

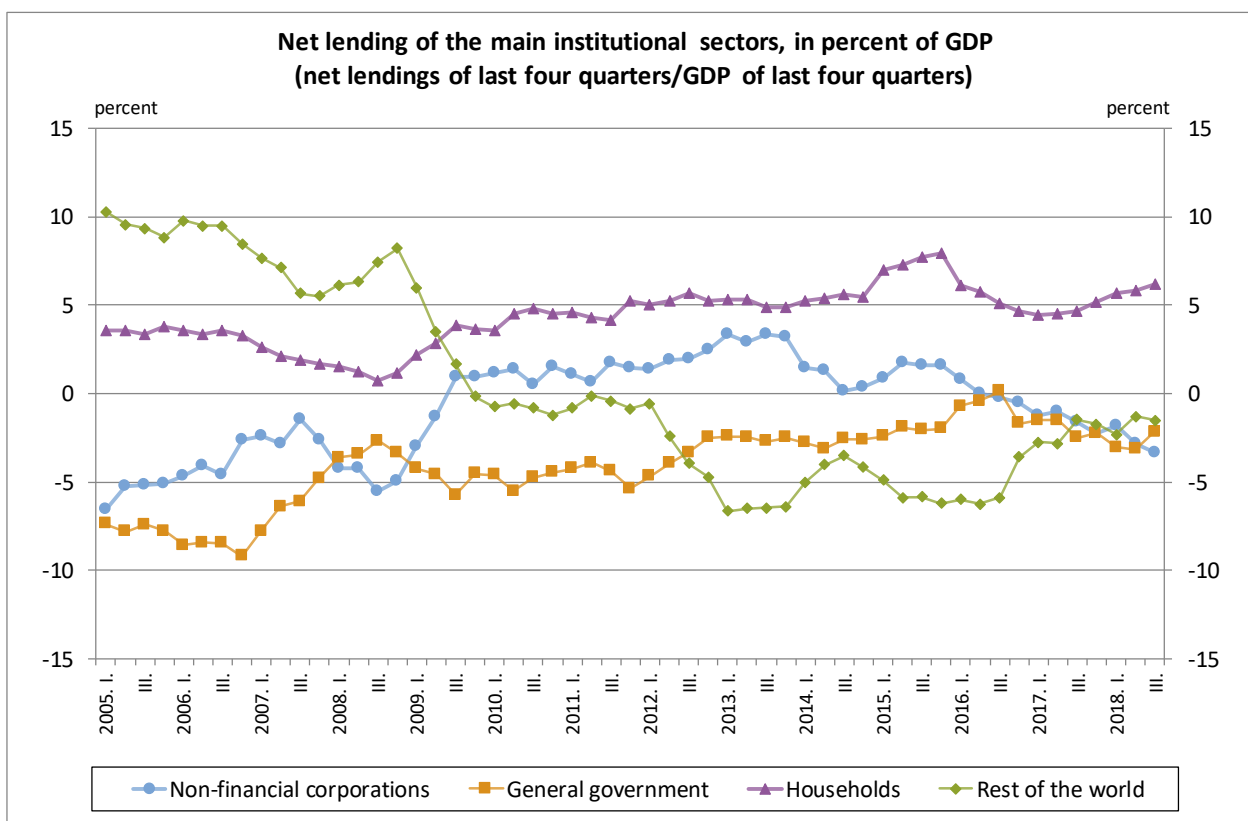


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PRESS RELEASE

Hungary's financial accounts: 2018 Q3

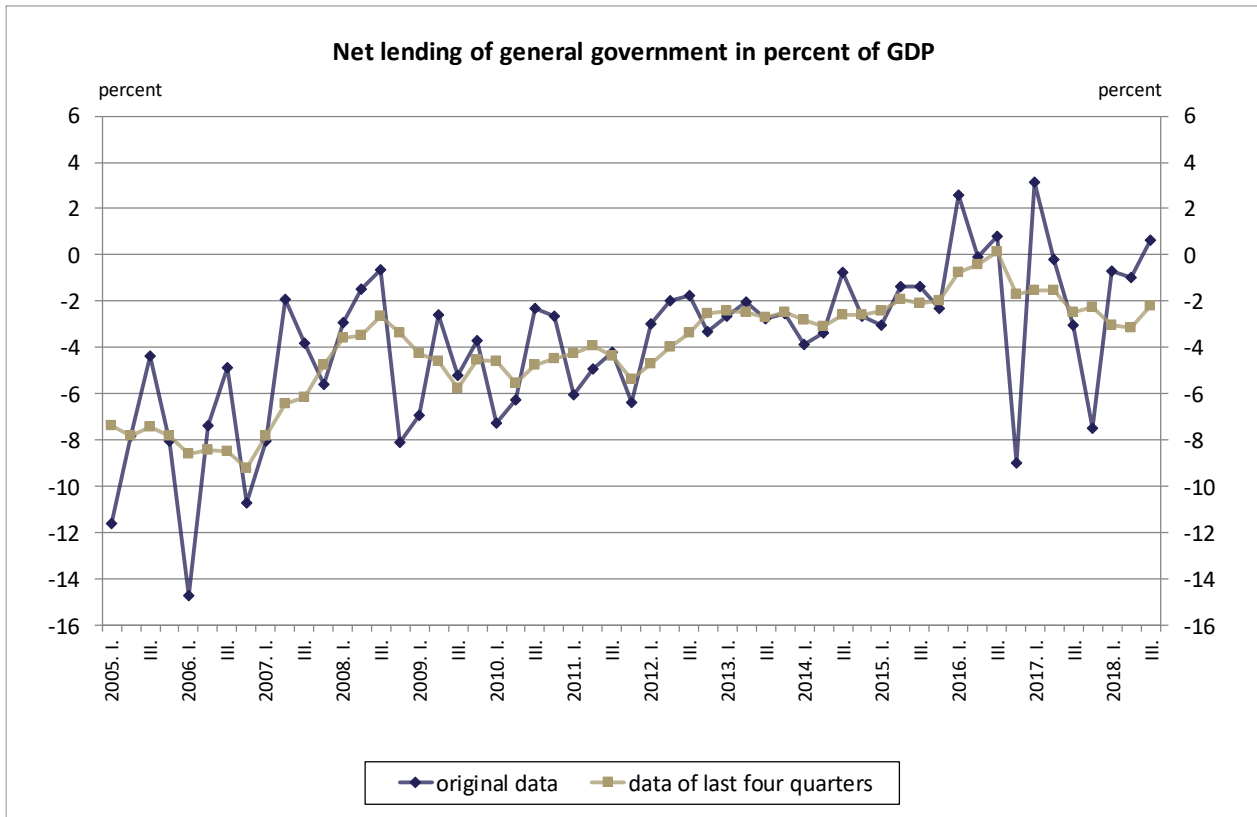
According to financial accounts data, net lending of general government amounted to -2.2 per cent in the four quarters to 2018 Q3. Net lending of households was 6.2 per cent of Hungary's GDP in the same period. Net lending of non-financial corporations amounted to -3.4 per cent of GDP and net lending of the rest of the world was -1.5 per cent of GDP in the four quarters to 2018 Q3.



* 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.

Net lending of general government amounted to HUF -896 billion or -2.2 per cent of Hungary's GDP in the four quarters to 2018 Q3. General government net lending calculated from the financing side (HUF 69 billion) was equal to 0.6 per cent of quarterly GDP in 2018 Q3.

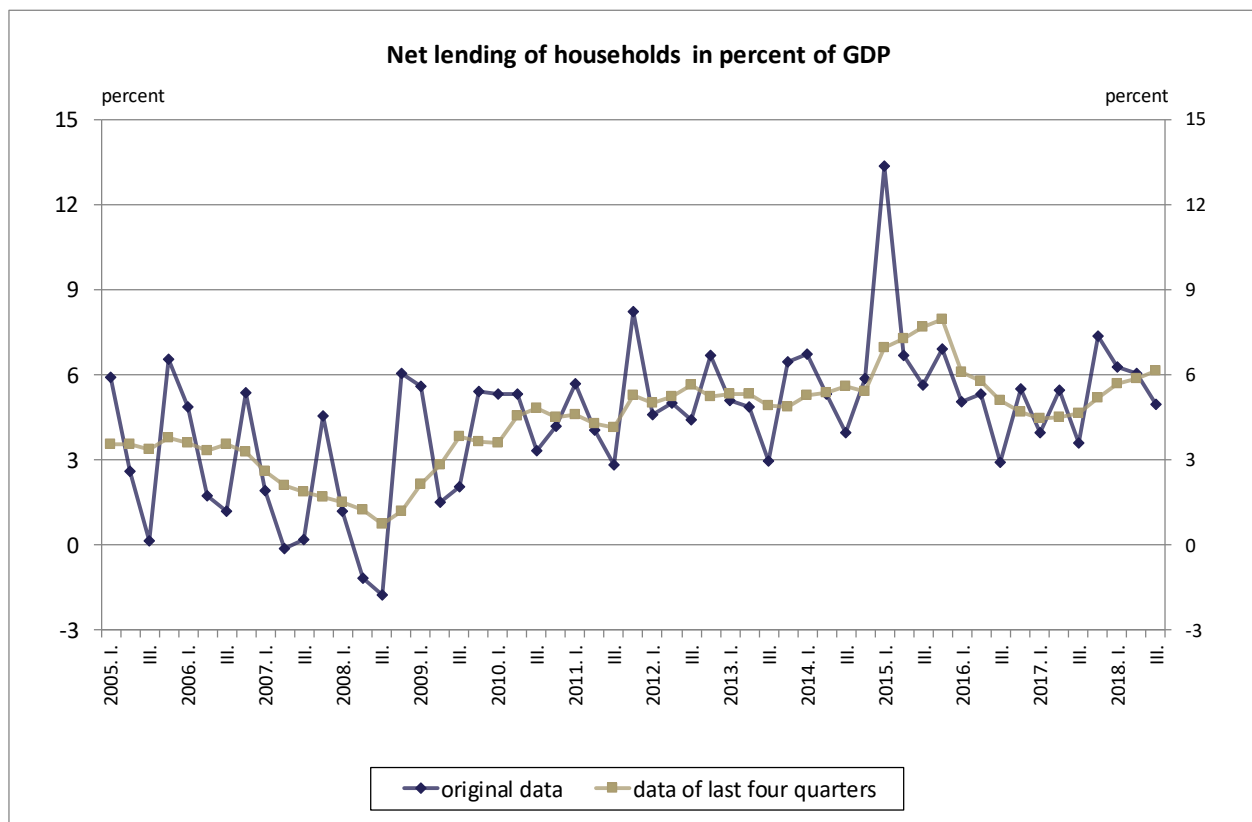
At the end of 2018 Q3, general government consolidated gross debt at nominal value (or Maastricht debt) was HUF 28,927 billion, equivalent to 70.5 per cent of GDP. Transactions increased the stock of government debt by HUF 277 billion and revaluations reduced it by HUF 92 billion in the quarter. Taking into account Eximbank's debt, general government's Maastricht measure of debt was 72.4 per cent of the GDP, 1.9 percentage points higher than the 70.5 per cent calculated under financial accounts methodology. Net liabilities of general government amounted to HUF 23,421 billion or 57.1 per cent of GDP at the end of 2018 Q3.



In 2018 Q3, net lending of central government amounted to HUF 98 billion. Within the sub-sector's financial assets, deposits with the central bank increased significantly and claims from the European Union rose further, as seen in the previous quarter. There was also a small amount of lending by central government during the quarter. Significant deposit-making by local governments and large government bond issues played an outstanding role in the increase in the sub-sector's financial liabilities. In the latter case, non-residents and credit institutions were the main buyers. The stock of Treasury bills declined sharply due to transactions, with households being the only sector to make significant net purchases. There were also significant net repayments of loans during the quarter, which mainly affected the stock of long-term loans vis-à-vis non-residents.

Net lending of local governments was HUF 7 billion in 2018 Q3. There was a significant increase in the sub-sector's financial assets, mainly due to deposits with central government and, to a lesser degree, to deposits with credit institutions. By contrast, securities held by local governments declined sharply due to transactions, as there were significant net repayments of government bonds during the quarter, which was coupled with a small amount of net government bond purchases. The decrease in local governments' other accounts receivable mainly reflected a decline in tax receivables. The increase in loans and tax liabilities accounted for the largest part of the significant rise in liabilities.

Net borrowing of the social security funds was HUF 36 billion in 2018 Q3. The sub-sector's assets declined due to a decrease in tax receivables. The increase in social security funds' liabilities reflected borrowing from central government during the quarter.



According to financial accounts data, net lending of the household sector was equivalent to 6.2 per cent (HUF 2,528 billion) of quarterly GDP in the four quarters to 2018 Q3 and to 5.0 per cent (HUF 538 billion) of quarterly GDP in 2018 Q3.

Within households' financial assets, there were significant increases in currency, current account deposits and debt securities issued by central government, due to transactions. The increase was less pronounced in shares and other equity, insurance technical reserves and other accounts receivable. By contrast, domestic mutual fund shares and time deposits decreased.

Within households' financial liabilities, the stock of forint housing loans rose significantly due to transactions, and the stocks of consumer loans and other loans also increased in 2018 Q3. In the case of borrowing from other financial corporations, both consumer loans and housing loans dropped slightly. Other accounts payable of households decreased slightly due to payments of taxes.

Net lending of non-profit institutions serving households was HUF 265 billion or 0.6 per cent of quarterly GDP in the four quarters to 2018 Q3 and HUF -92 billion or -0.9 per cent of quarterly GDP in 2018 Q3. Non-profit institutions serving households mainly reduced their deposits and their debt securities issued by central government. Changes in other financial assets and liabilities were insignificant.

Net lending of non-financial corporations was HUF -1,385 billion or -3.4 per cent of quarterly GDP in the four quarters to 2018 Q3 and HUF -540 billion or -5.0 per cent of quarterly GDP in 2018 Q3.

In 2018 Q3, non-financial corporations' financial assets rose strongly due to transactions, with the increase in their liabilities even exceeding that in their assets. Within their financial assets, time deposits, shares and other equity, and other assets rose significantly. There were less significant increases in inter-company loans, and foreign lending fell sharply. On the liabilities side of the sub-sector's balance sheet, there were significant increases in borrowing from credit institutions and foreign equity; however, inter-company loans also rose significantly due to transactions. Non-financial corporations' foreign borrowing and other liabilities decreased significantly.

Net lending of the rest of the world (or net borrowing of the national economy) was HUF -620 billion or -1.5 per cent of GDP in the four quarters to 2018 Q3 and HUF 97 billion or 0.9 per cent of quarterly GDP in 2018 Q3.

In 2018 Q3, financial assets and liabilities of the rest of the world rose mainly due to transactions. The rise in financial assets exceeded that in liabilities. Within the sector's financial assets, there was a considerable increase in shares and other equity; however, the increase in debt securities issued by general government was also significant. By contrast, there were significant declines in lending to non-financial corporations and the general government sector, financial derivatives and other assets due to transactions.

Within the sector's financial liabilities, current account deposits and time deposits, borrowing from credit institutions, shares and other equity, and other liabilities increased significantly. By contrast, there were declines in debt securities, borrowing from non-financial corporations and financial derivative liabilities.

Tables

Main data of the institutional sectors

| | 2015 Q3 | 2015 Q4 | 2016 Q1 | 2016 Q2 | 2016 Q3 | 2016 Q4 | 2017 Q1 | 2017 Q2 | 2017 Q3 | 2017 Q4 | 2018 Q1 | 2018 Q2 | 2018 Q3 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Net lending, quarterly transactions, billion HUF | | | | | | | | | | | | | |
| Non-financial corporations (S.11) | 1 | 291 | -462 | 176 | -72 | 176 | -722 | 237 | -302 | -68 | -585 | -193 | -540 |
| Financial corporations (S.12) | 12 | 86 | 54 | 69 | 35 | -10 | 58 | 7 | 60 | -9 | 192 | -3 | -72 |
| General government (S.13) | -118 | -222 | 201 | -9 | 75 | -871 | 262 | -21 | -300 | -800 | -63 | -100 | 69 |
| Households (S.14) | 497 | 662 | 394 | 473 | 266 | 534 | 333 | 517 | 356 | 787 | 572 | 630 | 538 |
| Non-profit institutions serving households (S.15) | 5 | 40 | 25 | 13 | -14 | 218 | 7 | 22 | -12 | 256 | 63 | 38 | -92 |
| Rest of the world (S.2) | -398 | -856 | -211 | -722 | -290 | -47 | 62 | -761 | 198 | -166 | -179 | -372 | 97 |
| Net lending of last four quarters, billion HUF | | | | | | | | | | | | | |
| Non-financial corporations (S.11) | 544 | 559 | 288 | 6 | -68 | -182 | -442 | -381 | -611 | -855 | -718 | -1 147 | -1 385 |
| Financial corporations (S.12) | -566 | -507 | -142 | 221 | 244 | 148 | 152 | 90 | 115 | 116 | 250 | 240 | 109 |
| General government (S.13) | -695 | -683 | -252 | -148 | 44 | -605 | -543 | -555 | -930 | -859 | -1 185 | -1 264 | -896 |
| Households (S.14) | 2 591 | 2 734 | 2 115 | 2 025 | 1 794 | 1 667 | 1 606 | 1 650 | 1 739 | 1 993 | 2 233 | 2 345 | 2 528 |
| Non-profit institutions serving households (S.15) | 101 | 35 | 62 | 83 | 64 | 243 | 224 | 233 | 234 | 272 | 328 | 345 | 265 |
| Rest of the world (S.2) | -1 975 | -2 138 | -2 071 | -2 187 | -2 079 | -1 271 | -997 | -1 036 | -548 | -667 | -908 | -519 | -620 |
| Consolidated gross debt of the general government, billion HUF | | | | | | | | | | | | | |
| General government (S.13) | 26 092 | 25 665 | 26 411 | 26 190 | 26 145 | 26 172 | 26 690 | 26 923 | 26 969 | 27 359 | 28 045 | 28 743 | 28 927 |
| Quarterly changes in consolidated gross debt of the general government, billion HUF | | | | | | | | | | | | | |
| changes in debt | 111 | -428 | 746 | -221 | -45 | 27 | 517 | 234 | 46 | 391 | 686 | 698 | 184 |
| of which: transactions | 173 | -514 | 746 | -278 | 132 | -25 | 571 | 283 | -7 | 338 | 627 | 376 | 277 |
| revaluation | -62 | 87 | 0 | 57 | -177 | 52 | -57 | -49 | 53 | 52 | 59 | 322 | -92 |
| other changes in volume | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2015 Q3 | 2015 Q4 | 2016 Q1 | 2016 Q2 | 2016 Q3 | 2016 Q4 | 2017 Q1 | 2017 Q2 | 2017 Q3 | 2017 Q4 | 2018 Q1 | 2018 Q2 | 2018 Q3 |
| Net lending, quarterly transactions, percent of GDP | | | | | | | | | | | | | |
| Non-financial corporations (S.11) | 0,0 | 3,0 | -5,9 | 2,0 | -0,8 | 1,8 | -8,6 | 2,5 | -3,1 | -0,6 | -6,4 | -1,9 | -5,0 |
| Financial corporations (S.12) | 0,1 | 0,9 | 0,7 | 0,8 | 0,4 | -0,1 | 0,7 | 0,1 | 0,6 | -0,1 | 2,1 | 0,0 | -0,7 |
| General government (S.13) | -1,3 | -2,3 | 2,6 | -0,1 | 0,8 | -9,0 | 3,1 | -0,2 | -3,1 | -7,5 | -0,7 | -1,0 | 0,6 |
| Households (S.14) | 5,6 | 6,9 | 5,0 | 5,3 | 2,9 | 5,5 | 4,0 | 5,5 | 3,6 | 7,4 | 6,3 | 6,1 | 5,0 |
| Non-profit institutions serving households (S.15) | 0,1 | 0,4 | 0,3 | 0,1 | -0,2 | 2,2 | 0,1 | 0,2 | -0,1 | 2,4 | 0,7 | 0,4 | -0,9 |
| Rest of the world (S.2) | -4,5 | -8,9 | -2,7 | -8,1 | -3,2 | -0,5 | 0,7 | -8,0 | 2,0 | -1,6 | -2,0 | -3,6 | 0,9 |
| Net lending of last four quarters, percent of GDP | | | | | | | | | | | | | |
| Non-financial corporations (S.11) | 1,6 | 1,6 | 0,8 | 0,0 | -0,2 | -0,5 | -1,2 | -1,0 | -1,6 | -2,2 | -1,8 | -2,9 | -3,4 |
| Financial corporations (S.12) | -1,7 | -1,5 | -0,4 | 0,6 | 0,7 | 0,4 | 0,4 | 0,2 | 0,3 | 0,3 | 0,6 | 0,6 | 0,3 |
| General government (S.13) | -2,1 | -2,0 | -0,7 | -0,4 | 0,1 | -1,7 | -1,5 | -1,5 | -2,5 | -2,2 | -3,0 | -3,2 | -2,2 |
| Households (S.14) | 7,7 | 8,0 | 6,1 | 5,8 | 5,1 | 4,7 | 4,5 | 4,5 | 4,7 | 5,2 | 5,7 | 5,9 | 6,2 |
| Non-profit institutions serving households (S.15) | 0,3 | 0,1 | 0,2 | 0,2 | 0,2 | 0,7 | 0,6 | 0,6 | 0,6 | 0,7 | 0,8 | 0,9 | 0,6 |
| Rest of the world (S.2) | -5,9 | -6,2 | -6,0 | -6,2 | -5,9 | -3,6 | -2,8 | -2,8 | -1,5 | -1,7 | -2,3 | -1,3 | -1,5 |
| Consolidated gross debt of the general government, percent of GDP | | | | | | | | | | | | | |
| General government (S.13) | 77,6 | 74,7 | 76,3 | 74,7 | 74,0 | 73,8 | 74,1 | 73,4 | 72,1 | 71,3 | 71,7 | 71,8 | 70,5 |
| Consolidated gross debt of the general government including Eximbank, percent of GDP | | | | | | | | | | | | | |
| General government including Eximbank | 79,3 | 76,6 | 78,2 | 76,7 | 76,0 | 75,9 | 76,2 | 75,5 | 74,2 | 73,3 | 73,6 | 73,8 | 72,4 |

Methodological notes

1. The inclusion of Eximbank data in compiling general government statistics

Given that Hungarian Export-Import Bank Plc. (Eximbank) is a financial institution operating as a credit institution, the financial corporate sector (S.12), and within this the credit institutions sub-sector (S.122) contain its data in the statistical publications prepared by the MNB. However, within financial accounts statistics, the Maastricht debt of general government including Eximbank is also published as supplementary information, in compliance with Eurostat's requirements. Due to the characteristics of financial intermediation, the inclusion of Eximbank's data will not significantly modify the net financial worth (or net liabilities) of general government, or its net lending in the periods when there was no capital increase by the government recorded as transfers.

2. Uncertainties related to the use of general government sector data

The stocks of other assets and other liabilities of the general government sector related to transfers from the European Union for 2018 are preliminary; therefore, these values may change in later publications.

3. Uncertainties related to 2018 Q3 data for households

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.

About the publication of information related to the financial accounts

Key financial data of state and local government-owned large non-financial enterprises, the differences between the financial accounts and balance of payments statistics, the tables showing the differences between the financial accounts and the monetary balance sheets as well as the tables showing the financial accounts of companies in collective ownership (state and local government) are being released in conjunction with this press release. They can be accessed by clicking on the following link: <http://www.mnb.hu/en/statistics/statistical-data-and-information/statistical-time-series/xii-financial-accounts-financial-assets-and-liabilities-of-institutional-sectors/other-data-relating-to-financial-accounts>.

Revisions to past data

Changes in the net lending of the main institutional sectors compared to the last publication (billion HUF)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018Q1 | 2018Q2 |
|---|------|------|------|------|------|------|------|------|------|--------|--------|
| Non-financial corporations (S.11) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | -39 | -91 |
| Financial corporations (S.12) | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 9 | 12 | 9 | 28 |
| General government (S.13) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -7 | 25 | 50 |
| Households (S.14) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -5 | 0 | -3 |
| Non-profit institutions serving households (S.15) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rest of the world (S.2) | 0 | 0 | 0 | 0 | 0 | -1 | 0 | -9 | -1 | 4 | 17 |

Data revisions reflect the methodological changes in the data sources and compilation of the financial accounts and the effect of data corrections. Relative to the full set of accounts for 2018 Q2, the revision of balance of payments statistics caused the most important change. This revision affected data for the rest of the world vis-à-vis financial

and non-financial corporations, general government and households. There were minor changes in the balance sheets of financial corporations, general government and households, due to the revision of data from the financial sector.

References:

[Comprehensive tables](#)

[Time series](#)

[Charts](#)

[Financial accounts manual](#)

MAGYAR NEMZETI BANK
DIRECTORATE STATISTICS

Contact information:

Phone: + 36 (1) 428-2750

Fax: + 36 (1) 429-8000

Email: info@mnbb.hu