



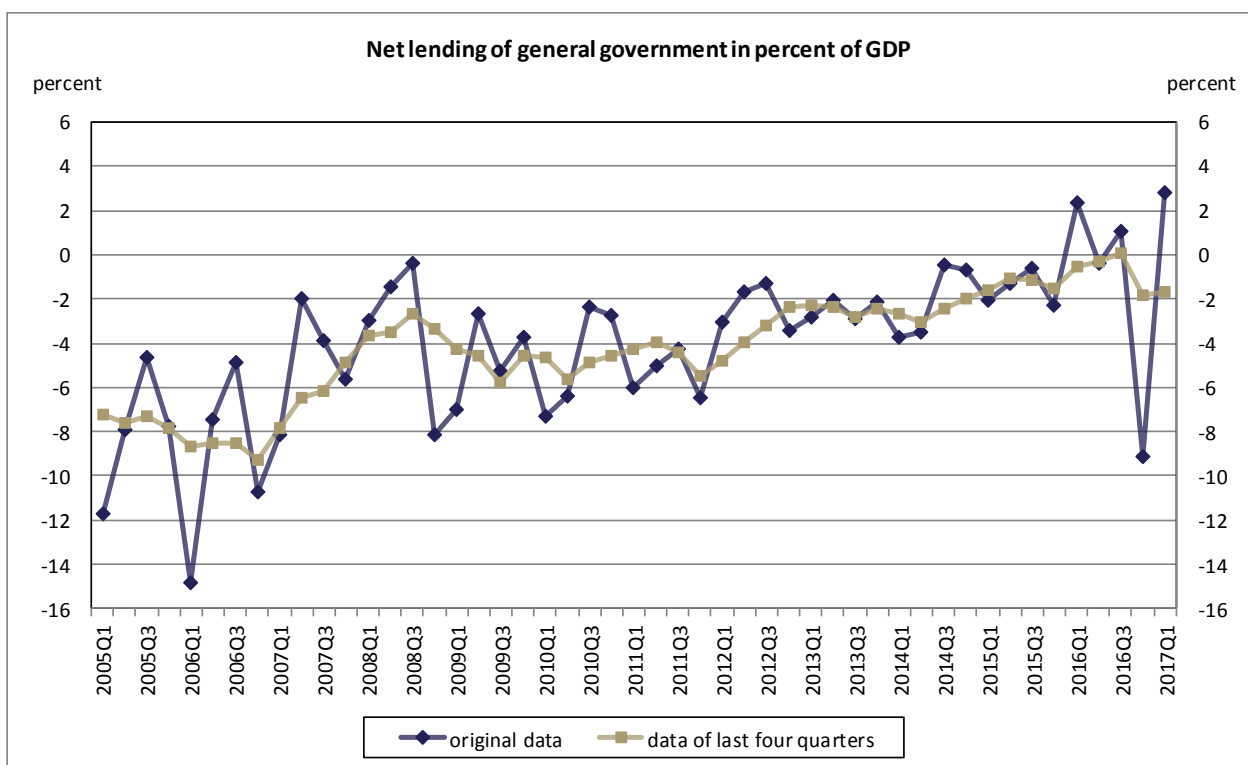
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PRESS RELEASE

Preliminary financial accounts for general government and households

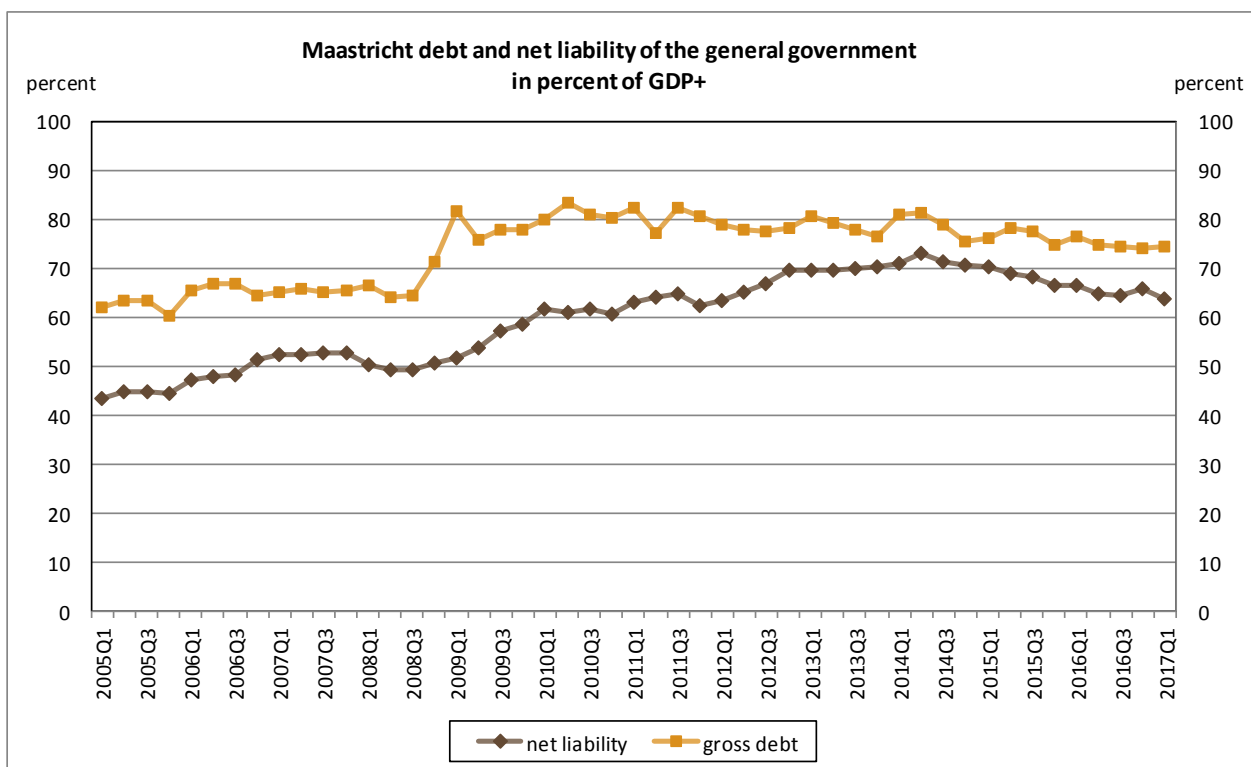
2017 Q1

According to preliminary financial accounts data, general government net lending was equal to -1.7 per cent of Hungary's GDP in the four quarters to 2017 Q1. General government consolidated gross debt at nominal value was 74.6 per cent of GDP at the end of 2017 Q1. According to preliminary financial accounts data, net lending of households was equivalent to 4.4 per cent of GDP in the four quarters to 2017 Q1.



2017 Q1 data are based on the MNB's own GDP estimate.

According to preliminary data, general government net lending amounted to HUF -589 billion or -1.7 per cent of GDP in the four quarters to 2017 Q1. General government net lending calculated from the financing side (HUF 230 billion) was equal to 2.8 per cent of quarterly GDP in 2017 Q1. At the end of 2017 Q1, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 26,442 billion, equivalent to 74.6 per cent of GDP. Net borrowing contributed HUF 576 billion to the increase in government debt calculated at current prices and the downward revaluation of foreign currency debt reduced it by HUF 56 billion. Net liabilities of general government amounted to HUF 22,665 billion or 64.0 per cent of GDP at the end of 2017 Q1.



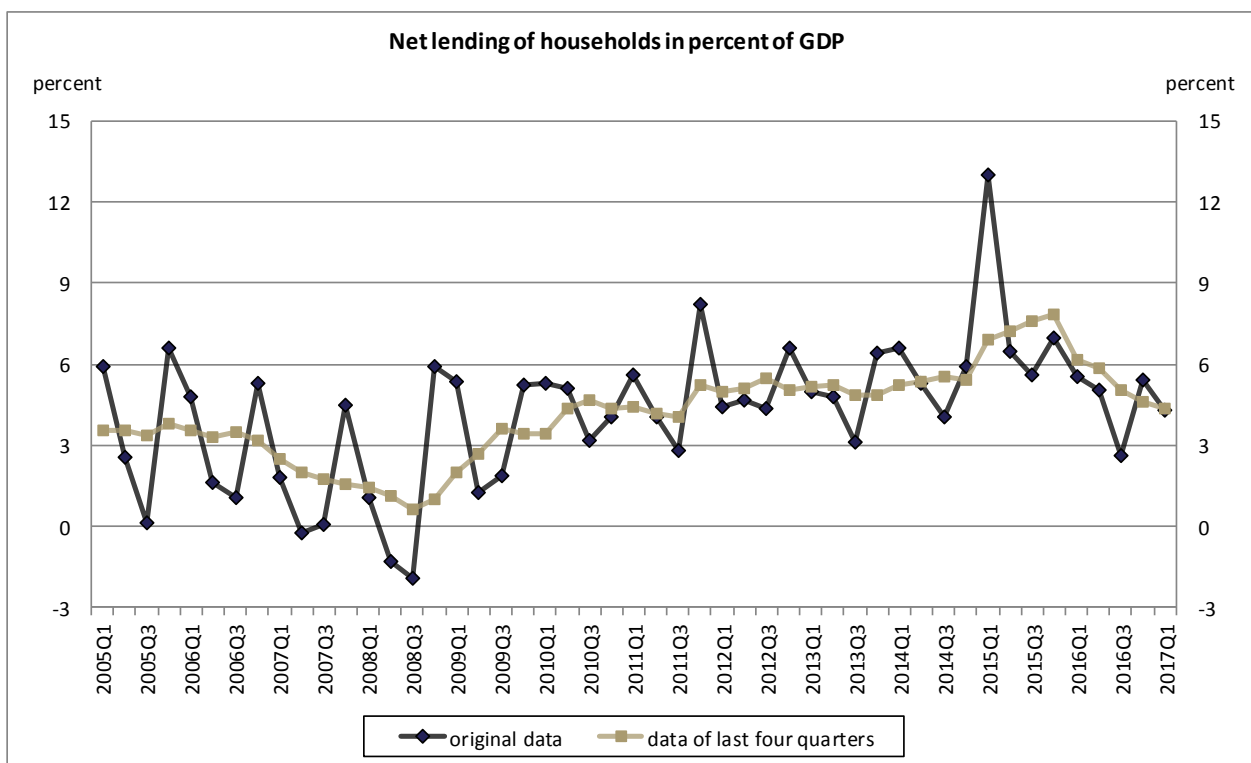
* The Maastricht measure of general government debt is defined as the sector's consolidated gross debt at nominal value, excluding other liabilities (AF.8). Net liability is equal to net worth (i.e. the difference between the market values of total financial assets and total liabilities) with the opposite sign.

2017 Q1 data are based on the MNB's own GDP estimate.

In 2017 Q1, net lending of central government amounted to HUF 119 billion. On the assets side of the sub-sector's balance sheet, there was a marked increase in deposits placed with the central bank and credit institutions. This increase in assets was partly offset by a decline in the receivables of central government from the European Union. On the liabilities side, the stocks of short and long-term securities increased significantly due to transactions. In the case of both instruments, credit institutions and households were the main lending sectors, although purchases of Treasury bills by local governments were also significant. By contrast, the amount of government securities held by the non-resident sector decreased further. In respect of other liabilities, there was a sharp decline in liabilities of central government, which mainly reflected the pick-up in tax refunds.

Net lending of local governments was HUF 204 billion in 2017 Q1. Within the sub-sector's financial assets, local government deposits placed with credit institutions rose, the amount of Treasury bills held by local governments increased significantly and there were some purchases of government bonds as well. On the liabilities side, short-term loans from central government were repaid, but the stock of other liabilities rose, due mainly to an increase in tax liabilities.

Net borrowing of the social security funds was HUF 93 billion in 2017 Q1. On the assets side of the sub-sector's balance sheet, deposits held with central government and contribution receivables from households fell. On the liabilities side, only the stock of short-term lending by central government increased slightly.



2017 Q1 data are based on the MNB's own GDP estimate.

According to preliminary financial accounts data, net lending of households was equivalent to 4.3 per cent (HUF 349 billion) of quarterly GDP in 2017 Q1. Within financial assets, households increased their savings in government securities particularly strongly in the period. Here, demand for long-term paper was greatest. In addition, the stocks of quoted shares and other equity also rose due to transactions. The latter reflected the fact that part of owners of limited liability companies carried out the compulsory capital increases in the first quarter of the year. Life insurance reserves continued to grow in the quarter, which primarily affected non-life insurance reserves. Households reduced their investments in a number of instruments in the period. Holdings of currency and deposits fell due to transactions and there were net sales of bonds issued by credit institutions and of mutual fund shares. The termination of advances recorded earlier in relation to sales of land by the government reduced the stock of households' other receivables.

Outstanding borrowing by the household sector increased slightly in 2017 Q1. There continued to be net repayments of housing loans. The stocks of consumption loans and other loans increased more strongly due to transactions.

Detailed preliminary financial accounts data are available on the MNB's website at: Statistics/Statistical Data and Information/Statistical Time Series/XII. Financial Accounts/[Preliminary Financial Accounts of Households and General Government](#). The full set of financial accounts for the institutional sectors of the national economy for 2017 Q1 will be published on 30 June 2017.

Tables

Main data of the institutional sectors

	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1
Net lending, quarterly transactions, billion HUF													
General government (S.13)	-269	-279	-39	-59	-157	-110	-51	-212	180	-36	94	-877	230
Households (S.14)	478	423	338	524	981	540	489	658	426	440	233	522	349
Net lending of last four quarters, billion HUF													
General government (S.13)	-824	-951	-764	-646	-533	-364	-377	-530	-193	-120	25	-639	-589
Households (S.14)	1 603	1 667	1 765	1 763	2 265	2 383	2 534	2 668	2 113	2 013	1 757	1 621	1 544
Consolidated gross debt of the general government, billion HUF													
General government (S.13)	24 915	25 420	25 084	24 514	24 986	25 887	25 921	25 403	26 157	25 909	25 883	25 922	26 442
Quarterly changes in consolidated gross debt of the general government, billion HUF													
changes in debt	1 839	505	-336	-570	471	902	34	-518	754	-248	-26	39	520
of which: transactions	1 472	433	-340	-700	896	396	95	-606	754	-305	150	-12	576
revaluation	312	72	7	131	-434	506	-62	88	0	57	-176	52	-56
other changes in volume	54	0	-3	0	9	0	0	0	0	0	0	0	0
	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1
Net lending, quarterly transactions, percent of GDP													
General government (S.13)	-3,7	-3,5	-0,5	-0,7	-2,1	-1,3	-0,6	-2,3	2,3	-0,4	1,0	-9,1	2,8
Households (S.14)	6,6	5,3	4,0	5,9	13,0	6,5	5,6	7,0	5,5	5,0	2,6	5,4	4,3
Net lending of last four quarters, percent of GDP													
General government (S.13)	-2,7	-3,1	-2,4	-2,0	-1,6	-1,1	-1,1	-1,6	-0,6	-0,3	0,1	-1,8	-1,7
Households (S.14)	5,2	5,3	5,6	5,4	6,9	7,2	7,6	7,8	6,2	5,8	5,1	4,6	4,4
Consolidated gross debt of the general government, percent of GDP													
General government (S.13)	81,2	81,6	78,9	75,7	76,4	78,3	77,5	74,7	76,6	75,0	74,4	74,1	74,6

Methodological notes

1 Changes to the collection of data on credit institutions

From 2017, the MNB introduced new data collections from credit institutions for statistical purposes, replacing the earlier joint supervisory and statistical reports. The framework of the new data collections made it possible to give greater effect to statistical methodological standards. As a result, the contents of individual instruments both in monetary balance sheet statistics and in the financial accounts have changed. These changes appeared in monetary statistics with the release of data for January 2017 and in the financial accounts with the release of preliminary data for 2017 Q1 for the first time. In the financial accounts, part of the changes has been backdated at the entire length of the time series, another part being carried over as other volume change in the stocks for the end of December 2016. The main changes are the following:

- The stocks of assets and liabilities related to investment services, previously recorded among trade credits, have been re-recorded mainly under loans and deposits. The reclassifications have also been implemented for households retroactively.

- Loans purchased from other financial institutions must be recorded at gross capital value in the balance of a credit institution, instead of the previous acquisition value. This has led to an increase in the stock of loans relative to the previous data release. This change has not been backdated in the financial accounts due to a lack of information.

- The stock of borrowing from credit institutions rose also because of the fact that the stock of accrued interest, included in the outstanding stock in the financial accounts, also includes part of interest previously made conditional (derecognised from the balance sheet) for a part of credit institutions. An estimate for the retroactive adjustment of the stock of loans will be made after the transition by credit institutions to the use of IFRSs at solo level.

2 Uncertainties related to the use of general government sector data

Balance sheets of the central government units and the local government sub-sector for 2017 Q1 were not fully available and final at the time of compilation of preliminary financial accounts data. Although the data have been used in the financial accounts, there is the possibility that certain items of the financial accounts, and in particular other assets and liabilities, as well as loans granted (and consequently the sector's net lending) may change in later releases. Furthermore, 2017 Q1 data on other assets and other liabilities related to transfers from the European Union also continue to be based on estimates.

3 Uncertainties related to 2017 Q1 data for households

In compiling preliminary household sector data for 2017 Q1, estimates were used to calculate certain assets (primarily wage claims) and the sector's liabilities to the general government sector. Foreign financial assets of households are not fully captured by the statistics; therefore, data on financial savings of the household sector contain uncertainties in the financial accounts. The estimated values may change in later publications or may be replaced by actual data as they become available.

References:

[Data](#)

[Financial accounts manual](#)

[Methodological notes](#)

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