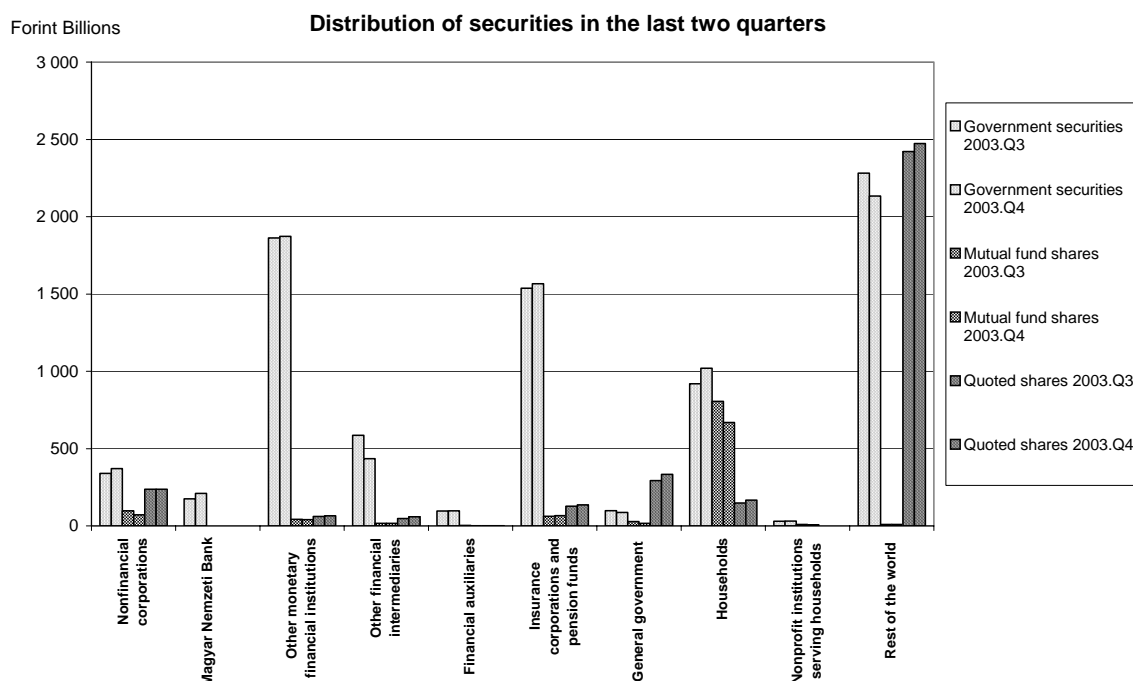


23 February 2004

PRESS RELEASE

Securities holdings by sector: 2003 Q4¹

The Hungarian government securities market saw significant changes in 2003 Q4, affecting each sector's holdings. After a long spell, the outstanding total of government securities, calculated at market value, fell. The declines in non-residents' and other financial intermediaries' holdings as well as in their shares of the market were particularly sharp. By contrast, the household sector stepped up its purchases, as a result of which its holdings of government securities rose above HUF 1,000 billion for the first time. Following a pause of more than a year, households were net buyers in the market of quoted shares. In addition to households, non-residents were also net buyers in the market. Market holdings of mutual fund shares, calculated at market value, fell significantly in the period under review. This fall affected the household sector particularly strongly.



¹ Stock data always refer to the end of the quarter.

Government securities

Measured on the basis of market value, Hungarian government debt securities holdings² fell by 1.3%, from Ft 7,925.7 billion to Ft 7,821.9 billion, in 2003 Q4. The market value of government securities holdings has fallen only on one occasion since December 1997. The decline in Q4 was due exclusively to a 3.9% drop in treasury bill holdings, calculated on the basis of market value, as outstanding government bonds holdings continued to account for an unchanged share of the market within the total.

The market value of households' government securities holdings increased by nearly Ft 100 billion in Q4. This was accounted for by an increase in treasury bill holdings. As a result, households' share of the government securities market was 1.4 percentage points higher, at 13.0%, at the end of the period, the sector's total holdings amounting to nearly Ft 1,020 billion.

Non-residents' holdings of government debt securities fell significantly, by Ft 147.9 billion, after rising in Q3. Consequently, the sector's percentage share of total holdings fell back from 28.8% to 27.3% at end-December. In addition to the fall of Ft 94 billion in government bond holdings, there was a Ft 54 billion fall in the sector's holdings of short-dated government debt securities.

Financial corporations reduced their existing holdings of government securities by Ft 75.6 billion in Q4. As a result, the sector's share of the government securities market fell from 53.7% to 53.4%. Once again, other financial intermediaries reduced their holdings by Ft 151.4 billion. As a result, their share of the market fell further from 7.4% to 5.6%. Other sub-sectors increased their existing holdings slightly. Insurers and pension funds, and the MNB increased their government bond holdings by Ft 28.9 billion and Ft 34.6 billion respectively.

Non-financial corporations' holdings of government securities rose by Ft 30.8 billion towards end-Q4, so the sector's share of outstanding government securities increased by 0.5 percentage points.

The general government sector's holdings as a share of the market was 0.1 percentage point lower at end-December than three months previously, caused by a drop in the local government sub-sector's holdings.

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
	2002		2003				
	Q3	Q4	Q1	Q2	Q3	Q4	
Nonfinancial corporations (S. 11)	5.7	4.6	4.6	4.5	4.3	4.7	
Magyar Nemzeti Bank (S. 121)	2.8	2.6	2.4	2.3	2.2	2.7	
Other monetary financial institutions (S. 122)	22.0	21.8	24.7	24.5	23.5	24.0	
Other financial intermediaries (S. 123)	9.0	8.5	7.0	8.3	7.4	5.6	
Financial auxiliaries (S. 124)	1.3	1.3	1.3	1.3	1.2	1.2	
Insurance corporations and pension funds (S. 125)	19.3	18.9	18.7	19.0	19.4	20.0	
Financial corporations (S. 12)	54.4	53.1	54.1	55.3	53.7	53.4	
Central government (S. 1311)	0.1	0.2	0.4	0.4	0.4	0.4	
Local government (S. 1313)	1.7	1.1	1.2	1.2	0.8	0.7	
Social security funds (S. 1314)	0.0	0.0	0.0	0.0	0.0	0.0	
General government (S. 13)	1.8	1.3	1.6	1.6	1.2	1.1	
Households (S. 14)	14.3	13.5	11.7	11.3	11.6	13.0	
Nonprofit institutions serving households (S. 15)	0.5	0.4	0.5	0.4	0.4	0.4	
Rest of the world (S. 2)	23.4	27.0	27.5	27.0	28.8	27.3	
Total	100.0	100.0	100.0	100.0	100.0	100.0	

Quoted shares

Following a Ft 348.0 billion increase in Q3, holdings of quoted shares rose further by Ft 135.7 billion (by 4.1%) at market value in 2003 Q4, to a total Ft 3,470.1 billion at end-December. Most of this increase (nearly 80%) in holdings was due to rises in share prices, which accounted for Ft 107.8 billion. Market capitalisation increased by Ft 26.6 billion, as one company was introduced to the market in the period, and by another Ft 1.4 billion due to capital enlargements.

For the first time in more than a year, purchases of shares by households exceeded sales by Ft 11.6 billion. The sector registered a Ft 2.6 billion holding gain on quoted shares. In addition, they held shares which had recently been introduced to the market in the amount of Ft 4.6 billion (recorded as other change in volume). On balance, the sector's holdings of quoted shares rose by Ft 18.8 billion in the period under review. At the end of December, households directly held 4.8% of all quoted shares. This was 0.4 percentage points higher than three months previously.

Non-resident investors were net sellers in Q4, in contrast with the previous quarter. Their holdings of quoted shares fell by Ft 22.6 billion. However, the sector registered a Ft 71.4 billion holding gain; and they held recently introduced shares in the amount of Ft 4.1 billion. As a result, the sector's holdings rose by 52.9 billion, while its percentage share of total holdings fell by 1.3 percentage points to 71.3%, towards end-December.

Unlike in Q3, financial corporations were net buyers to the tune of Ft 14.2 billion. In addition to this, they registered a total holding gain of Ft 7.2 billion and held recently introduced shares in the amount of Ft 2.4 billion. Consequently, their holdings rose by Ft 23.7 billion, their percentage share of the total market rising by 0.4 percentage points to 7.5% at end-Q4.

Non-financial corporations' holdings fell by Ft 3.8 billion due to transactions, while they registered a comparable gain on their existing holdings. On balance, non-financial corporations' holdings rose by Ft 0.3 billion, with their share of the market falling slightly, to 6.9%, at end-December.

General government was a net buyer of quoted shares in the amount of Ft 2.0 billion. The sector registered a substantial holding gain of Ft 22.9 billion, in addition to holding Ft 15.1 billion of shares recently introduced to the stock market. As a consequence, the sector's existing holdings rose by Ft 40.0 billion in Q4. Its percentage share of the government securities market was 0.8 percentage points higher than in Q3 and its holdings of quoted shares amounted to 9.6% of the market at the end of December.

Quoted shares held by institutional sectors

	Quoted shares						per cent
	2002		2003				
	Q3	Q4	Q1	Q2	Q3	Q4	
Nonfinancial corporations (S. 11)	6.9	7.3	7.5	7.2	7.1	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)	2.0	1.8	1.9	1.7	1.8	1.9	
Other financial intermediaries (S. 123)	1.5	1.7	1.8	1.7	1.4	1.7	
Financial auxiliaries (S. 124)	0.0	0.0	0.0	0.0	0.0	0.0	
Insurance corporations and pension funds (S. 125)	3.5	3.7	4.0	4.0	3.8	3.9	
Financial corporations (S. 12)	6.9	7.3	7.7	7.4	7.1	7.5	
Central government (S. 1311)	7.7	7.5	7.4	7.5	8.1	8.9	
Local government (S. 1313)	0.7	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)	8.3	8.2	8.2	8.2	8.8	9.6	
Households (S. 14)	5.7	5.5	5.5	5.1	4.4	4.8	
Nonprofit institutions serving households (S. 15)	0.0	0.0	0.1	0.0	0.0	0.0	
Rest of the world (S. 2)	72.1	71.8	71.0	72.1	72.6	71.3	
Total	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 16.4%, from Ft 1,068.8 billion to Ft 894.1 billion, in 2003 Q4. There were 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 137.4 billion in one quarter, reducing their share of total holdings by 0.7 percentage points.

The increase in financial corporations' holdings, at Ft 0.8 billion in Q4, was modest. Insurance corporations and pension funds stepped up their holdings by Ft 43.6 billion, as a result of which their share of the market rose by 1.6 percentage points. The market value of other financial intermediaries' holdings rose slightly, by Ft 0.4 billion. By contrast, holdings of other monetary financial institutions and financial auxiliaries fell by Ft 2.2 billion and Ft 1.9 billion respectively.

Existing holdings of non-financial corporations fell significantly, by Ft 26.2 billion, to the end of December. As a result, their share of the market dropped from 9.0% to 7.9%.

Holdings of mutual fund shares by the general government sector saw a large decline of Ft 11 billion in Q4 relative to the previous quarter.

Net asset value of mutual fund shares by holding sector

	Mutual fund shares						per cent
	2002		2003				
	Q3	Q4	Q1	Q2	Q3	Q4	
Nonfinancial corporations (S. 11)	7.0	8.5	10.3	9.3	9.0	7.9	
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	2.7	3.3	3.5	3.9	4.5	
Other financial intermediaries (S. 123)	1.1	1.3	1.5	1.6	1.5	1.9	
Financial auxiliaries (S. 124)	0.3	0.3	0.4	0.3	0.2	0.1	
Insurance corporations and pension funds (S. 125)	4.9	5.0	4.4	5.1	5.8	7.4	
Financial corporations (S. 12)	8.9	9.3	9.6	10.5	11.5	13.8	
Central government (S. 1311)	0.2	0.1	0.2	0.3	0.2	0.1	
Local government (S. 1313)	2.6	1.7	2.4	2.1	2.3	1.7	
Social security funds (S. 1314)	0.0	0.0	0.0	0.0	0.0	0.0	
General government (S. 13)	2.8	1.8	2.6	2.4	2.5	1.8	
Households (S. 14)	78.8	77.9	75.7	76.0	75.4	74.7	
Nonprofit institutions serving households (S. 15)	1.5	1.4	0.8	0.8	0.8	0.9	
Rest of the world (S. 2)	1.1	1.0	1.0	1.0	0.8	0.9	
Total	100.0	100.0	100.0	100.0	100.0	100.0	

Methodological notes to the press release:

- 1 The codes attached to the sectors and sub-sectors (for example, S.121) refer to the corresponding categories used in international sector classification. For a detailed description of the institutional sectors, see 'New sector classification from June 2001', on the MNB's website (www.mnb.hu) at Financial data...Statistics.
- 2 The tables containing holdings data are accessible on the Bank's website (www.mnb.hu) at Statistics...Statistical data, time series...VIII. Securities.
- 3 The percentages and ratios have been calculated on the basis of not rounded data. The sums of partial data may be different from the totals, because of rounding.