP in 2018 and 6.4 per cent (HUF 753 billion) of quarterly GDP in 2018 Q4.

Within households' financial assets, there was a significant increase in currency, current account deposits and debt securities issued by central government, due to transactions. The increase was less pronounced in insurance technical reserves and other accounts receivable. By contrast, shares and other equities decreased.

Within households' financial liabilities, the stock of forint housing loans granted by credit institutions rose significantly due to transactions, and the stocks of consumer loans and other loans also increased. The stocks of consumer and other loans from other financial corporations fell slightly. Other financial corporations sold household loans to credit institutions, which had an impact on the distribution of loan transactions between credit institutions and other financial corporations. Other liabilities of households increased considerably.

Net lending of non-profit institutions serving households was HUF 99 billion or 0.2 per cent of quarterly GDP in 2018 and HUF 90 billion or 0.8 per cent of quarterly GDP in 2018 Q4. Non-profit institutions serving households mainly

increased their deposits significantly and they reduced slightly their debt securities issued by the central government. Changes in other financial assets and liabilities were insignificant.

Net lending of non-financial corporations was HUF -1668 billion or -4.0 per cent of GDP in 2018 and HUF -204 billion or -1.7 per cent of quarterly GDP in 2018 Q4.

In 2018 Q4, non-financial corporations' financial assets rose strongly due to transactions, with the increase in their liabilities even exceeding that in their assets. Within financial assets, there was a considerable increase in current account deposits and time deposits, outstanding loans, shares and other equities and other accounts receivable, and the stocks of short-term debt securities declined slightly. On the liabilities side, there were significant increases in foreign equity and loans from credit institutions; however, inter-company loans and loans from other sectors also rose significantly due to transactions. Non-financial corporations' foreign loans and other liabilities decreased slightly.

Net lending of the rest of the world (or net borrowing of the national economy) was HUF -49 billion or -0.1 per cent of GDP in 2018 and HUF 148 billion or 1.3 per cent of quarterly GDP in 2018 Q4.

In 2018 Q4, financial assets and liabilities of the rest of the world rose mainly due to transactions. The rise in financial assets exceeded that in liabilities. Within the sector's financial assets, there was a considerable increase in shares and other equity; however, the increase in debt securities issued by general government and loans to credit institutions were also significant. By contrast, there were significant declines in loans to non-financial corporations and the general government sector and financial derivatives due to transactions.

Within the sector's financial liabilities, there was a considerable increase in the stocks of current account deposits, debt securities and shares and equities due to transactions; however, there was a sharp decline in time deposits, financial derivatives and other liabilities.

Tables

Main data of the institutional sectors

	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4
Net lending, quarterly transactions, billion HUF													
Non-financial corporations (S.11)	291	-454	178	-104	115	-775	268	-305	-117	-605	-217	-642	-204
Financial corporations (S.12)	86	54	70	37	-10	55	73	140	6	206	-22	-100	-56
General government (S.13)	-243	197	-14	72	-886	265	-28	-308	-807	-56	-239	74	-732
Households (S.14)	683	397	478	268	549	334	518	356	781	577	643	570	753
Non-profit institutions serving households (S.15)	40	25	13	-14	218	7	22	-12	256	63	38	-92	90
Rest of the world (S.2)	-856	-220	-725	-260	14	115	-852	128	-118	-185	-202	190	148
Net lending of last four quarters, billion HUF													
Non-financial corporations (S.11)	559	297	16	-90	-265	-586	-496	-697	-929	-759	-1 244	-1 581	-1 668
Financial corporations (S.12)	-507	-142	222	247	151	152	155	259	275	426	330	90	28
General government (S.13)	-699	-261	-168	12	-630	-563	-577	-958	-879	-1 200	-1 411	-1 029	-953
Households (S.14)	2 749	2 123	2 045	1 826	1 692	1 629	1 668	1 756	1 988	2 232	2 357	2 571	2 544
Non-profit institutions serving households (S.15)	35	62	83	64	243	224	233	234	272	328	345	265	99
Rest of the world (S.2)	-2 138	-2 079	-2 198	-2 060	-1 190	-855	-983	-595	-727	-1 027	-377	-316	-49
Consolidated gross debt of the general government, billion HUF													
General government (S.13)	25 694	26 444	26 228	26 186	26 227	26 745	26 982	27 032	27 422	28 110	28 820	29 017	29 042
Quarterly changes in consolidated gross debt of the general government, billion HUF													
changes in debt	-407	749	-215	-43	42	517	237	50	390	688	710	197	24
of which: transactions	-411	745	-219	-46	38	513	233	46	386	684	707	193	-28
revaluation	7	7	7	7	7	7	7	7	7	7	7	7	52
other changes in volume	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	0
	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4
Net lending, quarterly transactions, percent of GDP													
Non-financial corporations (S.11)	3,0	-5,8	2,0	-1,1	1,2	-9,3	2,8	-3,1	-1,1	-6,6	-2,1	-5,9	-1,7
Financial corporations (S.12)	0,9	0,7	0,8	0,4	-0,1	0,7	0,8	1,4	0,1	2,2	-0,2	-0,9	-0,5
General government (S.13)	-2,5	2,5	-0,2	0,8	-9,1	3,2	-0,3	-3,1	-7,6	-0,6	-2,3	0,7	-6,3
Households (S.14)	7,1	5,1	5,4	3,0	5,6	4,0	5,5	3,6	7,3	6,3	6,2	5,3	6,4
Non-profit institutions serving households (S.15)	0,4	0,3	0,1	-0,2	2,2	0,1	0,2	-0,1	2,4	0,7	0,4	-0,9	0,8
Rest of the world (S.2)	-8,9	-2,8	-8,2	-2,9	0,1	1,4	-9,0	1,3	-1,1	-2,0	-2,0	1,8	1,3
Net lending of last four quarters, percent of GDP													
Non-financial corporations (S.11)	1,6	0,9	0,0	-0,3	-0,7	-1,6	-1,4	-1,9	-2,4	-1,9	-3,1	-3,9	-4,0
Financial corporations (S.12)	-1,5	-0,4	0,6	0,7	0,4	0,4	0,4	0,7	0,7	1,1	0,8	0,2	0,1
General government (S.13)	-2,0	-0,8	-0,5	0,0	-1,8	-1,6	-1,6	-2,6	-2,3	-3,1	-3,5	-2,5	-2,3
Households (S.14)	8,0	6,1	5,8	5,2	4,8	4,5	4,6	4,7	5,2	5,7	5,9	6,3	6,0
Non-profit institutions serving households (S.15)	0,1	0,2	0,2	0,2	0,7	0,6	0,6	0,6	0,7	0,8	0,9	0,6	0,2
Rest of the world (S.2)	-6,2	-6,0	-6,3	-5,8	-3,4	-2,4	-2,7	-1,6	-1,9	-2,6	-0,9	-0,8	-0,1
Consolidated gross debt of the general government, percent of GDP													
General government (S.13)	74,7	76,4	74,8	74,1	73,9	74,2	73,6	72,3	71,5	71,8	72,0	70,7	69,0
Consolidated gross debt of the general government including Eximbank, percent of GDP													
General government including Eximbank	76,7	78,3	76,8	76,1	76,0	76,3	75,7	74,3	73,4	73,7	74,0	72,5	70,8

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 general government including Eximbank is also published as supplementary information, in compliance with Eurostat's requirements. 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 2018 Q4 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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018Q1	2018Q2	2018Q3
Non-financial corporations (S.11)	0	1	-1	0	0	0	0	-83	-75	-20	-24	-102
Financial corporations (S.12)	0	0	0	0	0	0	0	3	159	14	-20	-28
General government (S.13)	0	0	0	0	-10	-4	-16	-25	-20	7	-139	6
Households (S.14)	0	-1	1	0	10	4	16	25	-4	5	14	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	81	-60	-6	170	93

Data revisions reflect the methodological changes in the data sources and compilation of the financial accounts and the effect of data corrections. Relative to the full set of accounts for 2018 Q3, the revision of balance of payments statistics caused the most important change. This revision affected data for the rest of the world vis-à-vis financial and non-financial corporations, general government and households. There were minor changes in the balance sheets of financial corporations, general government and households, due to the revision of data from the financial sector and the general government.

References:

[Comprehensive tables](#)

[Time series](#)

[Charts](#)

[Financial accounts manual](#)

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