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PRESS RELEASE

Distribution of securities holdings by sector 2002 Q3

The most notable development in the Hungarian government securities market in 2002 Q3 was the significant rise in the percentage share of non-residents, coupled with the simultaneous fall in that of the financial corporate sector. Non-residents were once again net sellers of exchange-traded shares. This contrasted with fairly large purchases by non-financial corporations and households. On balance, the proportions accounted for by the various sectors within total holdings of exchange-traded shares remained broadly unchanged in the period under review.

Government securities

Measured on the basis of market value, Hungarian government debt securities holdings¹ rose by 5.2% in 2002 Q3. This was due to a significant increase of 5.9% in outstanding government bonds, given that treasury bill and MNB bill holdings, calculated at market value, fell strongly, by 5.9% and 52.4% respectively. Explaining the fall in MNB bill holdings was the suspension of three-month paper issues.

The market value households' government securities holdings rose by Ft 69.5 billion, driven mainly by purchases of short-term paper. As a result, the sector's share of the government securities market rose to 14.3%.

Non-residents' holdings of government debt securities rose strongly again, by Ft 253.1 billion. The sector's percentage share of total holdings increased from 20.5% at the end of June to 23.4% at end-September.

Financial corporations reduced their holdings of government securities by Ft 26.5 billion, with the result that the sector's share of the government securities market fell from 57.7% to 54.4%. Other monetary financial institutions' market share was 2.5 percentage points lower, whereas that of insurers and pension funds remained largely unchanged.

Non-financial corporations' holdings of government securities rose by Ft 35.7 billion towards the end of Q3, thus their percentage share of total holdings increased slightly, by 0.3 percentage points.

The general government sector's holdings as a share of the market fell a little, as a result of local authorities reducing their holdings of government securities by Ft 16.6 billion.

Although non-profit institutions serving households stepped up their existing holdings of government paper by Ft 3.1 billion in Q3, their market share continued to be around 0.5%.

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

Distribution of Government Securities Holdings by Sector

	Government Securities Total						per cent
	2001			2002			
	Q2	Q3	Q4	Q1	Q2	Q3	
Nonfinancial corporations (S. 11)	6.0	6.2	5.5	5.4	5.4	5.7	
Magyar Nemzeti Bank (S. 121)	3.2	3.2	3.1	2.9	2.9	2.8	
Other monetary financial institutions (S. 122)	24.4	27.0	25.3	25.5	24.5	22.0	
Other financial intermediaries (S. 123)	9.7	8.6	9.9	9.2	9.5	9.0	
Financial auxiliaries (S. 124)	1.3	1.5	1.3	1.3	1.3	1.3	
Insurance corporations and pension funds (S. 125)	17.3	17.9	18.4	18.8	19.5	19.3	
Financial corporations (S. 12)	56.0	58.2	58.0	57.7	57.7	54.4	
Central government (S. 1311)	0.1	0.1	0.1	0.1	0.1	0.1	
Local government (S. 1313)	2.4	2.7	2.2	2.2	2.0	1.7	
Social security funds (S. 1314)	0.0	0.0	0.0	0.0	0.0	0.0	
General government (S. 13)	2.5	2.8	2.2	2.3	2.1	1.8	
Households (S. 14)	15.5	15.0	14.8	13.6	13.9	14.3	
Nonprofit institutions serving households (S. 15)	0.7	0.7	0.6	0.5	0.4	0.5	
Rest of the world (S. 2)	19.2	17.1	18.9	20.4	20.5	23.4	
Total	100.0	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 MNB's press releases from June 2001' on the Bank's web site at Financial Data...Statistical Releases.

Exchange-traded shares

Following a Ft 333.6 billion decline in Q2, holdings of exchange-traded shares fell by another Ft 53.5 billion at market value, to a total Ft 2,747.8 billion at end-September. The entire decline in holdings was attributable to falling share prices, accounting for Ft –57.4 billion. This was only partly offset by the balance of capital enlargements and withdrawals, which contributed Ft 3.9 billion to total market capitalisation. (This increase is shown as the balance of transactions.)

Net purchases of shares by households exceeded sales by nearly Ft 9 billion, bringing the prolonged period of continued sales by the sector to an end. Simultaneously with this, however, households registered a Ft 2.6 billion holding loss, so their holdings of exchange-traded shares rose by Ft 6.3 billion in the period under review. At the end of September, households directly held 5.7% of exchange-traded shares. This was 0.3% more than three months previously.

Non-resident investors' holdings of exchange-traded shares fell by Ft 77 billion, holding losses accounting for Ft 61 billion. The sector was a net seller to the tune of Ft 16 billion in the period under review. This compared with net sales of nearly Ft 21 billion in Q2. The sector's percentage share of total holdings fell by 1.3 percentage points, to 72.1%, towards end-September.

Net purchases by financial corporations were very modest, being less than Ft 1 billion. (Here, purchases of exchange-traded shares by insurers and fund managers in the amount of nearly Ft 4 billion compared with sales by other financial intermediaries to the tune of more than Ft 3 billion.) They registered a marginal holding gain in the period under review. Even so, their holdings rose by less than Ft 1 billion. The sector's proportion of the total market was 6.9% at end-September, only a little more than at end-June.

Non-financial corporations (NFCs) were again net buyers in the amount of more than Ft 10 billion in the period under review. In addition, they posted a significant holding gain of nearly Ft 9 billion. On balance, the sector's share of the market rose by 0.8% to 6.9% towards end-September.

General government's existing holdings of exchange-traded shares fell by nearly Ft 3 billion, mainly on account of holding losses. The sector's percentage share barely changed in the

period, its holdings of exchange-traded shares amounting to 8.3% of the market at the end of September.

Exchange-traded shares held by institutional sectors

per cent

	Exchange-traded shares					
	2001			2002		
	Q2	Q3	Q4	Q1	Q2	Q3
Nonfinancial corporations (S. 11)	6.4	5.7	6.1	5.4	6.1	6.9
Magyar Nemzeti Bank (S. 121)	0.0	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	2.0
Other financial intermediaries (S. 123)	1.5	1.5	1.2	1.1	1.6	1.5
Financial auxiliaries (S. 124)	0.1	0.2	0.2	0.0	0.0	0.0
Insurance corporations and pension funds (S. 125)	3.3	3.5	3.3	3.1	3.3	3.5
Financial corporations (S. 12)	6.4	6.8	6.3	5.9	6.8	6.9
Central government (S. 1311)	7.5	8.2	7.7	7.4	7.6	7.7
Local government (S. 1313)	0.8	0.7	0.8	0.7	0.7	0.7
Social security funds (S. 1314)	0.0	0.0	0.0	0.0	0.0	0.0
General government (S. 13)	8.4	9.0	8.5	8.1	8.3	8.3
Households (S. 14)	6.9	6.6	6.2	5.6	5.4	5.7
Nonprofit institutions serving households (S. 15)	0.1	0.1	0.0	0.0	0.0	0.0
Rest of the world (S. 2)	71.8	71.9	72.9	75.0	73.4	72.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

Investment units

The outstanding total of investment units, measured at net asset value, fell by 0.7% in Q3.

There continued to be only modest changes in the percentage shares of the individual holding sectors – a slight drop in those of NFCs compared with a marginal increase in that of households.

Net asset value of investment units by holding sector

per cent

	Investment units					
	2001			2002		
	Q2	Q3	Q4	Q1	Q2	Q3
Nonfinancial corporations (S. 11)	6.2	7.8	7.7	7.7	7.8	7.0
Magyar Nemzeti Bank (S. 121)	0.0	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	2.6
Other financial intermediaries (S. 123)	1.0	1.0	1.0	0.6	1.3	1.1
Financial auxiliaries (S. 124)	0.1	0.1	0.1	0.1	0.2	0.3
Insurance corporations and pension funds (S. 125)	2.8	2.8	2.5	5.0	4.8	4.9
Financial corporations (S. 12)	5.9	6.0	5.7	8.3	9.2	8.9
Central government (S. 1311)	0.2	0.2	0.2	0.2	0.2	0.2
Local government (S. 1313)	2.6	3.1	2.3	3.0	2.6	2.6
Social security funds (S. 1314)	0.0	0.0	0.0	0.0	0.0	0.0
General government (S. 13)	2.7	3.3	2.4	3.2	2.7	2.8
Households (S. 14)	83.0	80.5	81.9	78.6	78.1	78.8
Nonprofit institutions serving households (S. 15)	2.0	1.9	1.7	1.8	1.5	1.5
Rest of the world (S. 2)	0.1	0.5	0.5	0.5	0.6	1.1
Total	100.0	100.0	100.0	100.0	100.0	100.0