

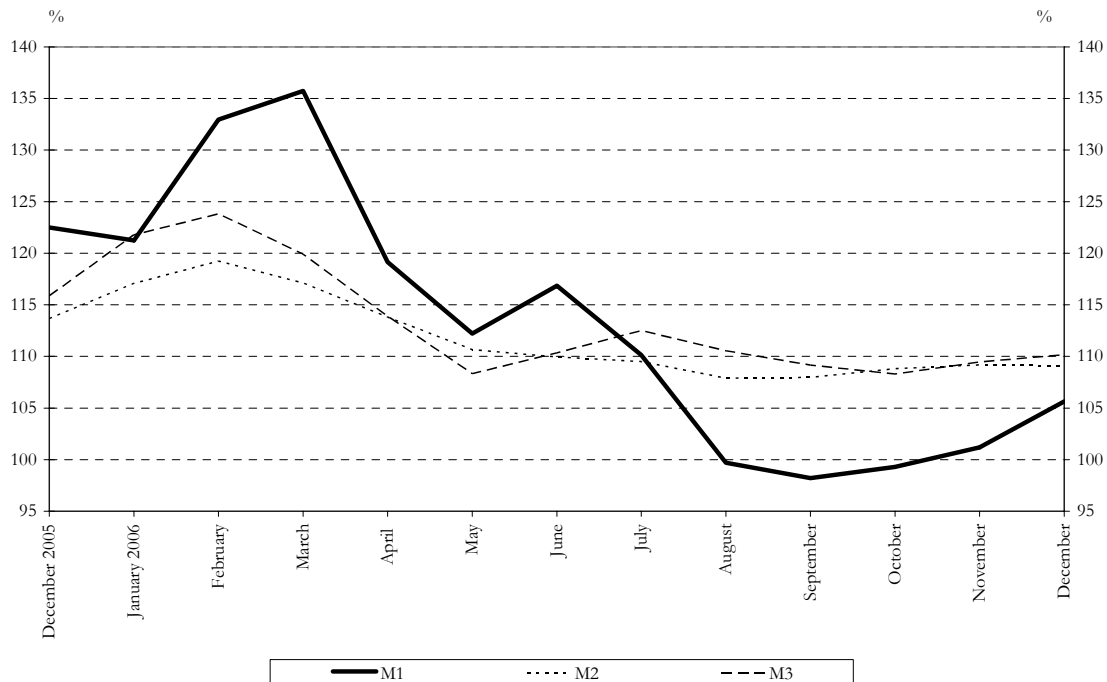
**PRESS RELEASE**

**Consolidated balance sheet of MFIs: December 2006**

In December 2006, the monetary base rose by HUF 165.4 billion to HUF 2,737.8 billion. The annualised month-on-month growth index<sup>1</sup> of the monetary base (M0) was 104.8% in the month.

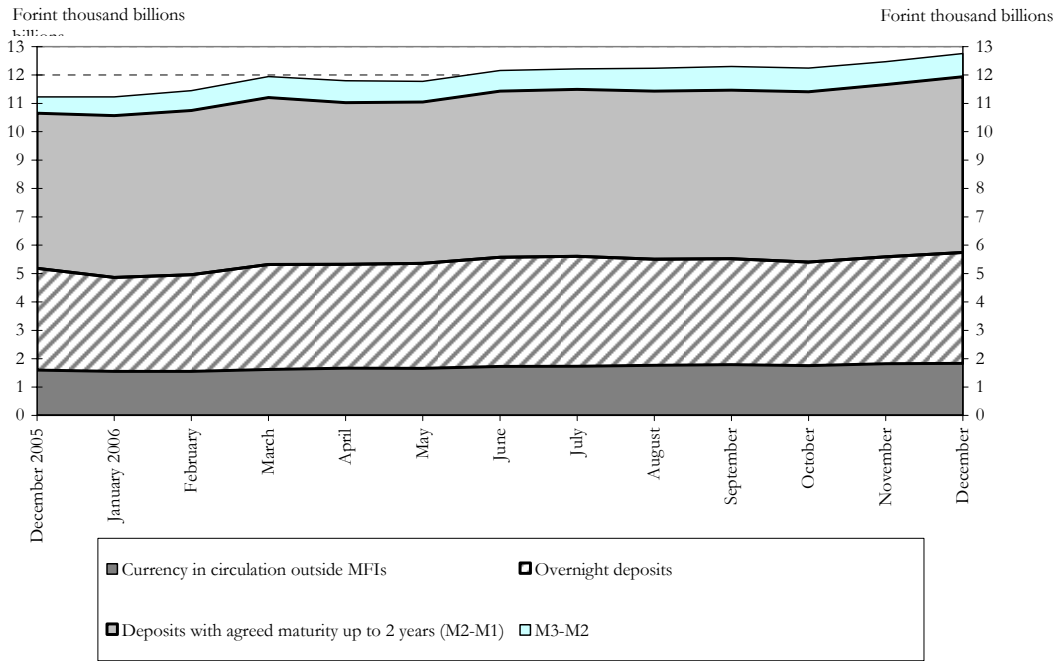
The not seasonally adjusted stocks of all three monetary aggregates increased in December. The annualised month-on-month growth index of the narrow monetary aggregate M1 has been rising since October. The indicator was 105.6% in the month, rising by 4.4 percentage points on November. Within the not adjusted stock of the aggregate, overnight deposits of households and non-financial corporations were up HUF 112.0 billion. The annualised month-on-month growth rates of M2 and M3 were little changed. The former fell by 0.1 percentage point to 109.1% and the latter increased by 0.7 percentage points to 110.2%.

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

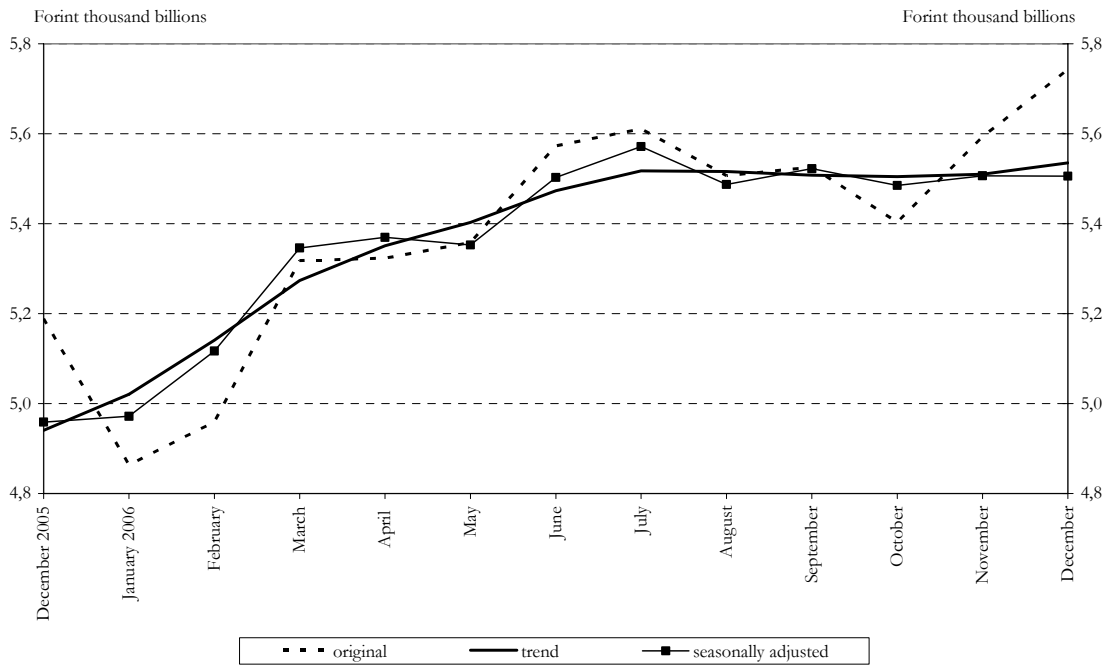


<sup>1</sup> For an explanation, see the methodological notes at the end of this press release.

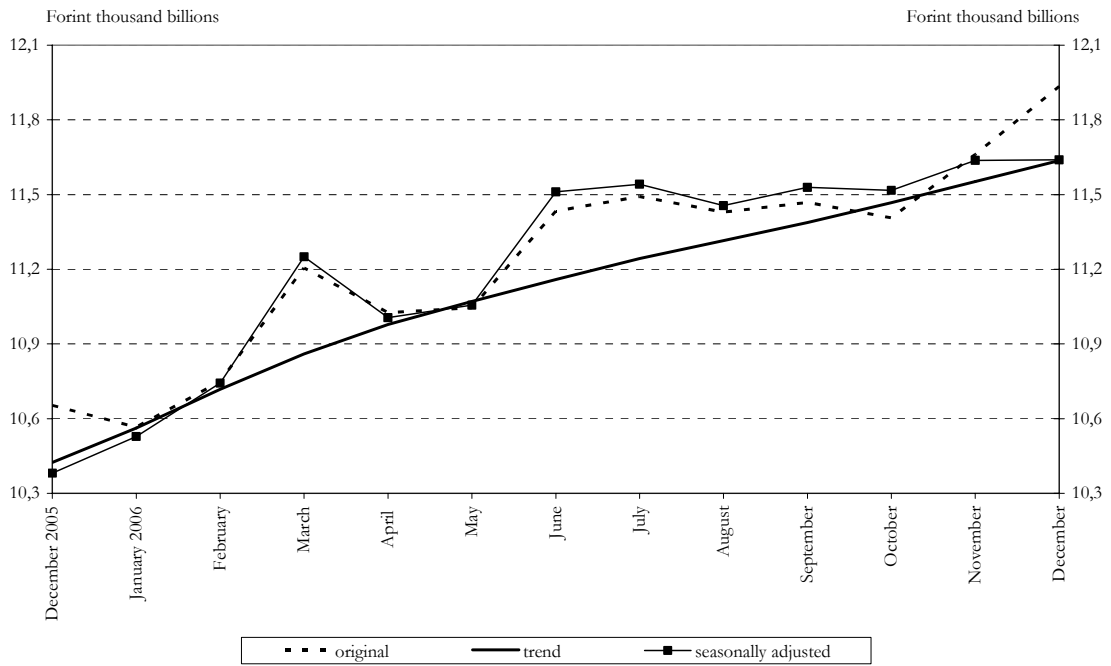
**Chart 2 Components of the monetary aggregates**



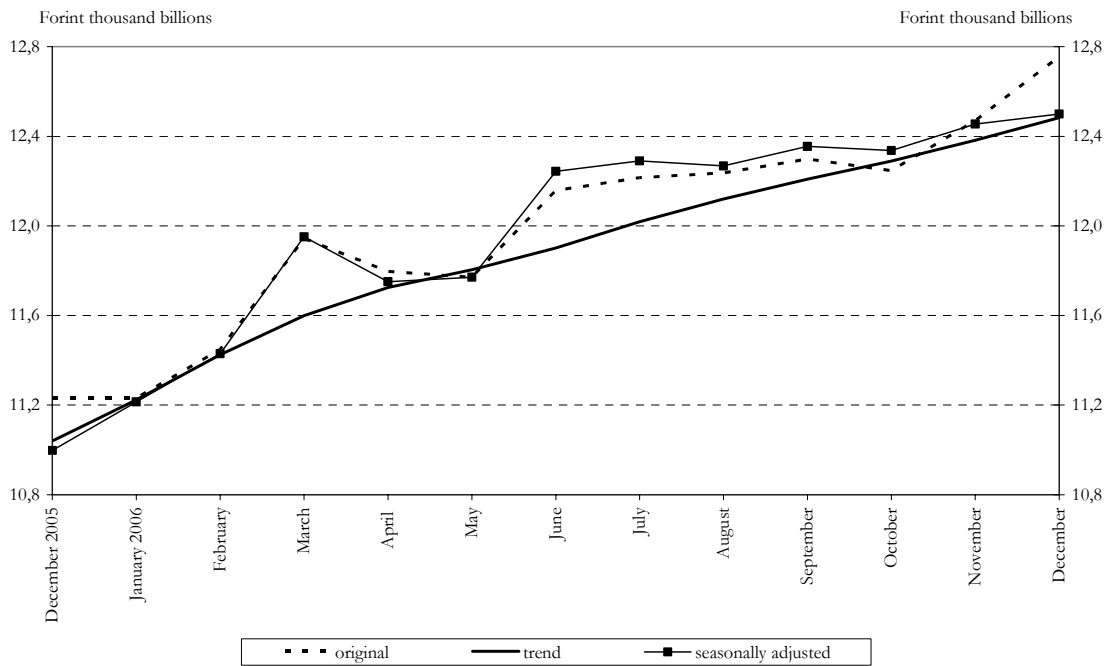
**Chart 3 Seasonally adjusted M1**



**Chart 4 Seasonally adjusted M2**

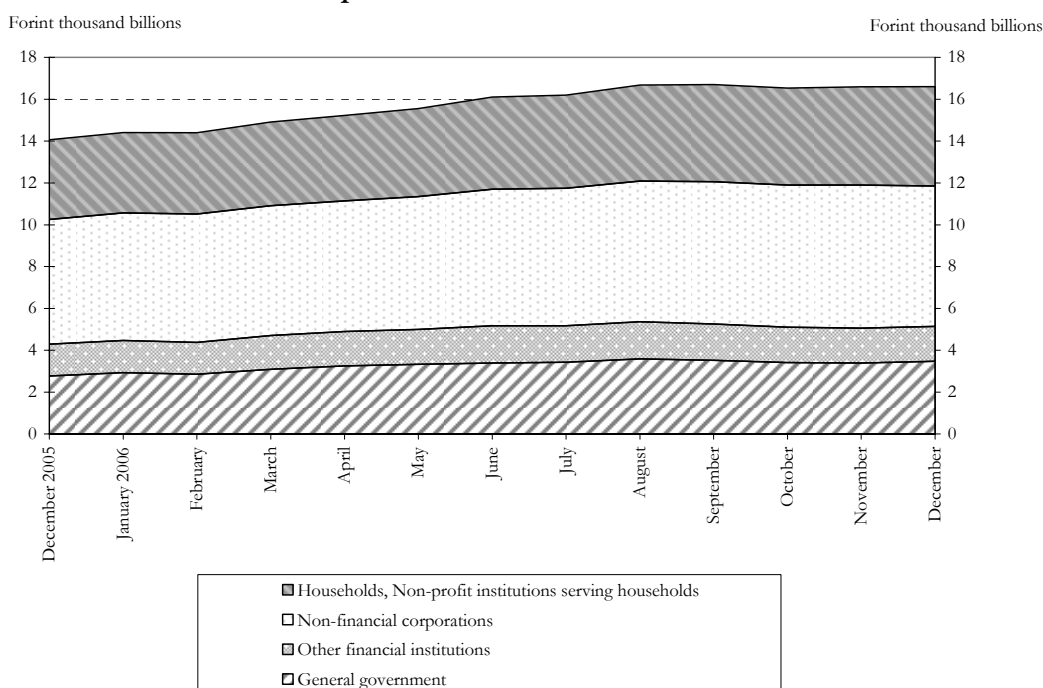


**Chart 5 Seasonally adjusted M3**



Following a decline in October, the total stock of domestic loans returned to the upward trend which began in March 2006; however, it failed to rise to its level at end-September.

**Chart 6 Composition of the stock of domestic loans**

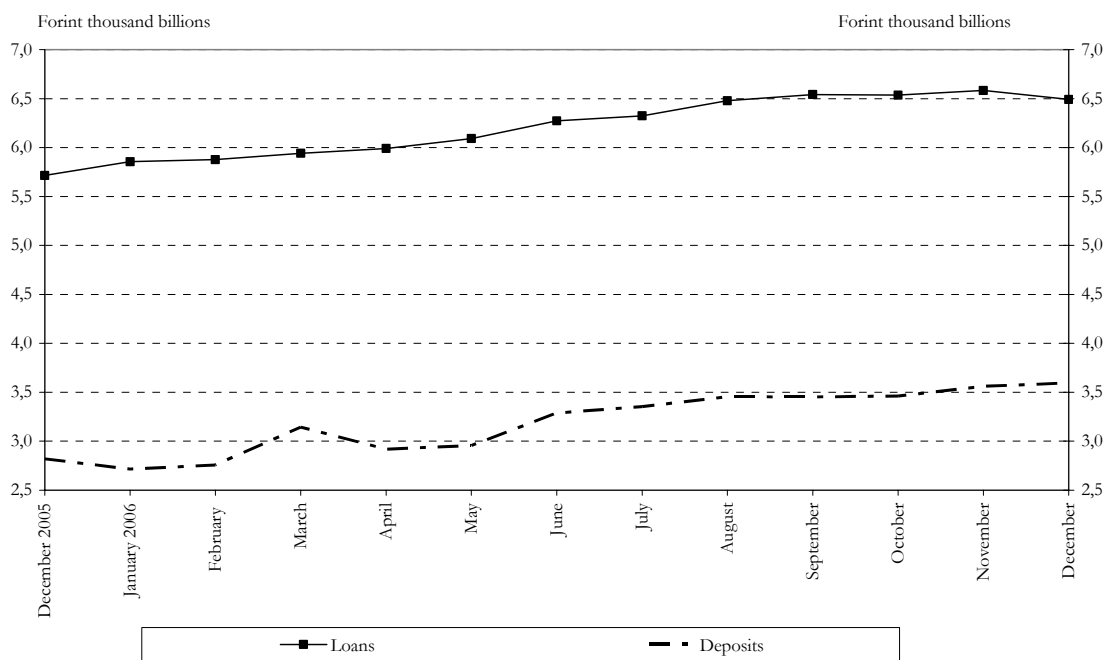


The total stock of loans granted by monetary financial institutions to non-financial corporations fell by HUF 92.2 billion to HUF 6,491.5 billion, after rising in the preceding month. Within loans to non-financial corporations, the increase in short-term loans which began in March stalled: their stock fell by HUF 85.9 billion to HUF 2,454.3 billion. The fall in long-term loans which began in October continued: their stock was down HUF 6.3 billion on the preceding month. Within long-term loans, loans with a maturity of up to five years fell by HUF 52.0 billion to HUF 1,785.6 billion and those with a maturity of over 5 years rose by HUF 45.7 billion to HUF 2,251.5 billion. Short-term loans as a percentage of total loans fell from 38.6% to 37.8%. The share of loans with a maturity of up to five years edged down from 27.9% to 27.5% and that of loans with a maturity of over 5 years rose from 33.5% to 34.7%.

The share of foreign currency loans fell all three maturities, similarly to the preceding month. Loans with a maturity of up to one year were down from 30.7% to 30.4%, those with a maturity of up to 5 years from 44.2% to 43.6% and those with a maturity of over 5 years from 64.5% to 64.3%. The total stock of loans was HUF 49.3 billion lower than in November. An increase of HUF 3.7 billion due to transactions partly offset this fall. Consequently, total loans fell by HUF 45.6 billion in the month.

The sector's deposits with monetary financial institutions have been rising since May 2006. In December, deposits increased by HUF 33.5 billion to HUF 3,594.4 billion. Within total deposits, the share of overnight deposits was 52.3% and that of deposits with an agreed maturity was 46.8%. Overnight deposits rose by HUF 35.6 billion. Here, the increase in forint deposits accounted for HUF 58.5 billion. Deposits with a maturity of up to one year fell by HUF 12.1 billion and those with a maturity of over one year by HUF 7.5 billion. Deposits with a maturity of over one year were down HUF 0.3 billion on November. Outstanding repos rose by HUF 17.7 billion.

**Chart 7 Loans and deposits of non-financial corporations**

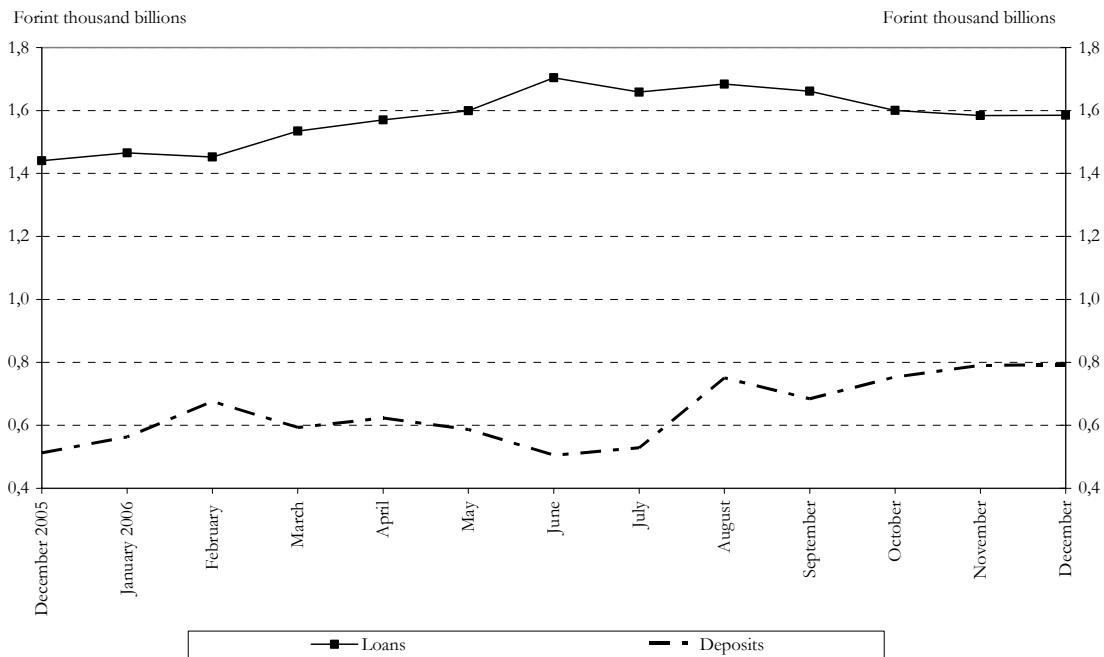


The stock of loans granted to other financial corporations had been downwards since September. It rose slightly, by HUF 0.9 billion to HUF 1,585.0 billion in December. The share of loans with a maturity of up to 5 year, the highest within the total, edged down from 42.9% to 41.5%, with their stock falling by HUF 21.2 billion. The share of loans with a maturity of over 5 years fell by HUF 15.5 billion and that of loans with a maturity of up to one year rose by HUF 6.6 billion.

The stock of loans granted to the sector was little changed. Forint loans rose by HUF 18.1 billion and foreign currency loans fell by HUF 17.3 billion. Exchange rate changes accounted for HUF 30.3 billion and transactions for HUF 13.0 billion of the decline in foreign currency loans. The percentage share of foreign currency loans within total loans granted to other financial corporations was 86.1% in December, continuing the fall seen in November.

The sector's deposits with monetary financial institutions rose by HUF 1.5 billion to HUF 792.0 billion. The value of overnight deposits fell by HUF 7.9 billion and that of deposits with an agreed maturity by HUF 8.9 billion. This was offset in part by an increase of HUF 18.3 billion in outstanding repos.

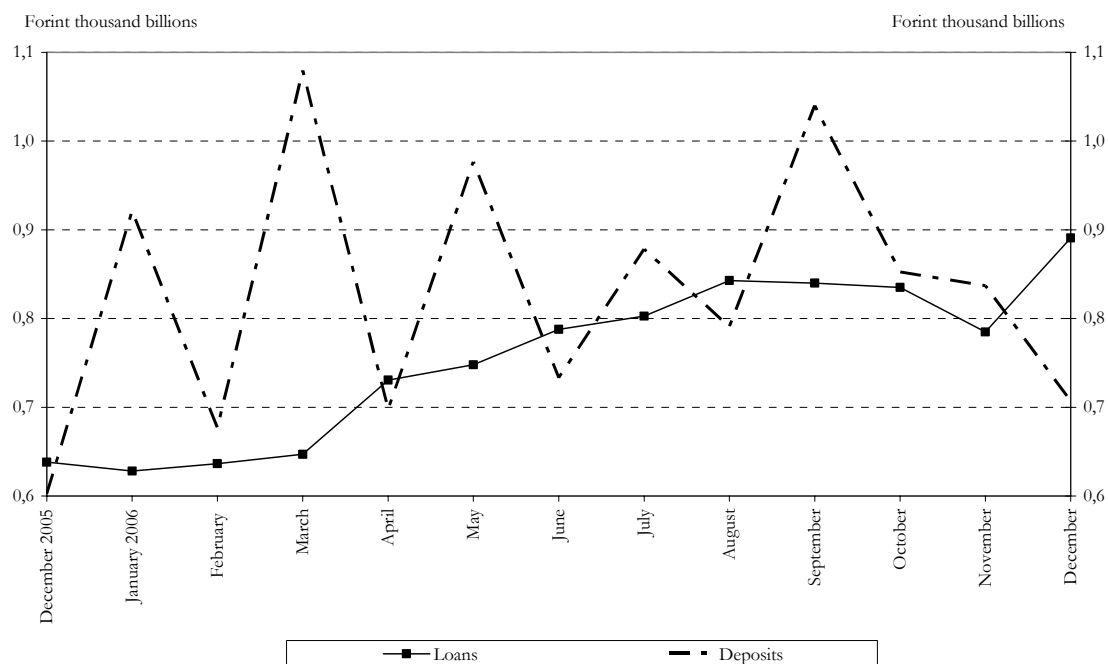
**Chart 8 Loans and deposits to other financial corporations**



Loans granted by monetary financial institutions to the general government sector rose by HUF 105.8 billion in December, after falling since September.

The stock of the general government sector's deposits with monetary financial institutions fell by HUF 130.2 billion, as a result of deposits of the central government sub-sector falling by HUF 165.6 billion and those of the local government sub-sector rising by HUF 35.4 billion.

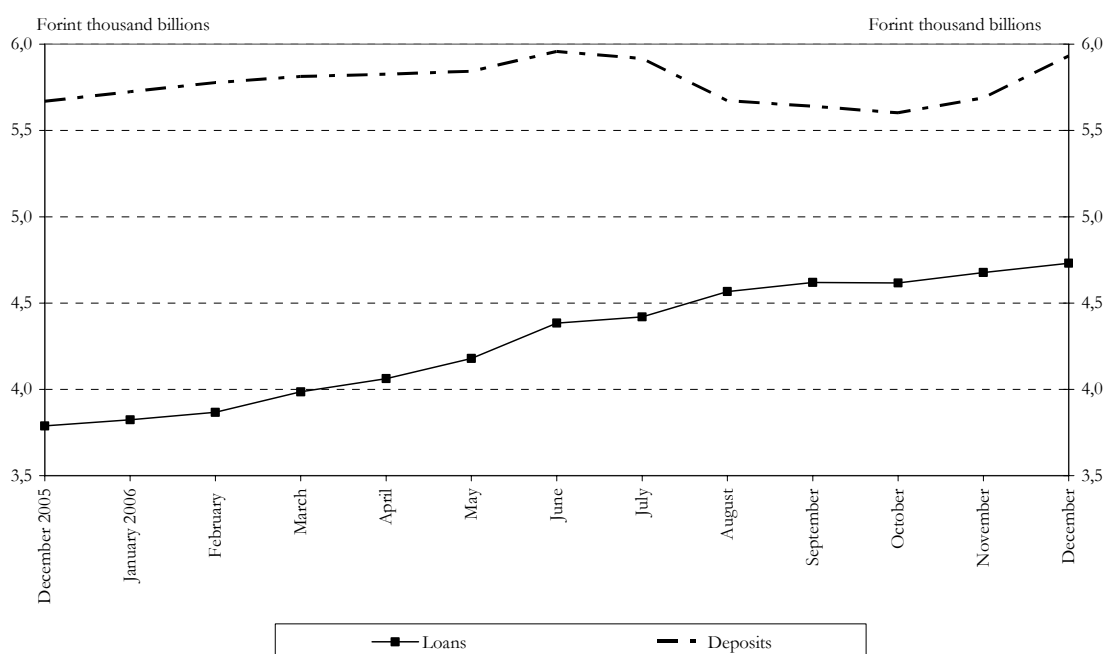
**Chart 9 Loans and deposits of the general government sector**



After stalling in November, the increase in loans granted to the household sector over the past several years continued: total loans outstanding rose by HUF 54.6 billion to HUF 4,731.2 billion. The change in outstanding foreign currency loans was made up of transactions totalling HUF 97.8 billion and negative exchange rate valuation effects amounting to HUF 45.6 billion. On balance, the change in outstanding foreign currency loans accounted for HUF 52.1 billion of the increase total loans. The share of foreign currency loans within the total climbed up from 41.8% 42.4%. Foreign currency loans have been rising continuously over the past two years; and their value was slightly more than four times its level in December 2004.

The fall in household deposits with monetary financial institutions which began in July came to a halt in November. Their stock rose strongly, by HUF 243.7 billion to HUF 5,932.4 billion in the month under review, exceeding its level in July, i.e. before the introduction of withholding taxes. The robust increase in deposits was the combined result of income transfers at end-December and attractive deposit products offered by banks.

**Chart 10 Loans and deposits of the household sector**

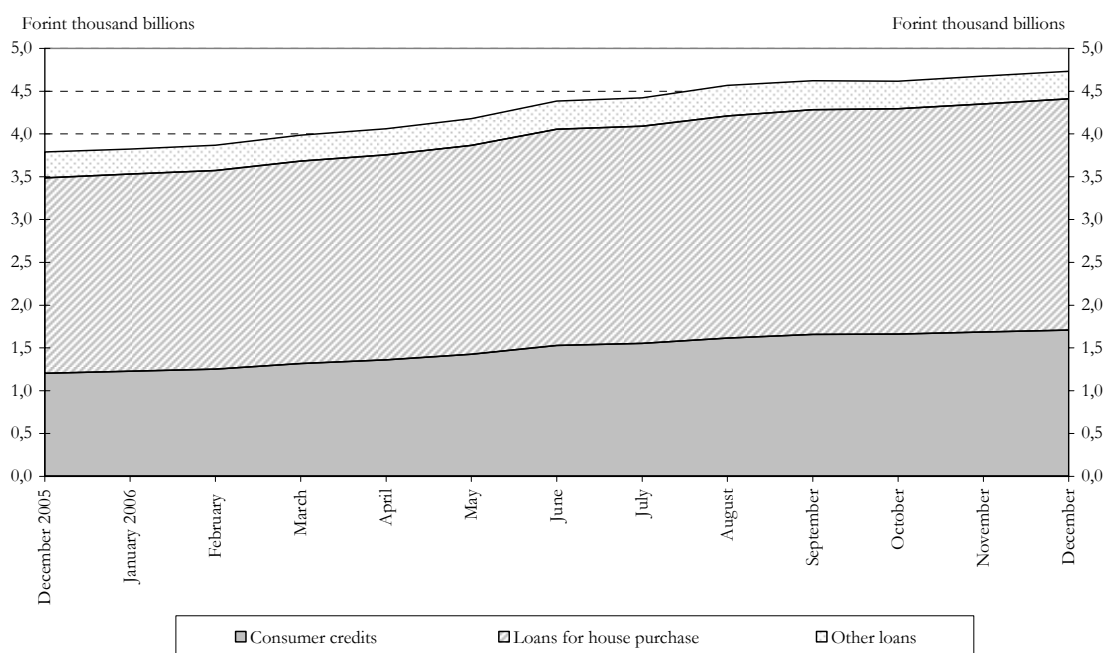


Within loans granted to households, the share of housing loans was 57.1%, barely changed relative to the preceding month. The stock of loans rose by HUF 34.3 billion. Foreign currency loans were 33.8% as a percentage of housing loans. The percentage share of consumer credit within the total stock of housing loans was 36.1%, with their outstanding amount increasing by HUF 24.3 billion. Foreign currency loans were 57.7% as a percentage of total consumer credit. The stock of other loans fell by HUF 3.9 billion. Here, the percentage share of foreign currency loans was 33.3%.

Within household deposits with monetary financial institutions, overnight deposits increased by HUF 74.3 billion. Deposits with a maturity of up to one year rose by HUF 167.3 billion and those with a maturity of over one year rose significantly, by HUF 142.7 billion to HUF 3,128.5 billion.



**Chart 11 Composition of household loans**

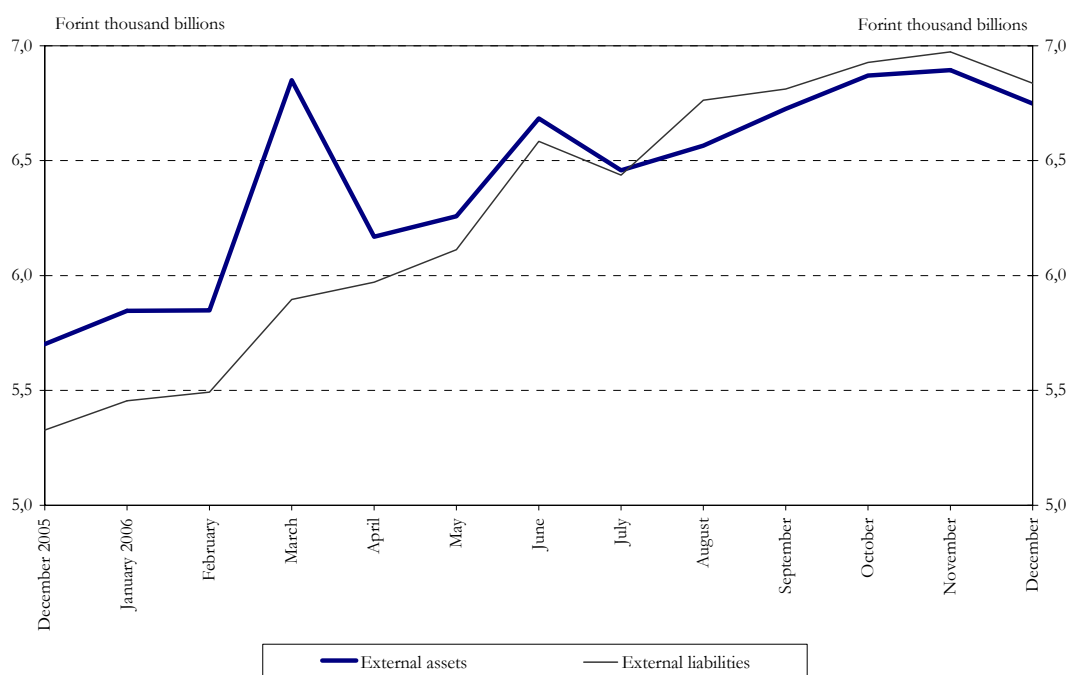


Assets and liabilities of monetary financial institutions vis-à-vis non-residents both fell in December, breaking the upward trend which began in August. External assets exceeded liabilities, as seen in the preceding four months. External assets and liabilities, respectively, were HUF 145.1 billion and HUF 136.3 billion lower than in November. As a consequence, MFI's net external assets fell by HUF 8.8 billion.

Assets of the central bank vis-à-vis non-residents fell by HUF 144.3 billion. Here, exchange rate changes accounted for HUF 63.2 billion. External liabilities fell by HUF 9.7 billion. Net external assets were down HUF 134.5 billion on the preceding month.

Net assets of other monetary financial institutions vis-à-vis non-residents increased by HUF 125.7 billion. The sector's external assets fell by HUF 0.9 billion and its external liabilities by HUF 126.6 billion. Exchange rate movements accounted for HUF 82.4 billion of the change in liabilities.

**Chart 12 External assets and liabilities**



### Methodological notes

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 12<sup>th</sup> 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\\_enxls](http://english.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=0708_monstatpubl_enxls).*

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