

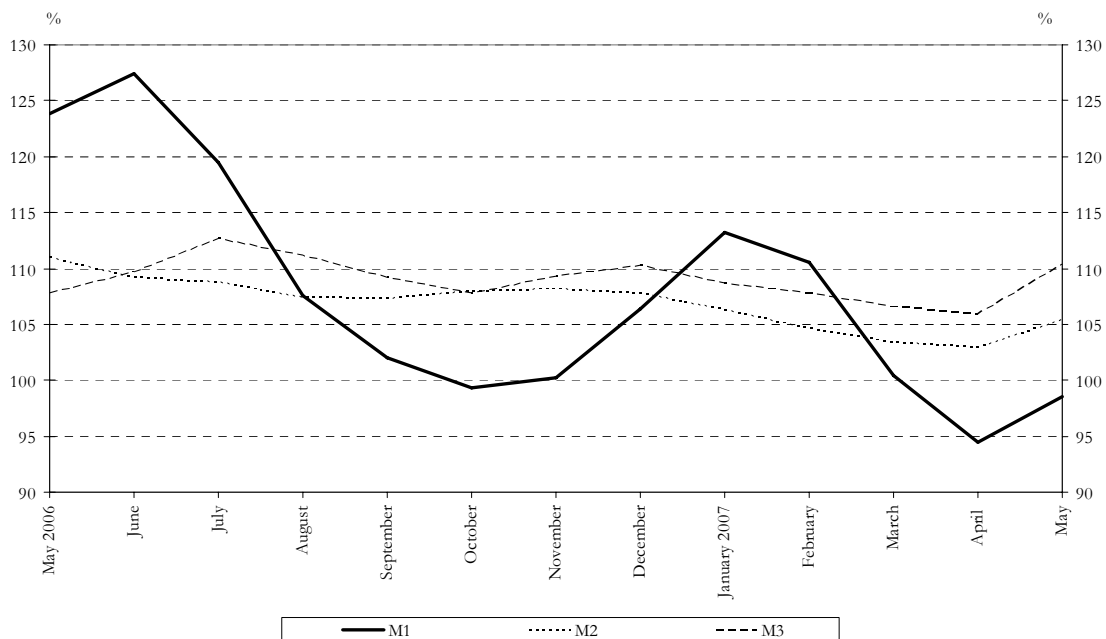
## PRESS RELEASE

### Consolidated balance sheet of MFIs: May 2007

In May 2007, the monetary base rose by HUF 30.7 billion to HUF 2,610.5 billion. The annualised month-on-month growth index<sup>1</sup> of the monetary base (M0) stood at 107.2%.

After falling since February, the annualised month-on-month growth index of the narrow monetary aggregate M1 rose by 4.1 percentage points to 98.6%. The annualised month-on-month growth index of M2 had been falling since December; however, in May it rose by 2.5 percentage points to 105.4%. The annualised month-on-month growth index of M3 rose by 4.5 percentage points to 110.3%, after falling between January-April.

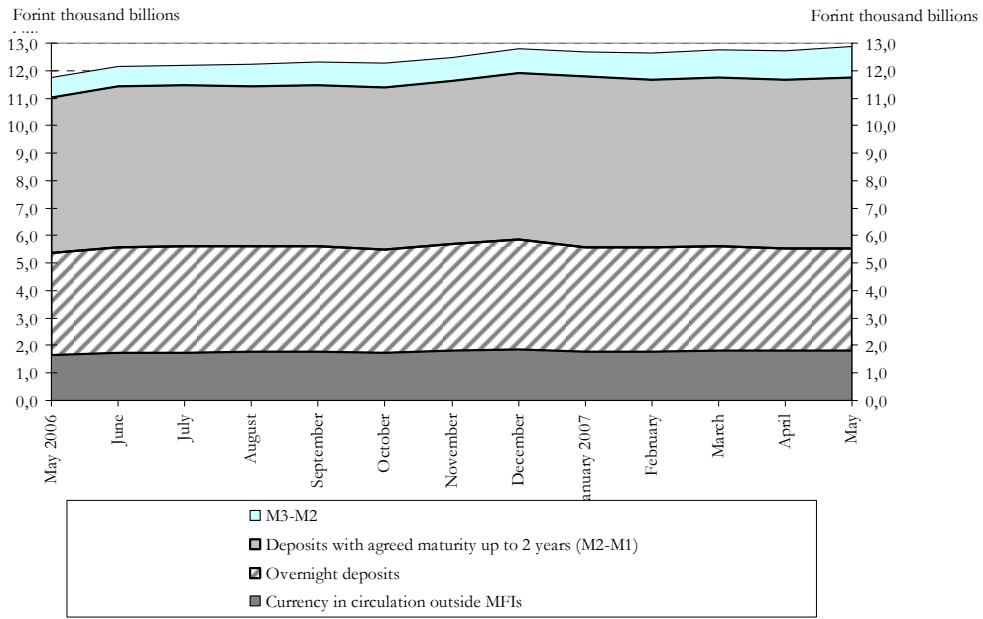
**Chart 1 Annualised month-on-month growth rates of the monetary aggregates**



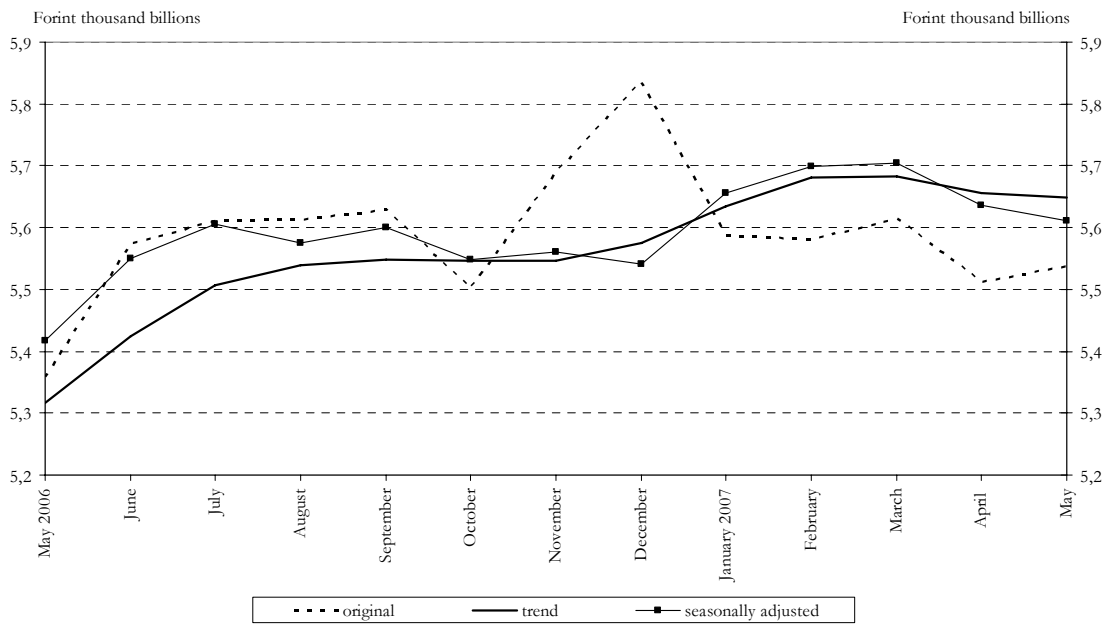
The unadjusted stock of the monetary aggregate M3 rose by HUF 131.2 billion to HUF 12,866.5 billion. The percentage shares of its components remained unchanged relative to April. The percentage share of M1 – which comprises currency outside MFIs and overnight deposits – was 43.0%, with its stock rising by HUF 24.6 billion. The percentage share of M2-M1 – a measure of deposits with an agreed maturity of up to two years – was 48.2%. Its stock rose by HUF 31.7 billion. The percentage share of M3-M2 – comprising outstanding repos, money market fund shares and debt securities with maturities of up to two years – was 8.8%, with its stock rising by HUF 75.0 billion.

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

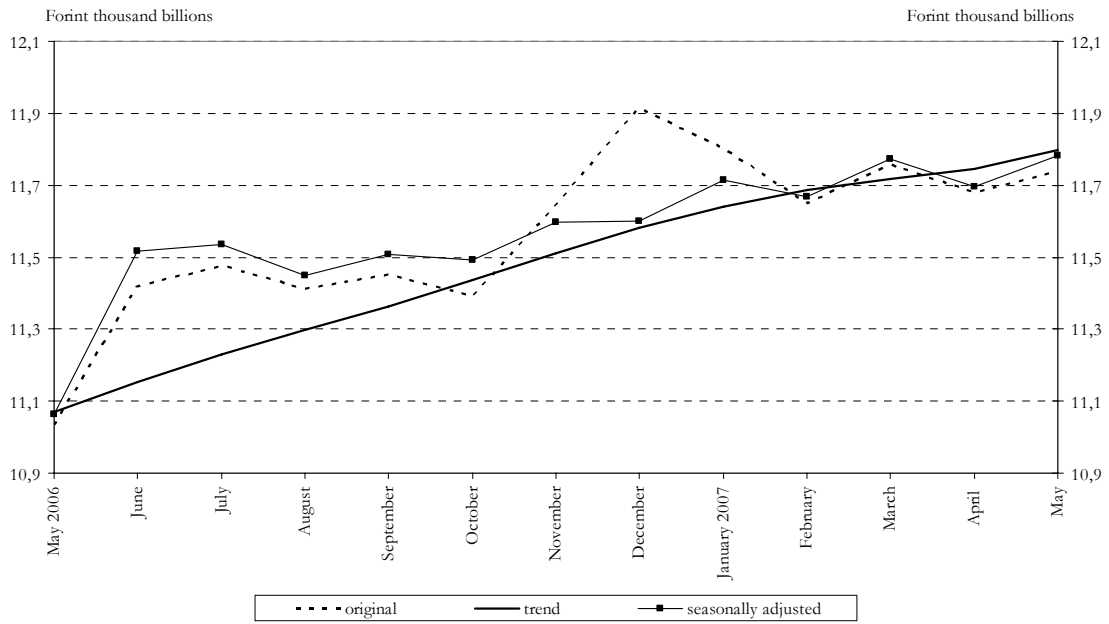
**Chart 2 Components of the monetary aggregates**



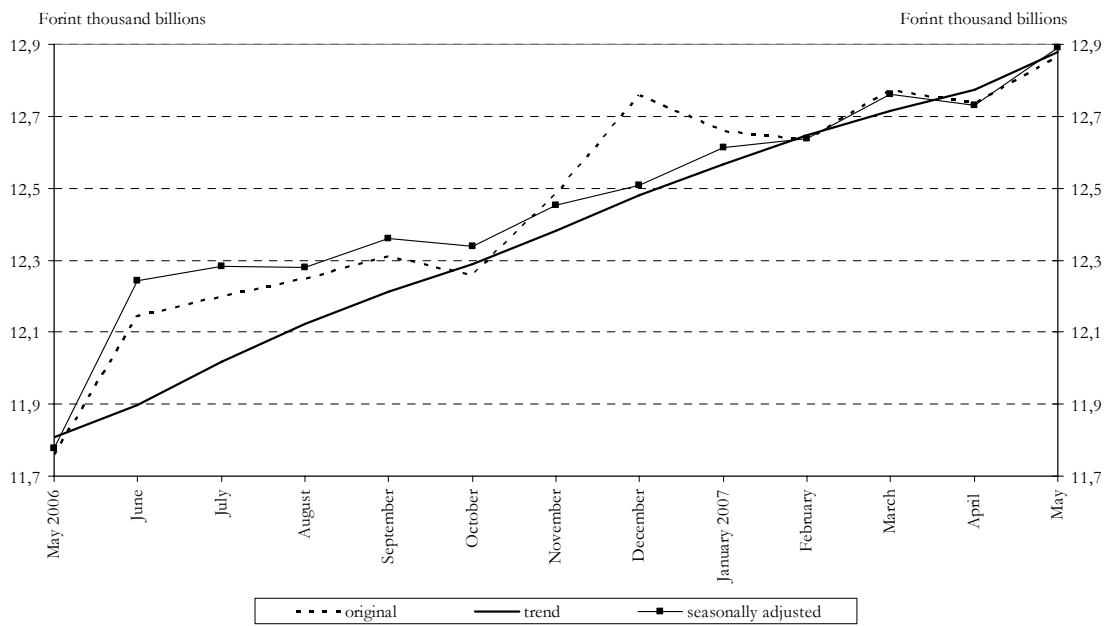
**Chart 3 Seasonally adjusted M1**



**Chart 4 Seasonally adjusted M2**

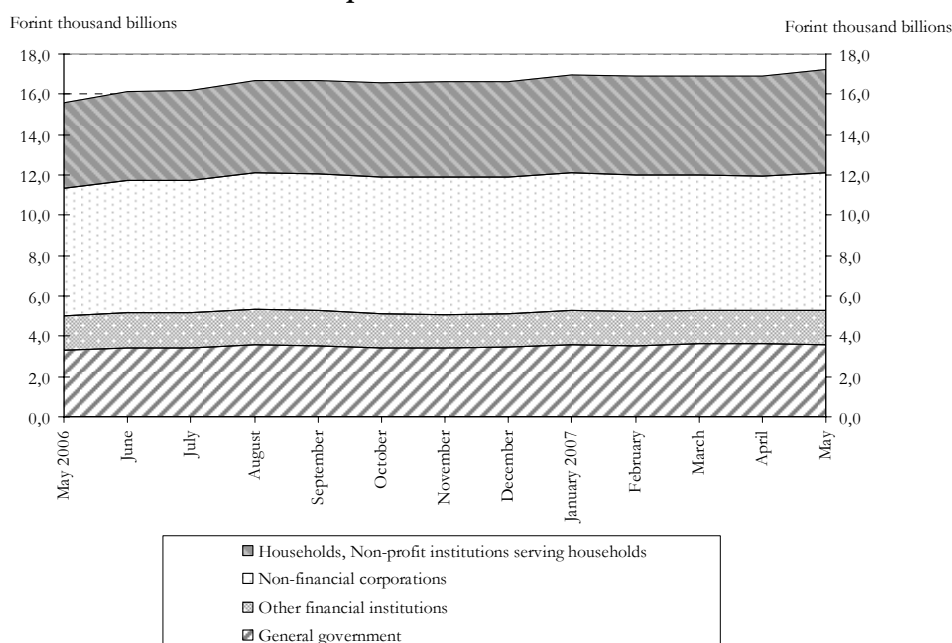


**Chart 5 Seasonally adjusted M3**



Following the narrow movements in previous months, the total stock of domestic loans rose by HUF 306.6 billion to HUF 17,232.9 billion in May, exceeding its level reached in January.

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

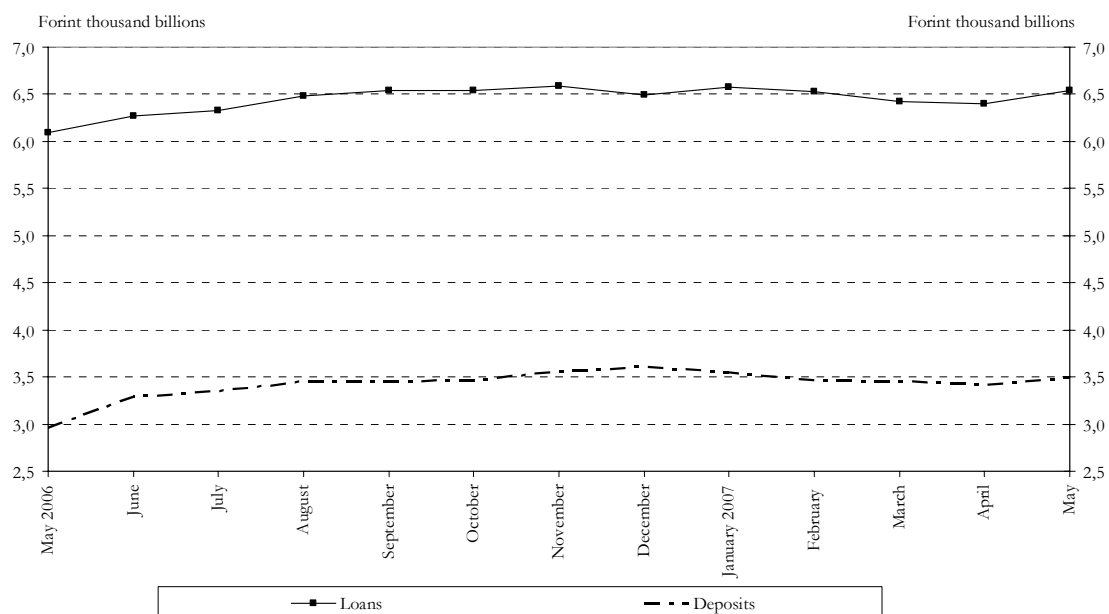


The total stock of loans granted by monetary financial institutions to non-financial corporations had dropped in the previous three months. In May, however, it rose by HUF 136.5 billion to HUF 6,537.5 billion. Within loans to non-financial corporations, short-term loans rose by HUF 42.1 billion to HUF 2,431.1 billion, after the slight drop in April. Long-term loans have been falling since October 2006, except in January. Loans with a maturity of over one year had fallen in the previous three months; however, they rose by HUF 94.4 billion to HUF 4,106.4 billion in May, returning to their high level in January. Within loans with a maturity of over one year, loans with a maturity of up to five years rose by HUF 45.6 billion to HUF 1,769.0 billion and those with a maturity of over five years by HUF 48.8 billion to HUF 2,337.5 billion. The percentage share of loans at various maturities shares within the total were little changed: short-term loans, at 37.2%, continued to account for the highest share. The share of loans with a maturity of over one year and up to five years was 27.1% and that of loans with a maturity of over five years was 35.8%.

The share of foreign currency loans with a maturity of up to one year changed from 27.2% to 27.4%, that of loans with a maturity of over one year and up to five years from 43.3% to 44.5% and that of loans with a maturity of over five years from 64.3% to 65.2%. The total stock of foreign currency loans was HUF 108.7 billion higher than in April. Here, exchange rate changes and transactions, respectively, accounted for HUF 45.2 billion and HUF 63.5 billion of the rise.

The sector's deposits with monetary financial institutions had fallen between January-April, before rising by HUF 72.2 billion to HUF 3,490.1 billion in May. Within total deposits, the share of overnight deposits was 50.7%, that of deposits with an agreed maturity was 48.9% and that of outstanding repos was 0.4%. In contrast with previous months, overnight deposits rose. Within the HUF 70.3 billion change in overnight deposits, forint deposits rose by HUF 23.4 billion and foreign currency deposits by HUF 46.9 billion. Deposits with a maturity of up to one year were up by HUF 4.6 billion. Deposits with a maturity of over one year barely changed, falling by HUF 0.6 billion. Outstanding repos fell by HUF 2.1 billion.

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

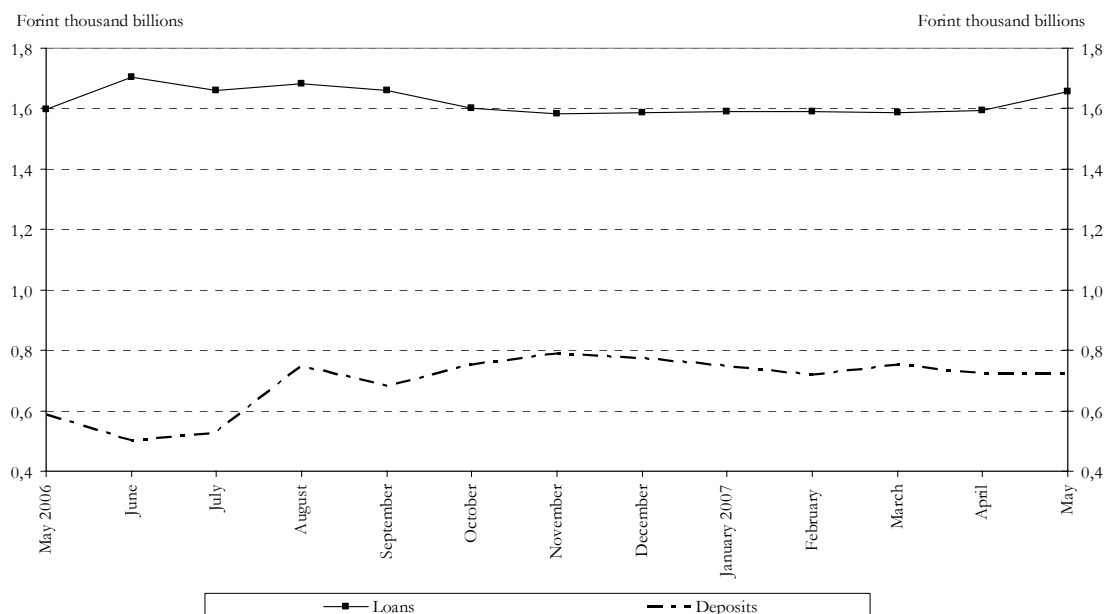


The stock of loans granted to other financial corporations rose by HUF 60.8 billion to HUF 1,655.1 billion, following the slight movements in the previous six months. The share of loans with a maturity of up to five years – accounting for the highest value within the total – edged down from 48.9% to 48.5% and that of loans with a maturity of over five years from 23.0% to 22.8%. The share of loans with a maturity of up to one year was up from 28.2% to 28.7%.

Within loans granted to the sector, forint loans rose by HUF 15.9 billion and foreign currency loans by HUF 44.9 billion. Exchange rate changes and transactions, respectively, accounted for HUF 18.6 billion and HUF 26.3 billion of the change in foreign currency loans.

The sector's deposits with monetary financial institutions has remained broadly unchanged since August 2006. In May, they fell slightly, by HUF 3.4 billion to HUF 721.6 billion. The value of overnight deposits fell by HUF 64.2 billion and that of deposits with an agreed maturity rose by HUF 57.0 billion, due mainly to a single transaction. Outstanding repos were up HUF 3.8 billion on April.

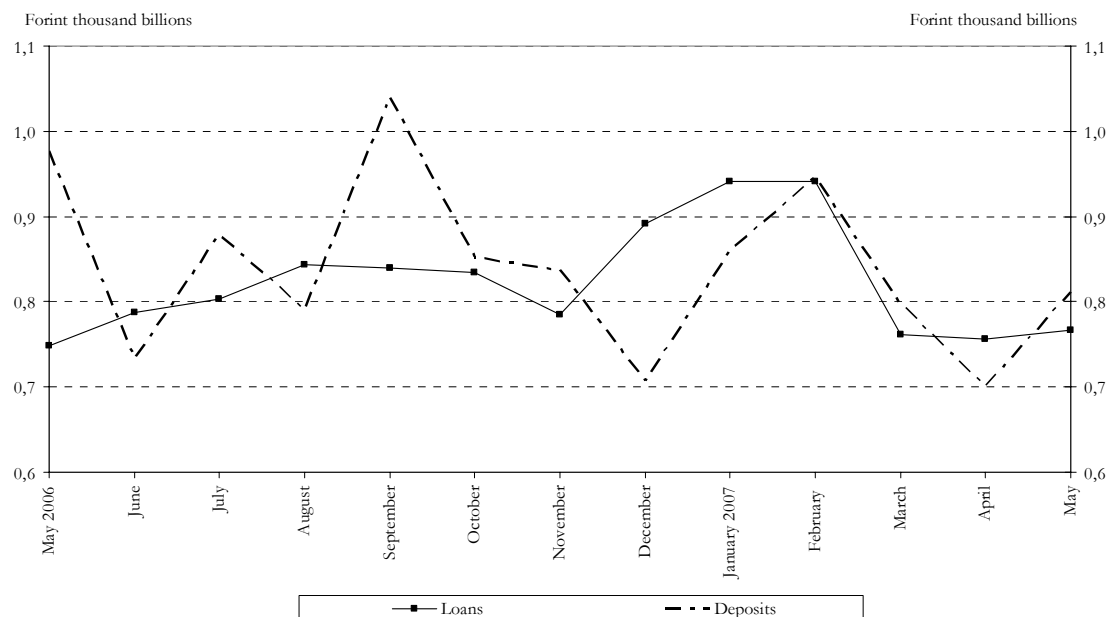
**Chart 8 Loans and deposits to other financial corporations**



Loans granted by monetary financial institutions to the general government sector were barely changed in May, following the slight fall in the preceding month: they rose by HUF 10.2 billion to HUF 766.3 billion.

In contrast with falls in previous months, the stock of the general government sector's deposits with monetary financial institutions rose by HUF 111.0 billion to HUF 811.1 billion, returning to its level in March. This rise in deposits reflected an increase of HUF 121.8 billion in deposits of the central government and a decrease of HUF 10.8 billion in deposits of the local government.

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

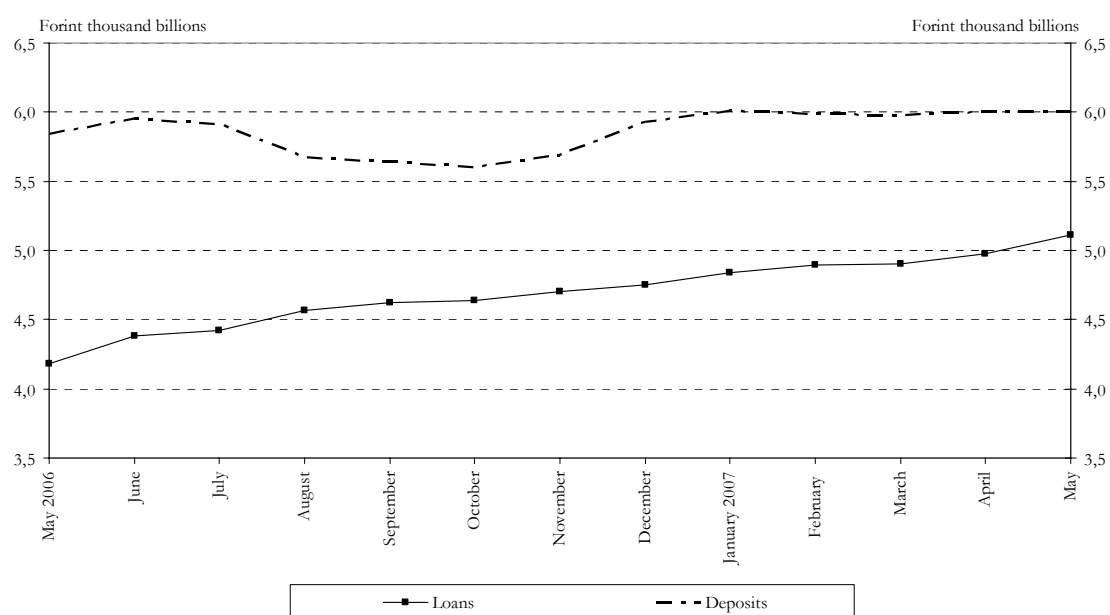


The increase in loans granted to the household sector over the past few years continued: total loans outstanding rose by HUF 138.8 billion to HUF 5,112.6 billion. Forint loans were up by HUF 2.6 billion and foreign currency loans rose strongly, by HUF 141.4 billion. The increase in the latter was made up of transactions totalling HUF 111.2 billion and positive exchange rate valuation effects amounting to HUF 30.2 billion. The share of foreign currency loans within the total continued to rise: this month it was up from 45.3% to 46.9%. Foreign currency loans as a percentage of total loans have been rising continuously over the past two years; and in May their value was nearly 2.5 times its level of two years previously.

The fall in household deposits with monetary financial institutions which began in July 2006 ended in October. Since then, apart from two months of rises, their stock has been fluctuating around HUF 6,000 billion. In May, household deposits rose only marginally, by HUF 2.5 billion to HUF 5,999.9 billion.

Outstanding household loans surged by 22.3% relative to a year earlier, while deposits rose by only 2.7%. Consequently, the difference between the values of loans and deposits fell by 43.6% in twelve months.

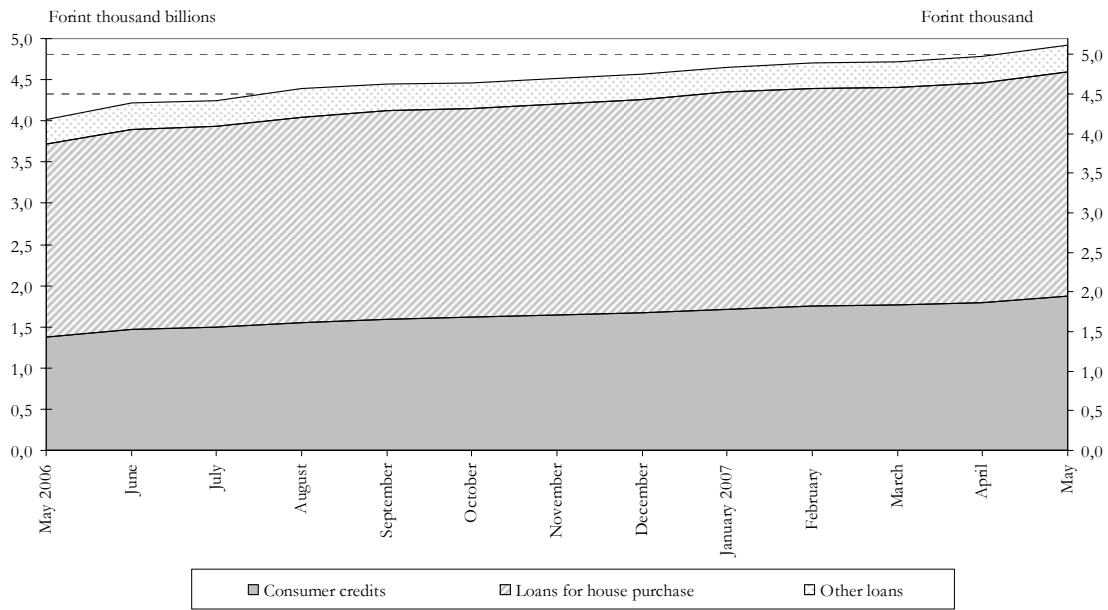
**Chart 10 Loans and deposits of the household sector**



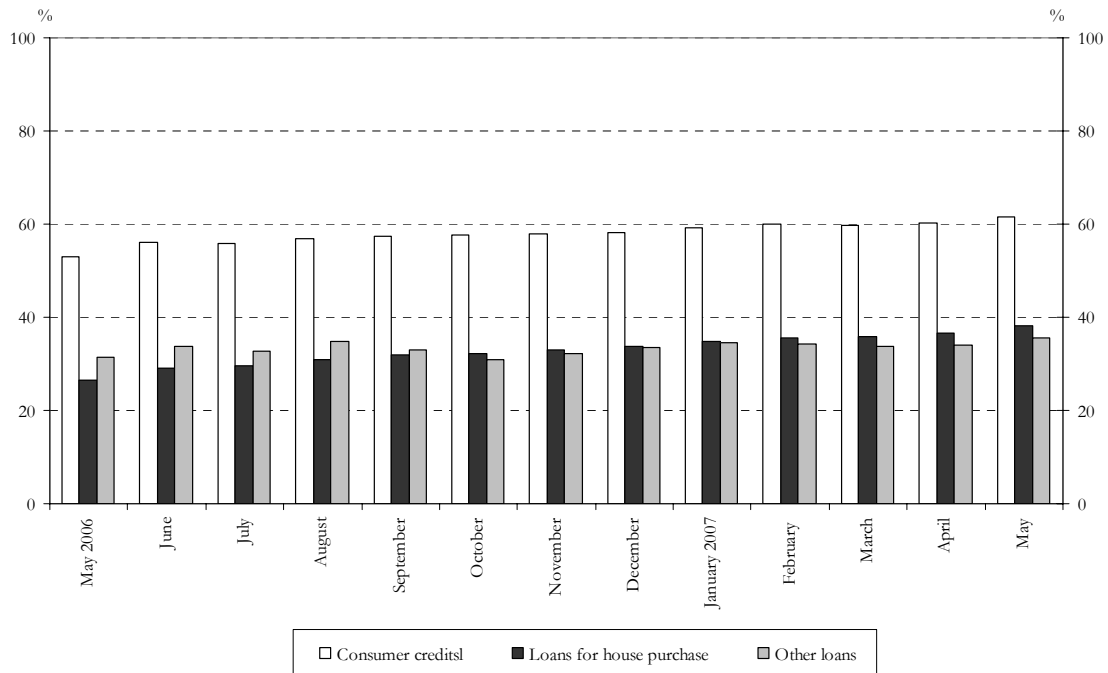
Within loans granted to households, the share of loans in a breakdown by type barely changed. The share of housing loans was 55.3%, with their stock rising by HUF 54.2 billion. Foreign currency loans rose from 36.6% to 38.2% as a percentage of housing loans. The percentage share of consumer credit within the total stock of loans to households was 38.1%, with the outstanding amount increasing by HUF 77.8 billion. Foreign currency loans rose from 60.3% to 61.4% as a percentage of total consumer credit. The stock of other loans rose by HUF 6.7 billion. Here, the percentage share of foreign currency loans within the total was 35.5%.



**Chart 11 Composition of household loans**



**Chart 12 Percentage share of foreign currency loans to households in a breakdown by types of loan**



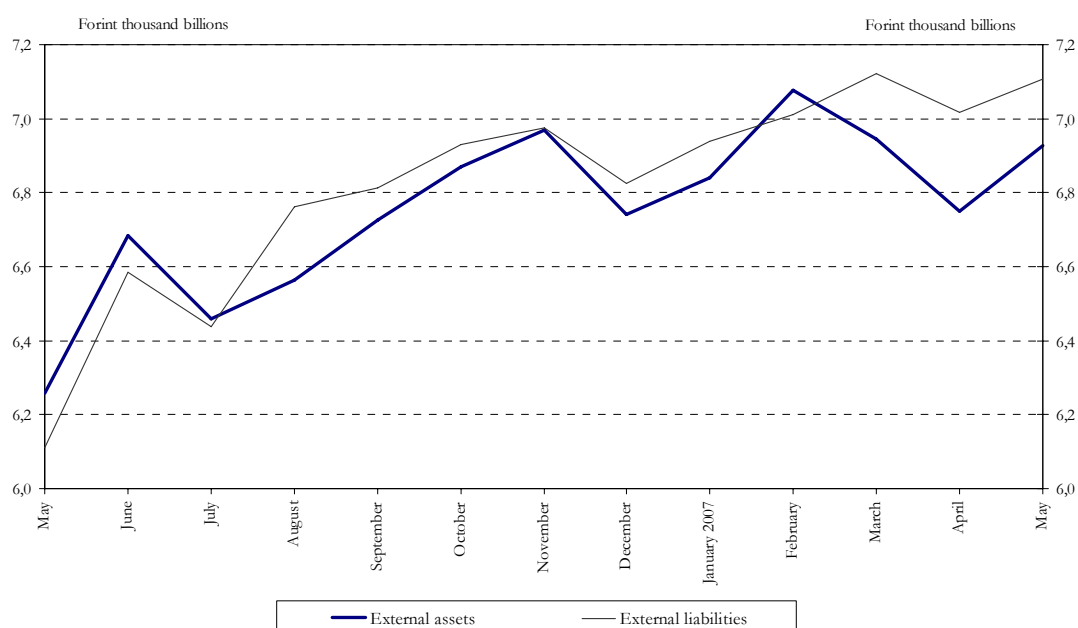
Within household deposits with monetary financial institutions, overnight deposits rose by HUF 15.6 billion, following rises in the previous two months. Deposits with agreed maturity were down HUF 18.0 billion, after rising in April. Within this figure, deposits with a maturity of up to one year fell by HUF 20.1 billion and those with a maturity of over one year rose by HUF 2.0 billion.

Except in February 2007, external liabilities of monetary financial institutions vis-à-vis non-residents have been higher than their external assets since August 2006. Assets and liabilities both rose in May. External assets and liabilities, respectively, were HUF 176.5 billion and HUF 88.5 billion higher than in April. On balance, MFIs' net external assets rose by HUF 88.0 billion in the month under review.

Assets of the central bank vis-à-vis the rest of the world rose by HUF 14.1 billion and its liabilities by HUF 9.0 billion. As a consequence, net external assets were down HUF 23.1 billion on the preceding month.

Net assets of other monetary financial institutions vis-à-vis non-residents rose by HUF 111.1 billion in May. The sector's external assets were up HUF 190.6 billion, with transactions accounting for HUF 35.8 billion of the increase. MFIs' external liabilities rose by HUF 79.5 billion.

**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 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](http://english.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=0708_monstatpubl_en.xls).*

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