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PRESS RELEASE

Preliminary statistical balance sheet of the MNB: May 2016

In May 2016, forint liquidity of the domestic banking sector fell, which was reflected in an increase in overnight deposits and proportionately greater declines in two-week¹ and three-month central bank deposits. The average and end-of-month stocks of external assets and liabilities both fell. The average stock of currency in circulation continued to rise. The overnight interbank interest rate fluctuated near the central bank base rate throughout most of month.

1 Balance sheet of the MNB containing monthly average stocks

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

HUF billions							
Assets	Apr. 2016	May 2016	Monthly changes	Liabilities	Apr. 2016	May 2016	Monthly changes
External assets	8 790,8	8 772,7	-18,2	Currency in circulation	4 282,6	4 348,9	66,3
One-week and Three-month loans of credit institutions ⁵	372,4	266,5	-105,9	Current account balances of other MFIs	382,3	361,1	-21,2
Swap claims on foreign currency with credit institutions ¹	0,0	0,0	0,0	Overnight deposits of other MFIs	69,3	81,9	12,6
Swap claims on foreign currency related to Pillar 3 of the Funding for Growth Scheme with credit institutions ^{1,2}	46,2	0,0	-46,2	Two-week deposits of other MFIs	271,5	0,0	-271,5
Swap claims on HUF related to foreign currency sale tender for the settlement and conversation of FX loans with credit institutions ^{1,3}	889,9	896,9	7,0	Three-month deposits of other MFIs ⁶	2 324,7	2 270,5	-54,2
Remaining assets ^{4,7}	1 592,0	1 604,3	12,4	Other deposits of other MFIs	70,3	61,7	-8,6
				Deposits of central government	1 335,4	1 443,5	108,2
				Foreign liabilities	759,9	777,4	17,5
				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 ^{1,2}	46,2	0,0	-46,2
				Swap liabilities to foreign currency related to euro sale tender for the settlement and conversation of FX loans with credit institutions ^{1,3}	889,9	896,9	7,0
				Remaining liabilities ⁷	1 259,3	1 298,5	39,3
Total assets	11 691,2	11 540,4	-150,8	Total liabilities	11 691,2	11 540,4	-150,8

¹ Includes the overnight, one-week, two-week, three-month and EUR/HUF central bank FX-swaps with credit institutions related to Phase 1 of Pillar 3 of the Funding for Growth Scheme (FGS), as well swaps related to euro sale tender for the settlement and conversation of FX loans on a gross basis. (See the Methodological notes.)

² The euro liquidity-providing FX swap tender, introduced under Phase 1 of Pillar 3 of the FGS, was terminated on 1 July 2014. The monthly average amounts of FX swaps outstanding are shown in the table.

³ Includes the average stocks of Swiss franc sale tenders, in addition to those of euro sale tenders. 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>.

⁴ Includes loans offered to credit institutions under the FGS. <http://www.mnb.hu/en/monetary-policy/funding-for-growth-scheme-fgs>.

⁵ In September 2015, loans allotted at one-week and three-month loan tenders were introduced, replacing two-week and six-month loans. In the case of six-month loans, the Table contains the outstanding amounts of loans extended earlier.

⁶ From 23 September, the three-month deposit has been the MNB's new policy instrument.

⁷ 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.

¹ The two-week instrument was phased out at the end of April.

The average stock of **external assets**, including international reserves, was nearly unchanged, falling slightly relative to the previous month. The declines in the end-of-month stocks were related mainly to the maturity of a Swiss franc-denominated government bond and Premium Euro Hungarian Government Bonds issued by the GDMA on 20 May and 25 May, respectively. Bond maturities at the end of the month had no significant impact on the average stocks.

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.²

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

The **average stock of currency in circulation** continued to rise during the month (Table 1 and Chart 5 of the chart-pack).

At HUF 18.2 billion, the excess of the monthly average of the banking sector's **current account balances** with the MNB over reserve requirements was smaller than in the previous month. In May, reserve requirements amounted to HUF 342.9 billion (Charts 1 and 2 of the chart-pack).

The increase in the average stock of **overnight deposits** and the proportionately greater declines in the average stocks of **two-week**³ and **three-month deposits** reflected the fall in the banking sector's forint liquidity.

The average stock of **central government deposits** rose in May relative to the previous month.

The **overnight interbank rate** fluctuated near the central bank base rate throughout most of May (Chart 12 of the chart-pack). The MNB reduced the central bank base rate and the interest rate on the overnight collateralised loan by 15 basis points in the month and left unchanged the interest rate on the overnight deposits. As a result of the change in interest rate conditions, the interest rate corridor narrowed further: the distance of the upper bound is unchanged at 0.25 percentage points and that of the lower bound is 0.95 percentage points from the central bank base rate.

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 – May 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	8843,6	96,8	-317,5	8622,9	Currency in circulation	4289,1	0,0	78,8	4368,0
Remaining assets	1901,6	-3,7	127,1	2025,1	Three-month deposits of other MFIs	2327,7	0,0	-146,2	2181,6
					Two-week deposits of other MFIs	0,0	0,0	0,0	0,0
					Other deposits of other MFIs	626,6	0,0	32,6	659,2
					Deposits of central government	1536,5	5,8	-126,6	1415,7
					External liabilities	770,4	16,2	21,1	807,7
					Remaining liabilities	1194,9	71,1	-50,2	1215,8
Total assets	10745,2	93,1	-190,4	10647,9	Total liabilities	10745,2	93,1	-190,4	10647,9

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² Includes the stock of FX swaps entered into at the Swiss franc sale tender, in addition to the euro sale tender.

³ The two-week instrument was phased out at the end of April.

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Detailed tables: [Time series](#)

Notes: [Methodological notes](#)

Charts: [Chart pack](#)

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