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PRESS RELEASE

Distribution of securities holdings by sector 2002 Q1

Purchases by non-residents dominated developments in the Hungarian government securities market in 2002 Q1. This was in contrast with the reduction in holdings of government paper by the household sector. Non-residents were net buyers of exchange-traded shares as well. Households sold large amounts of shares, as seen in the previous two quarters. Financial corporations, mostly insurance companies and pension funds, took a strong selling position as well. Slight shifts in the proportions of holdings of exchange-traded shares by sector were observable in the period under review.

Government securities

Total Hungarian government debt securities holdings,¹ measured at market value, rose by 5.2% in 2002 Q1 relative to the previous quarter. This was mainly due to increases of 11.2 and 12 percentage points in government bond and treasury bill holdings respectively, as those of NBH bills fell significantly, continuing the trend of previous quarters.

The market value households' government securities holdings fell markedly, by Ft 31.6 billion, mainly on account of sales of short-term paper. The sector's share of the government securities market fell to 13.6% in the period under review.

Non-resident holdings of government debt securities rose significantly, by Ft 157.7 billion, as seen in the previous quarter. The sector's percentage share of total holdings rose above 20% towards the end of the quarter.

Financial corporations increased their holdings of government securities by Ft 159.5 billion in Q1, the sector's share of the government securities market remaining broadly unchanged. Down 0.7 percentage points, the percentage share of other monetary financial institutions saw the largest decline. In contrast, the percentage shares of insurers and pension funds, and other financial intermediaries rose a slightly.

Following the drop in the previous quarter, non-financial corporations' holdings of government securities rose by Ft 14.1 billion in Q1. However, the sector's percentage share of total holdings fell to 5.4%.

¹ In this press release, government securities comprise domestically issued forint-denominated government bonds, treasury bills and forint-denominated bills issued by the NBH.

The share of general government holdings as a percentage of the market remained unchanged, as a result of local authorities increasing their holdings of government securities by Ft 9.7 billion.

Non-profit institutions serving households continued to account for a stable percentage share for a protracted period, although they reduced their holdings of government paper by Ft 3.3 billion in the first quarter of the year.

Distribution of Government Securities Holdings by Sector

| | Government Securities Total | | | | per cent |
|----------------------------------------------------------|-----------------------------|-------|-------|-------|----------|
| | 2001 | | 2002 | | |
| | June | Sept. | Dec | March | |
| Nonfinancial corporations (S. 11) | 6.0 | 6.2 | 5.5 | 5.4 | |
| National Bank of Hungary (S. 121) | 3.2 | 3.2 | 3.1 | 2.9 | |
| Other monetary financial institutions (S. 122) | 24.4 | 27.0 | 25.3 | 25.5 | |
| Other financial intermediaries (S. 123) | 9.7 | 8.6 | 9.9 | 9.2 | |
| Financial auxiliaries (S. 124) | 1.3 | 1.5 | 1.3 | 1.3 | |
| Insurance corporations and pension funds (S. 125) | 17.3 | 17.9 | 18.4 | 18.8 | |
| Financial corporations (S. 12) | 56.0 | 58.2 | 58.0 | 57.7 | |
| Central government (S. 1311) | 0.1 | 0.1 | 0.1 | 0.1 | |
| Local government (S. 1313) | 2.4 | 2.7 | 2.2 | 2.2 | |
| Social security funds (S. 1314) | 0.0 | 0.0 | 0.0 | 0.0 | |
| General government (S. 13) | 2.5 | 2.8 | 2.2 | 2.3 | |
| Households (S. 14) | 15.5 | 15.0 | 14.8 | 13.6 | |
| Nonprofit institutions serving households (S. 15) | 0.7 | 0.7 | 0.6 | 0.5 | |
| Rest of the world (S. 2) | 19.2 | 17.1 | 18.9 | 20.4 | |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | |

The codes attached to the names of sectors and sub-sectors (for example, S.121) refer to the corresponding groups generally used in international practice. For the definitions of the individual sectors, see 'Sector classification in the NBH's press releases from June 2001' on the Bank's web site at Financial Data...Statistical Releases.

Exchange-traded shares

Following a Ft 444.1 billion rise in 2001 Q4, holdings of exchange-traded shares rose by another Ft 286.1 billion at market value, to a total Ft 3,134.9 billion at end-March. The increase in holdings was attributable exclusively to the rise in share prices. The withdrawals from the market of four companies with a total Ft 5.7 billion market capitalisation, and the reduction in one company's registered capital by Ft 0.4 billion at market value countered the effect of rising prices.

Net sales of shares by households continued in Q1 – the value of sales exceeded that of purchases by Ft 12.3 billion in January–March, in comparison with Ft 33.5 billion in the previous three quarters. The sector registered a Ft 11.2 billion holding gain, so, on balance, its holdings of shares fell by Ft 1.3 billion in the period under review. The household sector directly held 5.6% of exchange-traded shares at the end of March.

Non-resident investors' holdings rose by Ft 273 billion, gains on holdings of shares accounting for Ft 243 billion. The sector was a net seller to the tune of nearly Ft 32 billion in the period under review. This compared with Ft 21 billion in 2001 Q4. As a result, the sector's percentage share rose by 2.1 percentage points, to 75.0% at end-March.

Holdings of exchange-traded shares by the financial corporate sector rose by Ft 8 billion. The sector took a net selling position in the amount of Ft 15 billion, up from Ft 12 billion in the previous quarter. Holding gains amounted to Ft 23 billion. The sector's proportion of total holdings fell further, to 5.9%, towards the end of the period.

NFCs were net sellers in the amount of nearly Ft 4 billion. Withdrawals as well as other correction items affected this sector the most, causing a nearly Ft 5 billion drop in holdings. In contrast with this, NFCs posted a Ft 3 billion holding gain. Their share of the market fell to 5.4% towards end-March.

The general government sector's existing holdings rose by nearly Ft 12 billion. Practically the whole of this increase was accounted for by holding gains. The sector's percentage share fell slightly in the period, its holdings of exchange-traded shares amounting to 8.1% of the market at the end of the quarter.

Exchange-traded shares held by institutional sectors

| | Exchange-traded shares | | | | per cent |
|----------------------------------------------------------|------------------------|-------|-------|-------|----------|
| | 2001 | | | 2002 | |
| | June | Sept. | Dec | March | |
| Nonfinancial corporations (S. 11) | 6,4 | 5,7 | 6,1 | 5,4 | |
| National Bank of Hungary (S. 121) | 0,0 | 0,0 | 0,0 | 0,0 | |
| Other monetary financial institutions (S. 122) | 1,5 | 1,6 | 1,5 | 1,8 | |
| Other financial intermediaries (S. 123) | 1,5 | 1,5 | 1,2 | 1,1 | |
| Financial auxiliaries (S. 124) | 0,1 | 0,2 | 0,2 | 0,0 | |
| Insurance corporations and pension funds (S. 125) | 3,3 | 3,5 | 3,3 | 3,1 | |
| Financial corporations (S. 12) | 6,4 | 6,8 | 6,3 | 5,9 | |
| Central government (S. 1311) | 7,5 | 8,2 | 7,7 | 7,4 | |
| Local government (S. 1313) | 0,8 | 0,7 | 0,8 | 0,7 | |
| Social security funds (S. 1314) | 0,0 | 0,0 | 0,0 | 0,0 | |
| General government (S. 13) | 8,4 | 9,0 | 8,5 | 8,1 | |
| Households (S. 14) | 6,9 | 6,6 | 6,2 | 5,6 | |
| Nonprofit institutions serving households (S. 15) | 0,1 | 0,1 | 0,0 | 0,0 | |
| Rest of the world (S. 2) | 71,8 | 71,9 | 72,9 | 75,0 | |
| Total | 100,0 | 100,0 | 100,0 | 100,0 | |

Investment units

The outstanding total of investment units,² measured at net asset value, rose by 20.8% in 2002 Q1.

There continued to be only modest changes in the percentage shares of the individual institutional sectors – a slight fall in that of households compared with an increase in that of insurers and pension funds.

Net asset value of investment funds

| | Investment fund certificates | | | | per cent |
|----------------------------------------------------------|------------------------------|-------|-------|-------|----------|
| | 2001 | | | 2002 | |
| | June | Sept. | Dec | March | |
| Nonfinancial corporations (S. 11) | 6,2 | 7,8 | 7,7 | 7,7 | |
| National Bank of Hungary (S. 121) | 0,0 | 0,0 | 0,0 | 0,0 | |
| Other monetary financial institutions (S. 122) | 2,0 | 2,2 | 2,1 | 2,6 | |
| Other financial intermediaries (S. 123) | 1,0 | 1,0 | 1,0 | 0,6 | |
| Financial auxiliaries (S. 124) | 0,1 | 0,1 | 0,1 | 0,1 | |
| Insurance corporations and pension funds (S. 125) | 2,8 | 2,8 | 2,5 | 5,0 | |
| Financial corporations (S. 12) | 12,1 | 13,8 | 13,5 | 16,0 | |
| Central government (S. 1311) | 0,2 | 0,2 | 0,2 | 0,2 | |
| Local government (S. 1313) | 2,6 | 3,1 | 2,3 | 3,0 | |
| Social security funds (S. 1314) | 0,0 | 0,0 | 0,0 | 0,0 | |
| General government (S. 13) | 2,7 | 3,3 | 2,4 | 3,2 | |
| Households (S. 14) | 83,0 | 80,5 | 81,9 | 78,6 | |
| Nonprofit institutions serving households (S. 15) | 2,0 | 1,9 | 1,7 | 1,8 | |
| Rest of the world (S. 2) | 0,1 | 0,5 | 0,5 | 0,5 | |
| Total | 100,0 | 100,0 | 100,0 | 100,0 | |

² Beginning with this press release, investment unit holdings are presented in a sectoral breakdown similarly to those of government securities and shares, instead of the earlier breakdown by four sectors.