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PRESS RELEASE

Preliminary statistical balance sheet of the MNB: July 2014

In August 2014, forint liquidity of the domestic banking sector fell relative to the previous month. This was mainly reflected in a decline in the average stock of credit institutions' overnight deposits. Average holdings of two-week MNB bills continued to increase in 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	Jun 2014	Jul 2014	Monthly changes	Liabilities	Jun 2014	Jul 2014	Monthly changes
External assets	11370,3	11472,2	101,9	Currency in circulation	3415,6	3467,6	52,0
Two-week and Six-month loans of credit institutions	0,0	0,0	0,0	Current account balances of other MFIs	475,9	470,0	-6,0
Two-year loans of credit institutions	3,0	0,1	-2,9	Overnight deposits of other MFIs	151,2	49,7	-101,5
Swap claims on foreign currency with credit institutions ¹	3,5	0,0	-3,5	Other deposits of other MFIs	8,9	10,1	1,2
Swap claims on foreign currency related to Pillar 3 of the Funding for Growth Scheme with credit institutions ¹	239,1	242,0	2,9	Deposits of central government	2143,2	2167,0	23,7
Remaining assets	1142,5	1147,1	4,6	Two-week MNB bills held by residents ²	4480,5	4591,0	110,5
				Two-week MNB bills held by non residents ²	448,0	423,1	-24,9
				Foreign liabilities	407,9	395,4	-12,5
				Swap liabilities to HUF with credit institutions ¹	3,5	0,0	-3,5
				Swap liabilities to HUF related to Pillar 3 of the Funding for Growth Scheme with credit institutions ¹	239,1	242,0	2,9
				Remaining liabilities	984,6	1045,6	61,0
Total assets	12758,4	12861,4	103,0	Total liabilities	12758,4	12861,4	103,0

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.

³ Includes loans offered to credit institutions within Funding for Growth Scheme.

In July, forint liquidity of the banking sector fell, which was reflected in a decline in the average stock of credit institutions' overnight deposits. By contrast, average holdings of two-week MNB bills increased. In the case of two-week MNB bills, holdings by the resident sector increased significantly, while holdings by the non-resident sector fell.

The last auction of MNB bills was held on 30 July. From August, the two-week deposit will be available for domestic credit institutions as the MNB's key policy instrument. The decline in non-resident holdings of MNB bills in July suggests that non-residents are reducing gradually their holdings ahead of the termination of their access to the central bank policy instrument in August.

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

The average of external assets and the average stock of central government deposits both rose relative to June, while their end-of-month stocks fell as a result of the maturity of foreign currency-denominated government bonds of EUR 1 billion on 28 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.¹ Four forint interest rate swap tenders were announced in the month.²

The monthly average of the banking sector's current account balances with the Magyar Nemzeti Bank exceeded reserve requirements by the usual amount.³ Excess reserves amounted to HUF 5.8 billion, which continued to be moderate compared with the sector's total reserve requirements of HUF 464 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, and then approached the level of the central bank base rate in the last third, before rising above it in the period between 24 and 28 July. The overnight rate returned to lower bound of the interest rate corridor by the last business day of the month (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 – July 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	11456,7	88,0	-269,1	11275,6	Currency in circulation	3438,2	0,0	50,6	3488,8
Remaining assets	1149,2	-7,9	31,5	1172,8	Deposits of other MFIs	811,4	0,0	-201,4	610,0
					Deposits of central government	2262,1	1,7	-149,3	2114,5
					Two-week MNB bills held by residents ¹	4200,1	0,0	244,4	4444,6
					Two-week MNB bills held by non residents ¹	439,6	0,0	-165,0	274,6
					External liabilities ²	394,5	6,3	-6,5	394,3
					Remaining liabilities	1059,9	72,1	-10,4	1121,7
Total assets	12605,9	80,1	-237,6	12448,5	Total liabilities	12605,9	80,1	-237,6	12448,5

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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¹ For more information on the Bank's new instruments, see:

http://english.mnb.hu/Monetaris_politika/mnben_jegybanki_eszkoztar/mnben_eszkoztar_tenderek

² Data on the IRS tenders announced are available at:

http://english.mnb.hu/Monetaris_politika/mnben_jegybanki_eszkoztar/mnben_eszkoztar_tenderek/interest-rate-swap-tenders

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 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
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Detailed tables: [Time series](#)

Notes: [Methodological notes](#)

Charts: [Chart pack](#)

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