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## PRESS RELEASE

### Preliminary statistical balance sheet of the MNB: December 2016

*In December 2016, forint liquidity of the domestic banking sector increased. This was due mainly to a rise in the average stock of credit institutions' overnight deposits. The average stock of currency in circulation increased further, reflecting the seasonal patterns observed around the end of the year. The average and end-of-month stocks of external assets both fell in December. The overnight interbank interest rate fluctuated in the lower bound of the interest rate corridor throughout most of December.*

#### 1 Balance sheet of the MNB containing monthly average stocks

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

		HUF billions					
Assets	Nov. 2016	Dec. 2016	Monthly changes	Liabilities	Nov. 2016	Dec. 2016	Monthly changes
External assets	8 371,4	8 280,4	-91,0	Currency in circulation	4 501,4	4 654,9	153,5
One-week and Three-month loans of credit institutions	129,6	54,5	-75,0	Current account balances of other MFIs	350,5	179,7	-170,8
Swap claims on HUF related to foreign currency sale tender for the settlement and conversation of FX loans with credit institutions <sup>1,3</sup>	523,4	461,3	-62,1	Overnight deposits of other MFIs	313,3	598,4	285,1
Swap claims on HUF related to forint liquidity providing EUR/HUF FX swap <sup>1,2</sup>	387,3	279,2	-108,1	Three-month deposits of other MFIs <sup>5</sup>	1 110,9	923,8	-187,2
Other swap claims on foreign currency with credit institutions <sup>1</sup>	0,0	0,0	0,0	Other deposits of other MFIs	132,5	154,7	22,1
Remaining assets <sup>4,6</sup>	1 713,4	1 813,7	100,4	Deposits of central government	1 778,1	1 458,6	-319,5
				External liabilities	850,9	911,1	60,2
				Swap liabilities to foreign currency related to euro sale tender for the settlement and conversation of FX loans with credit institutions <sup>1,3</sup>	523,4	461,3	-62,1
				Swap liabilities to foreign currency related to forint liquidity providing EUR/HUF FX swap <sup>1,2</sup>	387,3	279,2	-108,1
				Other swap liabilities to HUF with credit institutions <sup>1</sup>	0,0	0,0	0,0
				Remaining liabilities <sup>6</sup>	1 176,7	1 267,5	90,8
Total assets	11 125,1	10 889,2	-235,9	Total liabilities	11 125,1	10 889,2	-235,9

<sup>1</sup> This item includes FX-swaps with credit institutions on a gross basis. (See the Methodological notes.)

<sup>2</sup> A notice on Forint liquidity providing EUR/HUF FX swap is available on the MNB's website at <http://www.mnb.hu/letoltes/t-c-forint-liquidity-providing-swap-en.pdf>

<sup>3</sup> A notice on EUR and CHF sale tenders related to the settlement and conversation of foreign currency loans is available on the MNB's website at <http://www.mnb.hu/en/monetary-policy/monetary-policy-instruments/tenders-quick-tenders/fx-spot-tenders>

<sup>4</sup> Includes loans offered to credit institutions within Funding for Growth Scheme.

<http://www.mnb.hu/en/monetary-policy/funding-for-growth-scheme-fgs>

<sup>5</sup> From 23 September, the three-month deposit has been the MNB's policy instrument.

<sup>6</sup> From March 2016, other items on both the assets and liabilities sides include swaps outstanding under Phase 3 of Pillar 2 of the Funding for Growth Scheme as well.

The average and end-of-month stocks of **external assets** both fell in December. This mainly reflected declines in the average stocks of swap transactions related to the settlement and conversion of household foreign currency loans and swap transactions providing forint liquidity. The decline was partly offset by the receipt of EU transfers increasing international reserves. The reductions in the average and end-of-month stocks of different magnitudes mainly reflect the fact that the average exchange rate of the forint increased more than its exchange rate at end the of the month.

The average stock of swap transactions related to the settlement and forint conversion of household foreign currency loans is shown in Table 1 and Chart 8 of the chart-pack.

The average stock of **lending** to credit institutions fell further in December.

The MNB held EUR/HUF FX-swap tenders providing forint liquidity, introduced in October, twice in December 2016, on 19 and 23. Table 1 of the press release and Chart 8 of the chart pack include the average outstanding stock of FX swaps conducted in the tender.

The **average stock of currency in circulation** continued to rise during the month, due in part to seasonality at the end of the year (Table 1 and Chart 5 of the chart-pack).

The monthly average of the banking sector's **current account balances** with the MNB exceeded reserve requirements by HUF 6 billion, a smaller amount than in the previous month. In December, reserve requirements amounted to HUF 173.7 billion (Charts 1 and 2 of the chart-pack). The reason for the lower amount of reserves is that MNB Decree No 45/2016 (XI. 23.), in effect from 1 December 2016, sets a uniform, fixed minimum reserve ratio of 1 per cent for domestic credit institutions from 1 December 2016.

The banking sector's liquidity increased in December, which mainly reflected a significant rise in the average stock of credit institutions' overnight deposits and a decline in the average stock of three-month deposits which was smaller than the increase in the former. The decrease in the average and end-of-month stocks of three-month deposits relative to the previous month is explained by the fact that the MNB has announced the tenders for policy instruments with a quantity limit since the tender held on 26 October 2016, and less deposits were accepted at the tenders in the subsequent tenders than the volume of maturing stocks.

The average and end-of-month stocks of **central government deposits** fell during the month.

The average stock of **external liabilities** rose slightly relative to November.

The **overnight interbank rate** fluctuated in the lower bound of the interest rate corridor throughout most of December. On the last day of the month the interbank rate left the interest rate corridor and fell significantly below its lower bound. (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 – December 2016**

HUF billions

Assets	Opening stocks	Revaluations and other changes	Transactions	Closing stocks	Liabilities	Opening stocks	Revaluations and other changes	Transactions	Closing stocks
External assets	8 453,7	-54,3	-186,8	8 212,6	Currency in circulation	4 511,6	0,0	82,4	4 594,0
Remaining assets	1 797,8	67,9	46,4	1 912,2	Three-month deposits of other MFIs	936,8	0,0	-36,8	900,0
					Other deposits of other MFIs	912,3	-0,2	667,8	1 580,0
					Deposits of central government	1 926,1	0,3	-786,3	1 140,0
					External liabilities	883,4	-3,0	-43,4	837,0
					Remaining liabilities	1 081,4	16,5	-24,1	1 073,8
<b>Total assets</b>	<b>10 251,5</b>	<b>13,6</b>	<b>-140,4</b>	<b>10 124,8</b>	<b>Total liabilities</b>	<b>10 251,5</b>	<b>13,6</b>	<b>-140,4</b>	<b>10 124,8</b>

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Detailed tables: [Time series](#)

Notes: [Methodological notes](#)

Charts: [Chart pack](#)

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