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PRESS RELEASE

Securities holdings by sector: 2002 Q4¹

The significant increase in the percentage share accounted for by non-residents, lasting for over a year, continued uninterrupted in the government securities market in 2002 Q4. Another notable development was the decline in the financial corporate sector's share of government securities holdings to its lowest level to date. Non-residents and households were once again net sellers of exchange-traded shares. By contrast, non-financial corporations purchased large amounts, purchases by financial corporations being more modest. There were only insignificant changes in the proportions accounted for by the various sectors within total holdings of exchange-traded shares.

Government securities

Measured on the basis of market value, Hungarian government debt securities holdings² rose by 7.2%, from Ft 6,464.8 billion to Ft 6,928.3 billion, in 2002 Q4. This was due exclusively to a significant increase of 10.5% in outstanding government bonds, given that treasury bill and MNB bill holdings, calculated at market value, remained little changed in the period under review.

The market value households' government securities holdings rose by Ft 11 billion. In spite of this, the sector's share of the government securities market fell to 13.5%.

Continuing the earlier trend, non-residents' holdings of government debt securities rose strongly, by Ft 360.8 billion. As a result, the sector's percentage share of total holdings increased from 23.4% at the end of September to 27% at year-end.

Financial corporations stepped up their holdings of government securities by Ft 163.2 billion in Q4. Nevertheless, the sector's share of the government securities market fell from 54.4% to 53.1%. Within the financial corporate sector, every sub-sector's market share of market was lower than in the previous quarter – other financial intermediaries', and insurers and pension funds' shares falling the most significantly, by 0.5 percentage points and 0.4 percentage points respectively.

Non-financial corporations' holdings of government securities dropped by Ft 48.9 billion towards the end of Q4. As a consequence, their percentage share of total holdings fell strongly, by 1.1 percentage points to 4.6%, the lowest level since December 1997.

The general government sector's holdings as a share of the market fell slightly, as a result of local authorities reducing their holdings of government securities by Ft 32 billion.

The market share and existing holdings of non-profit institutions serving households were little changed relative to earlier periods.

¹ Data on holdings always refer to the end of the quarter.

² In this press release, government securities comprise domestically issued forint-denominated government bonds, treasury bills and forint-denominated bills issued by the MNB.

Distribution of Government Securities Holdings by Sector

	Government Securities Total						per cent
	2001		2002				
	Q3	Q4	Q1	Q2	Q3	Q4	
Nonfinancial corporations (S. 11)	6.2	5.5	5.4	5.4	5.7	4.6	
Magyar Nemzeti Bank (S. 121)	3.2	3.1	2.9	2.9	2.8	2.6	
Other monetary financial institutions (S. 122)	27.0	25.3	25.5	24.5	22.0	21.8	
Other financial intermediaries (S. 123)	8.6	9.9	9.2	9.5	9.0	8.5	
Financial auxiliaries (S. 124)	1.5	1.3	1.3	1.3	1.3	1.3	
Insurance corporations and pension funds (S. 125)	17.9	18.4	18.8	19.5	19.3	18.9	
Financial corporations (S. 12)	58.2	58.0	57.7	57.7	54.4	53.1	
Central government (S. 1311)	0.1	0.1	0.1	0.1	0.1	0.2	
Local government (S. 1313)	2.7	2.2	2.2	2.0	1.7	1.1	
Social security funds (S. 1314)	0.0	0.0	0.0	0.0	0.0	0.0	
General government (S. 13)	2.8	2.2	2.3	2.1	1.8	1.3	
Households (S. 14)	15.0	14.8	13.6	13.9	14.3	13.5	
Nonprofit institutions serving households (S. 15)	0.7	0.6	0.5	0.4	0.5	0.4	
Rest of the world (S. 2)	17.1	18.9	20.4	20.5	23.4	27.0	
Total	100.0	100.0	100.0	100.0	100.0	100.0	

Exchange-traded shares

Following a Ft 53.5 billion decline in Q3, holdings of exchange-traded shares rose by Ft 199.3 billion at market value (by 7.3%) in the final quarter, and amounted to a total Ft 2,947.2 billion at year-end. The entire increase in holdings was accounted for by the rise in share prices, which accounted for Ft 224.5 billion. The withdrawal of two companies from the market with a combined market capitalisation of Ft 25.2 billion was an offsetting factor.

Net sales of shares by households exceeded purchases by more than Ft 5 billion. This meant that the sustained period of continued sales by the sector only saw a temporary break on Q3. However, households registered a Ft 9.4 billion holding gain, so their holdings of exchange-traded shares rose by Ft 3.5 billion in the period under review. At the end of December, households directly held 5.5% of exchange-traded shares. This was 0.2% less than three months previously.

Non-resident investors' holdings of exchange-traded shares rose by Ft 135 billion, on account exclusively of a nearly Ft 183 billion holding gain. The sector continued to be a net seller to the tune of Ft 46 billion in the period under review. This compared with net sales of a combined Ft 37 billion in Q2–Q3. The value of the sector's holdings fell by another Ft 1.7 billion due to de-listings. Non-residents' percentage share of total holdings fell marginally, by 0.3 of a percentage point, to 71.8%, towards year-end.

Net purchases by financial corporations were in excess of Ft 8 billion. (Here, insurers and pension funds, and fund managers, respectively, were net buyers to the tune of Ft 5.6 billion and Ft 6.7 billion; sales by other financial intermediaries exceeded purchases by Ft 3.8 billion.) As financial corporations registered a total holding gain of Ft 15 billion, their holdings rose by Ft 23.6 billion. The sector's proportion of the total market increased to 7.3% at end-December. This was 0.4% higher than at end-September.

Non-financial corporations' (NFCs) holdings rose by more than Ft 47 billion due to transactions. (Most of this resulted from a change in ownership at one electricity distributor.) However, de-listings (for example, of Pick and Skála-Coop) reduced the sector's holdings by Ft 22.7 billion. On balance, non-financial corporations' holdings rose by Ft 25.5 billion. Their share of the market amounted to 7.3% at year-end.

General government was a net seller of exchange-traded shares in the amount of Ft 4.4 billion. The sector registered a more than Ft 16 billion holding gain, so its existing holdings rose by nearly Ft 12 billion. General government's percentage share barely changed in the

period, its holdings of exchange-traded shares amounting to 8.2% of the market at the end of December.

Exchange-traded shares held by institutional sectors

per cent

	Exchange-traded shares					
	2001		2002			
	Q3	Q4	Q1	Q2	Q3	Q4
Nonfinancial corporations (S. 11)	5.7	6.1	5.4	6.1	6.9	7.3
Magyar Nemzeti Bank (S. 121)	0.0	0.0	0.0	0.0	0.0	0.0
Other monetary financial institutions (S. 122)	1.6	1.5	1.8	1.8	2.0	1.8
Other financial intermediaries (S. 123)	1.5	1.2	1.1	1.6	1.5	1.7
Financial auxiliaries (S. 124)	0.2	0.2	0.0	0.0	0.0	0.0
Insurance corporations and pension funds (S. 125)	3.5	3.3	3.1	3.3	3.5	3.7
Financial corporations (S. 12)	6.8	6.3	5.9	6.8	6.9	7.3
Central government (S. 1311)	8.2	7.7	7.4	7.6	7.7	7.5
Local government (S. 1313)	0.7	0.8	0.7	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)	9.0	8.5	8.1	8.3	8.3	8.2
Households (S. 14)	6.6	6.2	5.6	5.4	5.7	5.5
Nonprofit institutions serving households (S. 15)	0.1	0.0	0.0	0.0	0.0	0.0
Rest of the world (S. 2)	71.9	72.9	75.0	73.4	72.1	71.8
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, increased by 10.2%, from Ft 860 billion to Ft 947.8 billion, in 2002 Q4.

There continued to be only slight changes in the percentage shares of the individual holding sectors – an increase of 1.5 percentage points in that of NFCs compared with decreases in those of households and local authorities.

Net asset value of investment units by holding sector

per cent

	Investment units					
	2001		2002			
	Q3	Q4	Q1	Q2	Q3	Q4
Nonfinancial corporations (S. 11)	7.8	7.7	7.7	7.8	7.0	8.5
Magyar Nemzeti Bank (S. 121)	0.0	0.0	0.0	0.0	0.0	0.0
Other monetary financial institutions (S. 122)	2.2	2.1	2.6	2.9	2.6	2.7
Other financial intermediaries (S. 123)	1.0	1.0	0.6	1.3	1.1	1.3
Financial auxiliaries (S. 124)	0.1	0.1	0.1	0.2	0.3	0.3
Insurance corporations and pension funds (S. 125)	2.8	2.5	5.0	4.8	4.9	5.0
Financial corporations (S. 12)	6.0	5.7	8.3	9.2	8.9	9.3
Central government (S. 1311)	0.2	0.2	0.2	0.2	0.2	0.1
Local government (S. 1313)	3.1	2.3	3.0	2.6	2.6	1.7
Social security funds (S. 1314)	0.0	0.0	0.0	0.0	0.0	0.0
General government (S. 13)	3.3	2.4	3.2	2.7	2.8	1.8
Households (S. 14)	80.5	81.9	78.6	78.1	78.8	77.9
Nonprofit institutions serving households (S. 15)	1.9	1.7	1.8	1.5	1.5	1.4
Rest of the world (S. 2)	0.5	0.5	0.5	0.6	1.1	1.0
Total	100.0	100.0	100.0	100.0	100.0	100.0