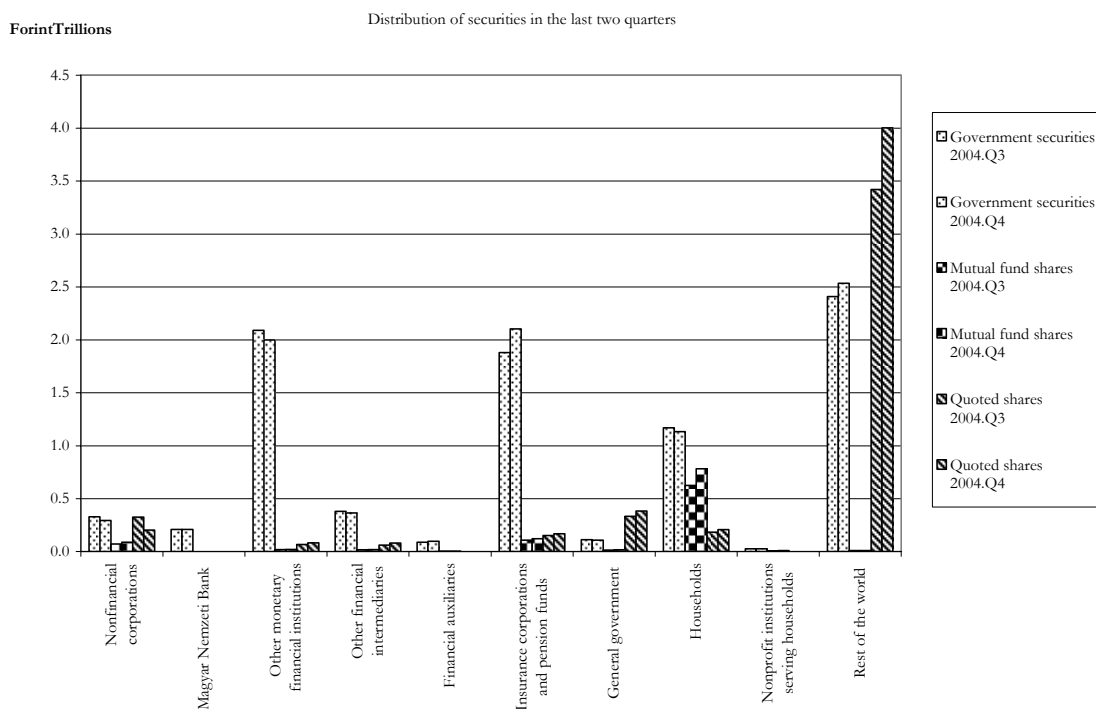


22 February 2005

PRESS RELEASE

Securities holdings by sector: 2004 Q4¹

The increase in insurance corporations' and pension funds' government securities holdings, observed over the past several years, continued in 2004 Q4. As a result, their share of the market exceeded that of credit institutions, which continued to decline. Non-residents stepped up strongly their holdings of government paper. By contrast, the share and holdings of households both fell. As seen in the previous quarter, every major sector registered holding gains on their government securities portfolios in the period under review. Non-residents purchased significant amounts of quoted shares, all other sectors being net sellers. Looking at holdings in a breakdown by sector, the share of non-financial corporations fell significantly, while that of non-residents continued to rise. Every sector registered holding gains on quoted shares held. Holdings of mutual fund shares, calculated at market value, increased more strongly than in the previous quarter. Households, and insurance corporations and pension funds registered the greatest price gains on their holdings of mutual fund shares. Market holdings rose, caused mainly by an increase in the number of shares outstanding in the market.



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

Government securities

Measured at market value, Hungarian government debt securities holdings² rose by 2.0% to HUF 8,872.1 billion in 2004 Q4. This was due to an increase of 6.5 percentage points in government bond holdings, as treasury bill holdings fell by 9.8 percentage points, calculated at market value. Price gains accounted for HUF 289.0 billion of the increase in total holdings. Calculated at face value, the outstanding amount of government paper fell significantly (the effect of net issuance was HUF -118.8 billion). As a result of these contrasting developments, government securities holdings increased by HUF 170.1 billion in the period under review.

The market value of households' government securities holdings fell by HUF 34.5 billion in Q4. This was accounted for by sales by households, as they registered a HUF 10.1 billion gain on their existing holdings. The sector's holdings of government bonds, calculated at market value, increased by HUF 20.0 billion, in contrast with those of short-term government paper, which fell by HUF 54.5 billion.

Non-residents were net buyers of government debt securities to the tune of HUF 19.4 billion in Q4. In addition, the sector registered a HUF 109.0 billion holding gain on its existing holdings. Consequently, non-residents' holdings rose by HUF 128.3 billion, following an increase in the previous quarter. The sector's percentage share of total government securities holdings rose from 27.7% at end-September to 28.6% at end-December.

Financial corporations' existing holdings of government securities, calculated at market value, increased by HUF 124.5 billion in the review period. Their holdings rose mainly on account of holding gains to the tune of HUF 164.1 billion. The sector's net sales of government paper amounted to HUF 39.6 billion. On balance, financial corporations' share of the government securities market edged up from 53.4% to 53.8% in Q4. Government securities holdings of insurance corporations and pension funds rose by HUF 223.3 billion, consistent with the upward trend observed over the past few year. This resulted in a 2.1 percentage point increase in their share of the market. Other monetary financial institutions' holdings fell by HUF 90.2 billion, as a result of which their market share fell by 1.5 percentage points. Other financial intermediaries continued to reduce their holdings (by HUF 14.6 billion). As a consequence, their share of the market fell from 4.4% to 4.1%.

Non-financial corporations' holdings of government securities fell by HUF 45.8 billion to the end of Q4. They were net sellers to the tune of HUF 50.1 billion in the period, in addition to registering a total holding gain of HUF 4.3 billion. Consequently, the sector's share of outstanding government securities fell by 0.6 percentage points.

The general government sector's share of the market and holdings of government securities, calculated at market value, both fell slightly in the period under review, due to net sales.

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

	per cent						
	Government Securities Total						
	2003		2004				
	Q3	Q4	Q1	Q2	Q3	Q4	
Nonfinancial corporations (S. 11)	4.3	4.7	4.8	4.1	3.9	3.3	
Magyar Nemzeti Bank (S. 121)	2.2	2.7	2.6	2.5	2.4	2.4	
Other monetary financial institutions (S. 122)	23.5	24.0	23.4	25.0	24.0	22.5	
Other financial intermediaries (S. 123)	7.4	5.6	3.8	4.9	4.4	4.1	
Financial auxiliaries (S. 124)	1.2	1.2	1.2	1.2	1.0	1.1	
Insurance corporations and pension funds (S. 125)	19.4	20.0	20.0	21.0	21.6	23.7	
Financial corporations (S. 12)	53.7	53.4	51.0	54.5	53.4	53.8	
Central government (S. 1311)	0.4	0.4	0.4	0.5	0.5	0.4	
Local government (S. 1313)	0.8	0.7	0.9	0.9	0.8	0.8	
Social security funds (S. 1314)	0.0	0.0	0.0	0.0	0.0	0.0	
General government (S. 13)	1.2	1.1	1.3	1.4	1.3	1.2	
Households (S. 14)	11.6	13.0	13.9	13.9	13.4	12.8	
Nonprofit institutions serving households (S. 15)	0.4	0.4	0.3	0.3	0.3	0.3	
Rest of the world (S. 2)	28.8	27.3	28.7	25.8	27.7	28.6	
Total	100.0	100.0	100.0	100.0	100.0	100.0	

Quoted shares

Following a HUF 356.6 billion increase in Q3, the market value of quoted share holdings rose further by HUF 583.8 billion (by 12.8%) in Q4, to a total HUF 5,129.1 billion at end-December. The bulk of this increase in capitalisation was due to price rises, amounting to HUF 698.3 billion. The introduction of a firm's shares to the market accounted for another HUF 4.7 billion. Three shares were de-listed in the period, at a total market value of HUF 119.2 billion.

As seen in the previous quarter, sales of shares by households exceeded purchases (by HUF 5.7 billion). The sector registered a HUF 31.0 billion gain on its holdings of quoted shares. By contrast, the withdrawal of three firms' shares from the market caused the sector's holdings to fall by HUF 0.8 billion. On balance, the sector's holdings rose by HUF 24.5 billion in the period under review. At the end of December, households directly held 4.1% of all quoted shares. That was 0.1 percentage point higher than three months previously.

Non-resident investors were net sellers in Q4, in the amount of HUF 5.7 billion. However, the sector registered a HUF 53.9 billion holding gain in the period. As a combined effect of these, non-residents' holdings of quoted shares rose by HUF 48.2 billion, their percentage share of total holdings rising by 2.7 percentage points to 78.0% at end-December, the highest outturn since early 2000.

Financial corporations continued to be net sellers to the tune of HUF 5.7 billion in Q4. They registered a holding gain of HUF 53.9 billion, so their holdings rose by HUF 48.2 billion. Their percentage share of the total market rose by 0.2 percentage points to 6.4% at end-Q4.

Non-financial corporations were net sellers in the amount of HUF 35.2 billion, with the withdrawal of three shares from the market causing holdings of quoted shares to fall by HUF 117.9 billion. Although the sector registered a significant gain of HUF 32.0 billion, its total holdings fell by HUF 121.0 billion. Its share of the market fell by 3.2 percentage points to 4.0% at end-December.

General government sold quoted shares in the amount of HUF 0.7 billion. The withdrawal of shares from the market caused another HUF 0.45 billion fall. The sector registered a HUF 52.5 billion gain on its existing holdings. As a consequence, its holdings increased by HUF 51.3 billion. The sector's percentage share of the market rose by 0.2 percentage points in the period: its holdings of quoted shares amounted to 7.5% of the total at the end of Q4.

Quoted shares held by institutional sectors

	Quoted shares							per cent
	2003		2004					
	Q3	Q4	Q1	Q2	Q3	Q4		
Nonfinancial corporations (S. 11)	7.1	6.9	6.9	7.7	7.2	4.0		
Magyar Nemzeti Bank (S. 121)	0.0	0.0	0.0	0.0	0.0	0.0		
Other monetary financial institutions (S. 122)	1.8	1.9	1.8	1.6	1.5	1.6		
Other financial intermediaries (S. 123)	1.4	1.7	1.5	1.6	1.4	1.6		
Financial auxiliaries (S. 124)	0.0	0.0	0.0	0.0	0.0	0.0		
Insurance corporations and pension funds (S. 125)	3.8	3.9	3.8	3.4	3.3	3.3		
Financial corporations (S. 12)	7.1	7.5	7.1	6.6	6.2	6.4		
Central government (S. 1311)	8.1	8.9	6.1	6.2	6.7	6.8		
Local government (S. 1313)	0.7	0.7	0.7	0.6	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)	8.8	9.6	6.8	6.8	7.3	7.5		
Households (S. 14)	4.4	4.8	4.3	4.4	4.0	4.1		
Nonprofit institutions serving households (S. 15)	0.0	0.0	0.0	0.0	0.0	0.0		
Rest of the world (S. 2)	72.6	71.3	74.9	74.4	75.3	78.0		
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, rose by 22.4%, from HUF 873.2 billion to HUF 1,069.1 billion, in 2004 Q4. Most of this was accounted for by transactions, their effects amounting to a total HUF 178.1 billion. Rises in prices added HUF 17.8 billion to the value of existing holdings. As a combined effect of these two developments, the outstanding amount of mutual fund shares, measured at the net asset value, rose by HUF 195.9 billion. The percentage shares of the various sectors were little changed relative to the previous quarter.

Measured at market value, households' holdings of mutual fund shares rose significantly, by HUF 158.0 billion, in one quarter. The sector was a net buyer to the tune of HUF 147.45 billion. Households registered a HUF 10.5 billion gain on their holdings. As a result, their share of the market rose by HUF 1.7 percentage points.

Non-residents were net sellers in the period, their existing holdings falling by HUF 0.9 billion.

The financial corporate sector increased its holdings of mutual fund shares by a total HUF 19.2 billion. Except for financial auxiliaries, each sub-sector saw its holdings rise. As seen in the previous quarter, insurance corporations and pension funds stepped up their holdings the most strongly, by HUF 14.5 billion. Other financial intermediaries' and other financial intermediaries' holdings rose by HUF 2.4 billion and HUF 2.5 billion respectively. Despite the increase in the sector's holdings, its share of the market of mutual fund shares fell by 1.2 percentage points.

Existing holdings of mutual fund shares by non-financial corporations rose by HUF 16.6 billion to the end of December, their market share remaining unchanged.

Holdings of mutual fund shares by the general government sector were up by HUF 1.8 billion relative to the previous quarter.

Net asset value of mutual fund shares by holding sector

per cent

	Mutual fund shares					
	2003		2004			
	Q3	Q4	Q1	Q2	Q3	Q4
Nonfinancial corporations (S. 11)	9.0	7.9	9.0	9.0	9.3	8.2
Magyar Nemzeti Bank (S. 121)	0.0	0.0	0.0	0.0	0.0	0.0
Other monetary financial institutions (S. 122)	3.9	4.5	2.5	2.3	2.3	1.9
Other financial intermediaries (S. 123)	1.5	1.9	2.4	1.6	1.7	1.8
Financial auxiliaries (S. 124)	0.2	0.1	0.1	0.2	0.2	0.1
Insurance corporations and pension funds (S. 125)	5.8	7.4	11.2	12.4	12.7	11.4
Financial corporations (S. 12)	11.5	13.8	16.2	16.5	17.0	15.3
Central government (S. 1311)	0.2	0.1	0.1	0.1	0.1	0.1
Local government (S. 1313)	2.3	1.7	2.0	1.9	2.0	1.6
Social security funds (S. 1314)	0.0	0.0	0.0	0.0	0.0	0.0
General government (S. 13)	2.5	1.8	2.1	2.0	2.1	1.6
Households (S. 14)	75.4	74.7	70.7	70.6	69.5	73.2
Nonprofit institutions serving households (S. 15)	0.8	0.9	0.9	0.9	1.0	0.8
Rest of the world (S. 2)	0.8	0.9	1.1	1.0	1.1	0.9
Total	100.0	100.0	100.0	100.0	100.0	100.0

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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.³
- 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.

MAGYAR NEMZETI BANK
STATISTICS DEPARTMENT

³ In order to create greater consistency with the Bank's other statistical data, the time series tables were revised in the period under review. The differences from earlier data may be explained by methodological changes.