



12 September 2013

PRESS RELEASE

Preliminary statistical balance sheet of the MNB: August 2013

In August 2013, forint liquidity of the domestic banking sector fell relative to the previous month. The average stock of external assets and the average stock of central government deposits both declined, reflecting the early repayment of an IMF loan in August.

1 Balance sheet of the MNB containing monthly average stocks

Table 1 Statistical balance sheet of the MNB – monthly average stocks¹

HUF billions							
Assets	Jul 2013	Aug 2013	Monthly changes	Liabilities	Jul 2013	Aug 2013	Monthly changes
External assets	10454,3	9894,0	-560,2	Currency in circulation	2888,9	2997,1	108,2
Two-week and Six-month loans of credit institutions	0,0	0,0	0,0	Current account balances of other MFIs	439,3	436,1	-3,2
Two-year loans of credit institutions	112,6	112,0	-0,6	Overnight deposits of other MFIs	122,2	95,8	-26,3
Swap claims on foreign currency with credit institutions ¹	0,0	0,0	0,0	Other deposits of other MFIs	1,0	3,8	2,8
Swap claims on foreign currency related to Pillar 3 of the Funding for Growth Scheme with credit institutions ¹	42,3	124,6	82,2	Deposits of central government	1427,0	1027,3	-399,6
Remaining assets	356,2	480,5	124,3	Two-week MNB bills held by residents ²	4009,2	3806,5	-202,6
				Two-week MNB bills held by non residents ²	337,7	392,3	54,7
				Foreign liabilities	831,8	729,8	-102,0
				Swap liabilities to HUF with credit institutions ¹	0,0	0,0	0,0
				Swap liabilities to HUF related to Pillar 3 of the Funding for Growth Scheme with credit institutions ¹	42,3	124,6	82,2
				Remaining liabilities	866,2	997,8	131,6
Total assets	10965,4	10611,1	-354,3	Total liabilities	10965,4	10611,1	-354,3

¹ This item includes the overnight, one-week, two-week, three-month- and EUR/HUF central bank FX-swaps with credit institutions related to Pillar 3 of the Funding for Growth Scheme on a gross basis. (See the Methodological notes.)

² In case of the two-week MNB bills the identification of the owners' residence is based on the securities accounts' information. For more information see the Methodological notes.

In August, forint liquidity of the banking sector fell, as reflected in a decline in average holdings of two-week MNB bills and in the average stock of credit institutions' overnight deposits. Holdings of two-week MNB bills by residents fell, in contrast with those by non-residents, which increased slightly.

¹ See the Methodological notes.

The average of credit institutions' current account balances with the central bank fell slightly and the average stock of currency in circulation rose further relative to the previous month (see Table 1 and Chart 5 of the chart-pack). The increases in the stocks of currency in circulation and outstanding swaps under the Funding for Growth Scheme (FGS) both led to a decline in the banking sector's forint liquidity.

The average stock of external assets fell sharply in August, reflecting the early repayment of an IMF loan: a total of HUF 849.6 billion borrowed by the MNB from the IMF was repaid. As a result of the early repayment of the IMF loan, the average and end-of-month stocks of central government deposits also fell.

Under Pillar 3 of the Funding for Growth Scheme launched on 4 April 2013, the Magyar Nemzeti Bank introduced a new FX swap tender providing euro liquidity on 3 June 2013.² The monthly average stocks of FX swaps under the FGS are shown in Table 1.

The average of credit institutions' current account balances with the MNB slightly exceeded reserve requirements.³ Excess reserves amounted to HUF 5.9 billion, which continued to be insignificant compared with the sector's total reserve requirements of HUF 430.1 billion (see Charts 1 and 2 of the chart-pack). In August, the overnight interbank rate fluctuated near the lower bound of the interest rate corridor, often close to the level of the central bank base rate (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 preliminary end-of-month data - August 2013

HUF billions									
Assets	Opening stocks	Revaluations and other changes	Transactions	Closing stocks	Liabilities	Opening stocks	Revaluations and other changes	Transactions	Closing stocks
External assets	10390,3	7,8	-952,9	9445,2	Currency in circulation	2941,8	0,0	83,6	3025,4
Remaining assets	503,4	20,0	202,2	725,6	Deposits of other MFIs	661,9	0,0	-35,7	626,2
					Deposits of central government	1457,5	-4,3	-515,5	937,7
					Two-week MNB bills held by residents ¹	3698,7	0,0	-26,1	3672,6
					Two-week MNB bills held by non residents ¹	370,7	0,0	26,8	397,5
					External liabilities ²	738,4	3,9	-252,3	490,0
					Remaining liabilities	1024,5	28,2	-31,4	1021,4
Total assets	10893,7	27,8	-750,7	10170,8	Total liabilities	10893,7	27,8	-750,7	10170,8

¹ In case of the two-week MNB bills the identification of the owners' residence is based on the securities accounts' information. For more information see the Methodological notes.

² This item does not include the two-week MNB bills held by non residents

² For more details of the MNB's FX swap and CIRS tenders related to Pillar 3 of the Funding for Growth Scheme, see: http://english.mnb.hu/Root/Dokumentumtar/ENMNB/Monetaris_politika/mnben_jegybanki_eszkozatar/mnben_eszkozatar_tenderek/nhp_swap_tajekoztato_20130529_EN.pdf

³ Decree 13/2010. (IX.6.) of the Magyar Nemzeti Bank entered into force on 1 October 2010. The Decree allows credit institutions subject to reserve requirements to choose one of the reserve ratios specified in Article 1 (2) at most semi-annually. In the absence of such a choice, the lowest ratio will apply to required reserves, as specified in the Decree.

The tables accompanying the press release of 12 September 2013 containing preliminary balance sheet data of the MNB will reflect changes to the calculation method of the balance sheet items of capital and reserves as well as remaining liabilities. Those methodological changes include the following:

From August 2013, preliminary statistical balance sheet data of the MNB will include realised and unrealised exchange rate gains/losses arising from exchange rate changes in the reference month on the MNB's assets and liabilities, which will be included in the items of 'capital and reserves' and 'remaining liabilities'. Previously, exchange rate gains/losses in the reference month were included only in the final data published at the end of the month. The methodological change will result in a more precise preliminary estimate of the final data. The data will be included in the Internet time series accompanying the MNB's statistical balance sheet.

We would like to note that equity is calculated differently in the statistical balance sheet and the accounting balance sheet. The difference arises partly from the recording of the equalisation reserve containing unrealised exchange rate gains/losses on the items on the MNB's asset and liability sides, which are treated as part of equity in the accounting balance sheet, in contrast with the statistical balance sheet, where they are recorded among 'remaining liabilities' (their value was HUF 631.8 billion at the end of August). Another difference arises from the recording of financial derivatives: while in the statistical balance sheet those items are recorded at market value, in the accounting balance sheet they are recorded at a value consistent with the provisions of Government Decree 221/2000 on the special reporting and accounting requirements applicable to the Magyar Nemzeti Bank.

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The seasonally adjusted data, published simultaneously with this press release in the [chart pack](#) and in the tables entitled '[Balance sheets of MFIs and the monetary aggregates](#)', are subject to more uncertainty than usual, due to fluctuations caused by the financial crisis.

**MAGYAR NEMZETI BANK
STATISTICS**

The primary statutory duty of the Magyar Nemzeti Bank is to deliver and maintain price stability. The MNB ensures the safe operation of the payment and settlement systems, as well as the uninterrupted flow of payments, safeguards the financial stability of the banking sector, manages the country's foreign currency reserves, collects and publishes statistical data, and issues the forint, Hungary's national legal tender.

Detailed tables: [Time series](#)

Notes: [Methodological notes](#)

Charts: [Chart pack](#)

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