

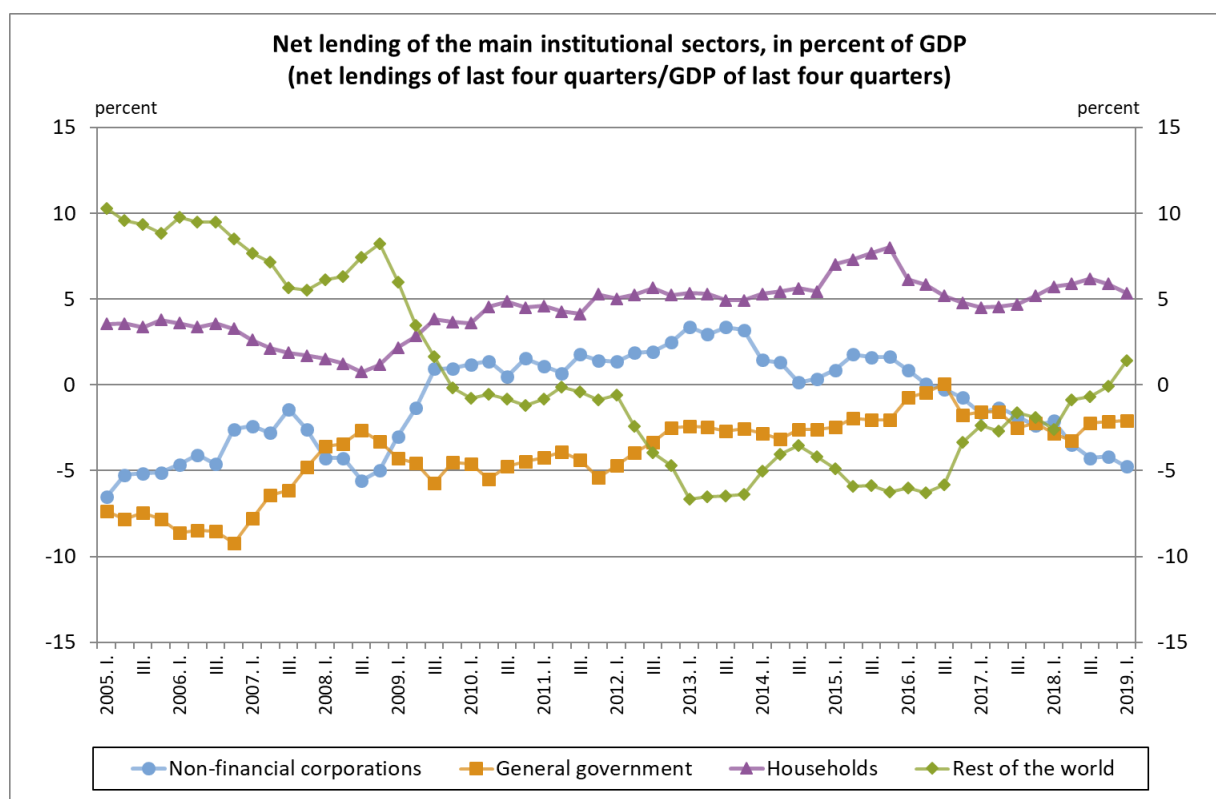


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PRESS RELEASE

Hungary's financial accounts: 2019 Q1

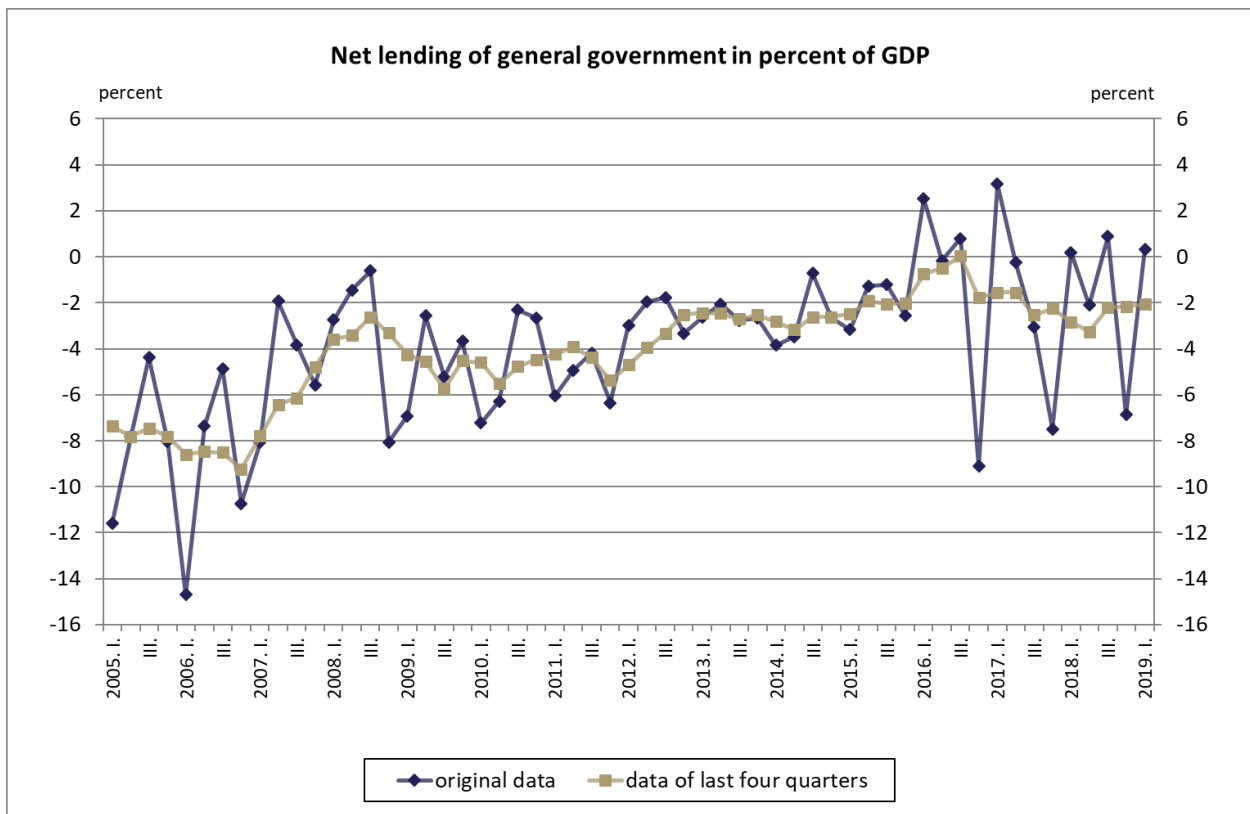
According to financial accounts data, general government net lending was equal to -2.1 per cent of Hungary's GDP in the four quarters to 2019 Q1. Net lending of households was 5.3 per cent of Hungary's GDP in the same period. Net lending of non-financial corporations amounted to -4.7 per cent of GDP and net lending of the rest of the world was 1.4 per cent of GDP in the four quarters to 2019 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.

General government net lending amounted to HUF -891 billion or -2.1 per cent of GDP in the four quarters to 2019 Q1. General government net lending calculated from the financing side (HUF 33 billion) was equal to 0.3 per cent of quarterly GDP in 2019 Q1.

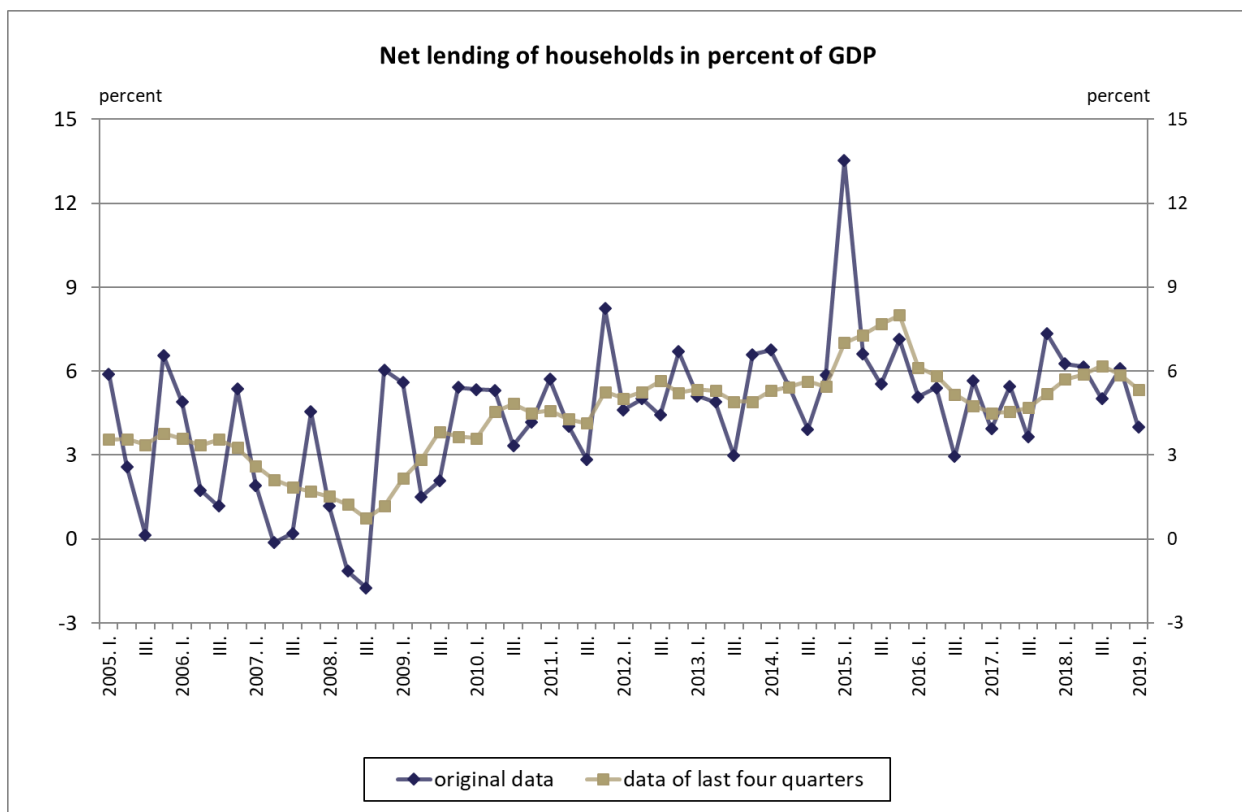
At the end of 2019 Q1, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 29375 billion, equivalent to 68.3 per cent of GDP. Transactions and revaluations increased the stock of government debt by HUF 322 billion and HUF 20 billion, respectively, in the quarter. Including the debt of the Eximbank, the sector's Maastricht measure of debt was 70.1 per cent of GDP, 1.8 percentage point higher than the 68.3 per cent calculated on the basis of financial accounts methodology. Net liabilities of general government amounted to HUF 24212 billion or 56.3 per cent of GDP at the end of 2019 Q1.



In 2019 Q1, net borrowing of central government amounted to HUF 158 billion. Within the increase in its financial assets due to transactions, the stock of the deposits with the central bank was the most significant. There was also a modest increase in long-term loans, equity and other accounts receivable due to transactions, and the stocks of securities held by the central government and short-term loans declined. On the liabilities side, there was a substantial bond issuance in 2019 Q1. Primarily credit institutions and the household sector exhibited signs of significant demand; furthermore, there was also a considerable increase in the stocks of government securities held by local governments. However, the stock of issued Treasury bills declined significantly due to transactions: there were net repayments of Treasury bills by all partner sectors, excluding financial corporations. There was also a modest amount of borrowing in 2019 Q1. Credit institutions and the rest of the world were the main lending sectors. Within other liabilities, trade accounts payable fell significantly and payables relating to EU transfers rose substantially.

Net lending of local governments was HUF 216 billion in 2019 Q1. Due to transactions, the sector's financial assets rose significantly, which was reflected by the increase in deposits with credit institutions on the one hand, and the significant amount of purchases of government securities, on the other. On the liabilities side, short-term loans were repaid and only their other liabilities grew slightly, which was partly due to their other accounts payable relating to taxes vis-à-vis corporations and advances related to EU transfers.

Net borrowing of the social security funds was HUF 24 billion. On the assets side, their deposits with central government and other accounts receivable primarily related to social contributions declined. On the liabilities side, there was a substantial decrease in the stock of short-term loans by the central government.



Net lending of households was equivalent to 5.3 per cent (HUF 2299 billion) of quarterly GDP in the four quarters to 2019 Q1 and to 4.0 per cent (HUF 404 billion) of quarterly GDP in 2019 Q1.

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

Within households' financial liabilities, the stock of forint housing loans rose significantly due to transactions, and that of consumer loans and other loans also increased, but to a lesser degree, in 2019 Q1. In the case of loans from

other financial corporations, consumer loans dropped slightly, and housing loans remained broadly unchanged. Other liabilities of households decreased considerably.

Net lending of non-profit institutions serving households was HUF 66 billion or 0.2 per cent of quarterly GDP in the year up to 2019 Q1 and HUF 19 billion or 0.2 per cent of quarterly GDP in 2019 Q1. Non-profit institutions serving households increased their deposits significantly and they reduced their debt securities. Changes in other financial assets and liabilities were insignificant.

Net lending of non-financial corporations was HUF -2043 billion or -4.7 per cent of quarterly GDP in the year up to 2019 Q1 and HUF -976 billion or -9.6 per cent of quarterly GDP in 2019 Q1.

Non-financial corporations' financial assets rose considerably, and their liabilities grew even more significantly than their financial assets in 2019 Q1, due to transactions. Within the sector's financial assets there was a substantial increase in foreign deposits and other accounts receivable; the stocks of inter-company and foreign loans and shares and other equity also rose significantly. By contrast, deposits held by credit institutions declined sharply. On the liabilities side, there were significant increases in foreign equity and other liabilities, but the loans granted by credit institutions, and inter-company and foreign loans also grew substantially.

Net lending of the rest of the world was HUF 611 billion or 1.4 per cent of GDP in the year up to 2019 Q1 and HUF 467 billion or 4.6 per cent of quarterly GDP in 2019 Q1.

The financial assets and liabilities of the rest of the world rose sharply due to transactions, the increase in financial assets exceeded considerably the rise in liabilities. Within the sector's financial asset, there was a considerable increase in non-financial equity and other accounts receivable, but deposits held by credit institutions and outstanding loans also rose significantly. By contrast, the stocks of debt securities issued by credit institutions and general government declined sharply due to transactions.

Within non-residents' financial liabilities, the stock of non-financial corporations' deposits, debt securities held at the central bank, short-term loans, shares and other equity and other liabilities rose significantly due to transactions; however, the stock of central bank's and credit institutions' deposits and financial derivatives fell strongly.

Tables

Main data of the institutional sectors

	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1
Net lending, quarterly transactions, billion HUF													
Non-financial corporations (S.11)	-454	178	-104	115	-777	275	-299	-116	-687	-288	-661	-118	-976
Financial corporations (S.12)	54	70	37	-10	60	69	133	-6	205	10	-71	-33	52
General government (S.13)	197	-14	72	-886	265	-22	-302	-801	17	-218	96	-802	33
Households (S.14)	397	478	268	549	330	518	358	784	575	638	543	713	404
Non-profit institutions serving households (S.15)	25	13	-14	218	7	17	-17	251	66	42	-89	94	19
Rest of the world (S.2)	-220	-725	-260	14	115	-857	126	-113	-175	-184	183	146	467
Net lending of last four quarters, billion HUF													
Non-financial corporations (S.11)	297	16	-90	-265	-588	-491	-685	-917	-827	-1 390	-1 752	-1 754	-2 043
Financial corporations (S.12)	-142	223	247	151	158	156	253	257	401	342	138	110	-42
General government (S.13)	-261	-168	12	-630	-563	-570	-945	-859	-1 108	-1 304	-907	-908	-891
Households (S.14)	2 123	2 045	1 826	1 692	1 624	1 664	1 754	1 990	2 235	2 356	2 540	2 469	2 299
Non-profit institutions serving households (S.15)	62	83	64	243	224	228	225	258	318	343	271	113	66
Rest of the world (S.2)	-2 079	-2 198	-2 060	-1 191	-856	-987	-602	-729	-1 020	-347	-290	-31	611
Consolidated gross debt of the general government, billion HUF													
General government (S.13)	26 444	26 228	26 186	26 227	26 745	26 982	27 032	27 422	28 109	28 817	29 012	29 034	29 375
Quarterly changes in consolidated gross debt of the general government, billion HUF													
changes in debt	749	-215	-43	42	517	237	50	390	687	709	195	21	342
of which: transactions	750	-273	134	-10	568	287	-3	337	628	387	288	65	322
revaluation	0	57	-177	52	-57	-49	53	52	59	322	-93	-44	20
other changes in volume	0	0	0	0	5	0	0	0	0	0	0	0	0
	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1
Net lending, quarterly transactions, percent of GDP													
Non-financial corporations (S.11)	-5,8	2,0	-1,1	1,2	-9,3	2,9	-3,0	-1,1	-7,5	-2,8	-6,1	-1,0	-9,6
Financial corporations (S.12)	0,7	0,8	0,4	-0,1	0,7	0,7	1,4	-0,1	2,2	0,1	-0,7	-0,3	0,5
General government (S.13)	2,5	-0,2	0,8	-9,1	3,2	-0,2	-3,1	-7,5	0,2	-2,1	0,9	-6,9	0,3
Households (S.14)	5,1	5,4	3,0	5,6	3,9	5,5	3,6	7,3	6,3	6,2	5,0	6,1	4,0
Non-profit institutions serving households (S.15)	0,3	0,1	-0,2	2,2	0,1	0,2	-0,2	2,4	0,7	0,4	-0,8	0,8	0,2
Rest of the world (S.2)	-2,8	-8,2	-2,9	0,1	1,4	-9,0	1,3	-1,1	-1,9	-1,8	1,7	1,2	4,6
Net lending of last four quarters, percent of GDP													
Non-financial corporations (S.11)	0,9	0,0	-0,3	-0,7	-1,6	-1,3	-1,8	-2,4	-2,1	-3,5	-4,3	-4,2	-4,7
Financial corporations (S.12)	-0,4	0,6	0,7	0,4	0,4	0,4	0,7	0,7	1,0	0,9	0,3	0,3	-0,1
General government (S.13)	-0,8	-0,5	0,0	-1,8	-1,6	-1,6	-2,5	-2,2	-2,8	-3,3	-2,2	-2,2	-2,1
Households (S.14)	6,1	5,8	5,2	4,8	4,5	4,5	4,7	5,2	5,7	5,9	6,2	5,9	5,3
Non-profit institutions serving households (S.15)	0,2	0,2	0,2	0,7	0,6	0,6	0,6	0,7	0,8	0,9	0,7	0,3	0,2
Rest of the world (S.2)	-6,0	-6,3	-5,8	-3,4	-2,4	-2,7	-1,6	-1,9	-2,6	-0,9	-0,7	-0,1	1,4
Consolidated gross debt of the general government, percent of GDP													
General government (S.13)	76,4	74,8	74,1	73,9	74,2	73,6	72,3	71,5	71,8	72,0	70,7	69,0	68,3
Consolidated gross debt of the general government including Eximbank, percent of GDP													
General government including Eximbank	78,3	76,8	76,1	76,0	76,3	75,7	74,3	73,4	73,7	74,0	72,5	70,8	70,1

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. 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 the use of general government sector data

Data on the stocks of other assets and other liabilities of the general government sector related to transfers from the European Union for 2019 Q1, published in preliminary financial accounts have been modified significantly due to changes in data sources and estimations. Data on transfers from the European Union may change retrospectively in later publications due to further modifications in data sources and estimations.

3. Uncertainties related to 2019 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 public corporations (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	2018Q4
Non-financial corporations (S.11)	0	0	0	0	0	0	0	0	13	-82	-71	-19	86
Financial corporations (S.12)	0	0	0	0	0	0	0	0	-18	-1	32	28	23
General government (S.13)	0	0	0	0	0	0	0	0	20	73	21	21	-70
Households (S.14)	0	0	0	0	0	0	0	0	2	-2	-5	-27	-40
Non-profit institutions serving households (S.15)	0	0	0	0	0	0	0	0	-14	4	4	4	4
Rest of the world (S.2)	0	0	0	0	0	0	0	0	-2	9	19	-7	-2

Data revisions reflect the methodological changes in the data sources of the financial accounts and the effect of data corrections. Relative to the full set of accounts for 2018 Q4, data have changed as a result of the data revision of balance of payments statistics. Data on general government (and partner sectors) reflect the changes in trade accounts payable to non-financial corporations and in the group of corporations and non-profit institutions included in the general government sector. Households', non-financial corporations' and financial corporations' net lending vis-à-vis one another changed due to the revision of financial corporations' reports.

References:

[Comprehensive tables](#)

[Time series](#)

[Charts](#)

[Financial accounts manual](#)

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