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PRESS RELEASE

Preliminary statistical balance sheet of the MNB:

May 2014

In May 2014, forint liquidity of the domestic banking sector fell relative to the previous month. This was reflected in a decline in average holdings of two-week MNB bills, while the average stock of credit institutions' overnight deposits increased.

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 2014	May 2014	Monthly changes	Liabilities	Apr 2014	May 2014	Monthly changes
External assets	11460,6	11183,0	-277,6	Currency in circulation	3352,8	3373,8	21,1
Two-week and Six-month loans of credit institutions	0,0	0,0	0,0	Current account balances of other MFIs	422,1	475,4	53,3
Two-year loans of credit institutions	57,9	13,3	-44,6	Overnight deposits of other MFIs	50,6	118,0	67,3
Swap claims on foreign currency with credit institutions ¹	0,0	0,0	0,0	Other deposits of other MFIs	7,0	9,4	2,4
Swap claims on foreign currency related to Pillar 3 of the Funding for Growth Scheme with credit institutions ¹	194,9	237,7	42,7	Deposits of central government	1786,5	1911,8	125,3
Remaining assets	1092,0	1113,4	21,4	Two-week MNB bills held by residents ²	4654,2	4594,1	-60,0
				Two-week MNB bills held by non residents ²	810,7	472,7	-338,1
				Foreign liabilities	469,8	398,8	-71,0
				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	194,9	237,7	42,7
				Remaining liabilities	1056,7	955,6	-101,1
Total assets	12805,4	12547,4	-258,1	Total liabilities	12805,4	12547,4	-258,1

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 May, forint liquidity of the banking sector fell, which was reflected in a decline in average holdings of two-week MNB bills. The average stock of credit institutions' overnight deposits increased. In the case of two-week MNB bills, holdings by the non-resident sector fell sharply, while holdings by the resident sector dropped slightly.

The average of credit institutions' current account balances with the central bank increased relative to the previous month, caused by credit institutions' choice to hold higher reserves in the new reserve maintenance period. The average stock of currency in circulation increased slightly in the month (see Table 1 and Chart 5 of the chart-pack).

The average of external assets fell relative to April, as a result of the maturity of a foreign currency government bond in a total amount of GBP 600 million on 6 May. Nevertheless, the average stock of central government deposits increased, due in part to transfers from the EU.

Under Pillar 3 of the Funding for Growth Scheme launched on 4 April 2013, the Magyar Nemzeti Bank introduced a new euro liquidity-providing FX swap tender on 3 June 2013.¹ The monthly average stocks of FX swaps 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 moderate compared with the sector's total reserve requirements of HUF 469.75 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 May, moving close to the bottom of the corridor in the last third 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 – May 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	11361,8	-158,9	34,2	11237,0	Currency in circulation	3408,5	0,0	-23,8	3384,8
Remaining assets	1148,1	12,5	-24,3	1136,4	Deposits of other MFIs	512,8	0,0	-44,3	468,5
					Deposits of central government	1924,4	-3,8	197,0	2117,5
					Two-week MNB bills held by residents ¹	4695,7	0,0	-58,1	4637,6
					Two-week MNB bills held by non residents ¹	543,5	0,0	-41,0	502,6
					External liabilities ²	371,5	-3,8	-0,2	367,5
					Remaining liabilities	1053,4	-138,7	-19,7	895,0
Total assets	12509,9	-146,3	9,9	12373,4	Total liabilities	12509,9	-146,3	9,9	12373,4

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 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_eszkozatar/mnben_eszkozatar_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 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.

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Detailed tables: [Time series](#)

Notes: [Methodological notes](#)

Charts: [Chart pack](#)

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