

The countercyclical capital buffer rate applicable to Hungarian exposures from 1 October 2021 and the justification thereof

In view of the capital buffer guide and the other supplementary indicators relevant in terms of domestic financial systemic risks, the Magyar Nemzeti Bank has left the rate of the countercyclical capital buffer to be applied to exposures to counterparties in Hungary as of 1 October 2021 at 0 percent.

	Current data (31 March 2021)
Countercyclical capital buffer rate applicable to exposures to counterparties in Hungary (per cent)	0
Countercyclical capital buffer rate based on the additional credit-to-GDP gap (per cent) – <i>buffer guide</i>	0
Countercyclical capital buffer rate based on the standardised credit-to-GDP gap (per cent)	0
Additional credit-to-GDP ratio (per cent)	44.9
Additional credit-to-GDP gap (percentage point)	-1.4
Standardised credit-to-GDP ratio (per cent)	94.1
Standardised credit-to-GDP gap (percentage point)	-8.0

Justification

The benchmark additional credit-to-GDP gap, the analysed supplementary indicators and other available credit market information continue to signal a low level of domestic cyclical systemic risks that does not warrant macroprudential interventions.

The additional credit-to-GDP gap, which serves as a guide for determining the countercyclical capital buffer rate, continued to close, but remained negative based on data of the first quarter of 2021. Lending to the economy still remained below the level anticipated by the long-term trend of credit-to-GDP, even given the credit growth observed so far, maintained by state and central bank measures, real estate market processes and the close-to-equilibrium level of corporate credit. Based on the level and dynamics of the supplementary indicators and the underlying fundamentals, neither the overheating nor the vulnerability risks justify intervention yet.

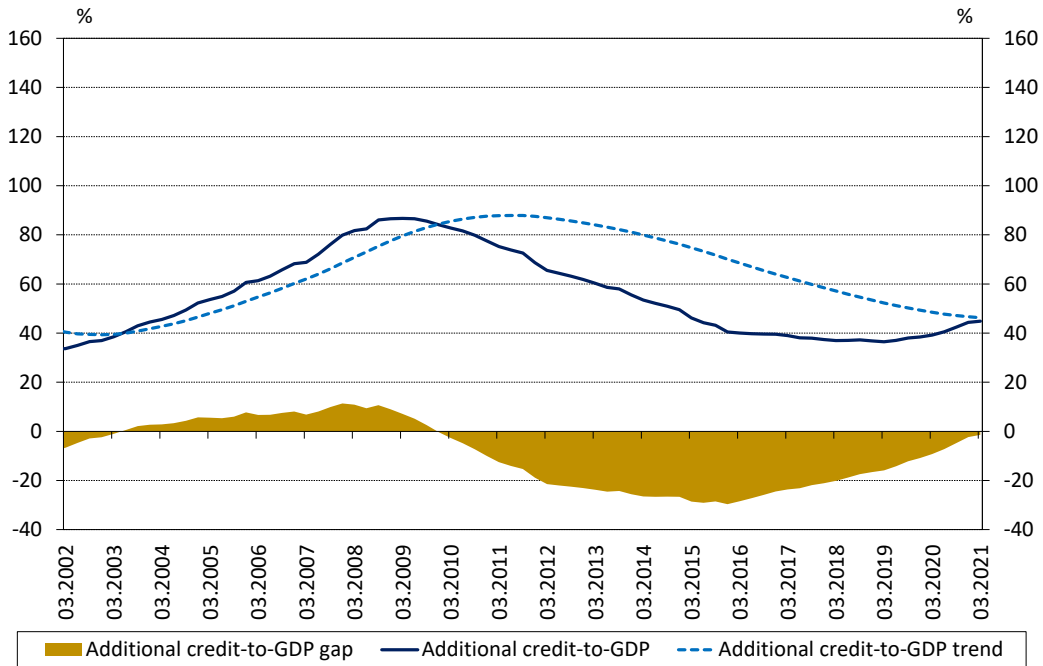
The assessment of the cyclical position and its indicators is significantly influenced by the complex economic situation that has developed in connection with the coronavirus pandemic, but which is already showing significant improvement. Due to the already realised and the expected financial and economic effects, the cyclical situation justifying the prescription of the capital buffer is expected to develop only later.

The degree and the dynamics of cyclical systemic risks justify the maintenance of the current countercyclical capital buffer rate applicable to Hungarian exposures.

For more details on the method of defining the countercyclical capital buffer guide and other monitored indicators, see the methodological notes and the indicators of the cyclical systemic risk map underlying the current decision.

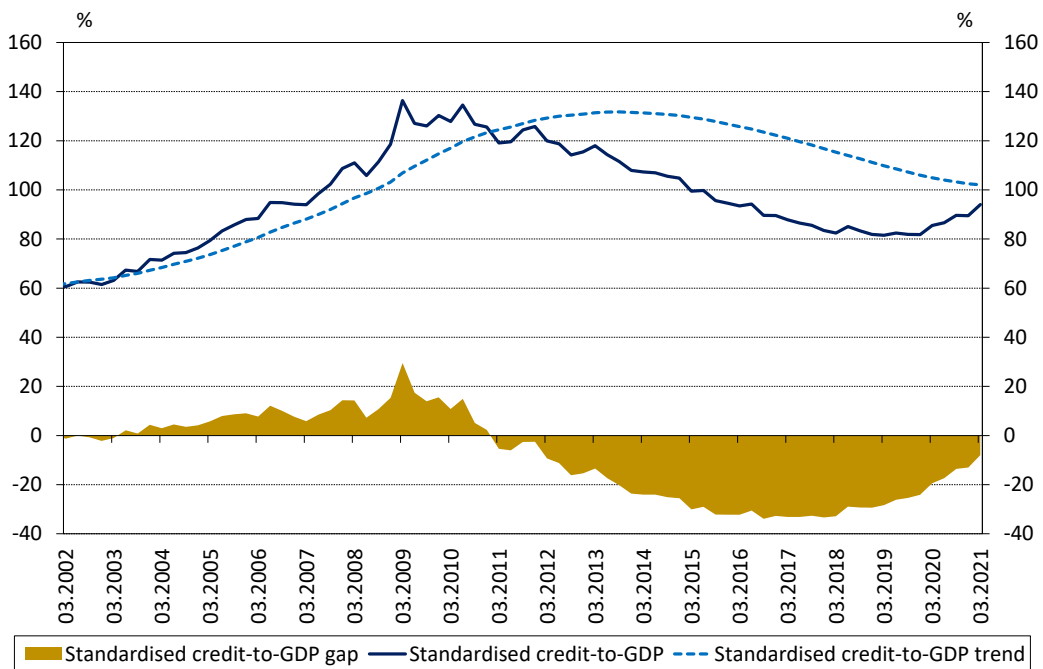
Appendix

Chart 1 – Development of the benchmark additional credit-to-GDP gap



Source: MNB. Note: benchmark additional credit-to-GDP gap based on country-specific methodology calculated on 31 March 2021 data.

Chart 2 – Development of the standardised credit-to-GDP gap



Source: MNB. Note: standardised credit-to-GDP gap based on the European Systemic Risk Board’s recommendation calculated on 31 March 2021 data.