

27 April 2007

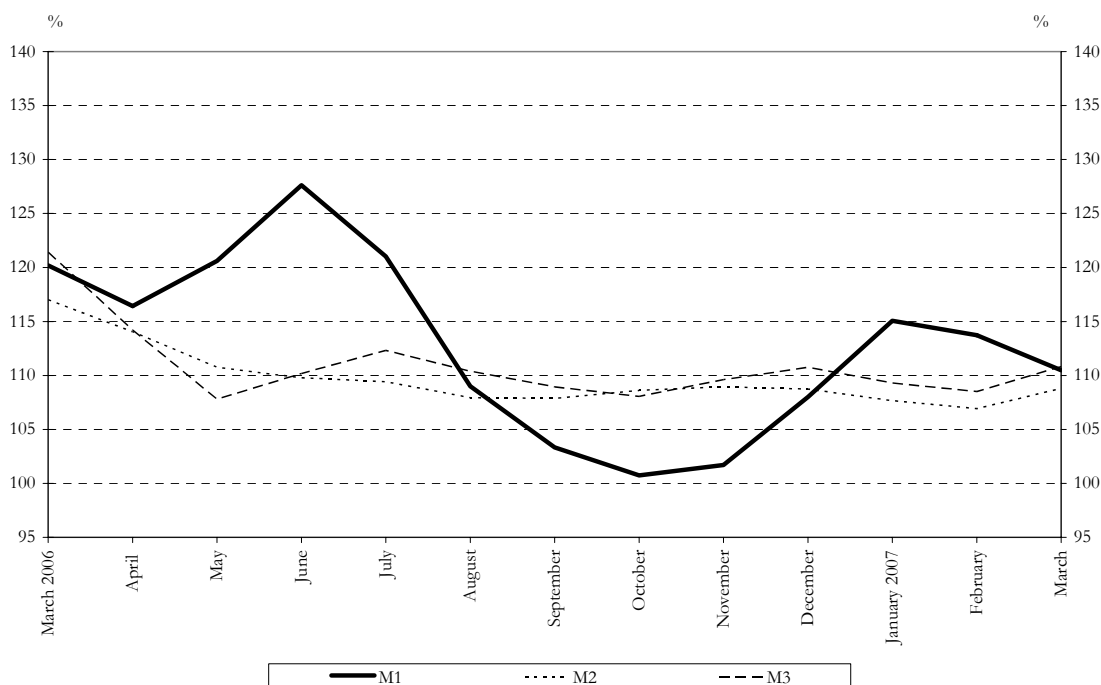
**PRESS RELEASE**

*Consolidated balance sheet of MFIs: March 2007*

In March 2007 the monetary base increased by HUF 41.4 billion to HUF 2,590.2 billion. The annualised month-on-month growth index<sup>1</sup> of the monetary base (M0) was 117.9%.

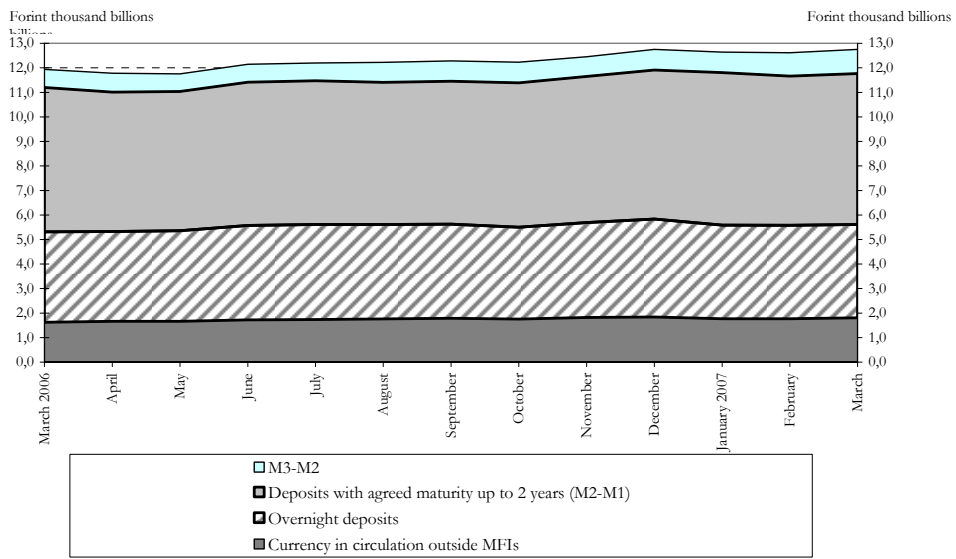
Following the growth observed in the period between November 2006 and January 2007, the annualised month-on-month growth index of the narrow monetary aggregate M1 fell in the last two months; in March it declined by 3.2 percentage points to 110.5%. The annualised month-on-month growth indices of M2 and M3 have been fluctuating in a range between 107% and 112% since May. They have not changed significantly in March 2007 either; the former increased by 1.9 percentage points to 108.8% and the latter by 2.3 percentage points to 110.8%.

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

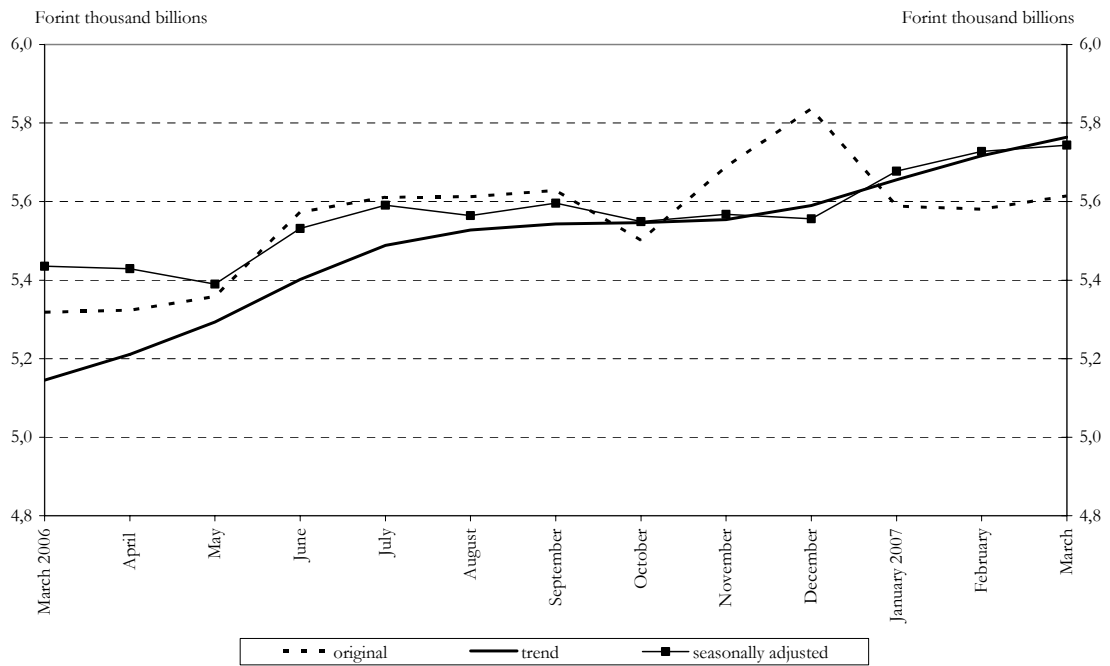


<sup>1</sup>For an explanation, see the methodological notes at the end of this press release.

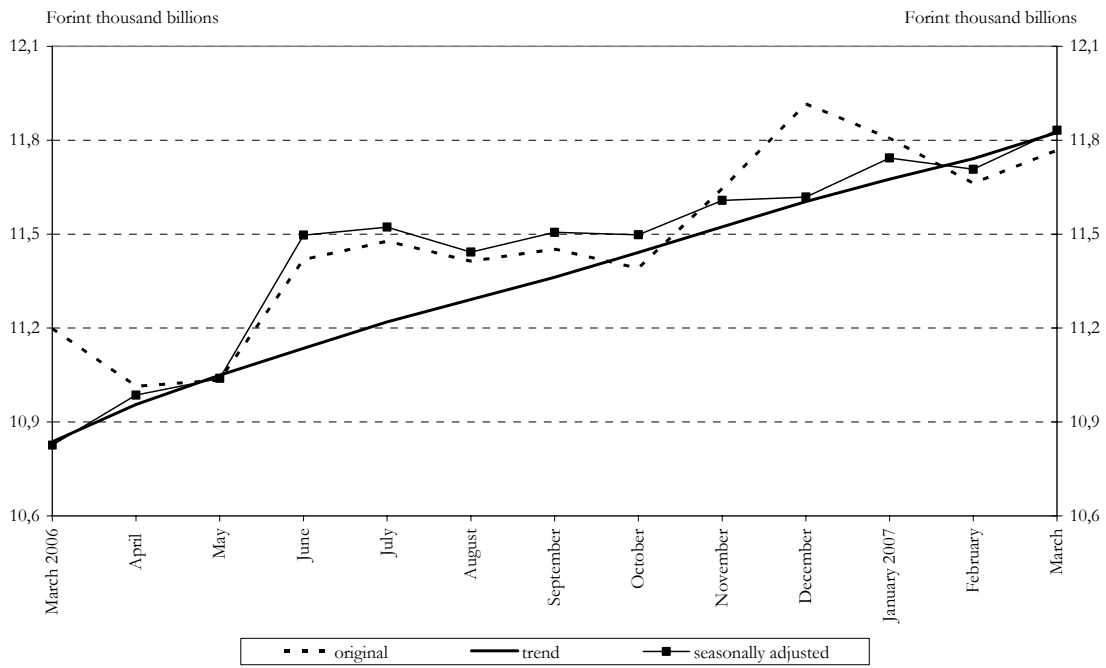
**Chart 2: Components of the monetary aggregates**



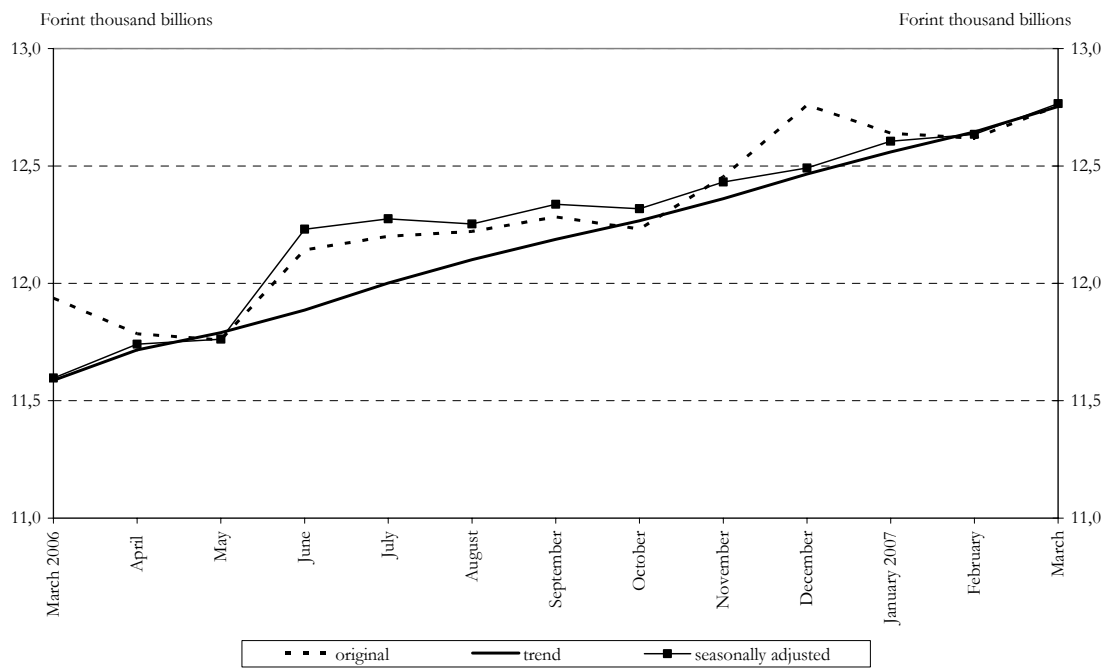
**Chart 3: Seasonally adjusted M1**



**Chart 4: Seasonally adjusted M2**

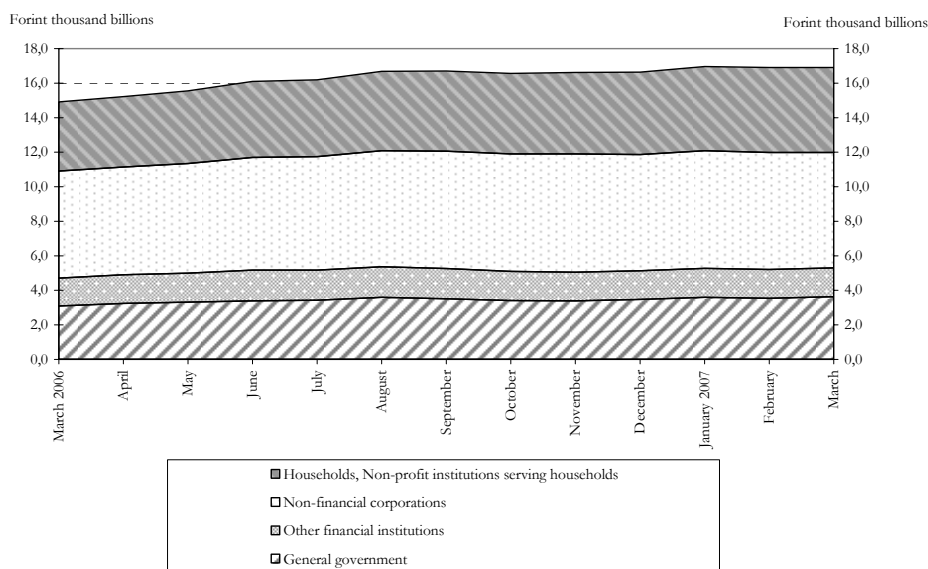


**Chart 5: Seasonally adjusted M3**



In February and March there has been no significant change in the total stock of domestic loans. Consequently, it amounts to values around HUF 16.9 thousand billion, reached as a result of the increase which started in November and ended at the beginning of the year.

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

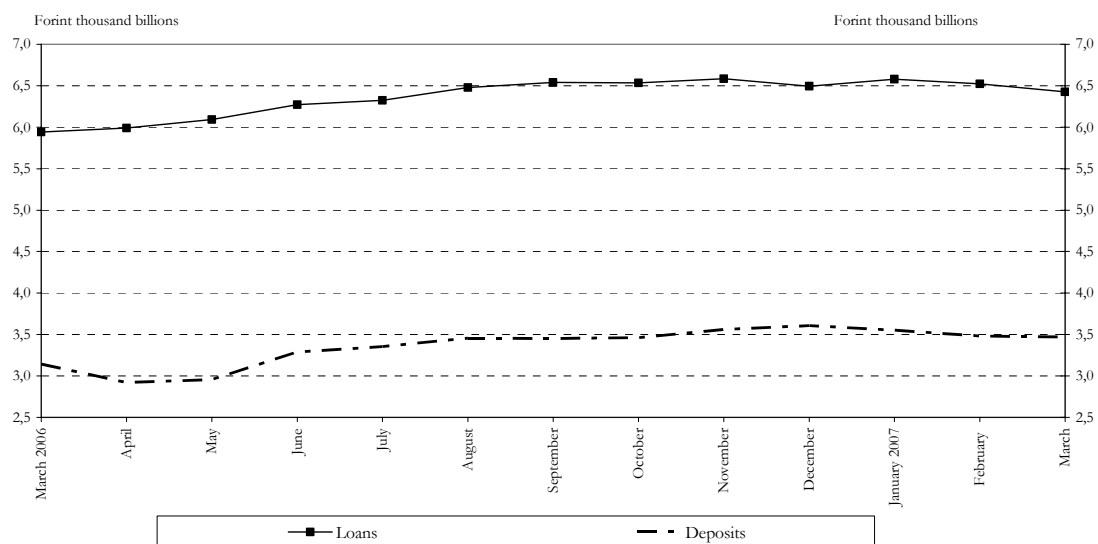


The level of the total stock of loans granted by monetary financial institutions to non-financial corporations has remained unchanged since August 2006; it declined in the last two months, and in March it fell by HUF 96.3 billion to HUF 6,427.0 billion. Within loans to non-financial corporations, the stock of short-term loans – similarly to February – declined in March as well, by HUF 64.0 billion to HUF 2,394.7 billion, thus offsetting the growth trend typical of last year. Long-term loans fell in the last months of 2006, which decline – except for an increase in January – continued in March as well, by HUF 32.3 billion to HUF 4,032.3 billion. Within long-term loans, loans with a maturity of up to five years fell by HUF 17.2 billion to HUF 1,745.1 billion and those with a maturity of over five years by HUF 15.0 billion to HUF 2,287.2 billion. Within total loans the share of loans with a maturity of up to one year declined from 37.7% to 37.3%, that of loans with a maturity of up to five years changed from 27.0% to 27.2% and that of loans with a maturity of over five years from 35.3% to 35.6%.

In March, the share of foreign currency loans within loans with a maturity of up to one year was down from 29.1% to 27.7%, and the share of those with a maturity of up to five years from 44.0% to 43.2%, while that of loans with a maturity of over five years from 65.9% to 64.8%. The total stock of foreign currency loans was HUF 111.2 billion less than the February value; of this decline, exchange rate changes and transactions accounted for HUF 88.1 billion and HUF 23.1 billion, respectively.

The rise in the sector's deposits with monetary financial institutions which began in May 2006 stalled in January 2007, then slightly declined by HUF 14.2 billion to HUF 3,467.8 billion in March, thus maintaining the level of HUF 3.5 thousand billion typical of the last half a year. Within total deposits, the share of overnight deposits was 50.2%, that of deposits with an agreed maturity was 49.3% and that of outstanding repos was 0.6%. Overnight deposits fell by HUF 65.1 billion, where the fall in forint deposits amounted to HUF 89.3 billion, while foreign currency deposits increased by HUF 24.1 billion. Deposits with a maturity of up to one year increased by HUF 48.1 billion, the stock of deposits with a maturity of over one year hardly changed, i.e. declined by HUF 0.9 billion, while outstanding repos increased by HUF 3.7 billion.

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

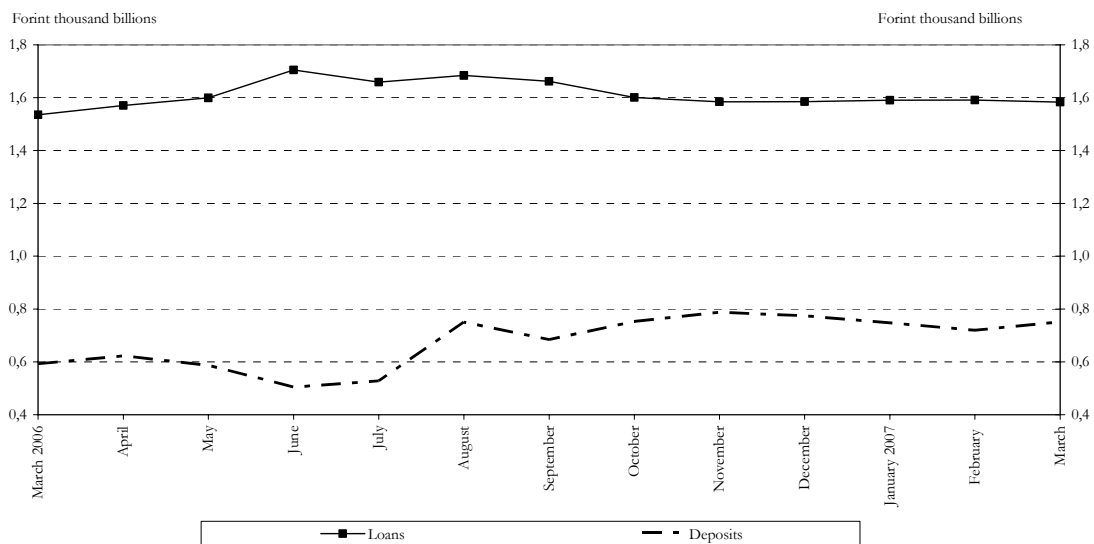


Outstanding loans to other financial corporations continued to follow a slightly declining trend; their stock was HUF 7.9 billion down to HUF 1,583.3 billion in March. The share of loans with a maturity of up to five years, which have the highest share within total loans, grew from 42.4% to 48.7%, that of loans with a maturity of over five years changed from 22.3% to 23.1%, while that of loans with a maturity of up to one year from 35.2% to 28.2%. The decline in the latter share and the increase in the share of loans with a maturity of up to five years mainly stem from individual transactions.

Within loans granted to the sector, forint loans rose by HUF 15.8 billion, while foreign currency loans fell by HUF 23.8 billion. The latter change is a result of a HUF 46.5 billion decline due to exchange rate changes and a HUF 22.8 billion increase due to transactions.

The sector's deposits with monetary financial institutions has been at an unchanged level since August 2006; in March they increased by HUF 32.6 billion to HUF 752.1 billion. The value of overnight deposits, deposits with an agreed maturity and repos rose by HUF 9.1 billion, HUF 20.0 billion and HUF 3.5 billion, respectively.

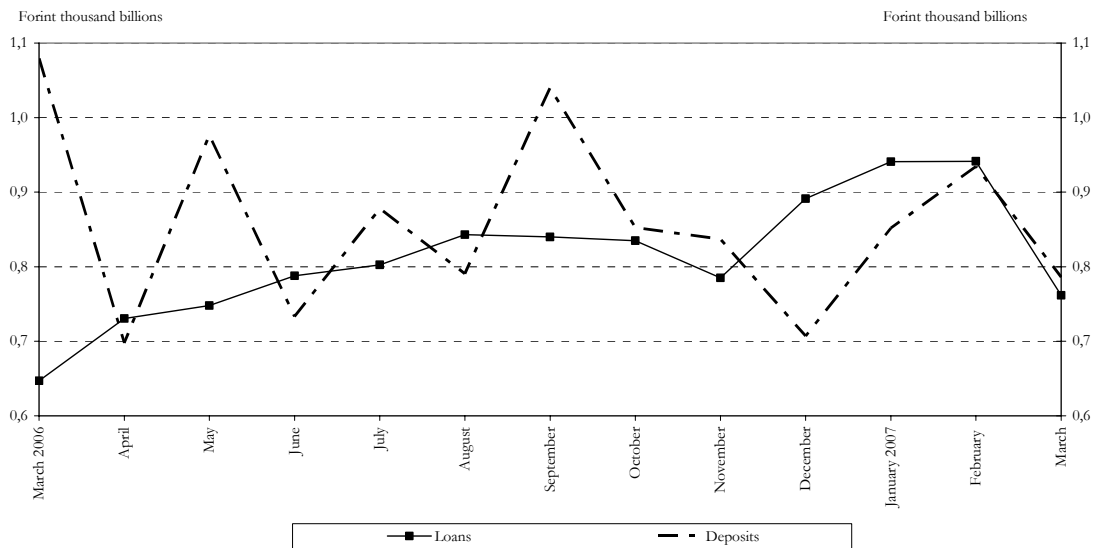
**Chart 8: Loans and deposits of other financial corporations**



Loans granted by monetary financial institutions to the general government sector declined by HUF 179.9 billion to HUF 761.6 billion, thus returning to the vicinity of the November level, which preceded the growth of recent months.

The stock of the general government sector's deposits with monetary financial institutions fell in the last three months of last year, then increased in the first two months of this year. In March, the stock fell significantly, by HUF 148.2 billion to HUF 786.1 billion, which was the outcome of a fall of HUF 226.7 billion in the central government's deposits and an increase of HUF 78.4 billion in the deposits of local governments.

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

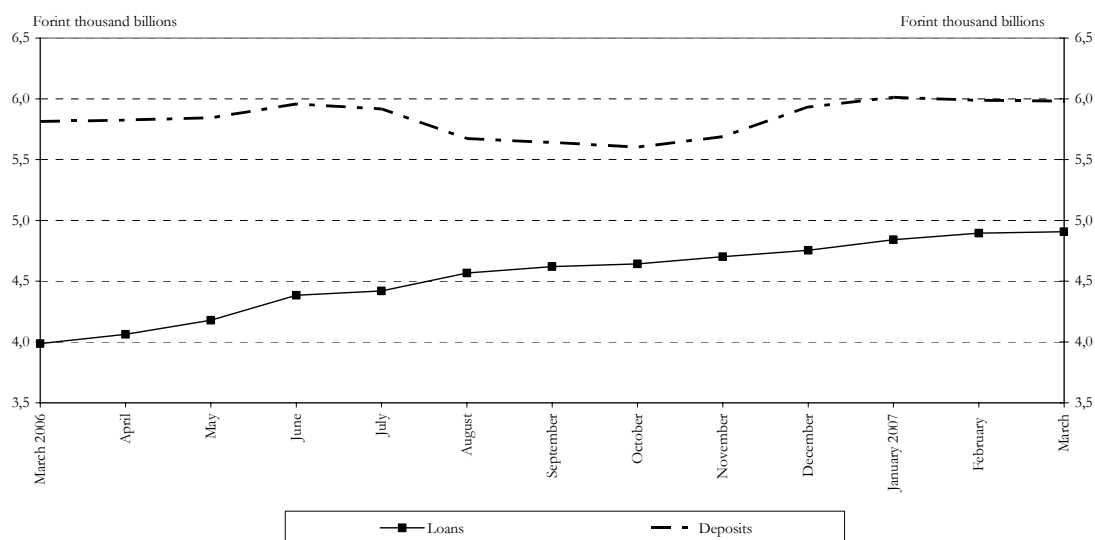


The growth trend of loans to the household sector observed in recent years continued, and total loans outstanding rose by HUF 11.2 billion to HUF 4,905.7 billion. Forint and foreign currency loans increased by HUF 1.0 billion and HUF 10.2 billion, respectively. The increase in the latter is the outcome of a significant growth of HUF 86.2 billion stemming from transactions, which was offset by a decline of HUF 76.1 billion resulting from exchange rate changes. Within total loans, the share of foreign currency loans continued to rise from 44.5% in February to 44.7%. This ratio has steadily been increasing for two years, and in this month it was three times as much as the value in March 2005.

The fall in household deposits with monetary financial institutions which began in July came to a halt in November. Their stock has remained broadly unchanged since then, around the level of HUF 6.0 thousand billion. It hardly changed in March as well, declining by HUF 8.0 billion to HUF 5,979.9 billion.

Compared to March 2006, loans to households increased by 23.1%, while their deposits increased by a mere 2.9%. Consequently, the difference between the values of loans and deposits fell by 41.2% last year.

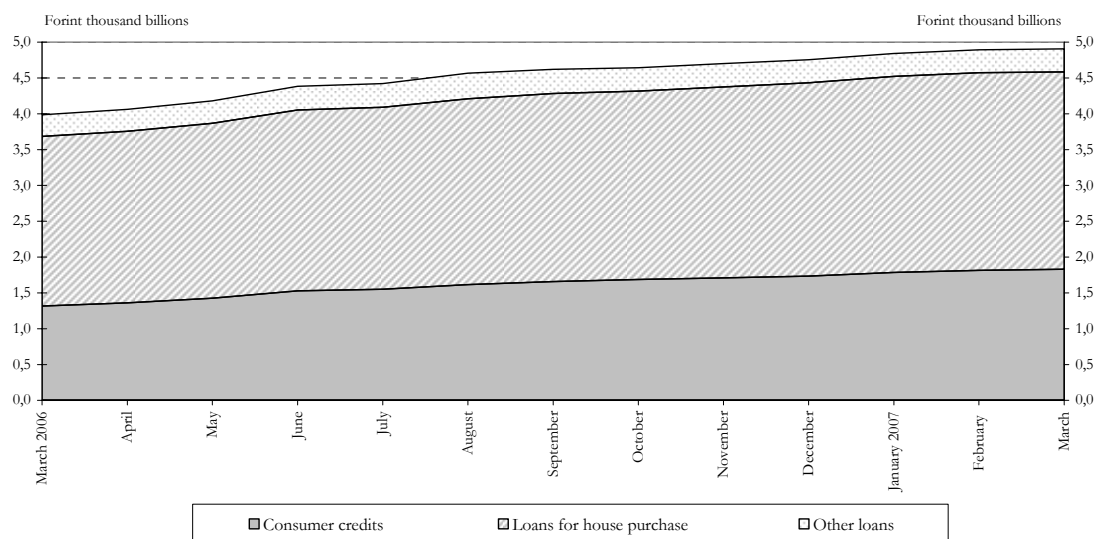
**Chart 10: Loans and deposits of the household sector**



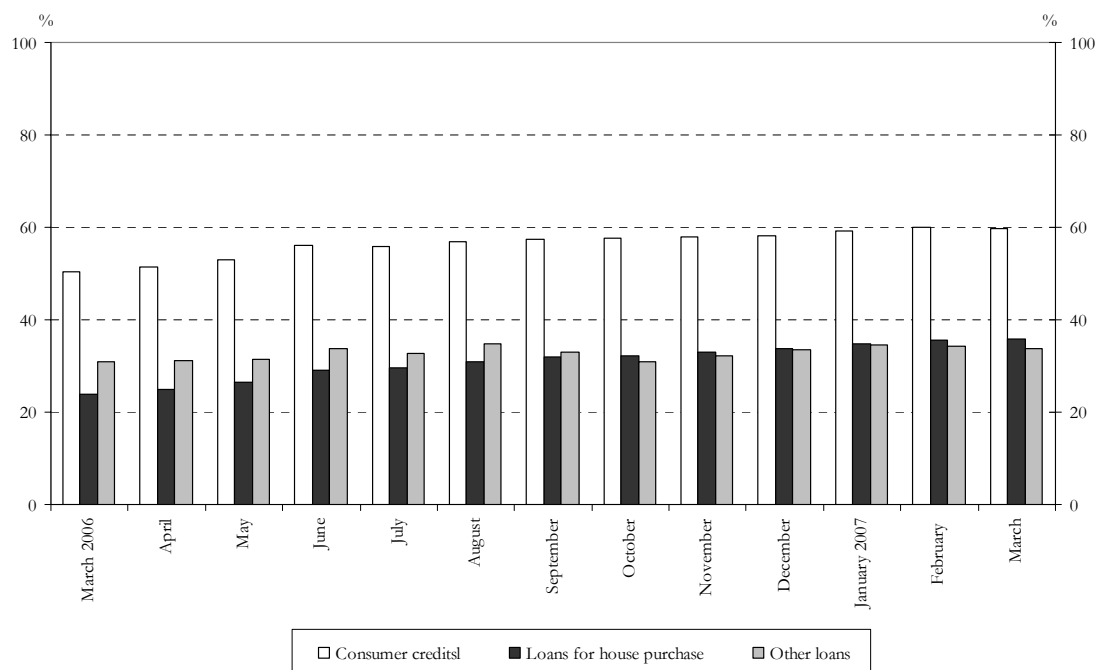
Within loans granted to households, the share of housing loans changed from 56.4% to 56.1%, i.e. the stock declined by HUF 5.1 billion. Within housing loans, the share of foreign currency loans was up from 35.6% to 35.8%. The weight of consumer credit within total loans to households increased from 37.1% to 37.3%, with the outstanding amount growing by HUF 14.2 billion. Within consumer credit, the share of foreign currency loans changed only slightly, from 59.9% to 59.8%. The stock of other loans increased by HUF 2.2 billion; within this, the share of foreign currency loans was 33.8%.



**Chart 11: Composition of loans to households**



**Chart 12: Percentage share of foreign currency loans to households by types of loan**



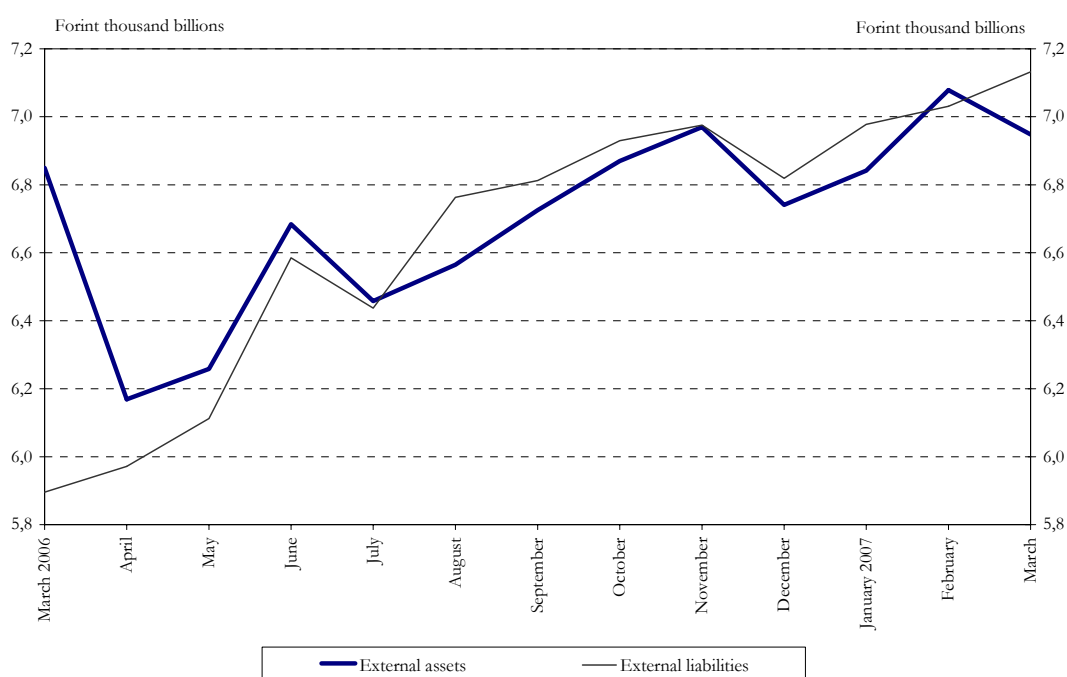
Within household deposits with monetary financial institutions, overnight deposits increased by HUF 11.8 billion. Deposits with agreed maturity declined by HUF 19.8 billion. Within this, deposits with a maturity of up to one year fell by HUF 23.1 billion, while those with a maturity of over one year rose by HUF 3.4 billion.

Apart from a balk in December, the growing trend in monetary financial institutions' liabilities vis-à-vis non-residents continued in March 2007 as well, while following two months of growth, the stock of assets declined again. In this month, external liabilities exceeded external assets. Monetary financial institutions' external assets fell by HUF 130.5 billion, while their external liabilities increased by HUF 101.5 billion, resulting in a HUF 231.9 billion decline in their net external assets.

Assets of the central bank vis-à-vis the rest of the world fell by HUF 164.8 billion, HUF 129.6 billion of which is a consequence of exchange rate changes. External liabilities rose by HUF 65.8 billion, resulting in a HUF 230.5 billion fall in net assets.

Net assets of other monetary financial institutions vis-à-vis non-residents fell by HUF 1.4 billion. The sector's external assets and external liabilities increased by HUF 34.3 billion and HUF 35.7 billion, respectively.

**Chart 13: 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 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\\_hu.xls](http://www.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=0708_monstatpubl_hu.xls).*

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