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## PRESS RELEASE

### Preliminary statistical balance sheet of the MNB: August 2014

*In August 2014, the MNB introduced a two-week central bank deposit, replacing the two-week MNB bill. Forint liquidity of the domestic banking sector rose in the month relative to July. This was mainly reflected in an increase in the average stock of credit institutions' overnight deposits. The overnight interbank rate fell slightly below the lower bound of the interest rate corridor at the end of the 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	Jul 2014	Aug 2014	Monthly changes	Liabilities	Jul 2014	Aug 2014	Monthly changes
External assets	11472,2	11403,1	-69,1	Currency in circulation	3467,6	3566,8	99,2
Two-week and Six-month loans of credit institutions	0,0	0,0	0,0	Current account balances of other MFIs	470,0	485,4	15,4
Two-year loans of credit institutions	0,1	0,0	-0,1	Overnight deposits of other MFIs	49,7	276,2	226,5
Swap claims on foreign currency with credit institutions <sup>1</sup>	0,0	0,0	0,0	Two-week deposits of other MFIs	0,0	3607,1	3607,1
Swap claims on foreign currency related to Pillar 3 of the Funding for Growth Scheme with credit institutions <sup>1</sup>	242,0	245,1	3,2	Other deposits of other MFIs	10,1	14,0	3,9
Remaining assets	1143,7	1186,2	42,6	Deposits of central government	2167,0	1755,2	-411,8
				Two-week MNB bills held by residents <sup>2</sup>	4591,0	1155,5	-3435,5
				Two-week MNB bills held by non residents <sup>2</sup>	423,1	83,7	-339,4
				Foreign liabilities	395,4	448,8	53,3
				Swap liabilities to HUF with credit institutions <sup>1</sup>	0,0	0,0	0,0
				Swap liabilities to HUF related to Pillar 3 of the Funding for Growth Scheme with credit institutions <sup>1</sup>	242,0	245,1	3,2
				Remaining liabilities	1042,1	1196,7	154,6
Total assets	12857,9	12834,5	-23,5	Total liabilities	12857,9	12834,5	-23,5

<sup>1</sup> 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.)

<sup>2</sup> 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.

<sup>3</sup> Includes loans offered to credit institutions within Funding for Growth Scheme.

On 6 August 2014, the two-week central bank deposit replaced the two-week MNB bill as the MNB's key policy instrument.<sup>1</sup> In the future, this instrument will serve as a basis for analysing developments in the banking sector's forint liquidity.

<sup>1</sup> The MNB's counterparties for the key policy instrument are domestic credit institutions subject to reserve requirements.

In August, forint liquidity of the banking sector rose, which was reflected in an increase in the average stock of credit institutions' overnight deposits.

The average of credit institutions' current account balances with the central bank increased relative to the previous month. The average stock of currency in circulation continued to rise in August (see Table 1 and Chart 5 of the chart-pack).

The average stock of central government deposits fell relative to July, reflecting the maturity of a foreign currency-denominated government bond in a value of HUF 310 billion on 28 July and of a forint-denominated government bond in a value of HUF 340 billion on 22 August. Due to the latter, the end-of-month stock of central government deposits also fell. Foreign assets decreased relative to the previous month, which was the carry-over effect of the foreign currency bond maturity at the end of July.

The Magyar Nemzeti Bank's euro liquidity-providing FX swap tender, introduced on 3 June 2013 under Pillar 3 of the Funding for Growth Scheme, was terminated on 1 July 2014. The monthly average amounts of FX swaps outstanding are shown in Table 1. On 16 June 2014, the MNB introduced three new central bank instruments.<sup>2</sup> Four forint interest rate swap tenders were announced in the month.<sup>3</sup>

The monthly average of the banking sector's current account balances with the Magyar Nemzeti Bank exceeded reserve requirements by a greater-than-usual amount.<sup>4</sup> Excess reserves amounted to HUF 14.2 billion, which, however, continued to be moderate compared with the sector's total reserve requirements of HUF 471 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 two-thirds of the month, before falling below it in the last third (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 2014**

HUF billions									
Assets	Opening stocks	Revaluations and other changes	Trans-actions	Closing stocks	Liabilities	Opening stocks	Revaluations and other changes	Trans-actions	Closing stocks
External assets	11275,6	143,4	64,1	11483,1	Currency in circulation	3488,8	0,0	90,2	3579,0
Remaining assets	1175,4	9,8	24,0	1209,2	Other deposits of other MFIs	610,0	0,0	278,4	888,4
					Two-week deposits of other MFIs	0,0	0,0	4837,1	4837,1
					Deposits of central government	2114,5	2,9	-404,2	1713,2
					Two-week MNB bills held by residents <sup>1</sup>	4444,6	0,0	-4444,6	0,0
					Two-week MNB bills held by non residents <sup>1</sup>	274,6	0,0	-274,6	0,0
					External liabilities <sup>2</sup>	394,3	6,5	22,0	422,7
					Remaining liabilities	1124,2	143,8	-16,1	1251,9
Total assets	12451,0	153,2	88,1	12692,3	Total liabilities	12451,0	153,2	88,1	12692,3

<sup>1</sup> 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.

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

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<sup>2</sup> For more information on the Bank's new instruments, see:

[http://english.mnb.hu/Monetaris\\_politika/mnben\\_iggybanki\\_eszkoztar/mnben\\_eszkoztar\\_tenderek](http://english.mnb.hu/Monetaris_politika/mnben_iggybanki_eszkoztar/mnben_eszkoztar_tenderek)

<sup>3</sup> Data on the IRS tenders announced are available at:

[http://english.mnb.hu/Monetaris\\_politika/mnben\\_iggybanki\\_eszkoztar/mnben\\_eszkoztar\\_tenderek/interest-rate-swap-tenders](http://english.mnb.hu/Monetaris_politika/mnben_iggybanki_eszkoztar/mnben_eszkoztar_tenderek/interest-rate-swap-tenders)

<sup>4</sup> 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 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**  
DIRECTORATE STATISTICS

Detailed tables: [Time series](#)

Notes: [Methodological notes](#)

Charts: [Chart pack](#)

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