



12 December 2014

PRESS RELEASE

Preliminary statistical balance sheet of the MNB: November 2014

In November 2014, forint liquidity of the domestic banking sector increased slightly, as reflected in a decline in the average stock of overnight deposits and an increase in the average stock of two-week deposits. The average stocks of external assets and of central government deposits fell as an effect of the repayment of a loan from the European Commission at the end of October. The MNB introduced two new tenders for euro sales combined with a spot transaction in November, in order to satisfy banks' hedging needs arising from conversions of household foreign currency loans into forints.

1 Balance sheet of the MNB containing monthly average stocks

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

HUF billions							
Assets	Oct 2014	Nov 2014	Monthly changes	Liabilities	Oct 2014	Nov 2014	Monthly changes
External assets	11300,1	10830,0	-470,1	Currency in circulation	3600,7	3631,8	31,1
Two-week and Six-month loans of credit institutions	0,0	0,0	0,0	Current account balances of other MFIs	501,1	501,5	0,4
Swap claims on foreign currency with credit institutions ¹	205,0	204,5	-0,6	Overnight deposits of other MFIs	119,5	92,3	-27,2
Swap claims on foreign currency related to Pillar 3 of the Funding for Growth Scheme with credit institutions ¹	220,5	178,3	-42,2	Two-week deposits of other MFIs	4839,9	4896,8	56,9
Swap claims on HUF related to euro sale tender for the settlement and conversation of FX loans with credit institutions ^{1, 2, 3}	165,4	1833,0	1667,6	Other deposits of other MFIs	53,2	136,4	83,2
Remaining assets ⁴	1291,8	1357,6	65,8	Deposits of central government	2040,9	1442,5	-598,5
				Foreign liabilities	417,4	495,4	78,0
				Swap liabilities to HUF with credit institutions ¹	205,0	204,5	-0,6
				Swap liabilities to HUF related to Pillar 3 of the Funding for Growth Scheme with credit institutions ¹	220,5	178,3	-42,2
				Swap liabilities to foreign currency related to euro sale tender for the settlement and conversation of FX loans with credit institutions ^{1, 2, 3}	165,4	1833,0	1667,6
				Remaining liabilities	1019,2	991,0	-28,2
Total assets	13182,9	14403,5	1220,6	Total liabilities	13182,9	14403,5	1220,6

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, and swap related to euro sale tender for the settlement and conversation of FX loans on a gross basis. (See the

² Data for October has been modified by HUF 46.9 billions, therefore the total assets/liabilities also changed.

³ For more information see the website: Notice on euro sale tender of the settlement and conversation of FX loans.

http://english.mnb.hu/Monetaris_politika/mnben_iggybanki_eszkozta/mnben_eszkozta_tenderek/fx-spot-tenders

⁴ Includes loans offered to credit institutions within Funding for Growth Scheme.

In November, forint liquidity of the banking sector rose slightly, which was reflected in a decline in the average stock of overnight deposits and an increase in the average stock of two-week deposits, exceeding the decline in the former.

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

The average stock of external assets fell sharply, due to the carry-over effect of the repayment by central government on 28 October of HUF 618 billion under a loan received from the European Commission in 2008.

The euro liquidity-providing FX swap tender, introduced 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 13 October 2014 and then on 10 November 2014, the MNB introduced two new tenders each for euro sales combined with a spot transaction, in order to cover banks' hedging needs arising from the settlement of household foreign currency loans and conversions of foreign currency loans into forints, respectively.¹ The average stocks of swap transactions entered into in relation to the settlement of foreign currency loans and their conversion into forints under the new tenders are contained in Table 1 and Chart 8 of the chart-pack.

In line with the increase in outstanding swaps, the margin account balances, related to outstanding swaps and managed by the MNB for credit institutions, also increased in November. These are recorded among other deposits of credit institutions.

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 7.2 billion, which continued to be moderate compared with the sector's total reserve requirements of HUF 494 billion (see Charts 1 and 2 of the chart-pack). The overnight interbank rate fluctuated near the lower bound of the interest rate corridor throughout November (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 – November 2014

HUF billions									
Assets	Opening stocks	Revaluations and other changes	Transactions	Closing stocks	Liabilities	Opening stocks	Revaluations and other changes	Transactions	Closing stocks
External assets	10807,4	-59,0	34,4	10782,9	Currency in circulation	3591,8	0,0	44,3	3636,1
Remaining assets	1308,2	94,4	19,3	1421,9	Other deposits of other MFIs	477,1	0,1	498,5	975,7
					Two-week deposits of other	4913,2	0,0	-139,4	4773,7
					Deposits of central government	1717,0	0,0	-443,6	1273,4
					External liabilities	427,2	0,3	101,9	529,3
					Remaining liabilities	989,5	35,0	-8,0	1016,5
Total assets	12115,6	35,5	53,7	12204,8	Total liabilities	12115,6	35,5	53,7	12204,8

¹ Detailed information on the euro sale tenders related to the settlement and conversion of foreign currency loans is available on the Bank's website at: http://english.mnb.hu/Monetaris_politika/mnben_jegybanki_eszkozatar/mnben_eszkozatar_tenderek/fx-spot-tenders.

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.

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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.

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Detailed tables: [Time series](#)

Notes: [Methodological notes](#)

Charts: [Chart pack](#)

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