

PRESS RELEASE

Consolidated balance sheet of MFIs: September 2006

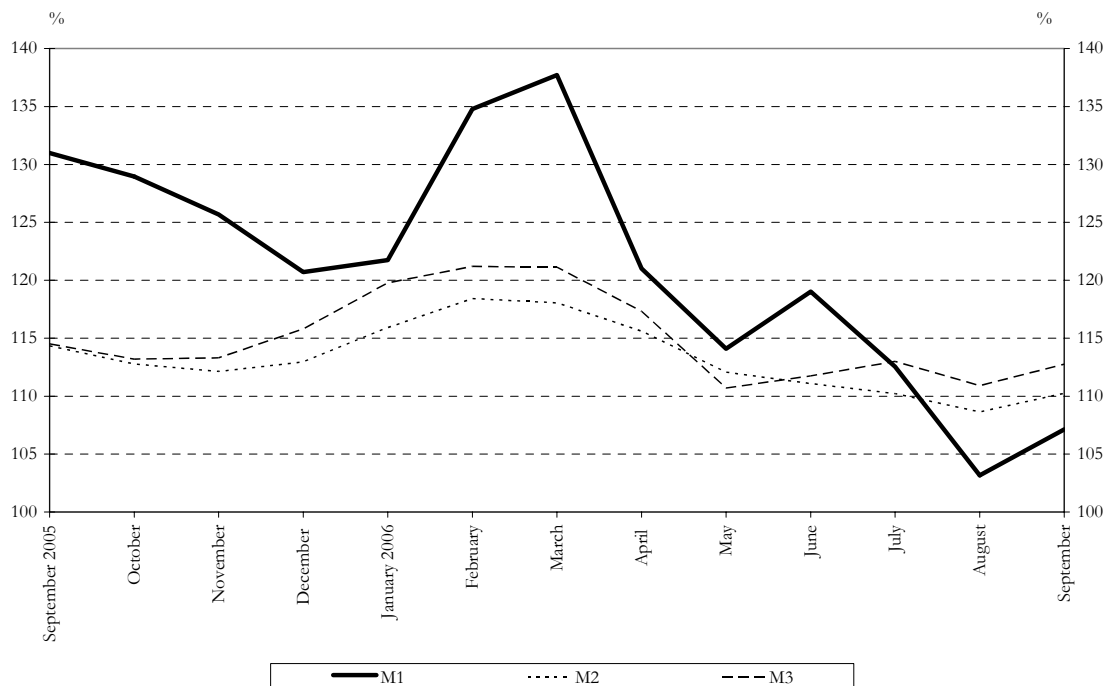
Simultaneously with publication of this press release, the range of data available on the Bank's website will be enlarged:

- *Tables 1–4 in the set of tables on Monetary Statistics under VII. Monetary balance sheet statistics will be supplemented with transactions data.*
- *A main menu heading 'Accrued interest on MFI loans and deposits' will be added.*

In September 2006, the monetary base fell by HUF 1.6 billion to HUF 2,535.3 billion. Currency in circulation rose by HUF 12.3 billion to HUF 1,906.3 billion and the monthly average stock of other monetary financial institutions' current account deposits fell by HUF 12.5 billion to HUF 605.9 billion. The monthly average stock of other monetary financial institutions' overnight deposits with the MNB dropped by HUF 1.4 billion to HUF 23.1 billion. The annualised month-on-month growth index of the monetary base (M0)¹ was 113.4%.

The annualised month-on-month growth index of the narrow monetary aggregate M1 rose by 4.0 percentage points, from 103.2% to 107.1%. The annualised month-on-month growth index of M2 was up 1.6 percentage points, from 108.6% to 110.3%. The annualised month-on-month growth index of M3 rose by 1.8 percentage points, from 110.9% to 112.8%.

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



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

Chart 2 Components of the monetary aggregates

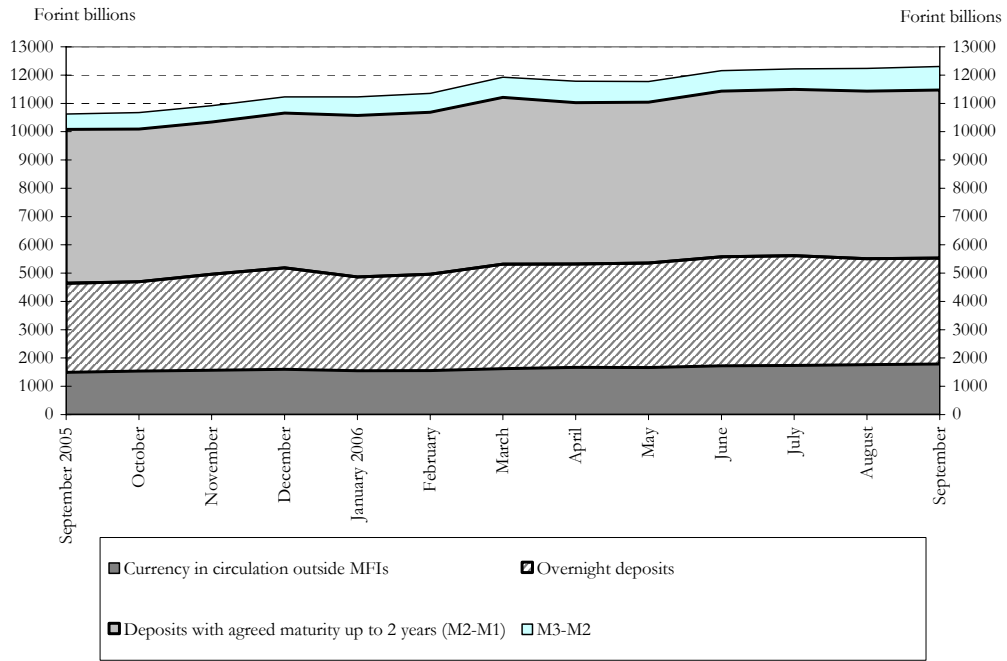


Chart 3 Seasonally adjusted M1

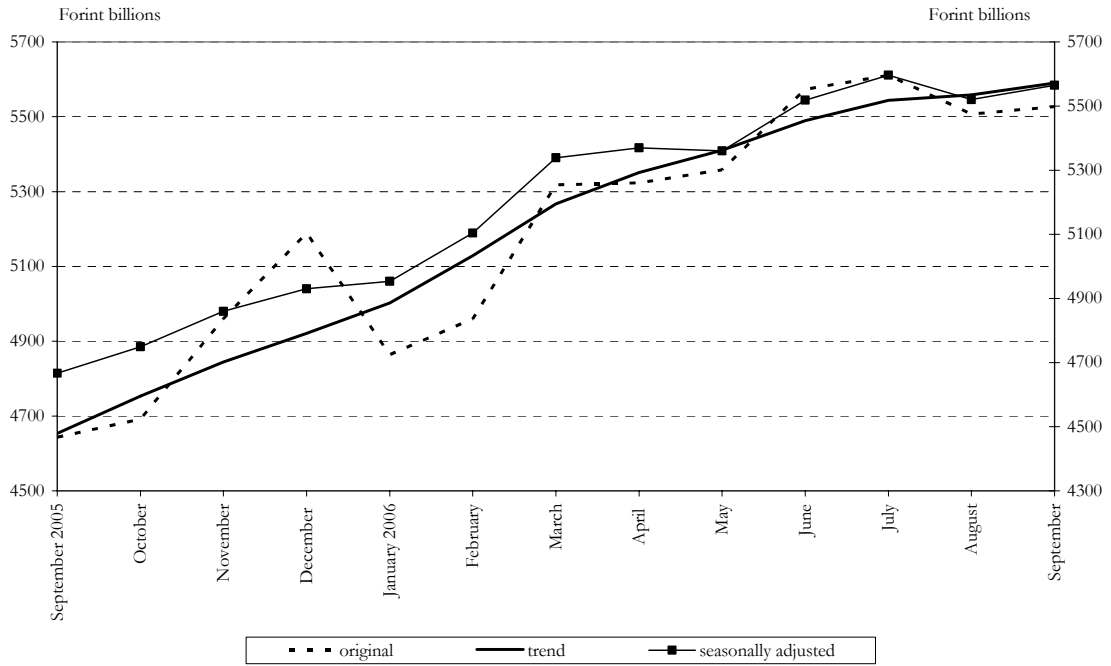


Chart 4 Seasonally adjusted M2

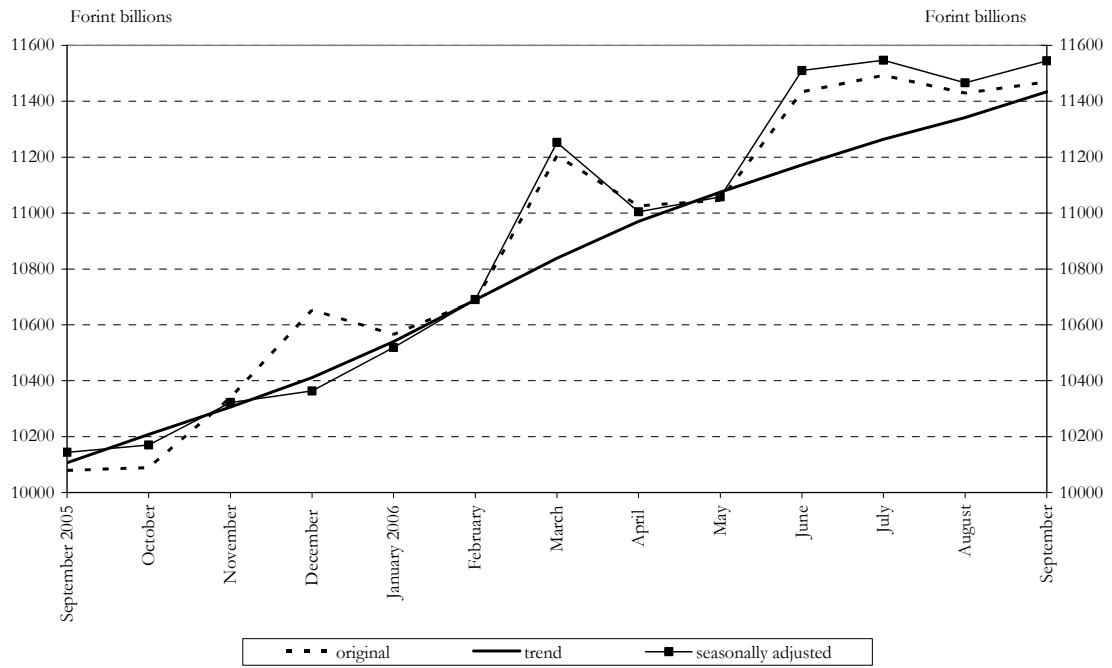


Chart 5 Seasonally adjusted M3

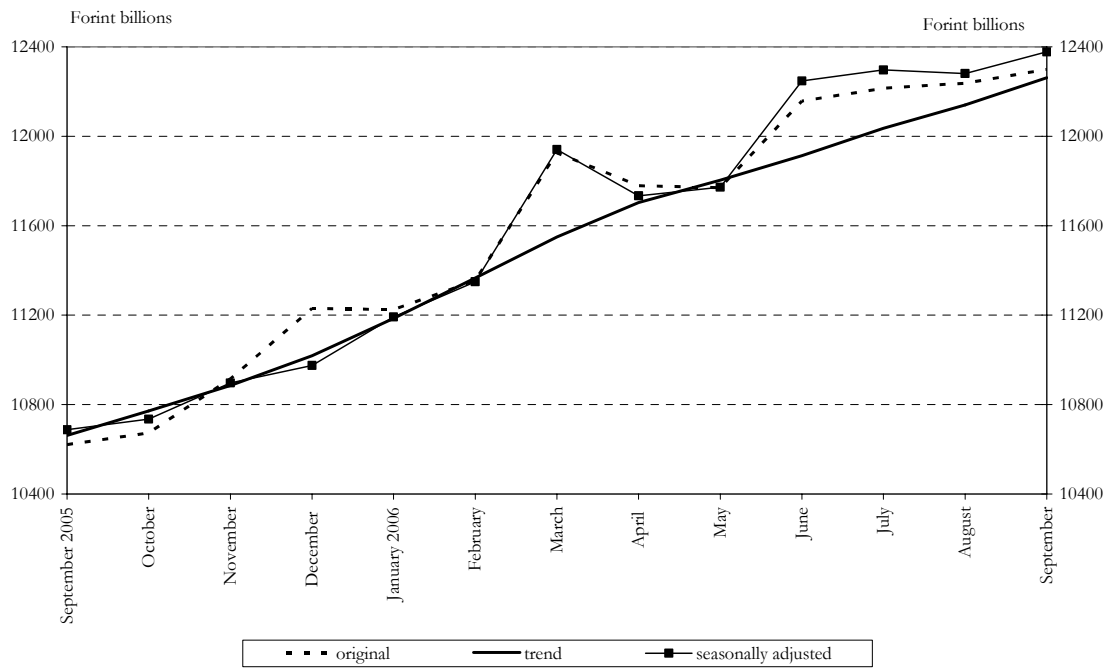
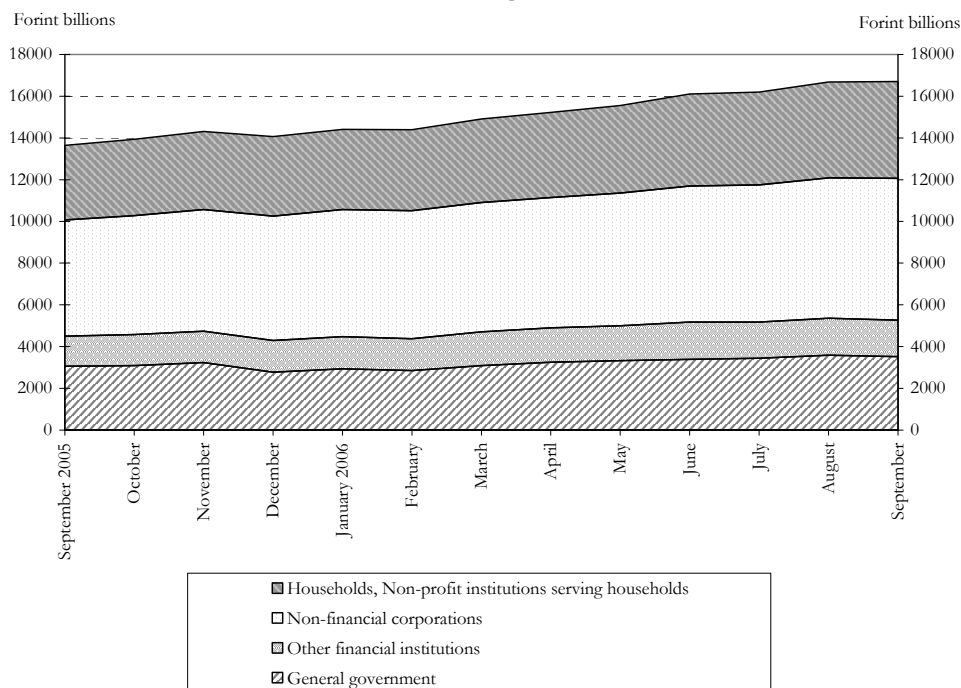
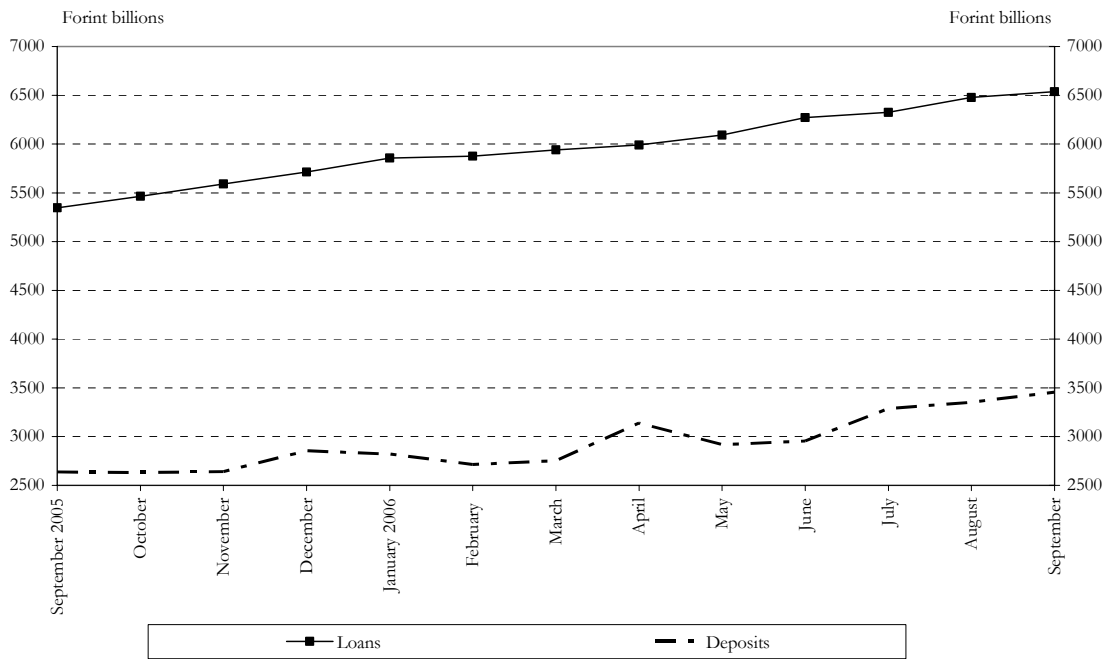


Chart 6 Outstanding domestic loans



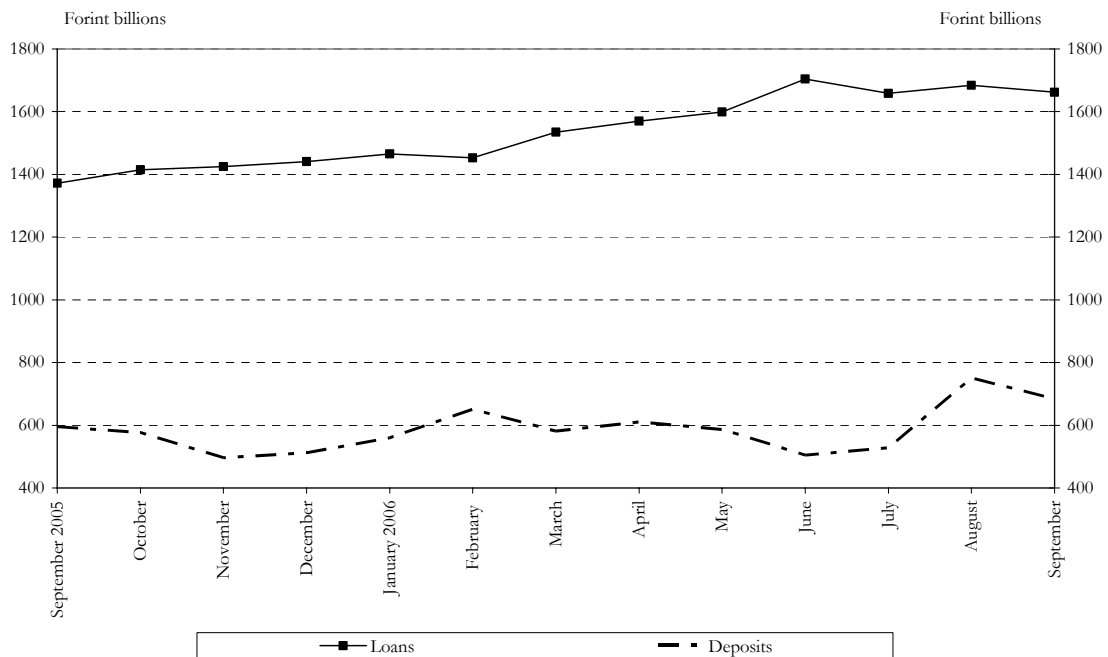
The total stock of loans granted by monetary financial institutions to non-financial corporations rose by HUF 58.6 billion in one month. Outstanding short and long-term loans were HUF 0.4 billion and HUF 58.1 billion higher respectively than in August. Loans with a maturity of up to five years rose by HUF 20.8 billion and those with a maturity of over 5 years by HUF 37.4 billion. Within short-term loans, the share of foreign currency loans was 36.7% in the review month. Foreign currency loans as a percentage of loans with a maturity of up to one year was 47.8% and foreign currency loans as a percentage of loans with a maturity of over five years was 67.1%. Within the HUF 58.6 billion change in outstanding borrowings, forint loans outstanding rose by HUF 56.8 billion and foreign currency loans by HUF 1.4 billion. NFCs' deposits with MFIs were down by HUF 2.1 billion on the preceding month. Overnight deposits fell by HUF 47.6 billion. Deposits with an agreed maturity of up to one year rose by HUF 30.6 billion and deposits with an agreed maturity of over one year by HUF 7.6 billion. Outstanding repo positions were up HUF 7.4 billion on August.

Chart 7 Non-financial corporations' loans and deposits



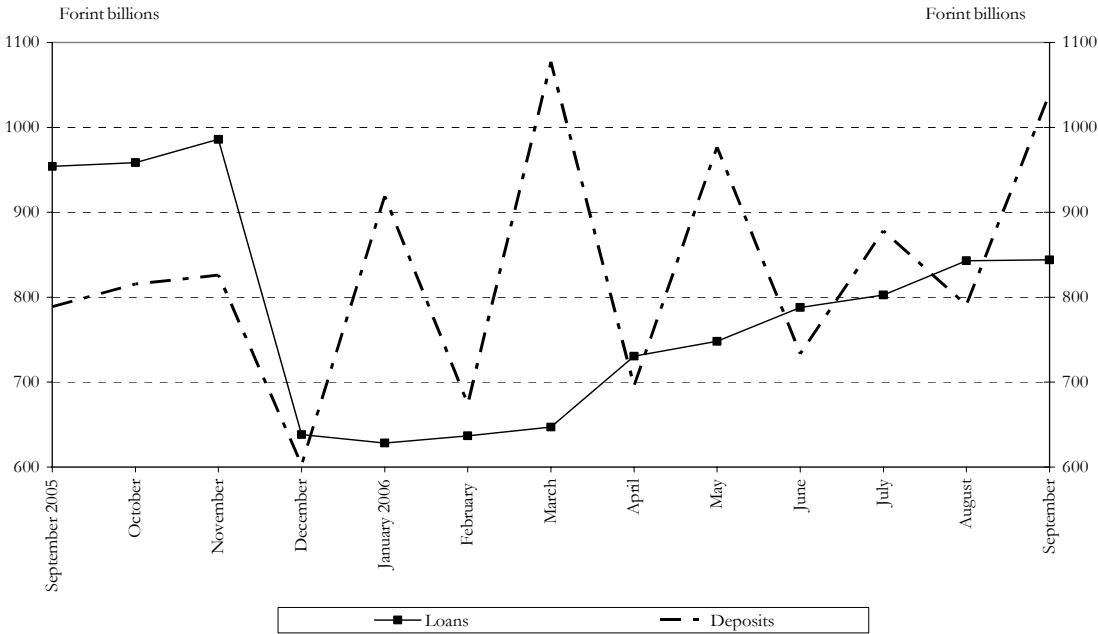
Outstanding loans to other financial corporations fell by HUF 21.9 billion in September. Loans with a maturity up of to one year fell by HUF 18.9 billion and those with a maturity of over one year by HUF 2.9 billion. Loans with a maturity of up to five years were up by HUF 0.4 billion and those with a maturity of over five years were down by HUF 3.3 billion. The stock of forint loans to the sector fell by HUF 10.7 billion and that of foreign currency loans by HUF 11.2 billion. The sector's deposits with monetary financial institutions fell by HUF 66.0 billion, following the strong increase in the preceding month. Overnight deposits fell by HUF 44.1 billion, time deposits by HUF 7.3 billion and outstanding repos by HUF 14.6 billion.

Chart 8 Loans and deposits of other financial corporations



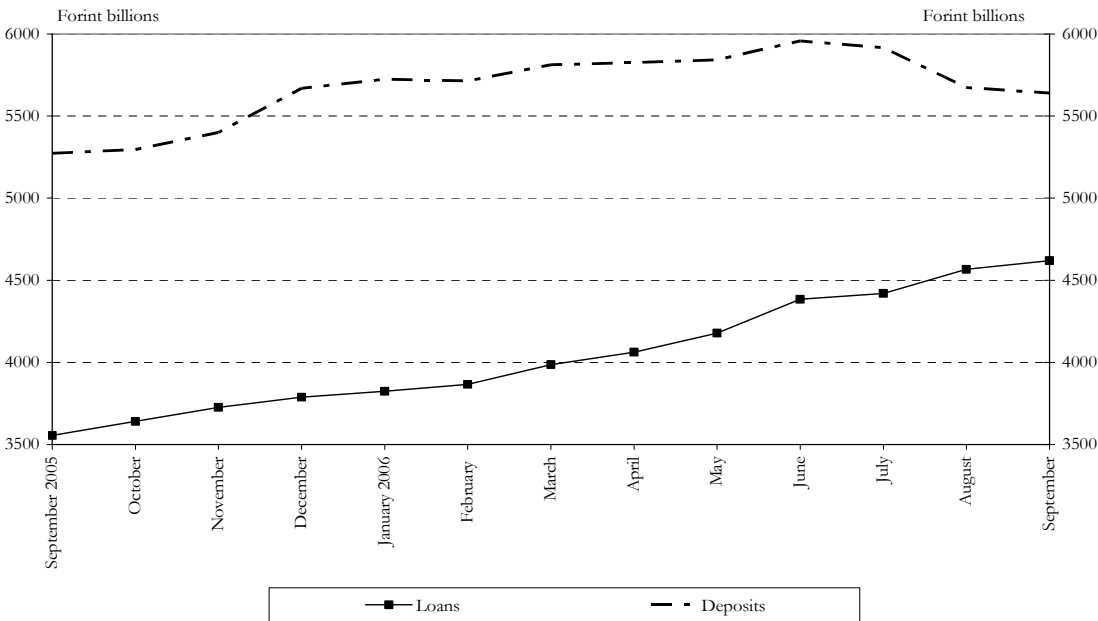
The increase in loans granted by monetary financial institutions to the general government sector since February 2006 stalled in the month under review: their stock rose by only HUF 1.0 billion relative to end-August. The sector's deposits with MFIs were up HUF 249.4 billion on the preceding month: deposits of the central government rose by HUF 137.1 billion and those of the local government sub-sector by HUF 112.3 billion.

Chart 9 Loans and deposits of general government



Up HUF 53.3 billion to HUF 4,620.0 billion in September, the outstanding total of loans granted by monetary financial institutions to the household sector continued to rise. The fall in households' deposits with MFIs which started in July continued, though at a slowing pace: their stock was HUF 32.8 billion lower than in the preceding month.

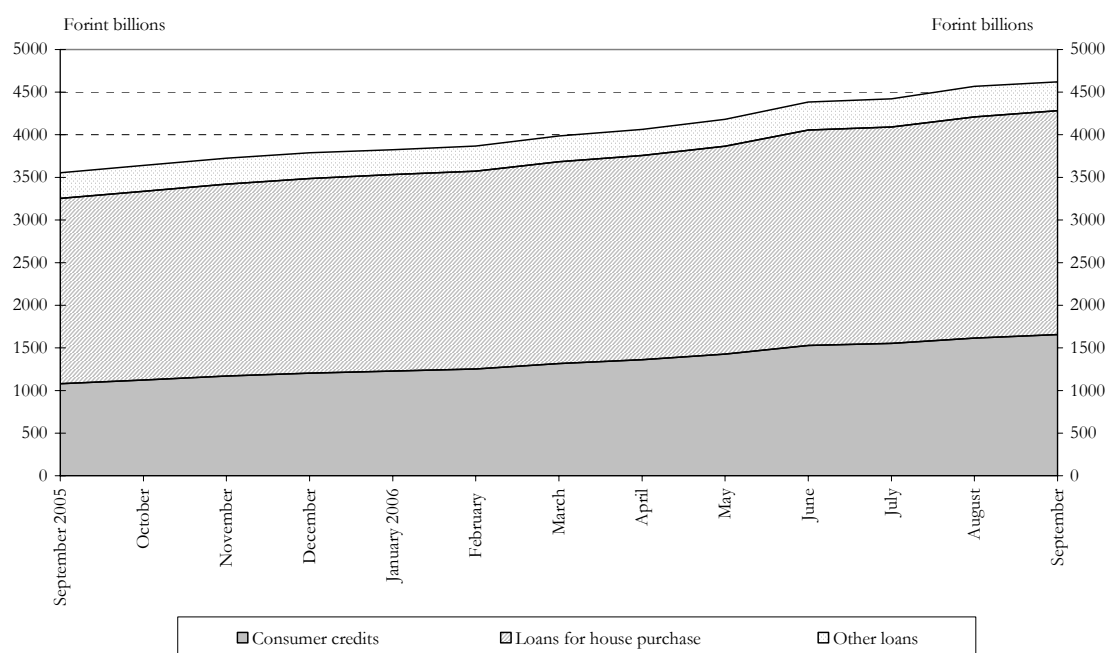
Chart 10 Loans and deposits of households



Within loans outstanding to households, housing loans remained unchanged at 56.8% as a percentage of the total, with the stock of loans rising by HUF 31.8 billion. Within housing loans, the share of foreign currency loans was 31.9%. Consumer credit accounted for 35.9% as a proportion of the total, with the outstanding amount of consumer credit increasing by HUF 42.1 billion. Foreign currency loans were 57.4% as a percentage of total consumer credit. Other loans to the household sector fell by HUF 20.7 billion in the month under review. Here, the percentage share of foreign currency loans was 33.0%.

Within the sector's deposits with MFIs, overnight deposits rose by HUF 5.8 billion and deposits with an agreed maturity of up to one year by HUF 257.9 billion. Deposits with an agreed maturity of up to one year fell by HUF 38.8 billion and those with an agreed maturity of over two years changed only slightly, rising by HUF 0.2 billion.

Chart 11 Loans to households



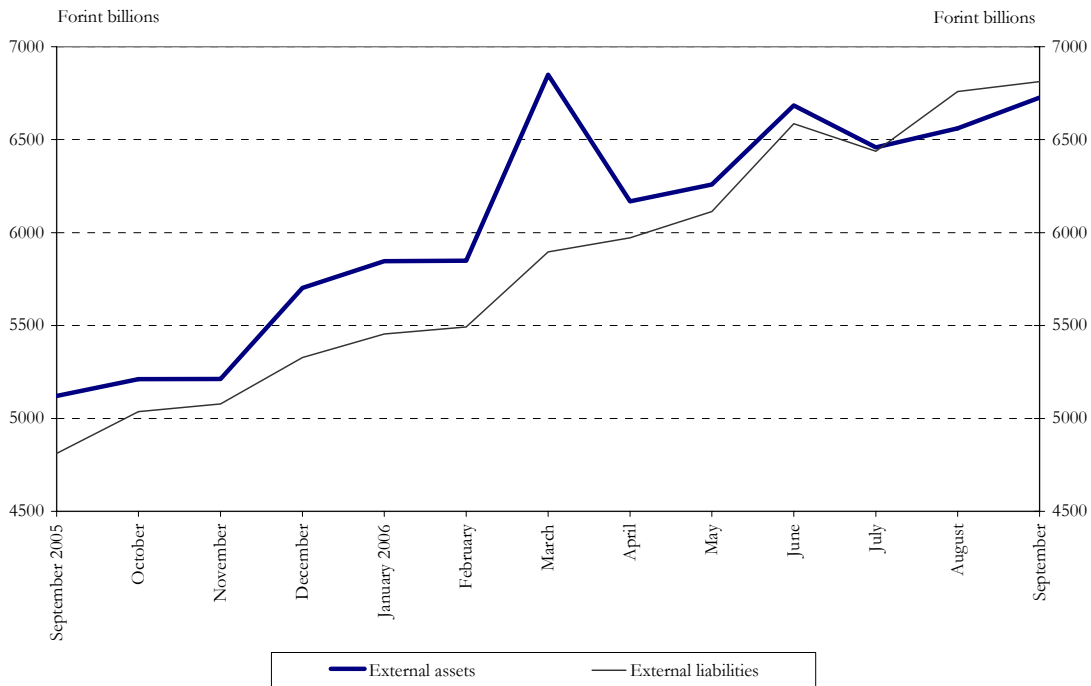
In September, liabilities of monetary financial institutions vis-à-vis non-residents exceeded their assets, as was the case in August.

The sector's external assets and liabilities respectively were HUF 165.2 billion and HUF 53.7 billion higher than in August. As a consequence, MFIs' net external assets rose by HUF 111.5 billion.

Assets of the central bank vis-à-vis non-residents increased by HUF 63.9 billion and its liabilities by HUF 3.9 billion relative to the preceding month. As a result, net external assets were HUF 59.9 billion higher than in August.

Net assets of other monetary financial institutions vis-à-vis non-residents were up HUF 51.6 billion in September. The sector's external assets rose by HUF 101.3 billion and its liabilities by HUF 49.8 billion.

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 reflect developments of the most recent period than annual (twelve-month-on-twelve-month) 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://english.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=0708_monstatpubl_en.xls.

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