

PRESS RELEASE

**Preliminary statistical balance sheet of the MNB:
April 2011**

In April 2011, surplus liquidity of the banking sector increased further. This was reflected in the increase in holdings of two-week MNB bills above their previous highest level in the month. The overnight interbank rate rose close to the upper bound of the interest rate corridor in the middle of the period, as an effect of purchases of MNB bills exceeding the level of liquidity available for credit institutions above their reserve requirements. External assets and deposits of central government both increased in the wake of the issuance of foreign currency bonds by the Government.¹

1 Balance sheet of the MNB containing monthly average stocks

Table 1 Statistical balance sheet of the MNB - monthly average stocks²

							HUF billions	
Assets	Mar 2010	Apr 2011	Monthly changes	Liabilities	Mar 2010	Apr 2011	Monthly changes	
External assets	9417,8	9769,0	351,2	Currency in circulation	2321,6	2311,5	-10,1	
Two-week loans of credit institutions	0,0	0,0	0,0	Current account balances of other MFIs	442,4	442,4	0,1	
Six-month loans of credit institutions	0,0	0,0	0,0	Overnight deposits of other MFIs	275,6	163,2	-112,4	
Swap claims with credit institutions*	221,4	111,0	-110,4	Other deposits of other MFIs	45,1	46,2	1,2	
Remaining assets	471,5	433,6	-37,8	Deposits of central government	1231,7	1565,8	334,1	
				Two-week MNB bills held by residents	3447,8	3906,5	458,7	
				Two-week MNB bills held by non residents	640,4	628,7	-11,7	
				Foreign liabilities	953,1	819,3	-133,8	
				Swap liabilities with credit institutions*	221,4	111,0	-110,4	
				Remaining liabilities	531,6	318,9	-212,6	
Total assets	10110,6	10313,6	202,9	Total liabilities	10110,6	10313,6	202,9	

* This item includes overnight EUR/HUF, three-month EUR/HUF and six-month EUR/HUF central bank FX-swaps on a gross basis. (See the Methodological notes.)

In April, forint liquidity of the banking sector rose relative to the previous month, as reflected in a significant increase in resident holdings of two-week MNB bills. The expansion of liquidity was mostly accounted for by payments made by the central government, with the largest item being the maturity of a government bond. Another contributing factor was the significant fall in the monthly average value of credit institutions' outstanding HUF/EUR swaps with the central bank (see Table 1 and Chart 8 of the chart-pack). Currency in circulation fell slightly in the month (see Chart 5 of the chart-pack).

¹ Decree 13/2010. (IX.6.) MNB of the Magyar Nemzeti Bank has been in effect since 1 October 2010. This allows credit institutions subject to reserve requirements to choose, on a semi-annual basis, one of the reserve ratios specified in Article 1 (2) of the Decree. In the absence of such a choice, a credit institution must satisfy its reserve requirements at the lowest reserve ratio specified in the Decree.

² See the Methodological notes.

In addition to the expansion of liquidity, the decline in credit institutions' overnight deposits also contributed to the increase in two-week MNB bill holdings. Despite the provision of liquidity by the Treasury, deposits of the central government increased by more than HUF 300 billion. This reflected the effect of the bond issue at the end of March, which led to an increase in central government deposits and, on the asset side of the balance sheet, in the average stock of the MNB's external assets. On the liabilities side, the average stock of external liabilities fell as a result of a decline in outstanding swaps with the central bank.

The average of credit institutions' current account balances with the MNB exceeded reserve requirements by a slightly greater than usual amount; however, excess reserves, at HUF 5.1 billion, continued to be insignificant compared with the sector's total reserve requirements of nearly HUF 440 billion (see Charts 1 and 2 of the chart-pack). The overnight interbank rate fluctuated near the lower bound of the interest rate corridor in the first third and the final third of the month, but it rose sharply and approached the upper bound of the corridor in the middle of the period, as an effect of purchases of MNB bills exceeding the level of liquidity available above reserve requirements (see Chart 12 of the chart-pack).

2 Balance sheet of the MNB compiled from end-of-month data

Table 2 Transactions and revaluations in the balance sheet of the MNB compiled from end-of-month data - April 2011

HUF billions									
Assets	Opening stocks	Revaluations and other changes	Transactions	Closing stocks	Liabilities	Opening stocks	Revaluations and other changes	Transactions	Closing stocks
External assets	9685,4	-94,0	145,1	9736,5	Currency in circulation	2298,4	0,0	1,0	2299,4
Remaining assets	450,7	5,3	-53,4	402,7	Deposits of other MFIs	723,6	-0,7	-52,1	670,9
					Deposits of central government	1665,2	-19,3	-66,9	1579,0
					Two-week MNB bills held by residents	3659,9	0,0	310,6	3970,5
					Two-week MNB bills held by non residents	621,6	0,0	-82,6	539,0
					External liabilities *	819,1	-19,2	4,1	804,0
					Remaining liabilities	348,3	-49,5	-22,3	276,5
Total assets	10136,1	-88,6	91,8	10139,3	Total liabilities	10136,1	-88,6	91,8	10139,3

* This item does not include the two-week MNB bills held by non residents

* * * * *

The seasonally adjusted data are subject to more uncertainty than usual, due to fluctuations caused by the financial crisis.

MAGYAR NEMZETI BANK STATISTICS

One of the primary statutory duties of the Magyar Nemzeti Bank is to collect and publish statistical information. The statistical press release aims to help the reader understand the latest published data. The Quarterly Report on Inflation and the Report on Financial Stability, published periodically, contain the Bank's analyses of underlying economic processes and are accessible at www.mnb.hu.

Detailed tables: [Time series](#)
Notes: [Methodological notes](#)
Charts: [Chart pack](#)

Availability: sajto@mnb.hu