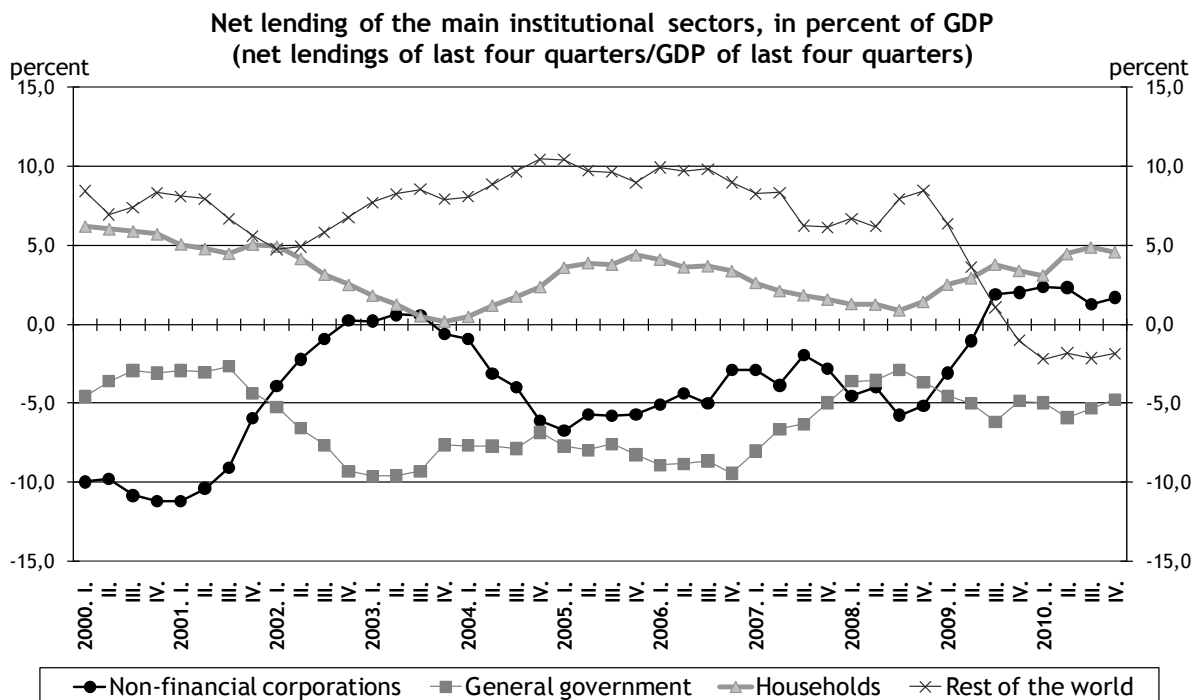


**INFORMATION RELEASE**

**Hungary's financial accounts data:  
2010 Q4**

According to financial accounts data, general government net borrowing was equal to 4.8 per cent of GDP in the four quarters to 2010 Q4. Net lending of households amounted to 4.6 per cent of GDP and net lending of non-financial corporations amounted to 1.7 per cent of GDP over the period. Overall, net lending of the total economy (or net borrowing of the rest of the world) amounted to 1.9 per cent of GDP in the year to 2010 Q4, according to financial accounts data.



Note: For clarity, the Chart does not plot net lending of financial corporations and non-profit institutions serving households (their values are usually close to 0). Data for a given quarter show the sum of balances for the year ending with that quarter, expressed as a percentage of GDP for the same period.

According to financial accounts data, general government net borrowing - which also includes reinvested earnings of the Magyar Nemzeti Bank<sup>1</sup> - amounted to HUF 1,294 billion or 4.8 per cent of GDP in the four quarters to 2010 Q4. Excluding reinvested earnings of the MNB, general government

<sup>1</sup> For notes on the methodology of recording, see page 51 of [Financial Accounts of Hungary, 2008](#) on the Bank's website.

net borrowing, derived from the national accounts, amounted to HUF 1,202 billion or 4.4 per cent of annual GDP. General government net borrowing was HUF 187 billion or 2.5% of GDP in 2010 Q4.

At the end of 2010 Q4, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 21,749 billion, or the equivalent of 80.2 per cent of GDP.

In 2010 Q4, the central government financed its borrowing requirement (HUF 208 billion) mainly by reducing its deposits and lending. There was a significant fall in the sub-sector's securities liabilities and an increase in its other assets and liabilities in the period. Local government authorities financed their borrowing requirement (HUF 93 billion) mainly by reducing their deposits and by borrowing. Their other liabilities fell significantly in the period. Net lending of social security funds (HUF 114 billion) reflected an increase in other assets and a decline in loans from the central government.

According to financial accounts data, household sector net lending amounted to HUF 1,239 billion or 4.6 per cent of GDP in the four quarters to 2010 Q4. In 2010 Q4, household net lending was HUF 343 billion, the equivalent of 4.6 per cent of quarterly GDP. Redirecting private pension contribution payments to the state pension system in 2010 Q4 reduced household net lending by HUF 90 billion (and reduced general government net borrowing by the same amount).

On the assets side of the balance sheet, there were notable increases in the sector's deposits and holdings of securities issued by credit institutions in the period. Other assets fell significantly. On the liabilities side, there was an increase in forint loans and a marked fall in foreign currency loans. Other liabilities rose significantly.

According to financial accounts data, *net lending* of non-financial corporations amounted to HUF 460 billion or 1.7 per cent of GDP in the year to 2010 Q4. In 2010 Q4, the sector's *net lending* was HUF 53 billion, the equivalent of 0.7 per cent of quarterly GDP.

On the assets side of the balance sheet, non-financial corporations mainly increased their deposits with credit institutions, their loans, shares and equity assets as well as other assets in the period. On the liabilities side, the increases in borrowing, equity liabilities and other liabilities were dominant.

According to financial accounts data, *net borrowing* of the rest of the world (or whole-economy net lending) amounted to HUF 507 billion or 1.9 per cent of GDP in the four quarters to 2010 Q4. In 2010 Q4, the sector's *net borrowing* was HUF 20 billion, the equivalent of 0.3 per cent of quarterly GDP.

On the assets side of the balance sheet, non-residents mainly increased their loans, equity assets and other assets, and reduced their deposits and holdings of debt securities in the period. On the liabilities side, deposits, holdings of debt securities and equity liabilities increased, while loans fell significantly.

Data revisions and methodological changes affecting the financial accounts

Tax and contribution payments on compensation of employees in January 2011 have been recorded on an accrual basis in the financial accounts for the previous year. With the change to the personal income tax rate effective from 2011, the timing of irregular wage payments (bonuses and cash

awards) may also have changed. February taxes and contributions on wages paid later than usual will be recorded in the financial accounts in 2011 Q1.

In order to create consistency with the recording of compensation of employees on an accrual basis, private pension fund contributions have also been recorded on an accrual basis. This resulted in a slight adjustment to transaction and stock data between households, the corporate sector and private pension funds going back to 1998.

In order to provide more detailed information to users, the time series of the stocks and flows of private pension fund reserves have been incorporated in the statistical tables presenting detailed time series, as a memorandum item for the household sector (S.14), in line 74.

In order to create consistency between the non-financial accounts and financial accounts compiled by the Central Statistical Office and reduce statistical discrepancies, accrual-based value adjustments to employee compensation, transfers from the EU as well as other items of the sub-sectors of general government have been revised backward in the financial accounts. These revisions affected stock and transaction data on other assets and liabilities of non-financial corporations, general government and households.

The seasonally adjusted data are subject to more uncertainty than usual, due to fluctuations caused by the financial crisis.

## MAGYAR NEMZETI BANK STATISTICS

*One of the primary statutory duties of the Magyar Nemzeti Bank is to collect and publish statistical information. The statistical press release aims to help the reader understand the latest published data. The Quarterly Report on Inflation and the Report on Financial Stability, published periodically, contain the Bank's analyses of underlying economic processes and are accessible at [www.mnb.hu](http://www.mnb.hu).*

[Summary tables](#)  
[Time series](#)  
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