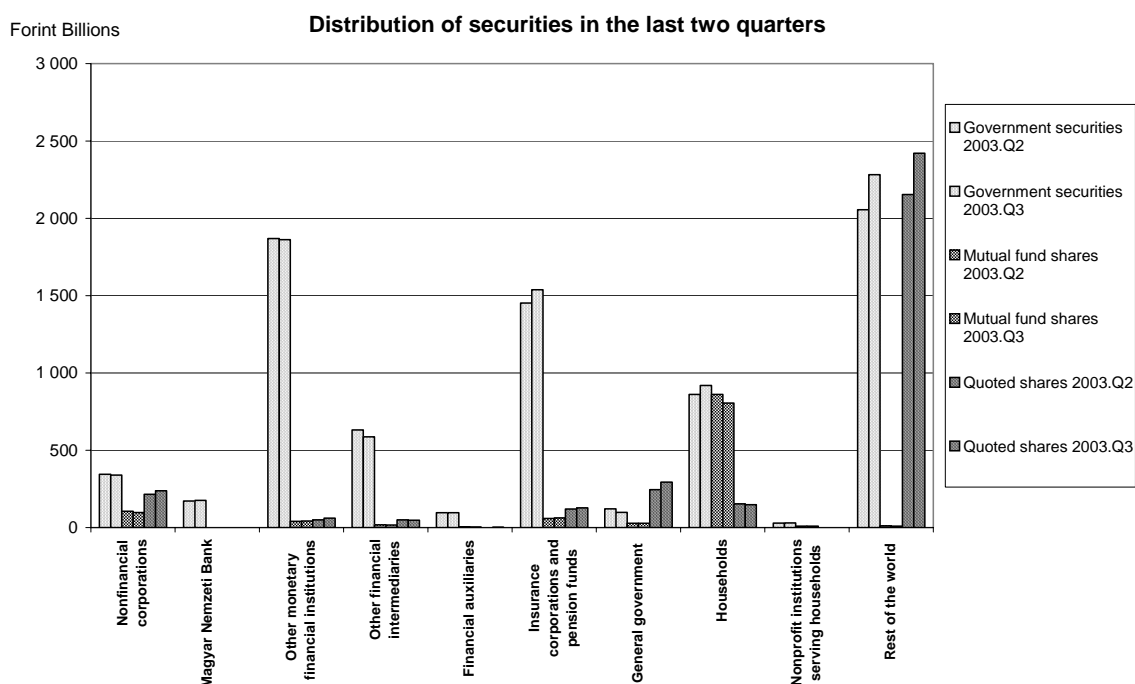


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## PRESS RELEASE

### Securities holdings by sector: 2003 Q3<sup>1</sup>

*After stagnating in the previous quarter, non-residents' percentage share of the government securities market continued to increase robustly in 2003 Q3, reaching its highest level to date. The 1 percentage point drop in the percentage share accounted for by other monetary financial institutions in the period under review deserves special mention. Non-residents were once again net buyers of quoted shares. As a continuation of a nearly three-year decline, the household sector's holdings of quoted shares fell. In addition to households, financial corporations were also net sellers in the market. Holdings of mutual fund shares fell significantly, after a steady increase for nearly a year.*



<sup>1</sup> Stock data always refer to the end of the quarter.

## Government securities

Measured on the basis of market value, Hungarian government debt securities holdings<sup>2</sup> rose by 3.9%, from Ft 7,630.2 billion to Ft 7,925.7 billion, in 2003 Q3. This was due exclusively to a 4.2% increase in outstanding government bonds and one of 3.2% in treasury bill holdings, calculated on the basis of market value.

After falling in the previous two quarters, the market value of households' government securities holdings increased by Ft 59.1 billion in Q3. This was accounted for by an increase in treasury bill holdings, as the sector's government bond holdings stabilised at Ft 120 billion. As a result, households' share of the government securities market was 0.3 percentage points higher, at 11.3%, at the end of the period.

Non-residents' holdings of government debt securities rose significantly, by Ft 225.9 billion, after stagnating in Q2. Consequently, the sector's percentage share of total holdings rose from 27.0% to 28.8% at end-September. The increases of Ft 204 billion and Ft 22 billion, respectively, in government bond and short-dated government debt securities holdings contributed to the sector's holdings reaching their highest level to date.

Financial corporations added only Ft 36 billion to their existing holdings of government securities in Q3. As a result, the sector's share of the government securities market fell from 55.3% to 53.7%. As regards the size of holdings by sub-sector, other financial intermediaries' holdings fell the most strongly, by Ft 44.6 billion, causing their share of the market to fall from 8.3% to 7.4%. In terms of market share, other monetary financial institutions' share of the government securities market fell the most strongly, by 1 percentage point, relative to the previous quarter. Insurers and pension funds saw their share of the market rising by 0.4 percentage points, by nearly as much as in the previous quarters.

Non-financial corporations' holdings of government securities fell by Ft 4.6 billion towards end-Q3, so the sector's share of outstanding government securities fell by another 0.2 percentage points.

The general government sector's holdings as a share of the market was 0.4 percentage points lower at end-September than three months previously, caused by a drop in local government holdings. The sector's government securities holdings fell by Ft 15.8 billion and those of treasury bills holdings by Ft 6.9 billion.

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<sup>2</sup> 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

per cent

	Government Securities Total							
	2002				2003			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
<b>Nonfinancial corporations (S. 11)</b>	5.4	5.4	5.7	4.6	4.6	4.5	4.3	
Magyar Nemzeti Bank (S. 121)	2.9	2.9	2.8	2.6	2.4	2.3	2.2	
Other monetary financial institutions (S. 122)	25.5	24.5	22.0	21.8	24.7	24.5	23.5	
Other financial intermediaries (S. 123)	9.2	9.5	9.0	8.5	7.0	8.3	7.4	
Financial auxiliaries (S. 124)	1.3	1.3	1.3	1.3	1.3	1.3	1.2	
Insurance corporations and pension funds (S. 125)	18.8	19.5	19.3	18.9	18.7	19.0	19.4	
<b>Financial corporations (S. 12)</b>	57.7	57.7	54.4	53.1	54.1	55.3	53.7	
Central government (S. 1311)	0.1	0.1	0.1	0.2	0.4	0.4	0.4	
Local government (S. 1313)	2.2	2.0	1.7	1.1	1.2	1.2	0.8	
Social security funds (S. 1314)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>General government (S. 13)</b>	2.3	2.1	1.8	1.3	1.6	1.6	1.2	
<b>Households (S. 14)</b>	13.6	13.9	14.3	13.5	11.7	11.3	11.6	
<b>Nonprofit institutions serving households (S. 15)</b>	0.5	0.4	0.5	0.4	0.5	0.4	0.4	
<b>Rest of the world (S. 2)</b>	20.4	20.5	23.4	27.0	27.5	27.0	28.8	
<b>Total</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

### Quoted shares

After a Ft 123.3 billion increase in Q2, holdings of quoted shares rose by Ft 348.0 billion (by 11.7%) at market value in 2003 Q3, to a total Ft 3,334.3 billion at end-September. Most of this rise in holdings was due to an increase in share prices, which accounted for Ft 339.1 billion. Market capitalisation increased modestly, by Ft 8.8 billion, as two companies were introduced to the market in the period.

Sales of shares by households exceeded purchases by Ft 23.5 billion, compared with sales in the amount of Ft 8.1 billion in Q2. This meant that the sustained period of continued sales by the sector which started nearly three years ago continued in Q3. Households registered a Ft 17.1 billion holding gain. In addition, they held shares in the amount of Ft 1.3 billion which had recently been introduced to the market (recorded as other change in volume). On balance, the sector's holdings of quoted shares fell by Ft 5.0 billion in the period under review. At the end of September, households directly held 4.4% of all quoted shares. This was 0.7 percentage points lower than three months previously.

Non-resident investors' holdings of quoted shares rose by Ft 266.5 billion, due mainly to a nearly Ft 232 billion holding gain. The sector was a net buyer to the tune of Ft 34.6 billion, after purchases in the amount of Ft 14.9 billion in the previous quarter. Consequently, non-residents' percentage share of total holdings rose by 0.5 percentage points to 72.6%, towards end-September.

As seen in Q2, financial corporations were again net sellers with a total of Ft 13.2 billion. (Banks, a sub-sector of financial corporations, were net buyers to the tune of Ft 3.4 billion.) As financial corporations registered a total holding gain of Ft 28.8 billion, their holdings rose by Ft 15.8 billion, despite the sales. Nevertheless, the sector's percentage share of the total market fell by 0.3 percentage points to 7.1% at end-Q3.

Non-financial corporations' holdings rose by Ft 4.3 billion due to transactions. In addition, they registered a Ft 15.4 gain on their existing holdings. Their holdings of shares which were introduced to the market in Q3 amounted to Ft 2.8 billion. On balance, non-financial corporations' holdings rose by Ft 22.5 billion, with their share of the market falling slightly, to 7.1%, at end-September.

General government was a net seller of quoted shares in the amount of Ft 2.1 billion. However, the sector registered a substantial holding gain of Ft 45.8 billion, in addition to holding Ft 4.4 billion of shares recently introduced to the stock market. In consequence, the sector's existing holdings rose by Ft 48.1 billion in Q3. Its percentage share of general government was 0.6 percentage points higher than in Q2 and its holdings of quoted shares amounted to 8.8% of the market at the end of September.

#### Quoted shares held by institutional sectors

	Quoted shares								per cent
	2002				2003				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3		
<b>Nonfinancial corporations (S. 11)</b>	5.4	6.1	6.9	7.3	7.5	7.2	7.1		
Magyar Nemzeti Bank (S. 121)	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other monetary financial institutions (S. 122)	1.8	1.8	2.0	1.8	1.9	1.7	1.8		
Other financial intermediaries (S. 123)	1.1	1.6	1.5	1.7	1.8	1.7	1.4		
Financial auxiliaries (S. 124)	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Insurance corporations and pension funds (S. 125)	3.1	3.3	3.5	3.7	4.0	4.0	3.8		
<b>Financial corporations (S. 12)</b>	5.9	6.8	6.9	7.3	7.7	7.4	7.1		
Central government (S. 1311)	7.4	7.6	7.7	7.5	7.4	7.5	8.1		
Local government (S. 1313)	0.7	0.7	0.7	0.7	0.8	0.7	0.7		
Social security funds (S. 1314)	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
<b>General government (S. 13)</b>	8.1	8.3	8.3	8.2	8.2	8.2	8.8		
<b>Households (S. 14)</b>	5.6	5.4	5.7	5.5	5.5	5.1	4.4		
<b>Nonprofit institutions serving households (S. 15)</b>	0.0	0.0	0.0	0.0	0.1	0.0	0.0		
<b>Rest of the world (S. 2)</b>	75.0	73.4	72.1	71.8	71.0	72.1	72.6		
<b>Total</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0		

## Mutual fund shares

The outstanding total of mutual fund shares, measured at net asset value, fell by 5.95%, from Ft 1,132.4 billion to Ft 1,068.8 billion, in 2003 Q3. There were only insignificant changes in the percentage shares of the various sectors relative to the previous quarter.

Measured at market value, households' holdings of mutual fund shares declined by Ft 55.1 billion in one quarter, reducing their share of total holdings by 0.6 percentage points.

The increase in financial corporations' holdings, at Ft 3.4 billion in Q3, was more modest than in the previous quarter. Other monetary financial institutions and insurance corporations and pension funds stepped up their holdings by Ft 2.2 billion and Ft 3.9 billion respectively. By contrast, the market value of other financial intermediaries' holdings fell by Ft 1.7 billion and that of financial auxiliaries' holdings by Ft 0.9 billion.

Existing holdings of non-financial corporations fell by Ft 8.7 billion in Q3. As a result, their share of the market slipped from 9.3% to 9.0%.

Holdings of mutual fund shares by the general government sector were Ft 2.6 billion lower than at end-June, resulting in a 0.2 percentage point drop in their share of total holdings.

**Net asset value of mutual fund shares by holding sector**

per cent

	Mutual fund shares							
	2002				2003			
	Q1	Q2	Q3	Q4	Q1	Q2		
<b>Nonfinancial corporations (S. 11)</b>	7.7	7.8	7.0	8.5	10.3	9.3		9.0
Magyar Nemzeti Bank (S. 121)	0.0	0.0	0.0	0.0	0.0	0.0		0.0
Other monetary financial institutions (S. 122)	2.6	2.9	2.6	2.7	3.3	3.5		3.9
Other financial intermediaries (S. 123)	0.6	1.3	1.1	1.3	1.5	1.6		1.5
Financial auxiliaries (S. 124)	0.1	0.2	0.3	0.3	0.4	0.3		0.2
Insurance corporations and pension funds (S. 125)	5.0	4.8	4.9	5.0	4.4	5.1		5.8
<b>Financial corporations (S. 12)</b>	8.3	9.2	8.9	9.3	9.6	10.5		11.5
Central government (S. 1311)	0.2	0.2	0.2	0.1	0.2	0.3		0.2
Local government (S. 1313)	3.0	2.6	2.6	1.7	2.4	2.1		2.3
Social security funds (S. 1314)	0.0	0.0	0.0	0.0	0.0	0.0		0.0
<b>General government (S. 13)</b>	3.2	2.7	2.8	1.8	2.6	2.4		2.5
<b>Households (S. 14)</b>	78.6	78.1	78.8	77.9	75.7	76.0		75.4
<b>Nonprofit institutions serving households (S. 15)</b>	1.8	1.5	1.5	1.4	0.8	0.8		0.8
<b>Rest of the world (S. 2)</b>	0.5	0.6	1.1	1.0	1.0	1.0		0.8
<b>Total</b>	100.0	100.0	100.0	100.0	100.0	100.0		100.0