



28 July 2006

PRESS RELEASE

Consolidated balance sheet of MFIs: June 2006

In June 2006, the monetary base increased by HUF 44.0 billion to HUF 2,438.4 billion. Currency in circulation rose by HUF 38.4 billion to HUF 1,826.5 billion and the monthly average stock of other monetary financial institutions' current account deposits declined by HUF 4.3 billion to HUF 581.8 billion. The monthly average stock of other monetary financial institutions' overnight deposits with the MNB increased by HUF 9.9 billion to HUF 30.1 billion. The annualised month-on-month growth index of the monetary base (M0)¹ was 110.8% in the month under review.

The annualised month-on-month growth index of the narrower monetary aggregate M1 increased by 5.2 percentage points, from 121.5% to 126.7%. The annualised month-on-month growth index of M2 declined by 0.8 percentage points, from 113.1% to 112.3%. Some large transactions carried out by non-financial corporations and the revaluation of foreign exchange deposits played a decisive role in the significant increase in the M1 and M2 monetary aggregates. The annualised month-on-month growth index of M3 changed by 8.6 percentage points, from 118.7% to 127.3%.

Chart 1: Annualised month-on-month growth rates of monetary aggregates

¹For an explanation, see the methodological notes at the end of this press release.

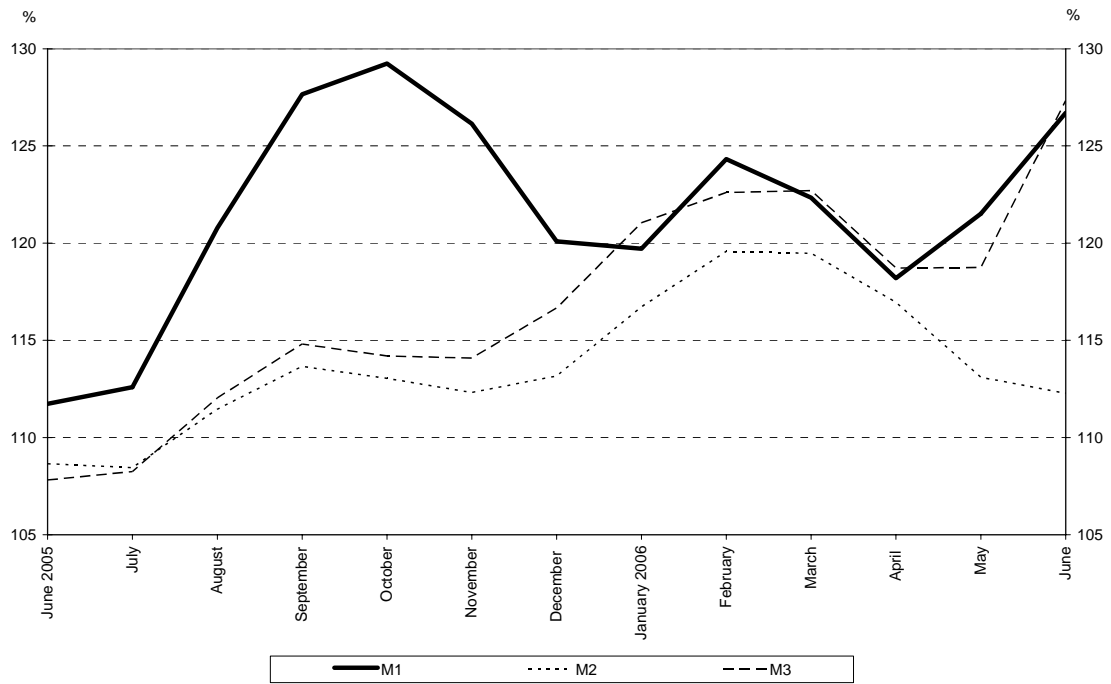


Chart 2: Components of monetary aggregates

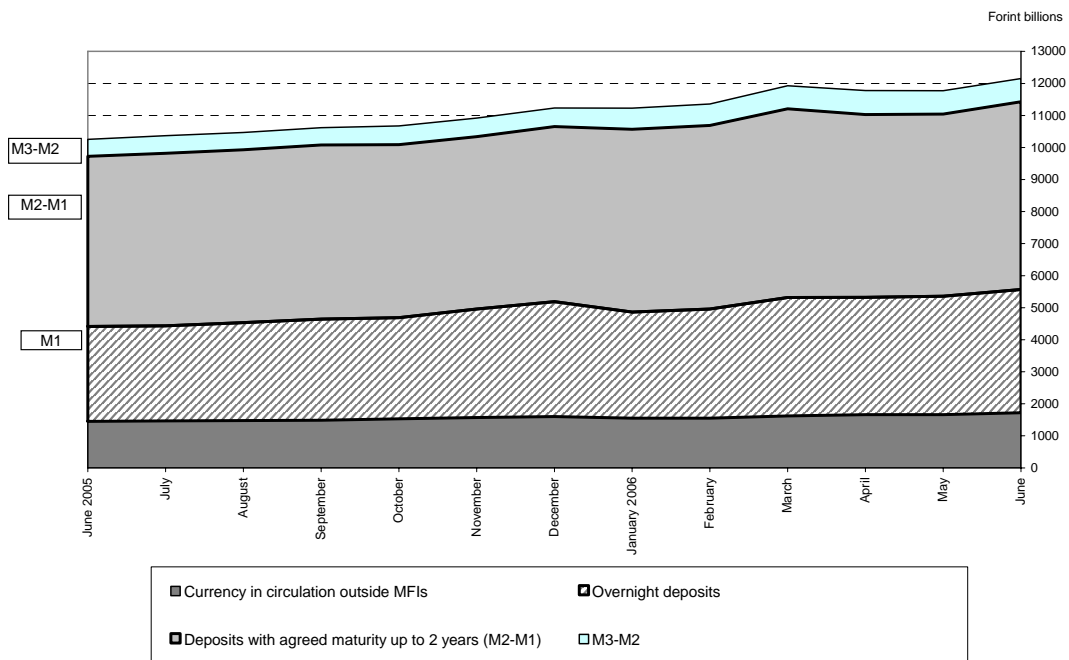


Chart 3: Seasonally adjusted M1

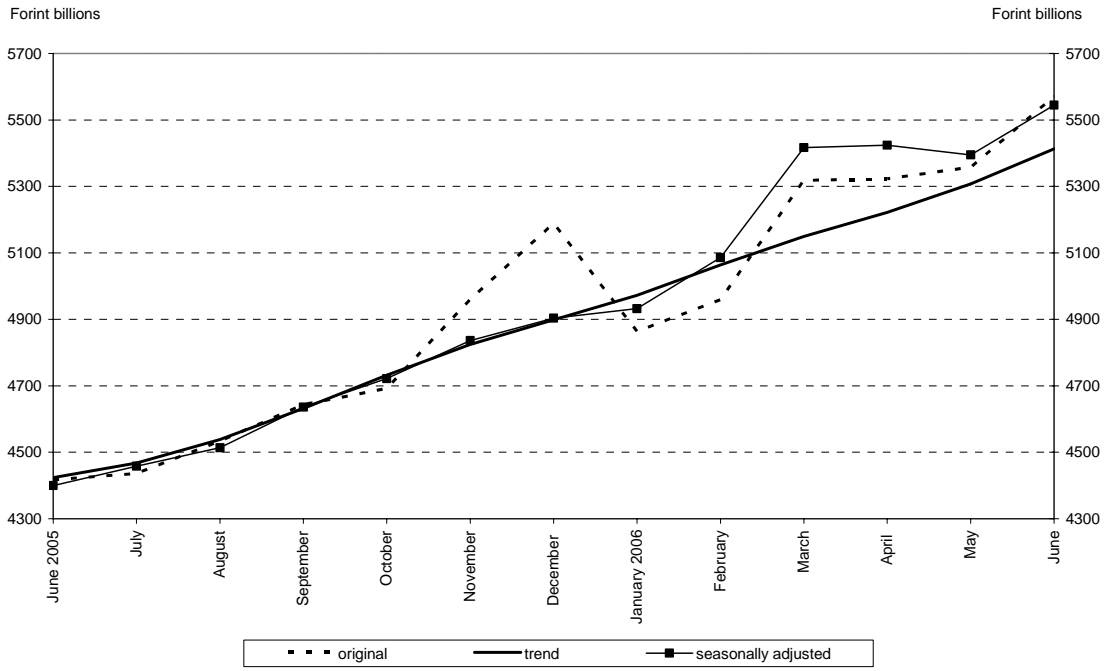


Chart 4: Seasonally adjusted M2

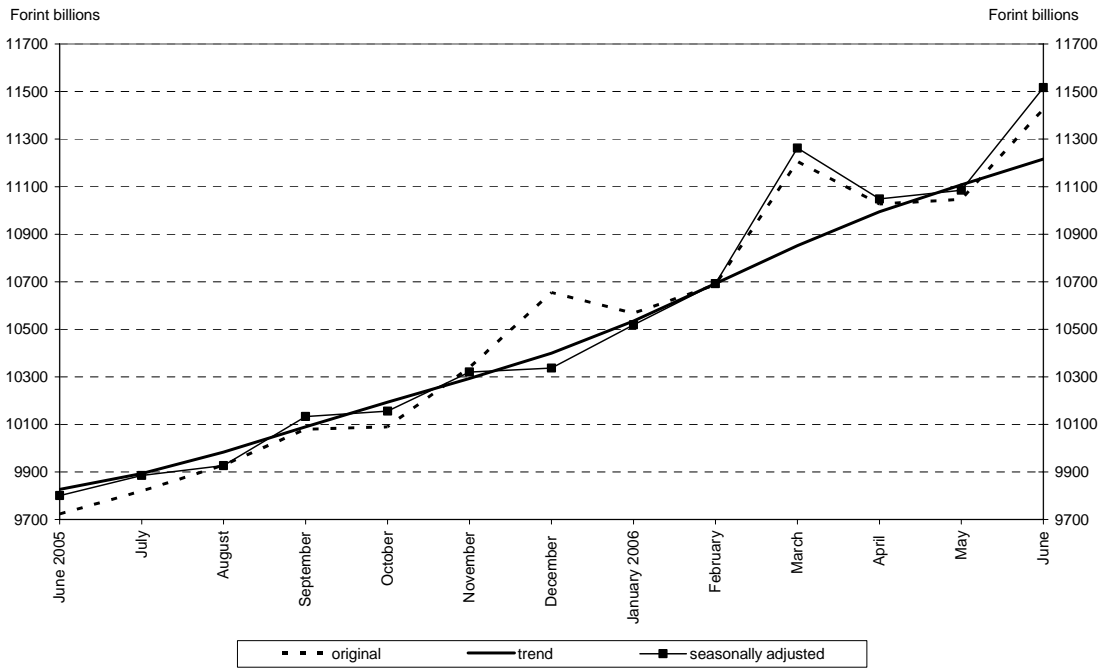


Chart 5: Seasonally adjusted M3

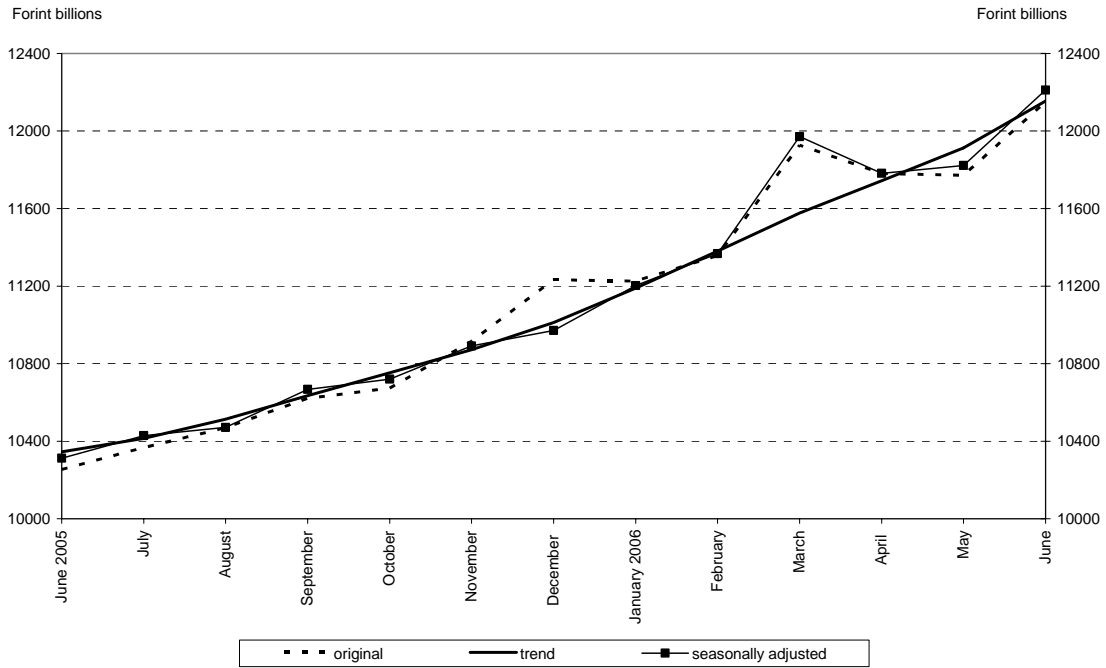
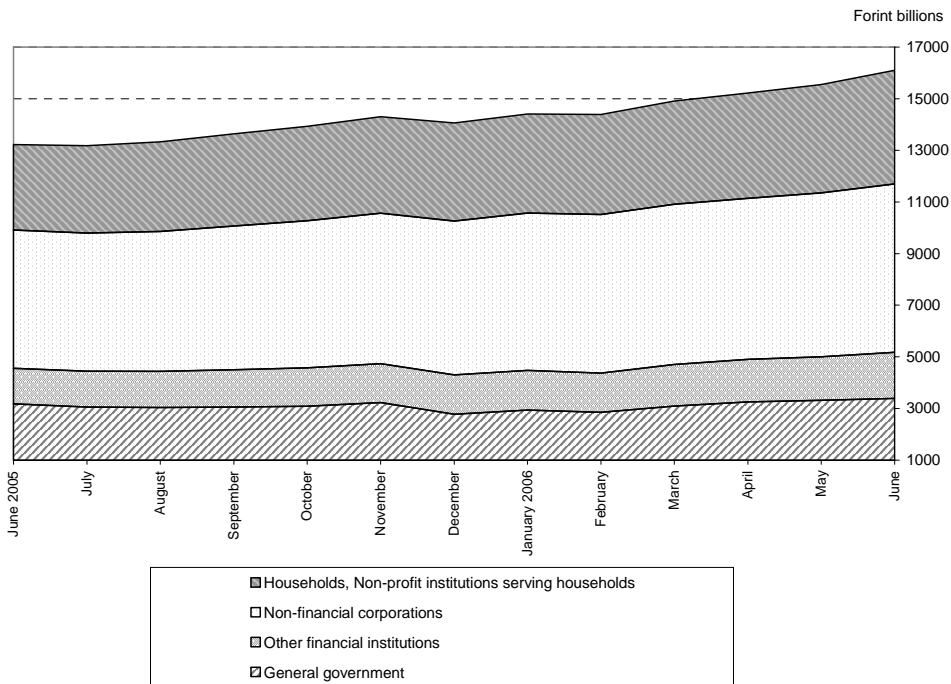


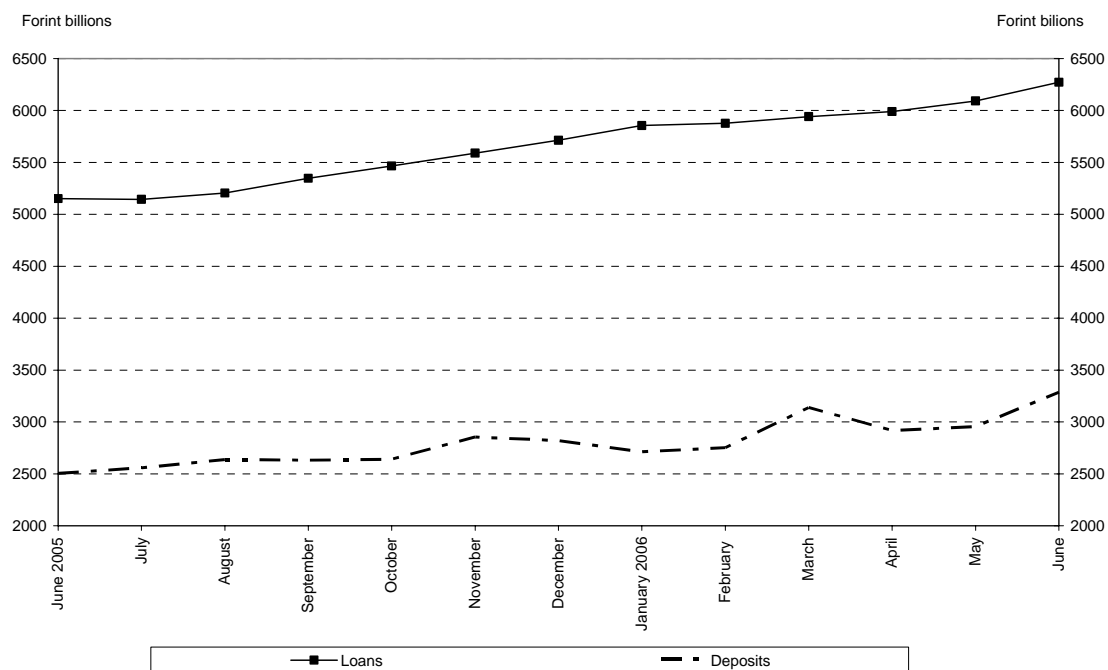
Chart 6: Outstanding domestic loans



The total stock of loans granted by monetary financial institutions to non-financial corporations rose by HUF 180.1 billion in one month. Outstanding short- and long-term loans respectively were HUF 44.8 billion and HUF 135.3 billion higher than in May. Loans with maturity up to 5 years rose by HUF 17.7 billion and those with maturity over 5 years by HUF 117.6 billion. The ratio of foreign exchange loans within short-term loans rose from 36.5% in May to 38.7% in June. In case of long-term loans with maturity up to 5 years, the ratio of foreign exchange loans increased from 46.4% to 47.2%, while this ratio for loans with maturity over 5 years was up from 66.3% to 67.9%. Within the loan stock increase of HUF 180.1 billion, the stock of forint loans declined by HUF 22.6 billion, while the stock of foreign exchange loans grew by HUF 202.7 billion. Within the latter, the effect of exchange rate

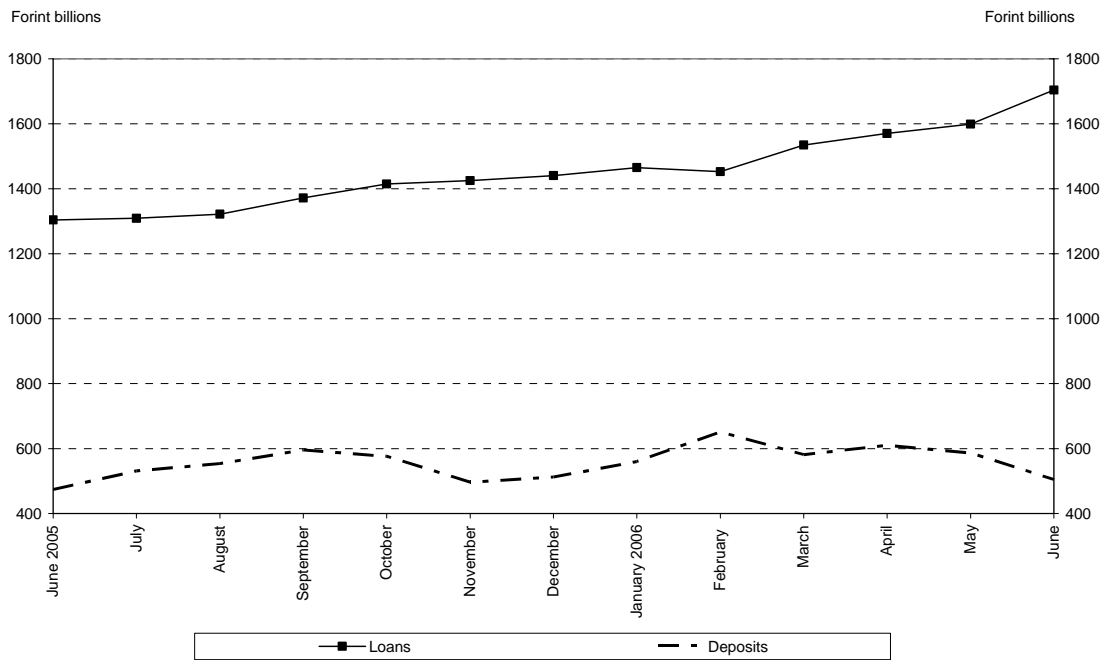
changes is determining; the change in stocks net of the exchange rate change shows a slight decline. NFCs' deposits with MFIs were up by HUF 331.6 billion on the preceding month. Overnight deposits, deposits with agreed maturity up to one year, deposits with agreed maturity over one year and outstanding repo positions increased by HUF 98.0 billion, HUF 220.6 billion, HUF 9.2 billion and HUF 3.7 billion, respectively. Of the HUF 331.6 billion deposit stock increase – not including the repo positions – forint and foreign exchange deposits were HUF 133.6 billion and HUF 194.3 billion up, respectively. Within the latter, the effect of exchange rate changes amounted to HUF 61.3 billion.

Chart 7: Non-financial corporations' loans and deposits



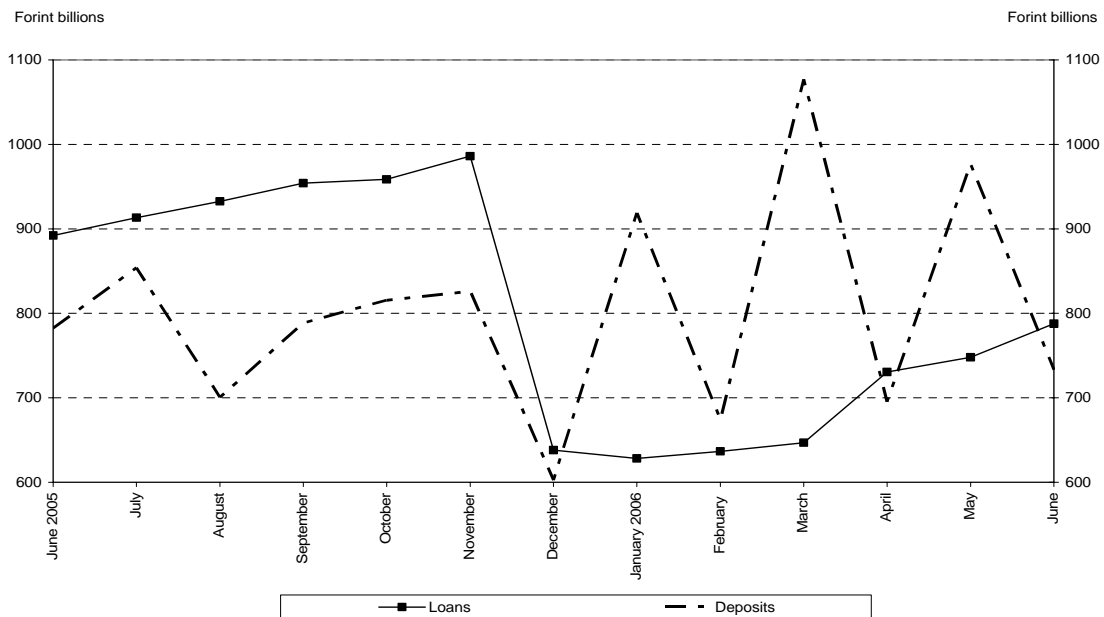
Outstanding loans to other financial corporations rose by HUF 105.0 billion in June. Loans with maturity up to one year increased by HUF 39.5 billion and those with maturity over one year by HUF 65.5 billion. Loans with maturity up to 5 years were up by HUF 59.7 billion, while those with maturity over 5 years by HUF 5.7 billion. Within the total loan stock increase, forint loans declined by HUF 10.5 billion, while foreign exchange loans increased by HUF 115.5 billion. Within the latter the effect of exchange rate changes amounted to HUF 96.6 billion. The sector's deposits with monetary financial institutions fell by HUF 82.1 billion, which mainly meant changes in forint stocks. Overnight deposits increased by HUF 4.4 billion. Time deposits and outstanding repos decreased by HUF 84.3 billion and HUF 2.1 billion, respectively.

Chart 8: Loans and deposits of other financial corporations



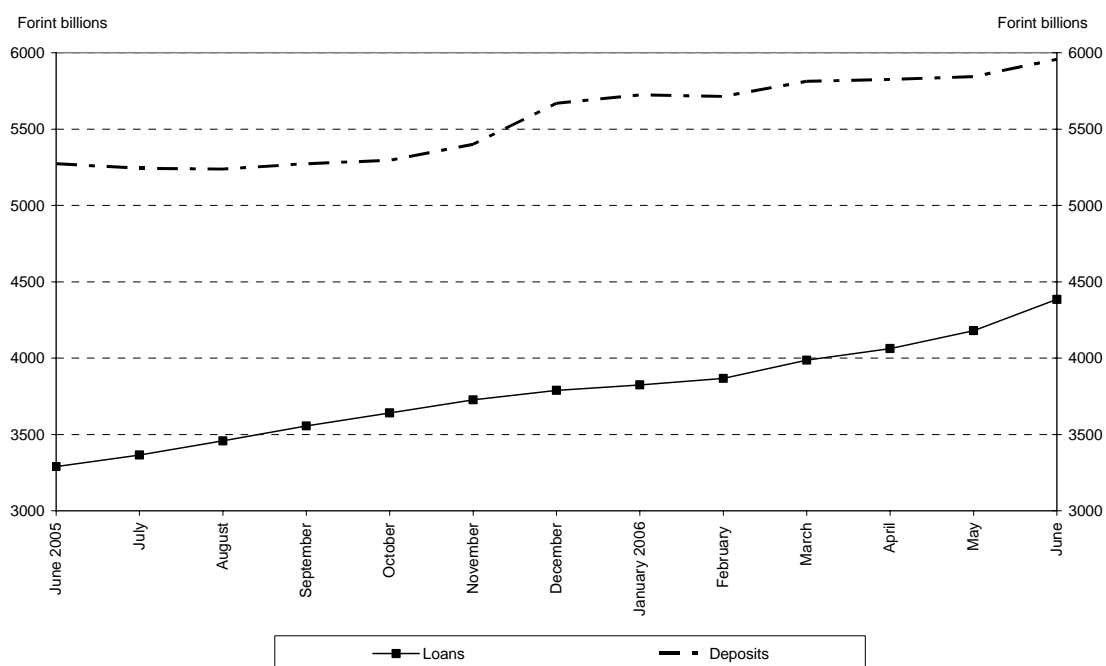
The stock of loans granted by monetary financial institutions to general government rose by HUF 39.9 billion. The general government's deposits with MFIs were down HUF 243.4 billion on the preceding month. Deposits of the central government and those of the local government sub-sector fell by HUF 219.5 billion and HUF 23.9 billion, respectively.

Chart 9: Loans and deposits of general government



The outstanding total of loans granted by monetary financial institutions to the household sector rose by HUF 205.3 billion in June. Households' deposits with MFIs were HUF 114.4 billion higher than in the preceding month. Within the latter, the increase in foreign exchange loans amounted to HUF 49.3 billion, of which an increase of HUF 53.0 billion was the result of exchange rate changes, and the change in stock net of the effect of exchange rate changes shows a decline of HUF 3.7 billion.

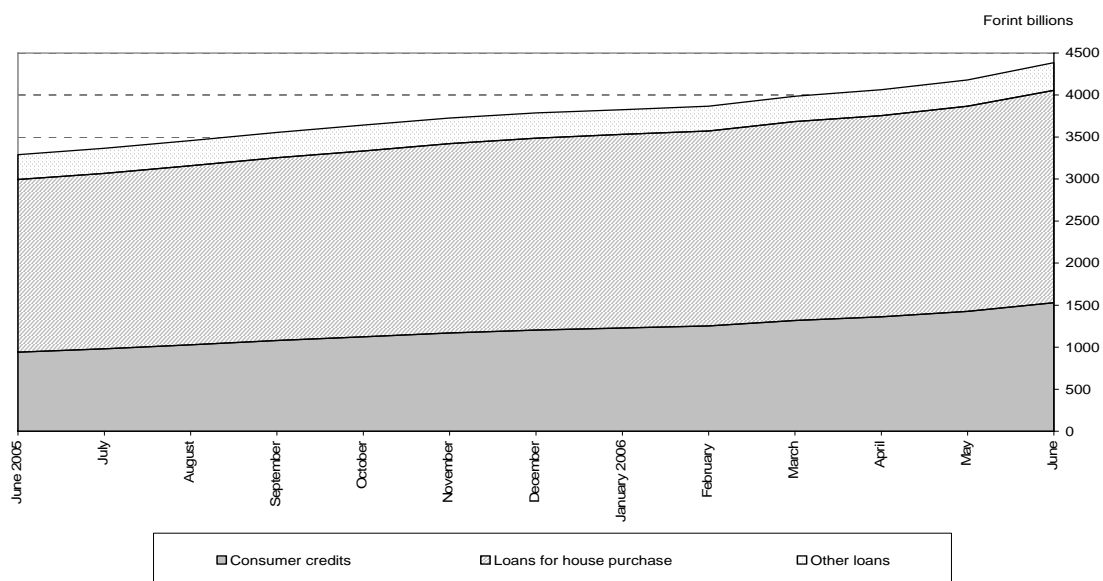
Chart 10: Loans and deposits of households



Within loans outstanding to households, housing loans dropped from 58.4% to 57.6% as a percentage of the total, with the stock of loans rising by HUF 87.2 billion. Within housing loans, the proportion of foreign exchange loans increased from 26.5% to 29.1% by June. Consumer credit edged up from 34.1% to 34.9% as a proportion of the total, with the outstanding amount of consumer credit increasing by HUF 101.5 billion. In case of consumer credits, the proportion of foreign exchange loans increased from 52.9% to 56.0%. Other loans were up by HUF 16.6 billion, within which the proportion of foreign exchange loans increased from 31.4% to 33.8%.

Changes in loans to households are mainly attributable to changes in foreign exchange stocks, within which a more than 50% increase was a result of exchange rate movements.

Chart 11: Loans to households

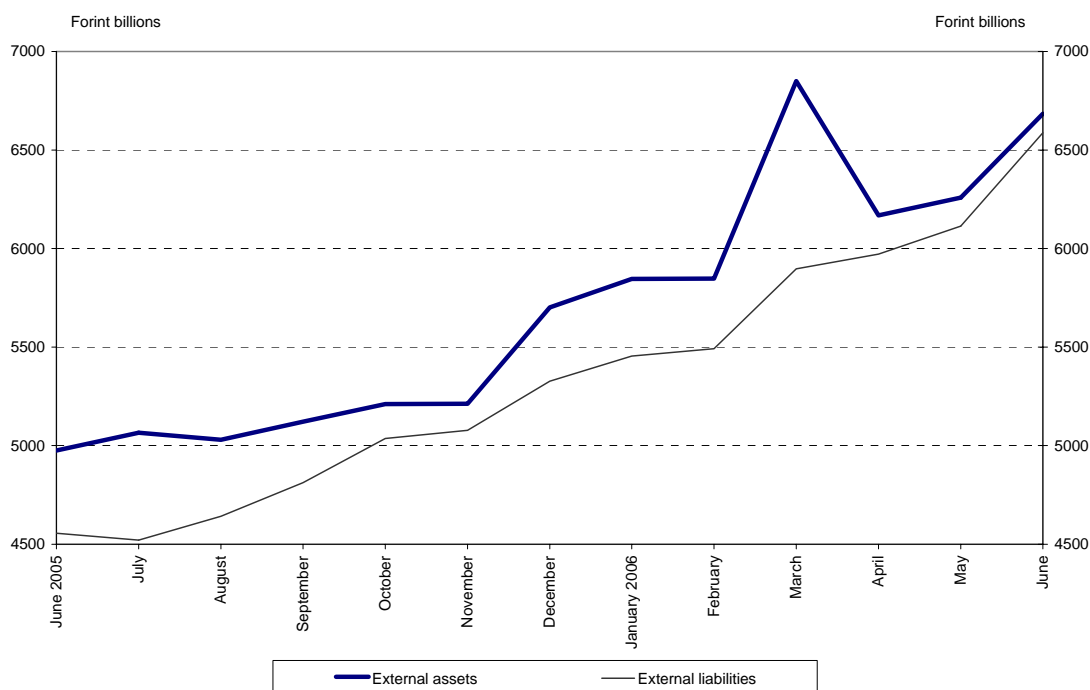


Net assets of monetary financial institutions vis-à-vis non-residents were HUF 48.2 billion lower in June than in May. MFIs' external assets rose by HUF 425.9 billion, while their liabilities by HUF 474.0 billion.

Assets of the central bank vis-à-vis non-residents and its liabilities vis-à-vis non-residents increased by HUF 240.7 billion and HUF 61.1 billion, respectively. Net assets rose by HUF 179.6 billion.

Net assets of other monetary financial institutions vis-à-vis non-residents were down HUF 227.8 billion. The sector's external assets and external liabilities rose by HUF 185.1 billion and HUF 412.9 billion, respectively. Changes in the foreign exchange stock amount to HUF 180.9 billion of the changes in assets and to HUF 323.9 billion of the changes in liabilities. Exchange rate changes have a significant effect in both cases.

Chart 12: External assets and liabilities



Methodological notes to the press release

Ensuring comparability of data over different periods requires eliminating seasonal variations and distortions. Consequently, the time series for the monetary aggregates are individually seasonally adjusted. Trend data are obtained from the seasonally adjusted data by eliminating outliers relating to deterministic effects and irregular components identified in the seasonal adjustment process. The annualised month-on-month growth indices in this press release are generated from trend data by dividing the trend data for the base period by that for the previous period, and by raising the quotient to the 12th power. The month-on-month growth rates derived using this method better reflects developments of the most recent period than year-on-year growth indices.

Percentages and ratios are calculated from data before rounding. The sums of sub-totals may not add to total due to rounding.

The data underlying this press release are available on the MNB's website at http://www.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=0708_monstatpubl_en.xls.

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