

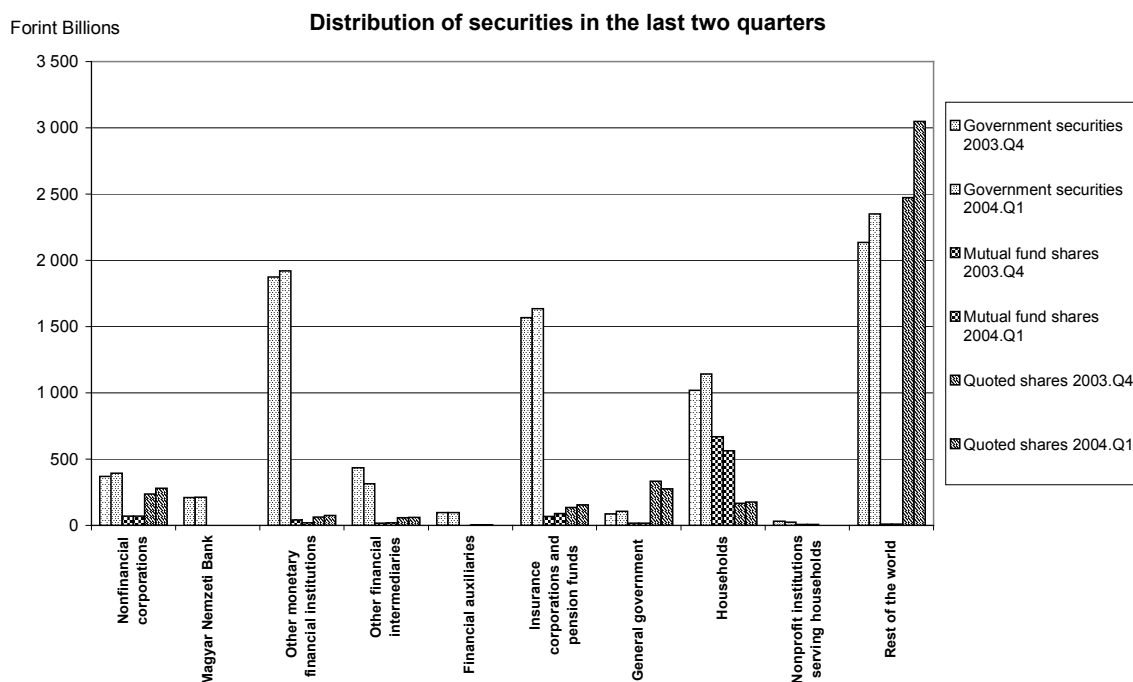
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PRESS RELEASE

Securities holdings by sector: 2004 Q1¹

The Hungarian government securities market saw little changes in 2004 Q1. Financial corporations' holdings as a percentage of total government securities holdings fell significantly, mainly on account of a gradual decline in the share of other financial intermediaries. By contrast, households and non-residents stepped up their purchases of government paper, as a result of which the two sector's holdings rose to their highest level to date, their share of the market continuing to increase. The majority of participants in the market of quoted shares behaved differently compared with the previous quarter. Non-residents purchased massive amounts of quoted shares. In addition, non-financial corporations were also net buyers. This was ascribable to the increased amount of outstanding shares, caused by massive sales by general government and the significant capital increase by a listed company. Market holdings of mutual fund shares, calculated at market value, fell in the period under review. This affected the household sector particularly strongly, as seen in the previous quarter.

Beginning with this quarter, the tables showing changes in holdings of government securities and mutual fund shares in a breakdown by component are also accessible on the Bank's website, in addition to those showing changes in holdings of quoted shares.



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 rose by 4.8% to Ft 8,196.7 billion in 2004 Q1. This was due to increases of 3.9 and 6.8 percentage points respectively in holdings of government bonds and treasury bills. At 79%, net issuance accounted for most of the increase, adding Ft 296.6 billion to the outstanding amount of government paper. The increase in government securities prices contributed another Ft 78.1 billion to outstanding government securities holdings.

The market value of households' government securities holdings increased by nearly Ft 124 billion in Q1. The major part of this was accounted for by purchases in the amount of Ft 119.1 billion. Households' share of the government securities market was 0.9 percentage points higher, 13.9%, at the end of the period.

Non-residents' holdings of government debt securities were net buyers to the tune of Ft 187.4 billion in Q1. The sector registered a holding gain of Ft 28.8 billion on its existing holdings. Consequently, non-residents' holdings rose significantly, by Ft 216.2 billion, with their percentage share of the total rising back from 27.3% to 28.7% at end-March. In addition to the increase of Ft 153 billion in government bond holdings, the sector's holdings of short-dated government debt securities rose by Ft 63 billion.

Financial corporations' existing holdings of government securities remained broadly unchanged in Q1, although the sector was a net seller to the tune of Ft 41.5 billion. The nearly Ft 40 billion holding gain offset the fall in the sector's holdings. Financial corporations' share of the government securities market dropped from 53.4% to 51.0%. Other financial intermediaries reduced their holdings significantly, by Ft 119.7 billion, after declining in the previous two quarters. As a result, their share of the market fell further from 5.6% to 3.8%. Other monetary financial institutions stepped up their holdings by Ft 47.1 billion (that was nearly equally accounted for by transactions, holding gains and the classification of one institution into the sub-sector). Nonetheless, their share of the market fell by 0.6 percentage points. The other sub-sectors' existing holdings rose slightly.

Non-financial corporations' holdings of government securities rose by Ft 21 billion due to transactions and by Ft 24.8 billion due to price changes by end-Q1. The sector's share of outstanding government securities increased by 0.1 percentage point.

The general government sector's holdings as a share of the market was 0.2 percentage points higher at end-March than three months previously, caused by an increase of Ft 20.7 billion 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	Q1	
Nonfinancial corporations (S. 11)	5.7	4.6	4.6	4.5	4.3	4.7	4.8	
Magyar Nemzeti Bank (S. 121)	2.8	2.6	2.4	2.3	2.2	2.7	2.6	
Other monetary financial institutions (S. 122)	22.0	21.8	24.7	24.5	23.5	24.0	23.4	
Other financial intermediaries (S. 123)	9.0	8.5	7.0	8.3	7.4	5.6	3.8	
Financial auxiliaries (S. 124)	1.3	1.3	1.3	1.3	1.2	1.2	1.2	
Insurance corporations and pension funds (S. 125)	19.3	18.9	18.7	19.0	19.4	20.0	20.0	
Financial corporations (S. 12)	54.4	53.1	54.1	55.3	53.7	53.4	51.0	
Central government (S. 1311)	0.1	0.2	0.4	0.4	0.4	0.4	0.4	
Local government (S. 1313)	1.7	1.1	1.2	1.2	0.8	0.7	0.9	
Social security funds (S. 1314)	0.0	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	1.3	
Households (S. 14)	14.3	13.5	11.7	11.3	11.6	13.0	13.9	
Nonprofit institutions serving households (S. 15)	0.5	0.4	0.5	0.4	0.4	0.4	0.3	
Rest of the world (S. 2)	23.4	27.0	27.5	27.0	28.8	27.3	28.7	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Quoted shares

Following a Ft 135.7 billion increase in 2003 Q4, the market value of quoted share holdings rose further by Ft 600.3 billion (by 17.3%) in 2004 Q1, to a total Ft 4,070.4 billion at end-March. Most of this increase (nearly 93%) in holdings was due to rises in share prices, which accounted for Ft 559.0 billion. Market capitalisation increased by Ft 41.4 billion due to capital enlargement by one corporation. One corporation was de-listed in the period; this, however, reduced market capitalisation by only Ft 0.2 billion.

Unlike in the previous quarter, sales of shares by households exceeded purchases by Ft 18.9 billion. The sector registered a Ft 29.7 billion gain on its holdings of quoted shares. On balance, the sector's holdings rose by Ft 10.8 billion in the period under review. At the end of March, households directly held 4.3% of all quoted shares. That was 0.5 percentage points higher than three months previously.

Non-resident investors were net buyers in Q1, unlike in the previous quarter, when they were net sellers. As a result, their holdings of quoted shares increased by Ft 136 billion. In addition, the sector registered a Ft 437.3 billion holding gain. As a combined effect of these events, the sector's holdings rose by 573.7 billion and its percentage share of total holdings by 3.6 percentage points, to 74.9%, towards end-March.

Unlike in 2003 Q4, financial corporations were net sellers to the tune of Ft 22.5 billion. However, they registered a massive holding gain of Ft 52.2 billion. On balance, their holdings rose by Ft 29.7 billion, their percentage share of the total market falling by 0.4 percentage points to 7.1% at end-Q1.

Non-financial corporations' holdings rose by Ft 26.7 billion due to transactions. Simultaneously with this, they registered a Ft 17.1 billion gain on their existing holdings. On balance, non-financial corporations' holdings rose by Ft 43.7 billion, with their share of the market remaining unchanged at 6.9%.

General government was a net seller of quoted shares in the amount of Ft 80.4 billion. The sector registered a Ft 22.6 billion gain on its existing holdings. As a consequence, the sector's holdings fell by Ft 57.8 billion in Q1. The sector's percentage share of the government securities market was significantly lower by 2.8 percentage points and its holdings of quoted shares amounted to 6.8% of the market at the end of March.

Quoted shares held by institutional sectors

	Quoted shares								per cent
	2002		2003		2003		2003		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Nonfinancial corporations (S. 11)	6.9	7.3	7.5	7.2	7.1	6.9	6.9		
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)	2.0	1.8	1.9	1.7	1.8	1.9	1.8		
Other financial intermediaries (S. 123)	1.5	1.7	1.8	1.7	1.4	1.7	1.5		
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)	3.5	3.7	4.0	4.0	3.8	3.9	3.8		
Financial corporations (S. 12)	6.9	7.3	7.7	7.4	7.1	7.5	7.1		
Central government (S. 1311)	7.7	7.5	7.4	7.5	8.1	8.9	6.1		
Local government (S. 1313)	0.7	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	0.0		
General government (S. 13)	8.3	8.2	8.2	8.2	8.8	9.6	6.8		
Households (S. 14)	5.7	5.5	5.5	5.1	4.4	4.8	4.3		
Nonprofit institutions serving households (S. 15)	0.0	0.0	0.1	0.0	0.0	0.0	0.0		
Rest of the world (S. 2)	72.1	71.8	71.0	72.1	72.6	71.3	74.9		
Total	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 11.0%, from Ft 894.1 billion to Ft 795.3 billion, in 2004 Q1. This was almost exclusively accounted for by the redemption of a part of shares, to the tune of Ft 99.7 billion, measured at market value. There were only minor 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 105.9 billion in one quarter, continuing the previous quarter's trend. Consequently, their share of total holdings fell by 4 percentage points.

The increase in financial corporations' holdings, at Ft 5.7 billion in Q1, continued to be modest. Insurance corporations and pension funds stepped up their holdings strongly, by Ft 22.9 billion, as a result of which their share of the market rose by 3.8 percentage points. By contrast, the market value of other financial intermediaries' holdings fell by Ft 19.8 billion. Other financial intermediaries' holdings rose slightly, by Ft 2.5 billion, at market value. Financial corporations, and particularly insurance corporations and pension funds, registered the largest holding gain of nearly Ft 1 billion.

Existing holdings of non-financial corporations rose by Ft 1.1 billion to the end of March. As a result, their share of the market increased from 7.9% to 9%.

Holdings of mutual fund shares by the general government sector were up slightly, by Ft 0.6 billion, relative to the previous quarter.

Net asset value of mutual fund shares by holding sector

per cent

	Mutual fund shares							per cent
	2002		2003					
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Nonfinancial corporations (S. 11)	7.0	8.5	10.3	9.3	9.0	7.9	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	2.7	3.3	3.5	3.9	4.5	2.5	
Other financial intermediaries (S. 123)	1.1	1.3	1.5	1.6	1.5	1.9	2.4	
Financial auxiliaries (S. 124)	0.3	0.3	0.4	0.3	0.2	0.1	0.1	
Insurance corporations and pension funds (S. 125)	4.9	5.0	4.4	5.1	5.8	7.4	11.2	
Financial corporations (S. 12)	8.9	9.3	9.6	10.5	11.5	13.8	16.2	
Central government (S. 1311)	0.2	0.1	0.2	0.3	0.2	0.1	0.1	
Local government (S. 1313)	2.6	1.7	2.4	2.1	2.3	1.7	2.0	
Social security funds (S. 1314)	0.0	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	2.1	
Households (S. 14)	78.8	77.9	75.7	76.0	75.4	74.7	70.7	
Nonprofit institutions serving households (S. 15)	1.5	1.4	0.8	0.8	0.8	0.9	0.9	
Rest of the world (S. 2)	1.1	1.0	1.0	1.0	0.8	0.9	1.1	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Methodological notes to the press release:

- 1 In line with international accounting recommendations (ESA 1995 and SNA '93), changes in the number of outstanding mutual fund shares (i.e. their total held by the institutional sectors) and the capitalisation of property income (interest, dividends, rental, etc.) are treated as transactions.
- 2 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.
- 3 The tables containing holdings data are accessible on the Bank's website (www.mnb.hu) at Statistics...Statistical data, time series...VIII. Securities.
- 4 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.