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## **PRESS RELEASE**

### **Distribution of securities holdings by sector 2002 Q2**

*Developments dominating earlier quarters continued in the Hungarian government securities market in 2002 Q2, with the proportions accounted for by the various sectors remaining broadly unchanged. In contrast with the previous two quarters, non-residents were net sellers of exchange-traded shares. Simultaneously with this, sales by households continued. Financial corporations, mostly insurance companies, pension funds and investment funds, were massive buyers of shares.*

#### **Government securities**

Measured on the basis of market value, Hungarian government debt securities holdings<sup>1</sup> fell by 1.5% in 2002 Q2 relative to the previous quarter. This was mainly due to a deep decline of 64% in outstanding NBH bills. Government bond holdings also fell. The increase in treasury bill holdings amounted to nearly 7%, measured at market value.

The market value households' government securities holdings rose by Ft 8.8 billion, driven mainly by purchases of short-term paper. As an effect, the sector's share of the government securities market rose to 13.9% in the period under review.

In contrast with earlier periods, non-resident holdings of government debt securities fell slightly, by Ft 15.8 billion, in Q2. The sector's percentage share of total holdings continued to be around 20.5% at the end of June.

Financial corporations reduced their holdings of government securities by Ft 57.5 billion in Q2; however, the sector's share of the government securities market remained unchanged. Other monetary financial institutions' market share fell by 1 percentage point, whereas that of insurers and pension funds rose slightly, by 0.7 of a percentage point.

Non-financial corporations' holdings of government securities were Ft 7.8 billion lower at end-June, but their percentage share of total holdings remained static around 5.4% over a period of successive quarters.

The share of general government holdings as a percentage of the market fell slightly in Q2, as a result of local authorities reducing their holdings of government securities by Ft 14 billion.

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

Non-profit institutions serving households reduced their existing holdings of government paper by another Ft 4.6 billion in the second quarter of the year, with a resulting drop in their market share from 0.5% to 0.4%.

#### Distribution of Government Securities Holdings by Sector

	Government Securities Total					per cent
	2001			2002		
	Q2	Q3	Q4	Q1	Q2	
<b>Nonfinancial corporations (S. 11)</b>	6.0	6.2	5.5	5.4	5.4	
National Bank of Hungary (S. 121)	3.2	3.2	3.1	2.9	2.9	
Other monetary financial institutions (S. 122)	24.4	27.0	25.3	25.5	24.5	
Other financial intermediaries (S. 123)	9.7	8.6	9.9	9.2	9.5	
Financial auxiliaries (S. 124)	1.3	1.5	1.3	1.3	1.3	
Insurance corporations and pension funds (S. 125)	17.3	17.9	18.4	18.8	19.5	
<b>Financial corporations (S. 12)</b>	56.0	58.2	58.0	57.7	57.7	
Central government (S. 1311)	0.1	0.1	0.1	0.1	0.1	
Local government (S. 1313)	2.4	2.7	2.2	2.2	2.0	
Social security funds (S. 1314)	0.0	0.0	0.0	0.0	0.0	
<b>General government (S. 13)</b>	2.5	2.8	2.2	2.3	2.1	
<b>Households (S. 14)</b>	15.5	15.0	14.8	13.6	13.9	
<b>Nonprofit institutions serving households (S. 15)</b>	0.7	0.7	0.6	0.5	0.4	
<b>Rest of the world (S. 2)</b>	19.2	17.1	18.9	20.4	20.5	
<b>Total</b>	100.0	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 286.1 billion rise in 2002 Q1, holdings of exchange-traded shares fell by Ft 333.6 billion at market value, to a total Ft 2,801.3 billion at end-June. Almost the whole of this decline in holdings was attributable to falling share prices. Withdrawals from the market of three companies with a total Ft 1 billion market capitalisation were a slight contributing factor. (Four companies, with a total Ft 5.7 billion market capitalisation, were withdrawn from the market in the previous quarter.) Due to capital enlargement, the value of one company's shares introduced on the market increased by Ft 0.3 billion in May. (This increase is shown as the balance of the sectors' transactions with each other.)

Net sales of shares by households continued in Q2 – the value of sales exceeded that of purchases by Ft 6.1 billion in the period March–June and by nearly Ft 48 billion in the previous four quarters. In addition, the sector registered a Ft 18 billion holding loss, so its holdings of shares fell by a total Ft 24 billion in the period under review. At the end of June, households directly held 5.4% of exchange-traded shares.

Non-resident investors' holdings of shares fell by Ft 293 billion, holding losses accounting for Ft 272 billion. The sector was a net seller to the tune of nearly Ft 21 billion in the period under review. This compared with net purchases of some Ft 53 billion in the previous two quarters. The sector's percentage share fell by 1.6 percentage points, to 73.4%, towards end-June.

Financial corporations were net buyers to the tune of Ft 24 billion, purchases of exchange-traded shares by insurers and fund managers, categorised into other financial intermediaries, being particularly strong. (This constituted a marked change relative to net sales of some Ft 27 billion in the previous two quarters.) However, the sector registered a Ft 21 billion holding loss in the period under review, with an only Ft 3 billion increase in holdings and a rise to 6.8% in its proportion of the market.

NFCs were net buyers in the amount of around Ft 1 billion. In addition, they posted a Ft 1.6 billion holding gain. On balance, however, their existing holdings rose by less than Ft 2 billion, due to the negative effect (nearly Ft –1 billion) of withdrawals. The sector's share of the market was 6.1% higher at end-June.

General government's existing holdings fell by nearly Ft 22 billion, mainly on account of holding losses. The sector's percentage share rose very slightly in the period, its holdings of exchange-traded shares amounting to 8.3% of the market at the end of June.

#### Exchange-traded shares held by institutional sectors

	Exchange-traded shares						per cent
	2001			2002			
	Q2	Q3	Q4	Q1	Q2		
<b>Nonfinancial corporations (S. 11)</b>	6.4	5.7	6.1	5.4	6.1		
National Bank of Hungary (S. 121)	0.0	0.0	0.0	0.0	0.0		
Other monetary financial institutions (S. 122)	1.5	1.6	1.5	1.8	1.8		
Other financial intermediaries (S. 123)	1.5	1.5	1.2	1.1	1.6		
Financial auxiliaries (S. 124)	0.1	0.2	0.2	0.0	0.0		
Insurance corporations and pension funds (S. 125)	3.3	3.5	3.3	3.1	3.3		
<b>Financial corporations (S. 12)</b>	6.4	6.8	6.3	5.9	6.8		
Central government (S. 1311)	7.5	8.2	7.7	7.4	7.6		
Local government (S. 1313)	0.8	0.7	0.8	0.7	0.7		
Social security funds (S. 1314)	0.0	0.0	0.0	0.0	0.0		
<b>General government (S. 13)</b>	8.4	9.0	8.5	8.1	8.3		
<b>Households (S. 14)</b>	6.9	6.6	6.2	5.6	5.4		
<b>Nonprofit institutions serving households (S. 15)</b>	0.1	0.1	0.0	0.0	0.0		
<b>Rest of the world (S. 2)</b>	71.8	71.9	72.9	75.0	73.4		
<b>Total</b>	100.0	100.0	100.0	100.0	100.0		

#### Investment units

The outstanding total of investment units, measured at net asset value, rose by 2.6% in 2002 Q2.

There continued to be only modest changes in the percentage shares of the individual institutional sectors – whereas those of households and local authorities fell slightly, that of other financial intermediaries increased.

#### Net asset value of investment funds by holding sector

	Investment fund certificates						per cent
	2001			2002			
	Q2	Q3	Q4	Q1	Q2		
<b>Nonfinancial corporations (S. 11)</b>	6.2	7.8	7.7	7.7	7.8		
National Bank of Hungary (S. 121)	0.0	0.0	0.0	0.0	0.0		
Other monetary financial institutions (S. 122)	2.0	2.2	2.1	2.6	2.9		
Other financial intermediaries (S. 123)	1.0	1.0	1.0	0.6	1.3		
Financial auxiliaries (S. 124)	0.1	0.1	0.1	0.1	0.2		
Insurance corporations and pension funds (S. 125)	2.8	2.8	2.5	5.0	4.8		
<b>Financial corporations (S. 12)</b>	5.9	6.0	5.7	8.3	9.2		
Central government (S. 1311)	0.2	0.2	0.2	0.2	0.2		
Local government (S. 1313)	2.6	3.1	2.3	3.0	2.6		
Social security funds (S. 1314)	0.0	0.0	0.0	0.0	0.0		
<b>General government (S. 13)</b>	2.7	3.3	2.4	3.2	2.7		
<b>Households (S. 14)</b>	83.0	80.5	81.9	78.6	78.1		
<b>Nonprofit institutions serving households (S. 15)</b>	2.0	1.9	1.7	1.8	1.5		
<b>Rest of the world (S. 2)</b>	0.1	0.5	0.5	0.5	0.6		
<b>Total</b>	100.0	100.0	100.0	100.0	100.0		