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PRESS RELEASE

Preliminary statistical balance sheet of the MNB: January 2014

In January 2014, forint liquidity of the domestic banking sector increased relative to the previous month, mainly reflecting increases in credit institutions' overnight deposits and in average holdings of two-week MNB bills.

1 Balance sheet of the MNB containing monthly average stocks

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

Assets				Liabilities	HUF billions		
	Dec 2013	Jan 2014	Monthly changes		Dec 2013	Jan 2014	Monthly changes
External assets	10794,6	10857,9	63,3	Currency in circulation	3250,6	3174,2	-76,5
Two-week and Six-month loans of credit institutions	0,0	0,0	0,0	Current account balances of other MFIs	435,2	425,6	-9,6
Two-year loans of credit institutions	112,0	112,0	0,0	Overnight deposits of other MFIs	110,1	253,8	143,8
Swap claims on foreign currency with credit institutions ¹	5,2	5,2	0,0	Other deposits of other MFIs	4,6	3,2	-1,5
Swap claims on foreign currency related to Pillar 3 of the Funding for Growth Scheme with credit institutions ¹	153,3	110,8	-42,5	Deposits of central government	1162,9	1086,1	-76,8
Remaining assets	1041,6	1030,2	-11,4	Two-week MNB bills held by residents ²	4743,1	5128,6	385,5
				Two-week MNB bills held by non residents ²	666,9	372,8	-294,0
				Foreign liabilities	615,6	566,0	-49,7
				Swap liabilities to HUF with credit institutions ¹	5,2	5,2	0,0
				Swap liabilities to HUF related to Pillar 3 of the Funding for Growth Scheme with credit institutions ¹	153,3	110,8	-42,5
				Remaining liabilities	959,2	989,9	30,8
Total assets	12106,7	12116,1	9,5	Total liabilities	12106,7	12116,1	9,5

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 January, forint liquidity of the banking sector increased. This mainly reflected increases in the average stock of credit institutions' overnight deposits and in average holdings of two-week MNB bills. Non-resident holdings of two-week MNB bills fell, while resident holdings increased by a larger amount than the decline in non-resident holdings.

The average of credit institutions' current account balances with the central bank fell slightly relative to the previous month. The average stock of currency in circulation declined compared with the higher December level characterising the end of the year (see Table 1 and Chart 5 of the chart-pack).

In January, the average stock of external assets increased slightly, while their end-of-month stock rose significantly due to the exchange rate effect and EU transfers. The average stock of central government deposits fell slightly; however, their end-of-month stock increased significantly relative to its level generally held at relatively lower levels at the end of the year, due in part to positive net issues of government paper and EU transfers.

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 2013.¹ The monthly average stocks of FX swaps under the FGS are shown in Table 1.

The monthly average of the banking sector's current account balances with the MNB exceeded reserve requirements by the usual amount.² Excess reserves amounted to HUF 5.6 billion, which continued to be modest compared with the sector's total reserve requirements of HUF 420 billion (see Charts 1 and 2 of the chart-pack). The overnight interbank rate fluctuated near the lower bound of the interest rate corridor during most of the month, except on 21 January, when it moved above 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 – January 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	10262,5	586,6	0,3	10849,4	Currency in circulation	3202,7	0,0	8,9	3211,6
Remaining assets	1163,4	-41,6	5,2	1127,0	Deposits of other MFIs	864,5	0,0	-472,3	392,1
					Deposits of central government	751,9	31,6	521,6	1305,1
					Two-week MNB bills held by residents ¹	4876,8	0,0	58,9	4935,7
					Two-week MNB bills held by non residents ¹	292,2	0,0	115,5	407,7
					External liabilities ²	610,1	32,0	-199,7	442,4
					Remaining liabilities	827,6	481,4	-27,3	1281,6
Total assets	11425,8	545,0	5,5	11976,3	Total liabilities	11425,8	545,0	5,5	11976,3

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.

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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
DIRECTORATE STATISTICS

¹ 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_eszkoztar/mnben_eszkoztar_tenderek/nhp_swap_tajekoztato_20130830_EN.pdf

² 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 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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