

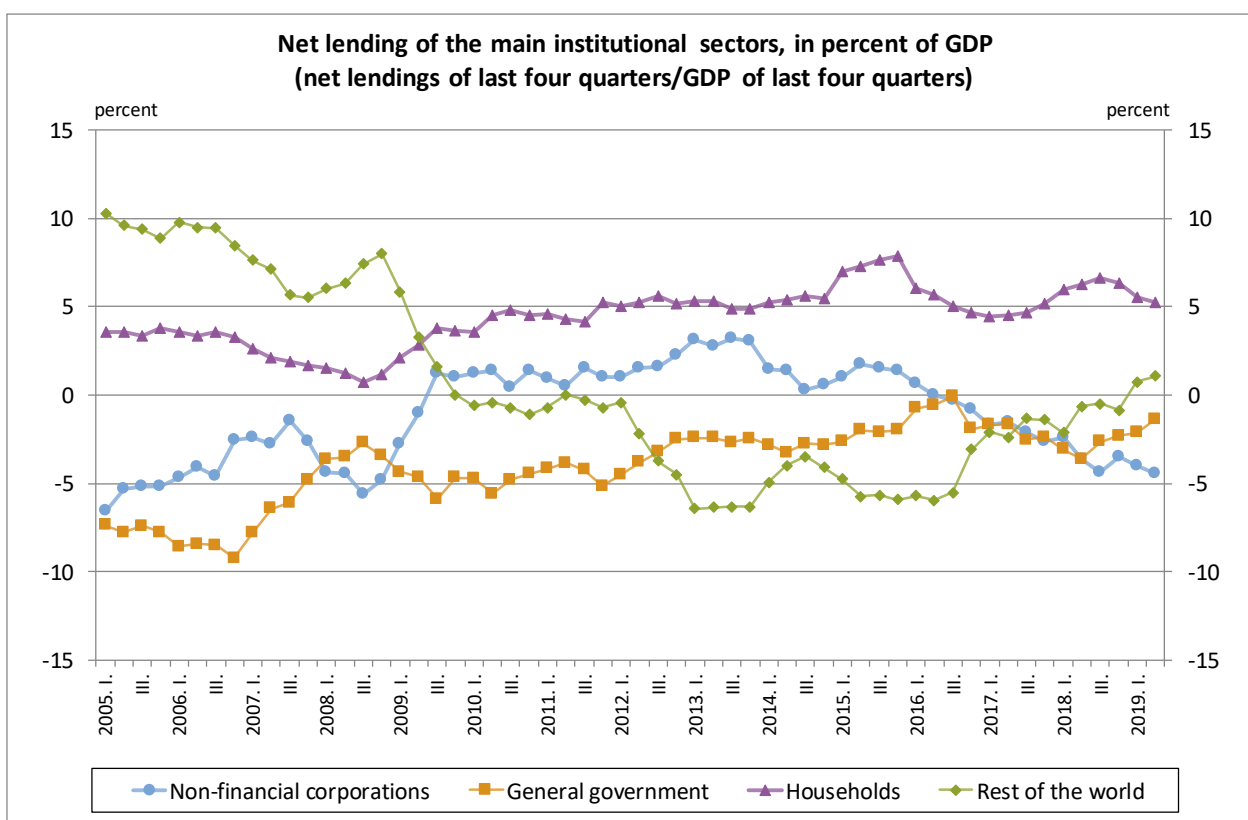


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## PRESS RELEASE

### Hungary's financial accounts: 2019 Q2

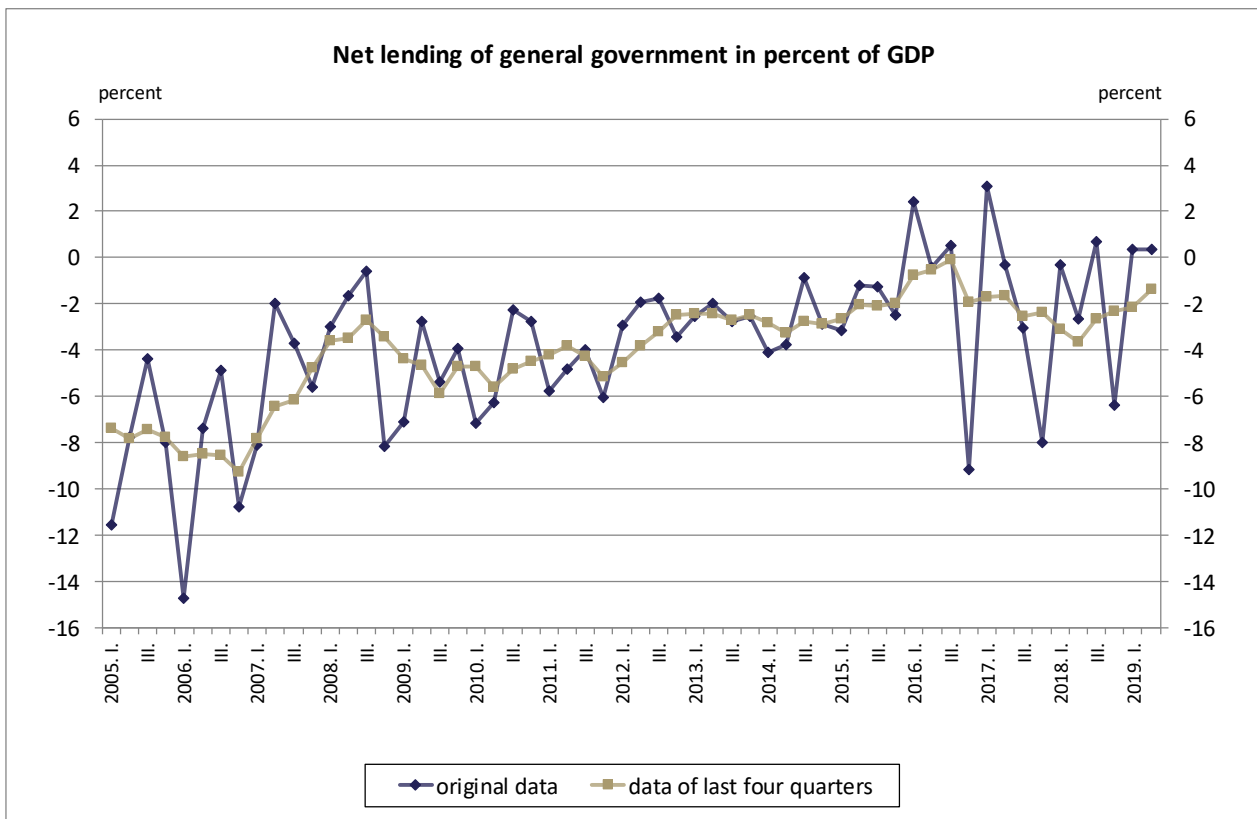
**According to financial accounts data, general government net lending was equal to -1.4 per cent of Hungary's GDP in the four quarters to 2019 Q2. Net lending of households was 5.2 per cent of Hungary's GDP in the same period. Net lending of non-financial corporations amounted to -4.4 per cent of GDP and net lending of the rest of the world was 1.1 per cent of GDP in the four quarters to 2019 Q2.**



\* 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 -607 billion or -1.4 per cent of GDP in the four quarters to 2019 Q2. General government net lending calculated from the financing side (HUF 39 billion) amounted to 0.3 per cent of quarterly GDP in 2019 Q2.

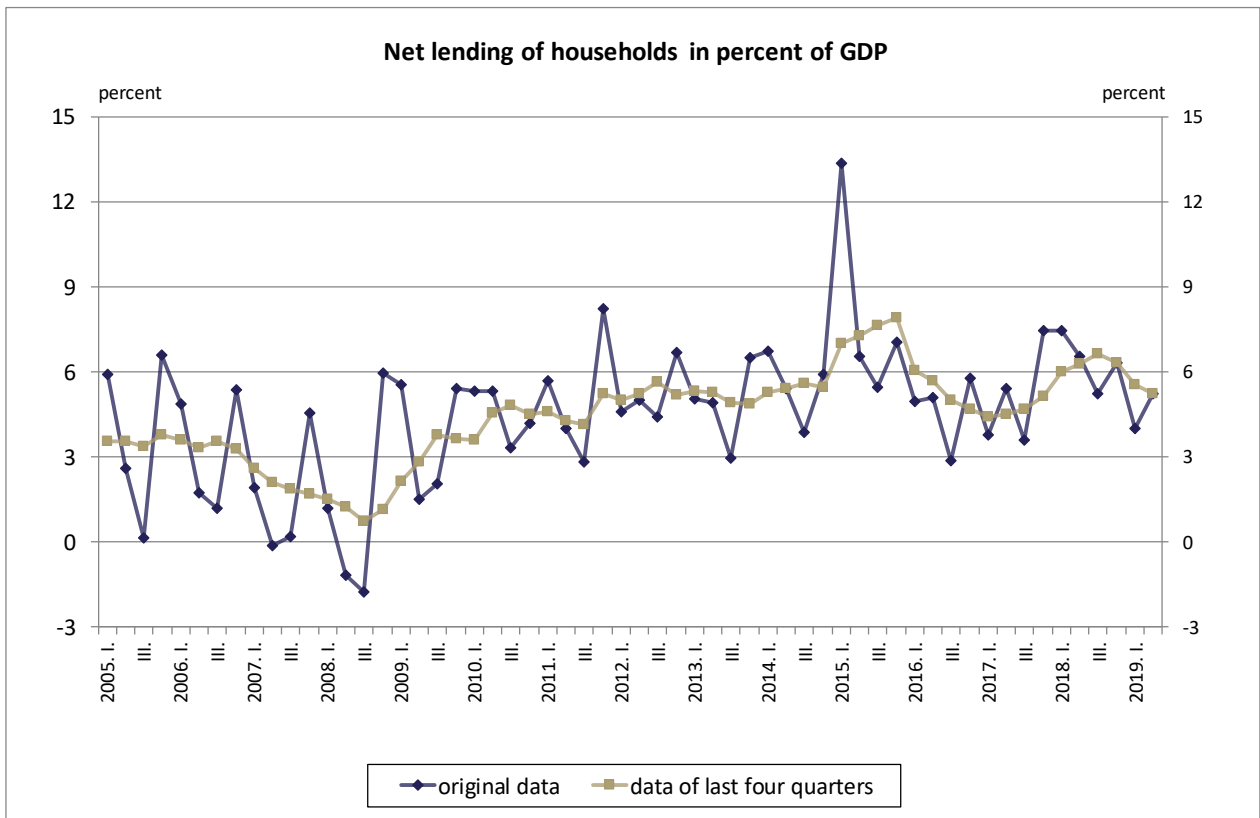
At the end of 2019 Q2, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 29667 billion, equivalent to 66.5 per cent of GDP. Transactions and revaluations increased the stock of government debt by HUF 113 billion and HUF 48 billion, respectively, in the quarter. Including the debt of the Eximbank, the sector's Maastricht measure of debt was 68.2 per cent of GDP, 1.7 percentage point higher than the 66.5 per cent calculated on the basis of financial accounts methodology. Net liabilities of the general government amounted to HUF 24211 billion or 54.3 per cent of GDP at the end of 2019 Q2.



In 2019 Q2, net lending of the central government amounted to HUF 139 billion. Within financial assets, deposits placed with credit institutions significantly increased due to transactions. There was also a modest increase in long-term loans and tax receivables also due to transactions, and the stocks of shares held by the central government declined. On the liabilities side, there was a substantial bond issuance in 2019 Q2. Primarily the household sector exhibited signs of significant demand, but non-residents made also a significant number of purchases. By contrast, there were net repayments by financial corporations. However, the stock of issued Treasury bills declined significantly due to transactions: there were large net repayments of Treasury bills by the household sector. With the two divergent trends basically offsetting each other, the stock of debt securities only increased slightly, due to transactions, in the quarter. The stock of other liabilities rose in the quarter, and here, primarily, their accounts payable vis-à-vis the rest of the world and non-financial corporations increased.

Net borrowing of local governments was HUF 118 billion in 2019 Q2. The sector’s financial assets, including deposits placed with credit institutions fell significantly, and there were net security repayments. Only the other, primarily tax related, assets rose slightly. A decline in their other liabilities played a crucial role in the decrease in their liabilities, which was attributable to accounts payable relating to taxes vis-à-vis corporations on the one hand, and advances of subsidies from the central government, on the other.

Net lending of the social security funds was HUF 18 billion. On the assets side, their deposits with central government rose, and their liabilities remained broadly unchanged due to transactions.



Net lending of households was equivalent to 5.2 per cent (HUF 2339 billion) of quarterly GDP in the four quarters to 2019 Q2 and to 5.2 per cent (HUF 604 billion) of quarterly GDP in 2019 Q2.

Within households’ financial assets, the increase in the stock of long-term government securities and equity-type assets vis-à-vis corporations, due to transactions, was outstanding in 2019 Q2. Currency, and current account deposits rose significantly, but the increase was less pronounced in pension fund reserves and other accounts receivable. However, the stocks of short-term government securities and mutual fund shares dropped significantly, and there was a more modest decline in time deposits.

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 Q2. Loans from other financial corporations increased slightly. Other accounts payable of households increased considerably.

Net lending of non-profit institutions serving households was HUF 36 billion or 0.1 per cent of quarterly GDP in the year up to 2019 Q2 and HUF -4 billion or 0.0 per cent of quarterly GDP in 2019 Q2. Non-profit institutions serving households decreased their deposits and they raised slightly their debt securities in 2019 Q2. Changes in other financial assets and liabilities were insignificant.

Net lending of non-financial corporations was HUF -1970 billion or -4.4 per cent of GDP in the four quarters to 2019 Q2 and HUF -498 billion or -4.3 per cent of quarterly GDP in 2017 Q2.

Non-financial corporations' financial assets rose considerably, and their liabilities grew even more significantly than their financial assets in 2019 Q2, due to transactions. Within the sector's financial assets, there was a significant increase in loans, and other accounts receivable also rose significantly; however, shares and equity holdings decreased to a lesser extent. On the liabilities side, the most prominent increase was observed in loans, but other accounts payable also rose significantly. By contrast, shares and equity holdings declined sharply due to transactions.

Net lending of the rest of the world was HUF 486 billion or 1.1 per cent of GDP in the four quarters to 2019 Q2 and HUF -76 billion or -0.7 per cent of quarterly GDP in 2017 Q2.

The financial assets and liabilities of the rest of the world fell to a similar degree, due to transactions. Within the sector's financial asset, there was a considerable increase in loans, but government securities grew substantially. However, there was a significant decrease in shares and other equity, while credit institutions' deposits and financial derivatives fell strongly due to transactions.

Within non-residents' financial liabilities, debt securities rose sharply, and there was a significant increase in loans due to transactions; however, deposits fell significantly. Shares and other equity and financial derivatives also decreased substantially.

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## Tables

### Main data of the institutional sectors

	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2
<b>Net lending, quarterly transactions, billion HUF</b>													
Non-financial corporations (S.11)	201	-98	76	-779	246	-337	-136	-726	-275	-690	204	-985	-498
Financial corporations (S.12)	65	32	-10	59	69	140	-55	178	63	-111	-110	3	-65
General government (S.13)	-38	51	-898	263	-29	-299	-863	-28	-280	74	-757	36	39
Households (S.14)	456	266	570	320	518	360	804	691	688	573	754	407	604
Non-profit institutions serving households (S.15)	15	-11	222	8	17	-17	253	57	42	-54	74	20	-4
Rest of the world (S.2)	-701	-240	40	130	-821	153	-2	-172	-237	207	-164	519	-76
<b>Net lending of last four quarters, billion HUF</b>													
Non-financial corporations (S.11)	-10	-93	-291	-600	-556	-794	-1 006	-953	-1 474	-1 827	-1 488	-1 747	-1 970
Financial corporations (S.12)	220	235	135	147	151	258	213	332	326	75	20	-155	-283
General government (S.13)	-197	-36	-693	-622	-613	-963	-928	-1 219	-1 471	-1 097	-991	-926	-607
Households (S.14)	2 019	1 798	1 686	1 612	1 674	1 768	2 002	2 373	2 543	2 756	2 706	2 423	2 339
Non-profit institutions serving households (S.15)	90	76	267	234	236	229	260	309	334	297	118	81	36
Rest of the world (S.2)	-2 121	-1 981	-1 104	-771	-892	-499	-541	-842	-258	-204	-366	324	486
<b>Consolidated gross debt of the general government, billion HUF</b>													
General government (S.13)	26 350	26 306	26 352	26 874	27 117	27 174	27 567	28 254	28 969	29 164	29 186	29 506	29 667
<b>Quarterly changes in consolidated gross debt of the general government, billion HUF</b>													
changes in debt	-213	-44	46	522	243	57	393	686	716	195	22	320	162
of which: transactions	-217	-48	42	518	239	53	389	682	712	191	19	316	109
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
	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2
<b>Net lending, quarterly transactions, percent of GDP</b>													
Non-financial corporations (S.11)	2,2	-1,1	0,8	-9,2	2,6	-3,4	-1,3	-7,8	-2,6	-6,3	1,7	-9,7	-4,3
Financial corporations (S.12)	0,7	0,4	-0,1	0,7	0,7	1,4	-0,5	1,9	0,6	-1,0	-0,9	0,0	-0,6
General government (S.13)	-0,4	0,6	-9,1	3,1	-0,3	-3,0	-8,0	-0,3	-2,7	0,7	-6,4	0,4	0,3
Households (S.14)	5,1	2,9	5,8	3,8	5,4	3,6	7,4	7,5	6,6	5,2	6,3	4,0	5,2
Non-profit institutions serving households (S.15)	0,2	-0,1	2,3	0,1	0,2	-0,2	2,3	0,6	0,4	-0,5	0,6	0,2	0,0
Rest of the world (S.2)	-7,8	-2,6	0,4	1,5	-8,6	1,5	0,0	-1,9	-2,3	1,9	-1,4	5,1	-0,7
<b>Net lending of last four quarters, percent of GDP</b>													
Non-financial corporations (S.11)	0,0	-0,3	-0,8	-1,6	-1,5	-2,1	-2,6	-2,4	-3,6	-4,4	-3,5	-4,0	-4,4
Financial corporations (S.12)	0,6	0,7	0,4	0,4	0,4	0,7	0,5	0,8	0,8	0,2	0,0	-0,4	-0,6
General government (S.13)	-0,6	-0,1	-1,9	-1,7	-1,7	-2,5	-2,4	-3,1	-3,6	-2,6	-2,3	-2,1	-1,4
Households (S.14)	5,7	5,0	4,7	4,4	4,5	4,7	5,2	6,0	6,3	6,6	6,3	5,6	5,2
Non-profit institutions serving households (S.15)	0,3	0,2	0,7	0,6	0,6	0,6	0,7	0,8	0,8	0,7	0,3	0,2	0,1
Rest of the world (S.2)	-6,0	-5,5	-3,1	-2,1	-2,4	-1,3	-1,4	-2,1	-0,6	-0,5	-0,9	0,7	1,1
<b>Consolidated gross debt of the general government, percent of GDP</b>													
General government (S.13)	74,3	73,5	73,4	73,7	73,1	71,8	71,0	71,3	71,5	70,2	68,4	67,7	66,5
<b>Consolidated gross debt of the general government including Eximbank, percent of GDP</b>													
General government including Eximbank	76,2	75,5	75,5	75,8	75,2	73,8	72,9	73,2	73,5	72,0	70,2	69,5	68,2

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## 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 its financial accounts with the Eximbank is also published, as supplementary information. Due to the characteristics of financial intermediation, the inclusion of Eximbank's data does not significantly modify the net financial worth (or net liabilities) or net lending of general government in the periods when there was no capital increase by the government recorded as transfers.

### 2. Main changes in methodology in this publication

Considering the requirements made by Eurostat relating to its EDP report on government deficit and debt, changes were made to the statistics of financial accounts with retroactive effect.

In domestic financial statistics, data for venture capital funds and private capital funds starting from the publication of data for July 2019 and 2019 Q3 will be shown under the non-money market funds sector. In the financial accounts starting from this data publication, capital funds will be shown in the other investment funds sector going back to the end of 2013. Previously, data for capital funds were shown in the sector of other financial intermediaries.

### 3. 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 Q2, 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.

### 4. Uncertainties related to 2019 Q2 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/statisztika/statisztikai-adatok-informaciok/adatok-idosorok/xii-a-nemzetgazdasag-penzugyi-szamlai-penzugyi-eszkozok-es-kotelezettsegek-allomanyai-es-tranzakcioi/a-penzugyi-szamlakhoz-kapcsolodo-egyeb-adatok>.

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## Revisions to past data

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019Q1
Non-financial corporations (S.11)	-29	-109	-60	-27	89	-86	-26	-90	267	-9
Financial corporations (S.12)	-2	7	0	-6	204	15	-16	-44	-90	-49
General government (S.13)	1	61	2	24	-77	5	-63	-69	-83	3
Households (S.14)	0	-2	-4	-7	5	-1	-6	12	237	3
Non-profit institutions serving households (S.15)	0	0	0	-2	-240	-3	24	2	5	1
Rest of the world (S.2)	30	42	62	18	19	70	87	189	-335	52

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 2019 Q1, data have changed across the entire time series as a result of the data revision of balance of payments statistics. In addition, considering the requirements made by Eurostat relating to its EDP report on government deficit and debt, changes were made to the statistics of financial accounts with retroactive effect. The inclusion of venture and private capital funds under investment funds heavily influenced the balance of households and non-financial corporations. Another estimation of financial accounts data from the annual reports submitted by non-financial corporations significantly affected transactions vis-à-vis households, particularly in 2018.

### References:

[Comprehensive tables](#)

[Time series](#)

[Charts](#)

[Financial accounts manual](#)

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