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PRESS RELEASE

Preliminary statistical balance sheet of the MNB: September 2014

In September 2014, forint liquidity of the domestic banking sector rose relative to August. This was mainly accounted for by the change in average holdings of two-week MNB instruments and in part by the increase in the average stock of credit institutions' overnight deposits.

1 Balance sheet of the MNB containing monthly average stocks

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

HUF billions							
Assets	Aug 2014	Sept 2014	Monthly changes	Liabilities	Aug 2014	Sept 2014	Monthly changes
External assets	11403,1	11480,7	77,6	Currency in circulation	3566,8	3588,8	22,0
Two-week and Six-month loans of credit institutions	0,0	0,0	0,0	Current account balances of other MFIs	485,4	477,8	-7,5
Swap claims on foreign currency with credit institutions ¹	0,0	14,6	14,6	Overnight deposits of other MFIs	276,2	309,4	33,2
Swap claims on foreign currency related to Pillar 3 of the Funding for Growth Scheme with credit institutions ¹	245,1	244,7	-0,5	Two-week deposits of other MFIs	3607,1	4956,2	1349,1
Remaining assets	1189,6	1233,0	43,3	Other deposits of other MFIs	14,0	13,3	-0,7
				Deposits of central government	1755,2	1747,2	-8,0
				Two-week MNB bills held by residents ²	1155,5	0,0	-1155,5
				Two-week MNB bills held by non residents ²	83,7	0,0	-83,7
				Foreign liabilities	448,8	434,2	-14,6
				Swap liabilities to HUF with credit institutions ¹	0,0	14,6	14,6
				Swap liabilities to HUF related to Pillar 3 of the Funding for Growth Scheme with credit institutions ¹	245,1	244,7	-0,5
				Remaining liabilities	1200,1	1186,8	-13,3
Total assets	12837,9	12973,0	135,1	Total liabilities	12837,9	12973,0	135,1

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.

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

On 6 August 2014, the two-week central bank deposit replaced the two-week MNB bill as the MNB's key policy instrument.¹ Since then, this instrument has served as a basis for analysing developments in the banking sector's forint liquidity.

¹ The MNB's counterparties for the key policy instrument are domestic credit institutions subject to reserve requirements.

In September, there was a shift on the liabilities side due to the change to the Bank's key policy instrument. The average stock of two-week deposits increased and holdings of two-week MNB bills ceased to exist. Forint liquidity of the banking sector rose in the month, reflecting in large part the change in the average stock of two-week instruments and the increase in the average stock of overnight deposits.

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 continued to rise in September (see Table 1 and Chart 5 of the chart-pack).

The average stock of central government deposits was unchanged relative to August. By contrast, the end-of-month stock increased sharply, due to the fact that issues of forint-denominated government securities exceeded maturities, and there were VAT payments and EU transfers were received in the second part of the month. The latter also contributed to an increase in the average stock of external assets.

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.

The monthly average of the banking sector's current account balances with the Magyar Nemzeti Bank 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 472 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).

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 – September 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	11483,1	-155,6	36,1	11363,6	Currency in circulation	3579,0	0,0	20,7	3599,7
Remaining assets	1211,1	19,5	23,5	1254,1	Other deposits of other MFIs	888,4	0,0	-167,4	721,0
					Two-week deposits of other MFIs	4837,1	0,0	-90,7	4746,4
					Deposits of central government	1713,2	-5,0	304,9	2013,0
					Two-week MNB bills held by residents ¹	0,0	0,0	0,0	0,0
					Two-week MNB bills held by non residents ¹	0,0	0,0	0,0	0,0
					External liabilities ²	422,7	0,8	11,1	434,6
					Remaining liabilities	1253,9	-131,8	-19,0	1103,0
Total assets	12694,3	-136,1	59,6	12617,7	Total liabilities	12694,3	-136,1	59,6	12617,7

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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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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