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## PRESS RELEASE

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

*In October 2014, forint liquidity of the domestic banking sector fell, mainly reflecting a decline in the average stock of overnight deposits as well as in a drop in the average stock of two-week deposits. The end-of-month stocks of external assets and of central government deposits fell as an effect of the repayment of a loan from the European Commission. The MNB introduced two new tenders for euro sales combined with a spot transaction, in order to satisfy banks' hedging needs arising from settlements of household foreign currency loans.*

#### 1 Balance sheet of the MNB containing monthly average stocks

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

HUF billions							
Assets	Sept 2014	Oct 2014	Monthly changes	Liabilities	Sept 2014	Oct 2014	Monthly changes
External assets	11480,7	11300,1	-180,6	Currency in circulation	3588,8	3600,7	11,9
Two-week and Six-month loans of credit institutions	0,0	0,0	0,0	Current account balances of other MFIs	477,8	501,1	23,2
Swap claims on foreign currency with credit institutions <sup>1</sup>	14,6	205,0	190,4	Overnight deposits of other MFIs	309,4	119,5	-189,9
Swap claims on foreign currency related to Pillar 3 of the Funding for Growth Scheme with credit institutions <sup>1</sup>	244,7	220,5	-24,1	Two-week deposits of other MFIs	4956,2	4839,9	-116,3
Swap claims on HUF related to euro sale tender for the settlement and conversation of FX loans with credit institutions <sup>1,2</sup>	0,0	118,5	118,5	Other deposits of other MFIs	13,3	53,2	39,9
Remaining assets <sup>3</sup>	1233,0	1291,8	58,9	Deposits of central government	1747,2	2040,9	293,8
				Foreign liabilities	434,2	417,4	-16,9
				Swap liabilities to HUF with credit institutions <sup>1</sup>	14,6	205,0	190,4
				Swap liabilities to HUF related to Pillar 3 of the Funding for Growth Scheme with credit institutions <sup>1</sup>	244,7	220,5	-24,1
				Swap liabilities to foreign currency related to euro sale tender for the settlement and conversation of FX loans with credit institutions <sup>1,2</sup>	0,0	118,5	118,5
				Remaining liabilities	1186,8	1019,2	-167,6
Total assets	12973,0	13136,0	163,0	Total liabilities	12973,0	13136,0	163,0

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

<sup>2</sup> 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\\_jegybanki\\_eszkozok/mnben\\_eszkozok\\_tenderek/fx-spot-tenders](http://english.mnb.hu/Monetaris_politika/mnben_jegybanki_eszkozok/mnben_eszkozok_tenderek/fx-spot-tenders)

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

In October, forint liquidity of the banking sector fell, which was mainly reflected in a decline in the average stock of overnight deposits and a drop in the average stock of two-week deposits. The sharp increase in the MNB's three-month swaps outstanding to credit institutions also contributed to the fall in forint liquidity.

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

The repayment on 28 October of HUF 618 billion under a loan from the European Commission (EC) in 2008 contributed to the decline in the average and end-of-month stocks of external assets. The repayment of the loan from the EC had little impact on the October average of central government deposits, as the surplus of central government increased in October and net issuance was significantly higher than in September. The downward impact of the loan repayment was reflected in the end-of-month stock of central government deposits.

The Magyar Nemzeti Bank's 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.

From 13 October 2014, the MNB introduced two new tenders (one conditional and one unconditional) for euro sales combined with a spot transaction, in order to cover banks' hedging needs arising from the settlement of household foreign currency loans.<sup>1</sup> The main aim of the instrument is to provide cover to credit institutions for settlements between banks and their customers. The euro sale tenders will be announced for credit institutions weekly. The average stocks of swap transactions entered into in relation to the settlement of foreign currency loans and their conversion into forints under the two new tenders are contained in Table 1 and Chart 8 of the chart-pack.

The monthly average of the banking sector's current account balances with the Magyar Nemzeti Bank exceeded reserve requirements by the usual amount.<sup>2</sup> Excess reserves amounted to HUF 5.3 billion, which continued to be moderate compared with the sector's total reserve requirements of HUF 496 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 the month (see Chart 12 of the chart-pack).

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<sup>1</sup> 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\\_eszkoztar/mnben\\_eszkoztar\\_tenderek/fx-spot-tenders](http://english.mnb.hu/Monetaris_politika/mnben_jegybanki_eszkoztar/mnben_eszkoztar_tenderek/fx-spot-tenders).

<sup>2</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.

## 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 – October 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	11363,6	-132,3	-424,1	10807,2	Currency in circulation	3599,7	0,0	-7,9	3591,8
Remaining assets	1253,6	31,1	23,5	1308,3	Other deposits of other MFIs	721,0	0,0	-243,9	477,1
					Two-week deposits of other MFIs	4746,4	0,0	166,8	4913,2
					Deposits of central government	2013,0	-3,2	-292,8	1717,0
					External liabilities	434,6	-3,1	-4,3	427,2
					Remaining liabilities	1102,6	-94,9	-18,4	989,3
Total assets	12617,3	-101,2	-400,6	12115,5	Total liabilities	12617,3	-101,2	-400,6	12115,5

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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

Detailed tables: [Time series](#)

Notes: [Methodological notes](#)

Charts: [Chart pack](#)

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