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PRESS RELEASE

Distribution of securities holdings by sector 2000 Q1

Release of the next report is scheduled for 22 September 2000

The shifts in the composition of the Hungarian government securities market, observed in 1999, continued in the first quarter of 2000. The combined share that institutional investors, i.e. life insurers, pension funds and investment funds, accounted for increased. Credit institutions, in contrast, saw their share of the market continuing to fall. As seen in the final quarter of 1999, the ratio of non-resident investors' holdings of government securities to total holdings rose robustly in the period under review. The sector's holdings of exchange-traded shares, as expressed as a percentage of the total, reached 80% to the end of the period. Although there was a slight increase in the general government sector's existing holdings, this was owing to rising prices.

Government securities

The outstanding total of Hungarian government debt securities¹ was 9.2% higher, at market value, in 2000 Q1 than in the preceding quarter. Here, the outstanding totals of government bonds and treasury bills, respectively, rose by 8.4% and 3.8%. The National Bank of Hungary issued two bill series, the 2000/1 and 2000/2, in the period.

The quarterly survey of government securities holdings by the individual institutional sectors showed a slight departure from past trends in 2000 Q1.

In the financial sphere, whereas the percentage shares of credit institutions, life insurance firms and pension funds stagnated at the level of the preceding quarter, that of investment funds slightly rose and that of credit institutions fell further.

In contrast with earlier periods, there was a modest fall in the ratio of households' government securities holdings to the total in the market.

As in the previous few years, NFCs also lowered their holdings of government securities in the quarter, their share of total holdings falling below 7%. As a result, the decrease in the corporate sector's role in the government securities market, observed in the preceding two quarters, continued in 2000 Q1.

Following a minor drop in the final quarter of 1999, the share of local government authorities resumed rising, reaching the earlier around 3%.

Non-residents' holdings of government bonds was higher by more than Ft 177 billion than in 1999 Q4, so their share of the market rose above 14%.

¹ Government securities comprise domestically issued forint denominated government bonds, treasury bills and domestic currency bills issued by the NBH.

Distribution of Government Securities Holdings by Sector

per cent

	Government Securities Total					
	1998	1999				2000
	Dec.	March	June	Sept.	Dec.	March
Non-financial corporations	8.2	8.5	8.7	10.0	7.9	6.6
Central bank	10.8	11.8	11.6	10.8	10.7	9.4
Credit institutions	33.4	28.4	26.8	24.2	22.9	22.1
Investment funds	7.3	8.4	8.4	9.1	8.6	9.5
Insurance companies, pension funds	11.1	12.3	13.4	14.1	15.5	15.5
Other financial corporations	2.2	2.9	2.4	2.0	1.9	2.3
Total financial corporations	64.8	63.8	62.6	60.2	59.5	58.6
Local government	2.7	3.2	3.0	3.1	2.7	3.0
Other general government	0.2	0.1	0.1	0.1	0.1	0.1
Total general government	2.9	3.2	3.1	3.2	2.8	3.1
Households	14.9	15.6	15.9	16.8	17.5	16.6
NPIs serving households	1.3	0.6	1.1	1.1	1.1	1.1
Rest of the world	8.0	8.3	8.6	8.7	11.2	14.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

Exchange-traded shares

Market capitalisation of shares issued by Hungarian residents surged by Ft 831 billion in the first quarter, to Ft 4,921 billion at end-March. This was entirely due to the market rising by an average 13.4%, as no new shares were listed in the period.

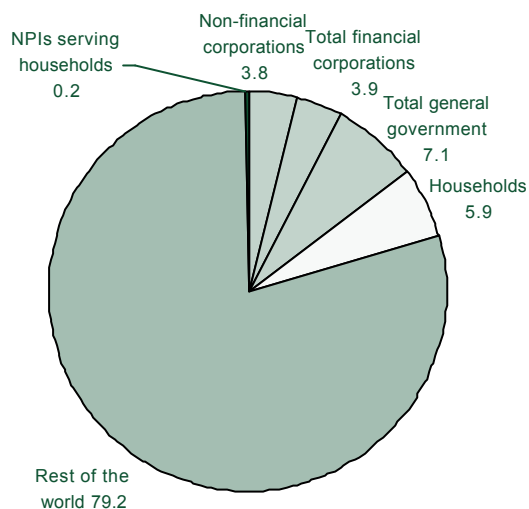
Non-resident investors' percentage share as a total had reached 80% by the end of the quarter, due to a stronger-than-average increase in the value of their holdings. As was the case in the preceding quarter, a foreign owner of an electricity distributor sold another part of its stake in the company to its Hungarian subsidiary. Eliminating the effect of this transaction, however, the sector would be in a net selling position.

The substantial increase in the existing holdings of the general government sector was caused by the price of a share in the government's portfolio surging by more than 2.6 times during the quarter.

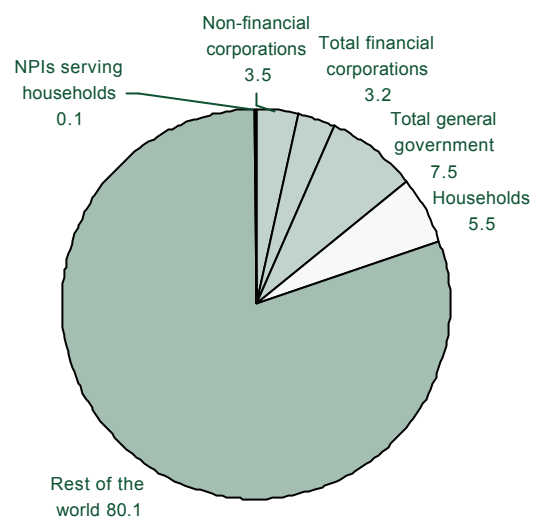
Holdings of exchange-traded shares by the financial corporations sector remained virtually static; however, there was a slight shift in the percentage shares that credit institutions, investment funds, insurance firms etc accounted for individually within the sector as a whole.

Exchange-traded shares held by institutional sectors At market prices; percentages

At end of 1999 Q4



At end of 2000 Q1



Investment fund certificates

The outstanding total of investment fund certificates, measured at net asset value, rose by 23,7% in 2000 Q1. Here, the amount of certificates held by households was higher by 24,2%. The percentage shares of the individual institutional sectors did not change materially in comparison with the preceding quarter.

Appendix 1

GOVERNMENT SECURITIES BY INSTITUTIONAL SECTORS AT MARKET PRICES

(Outstanding at the end of quarters)

Ft millions

	Government bonds				NBH bills			
	1998 Dec.	1999 March	1999 Dec.	2000 March	1998 Dec.	1999 March	1999 Dec.	2000 March
Non-financial corporations	118 166	166 210	160 293	132 543	52 313	26 440	0	5 626
Central bank	406 260	450 475	445 207	429 788	0	0		0
Credit institutions	887 236	788 327	768 540	780 605	129 679	43 902		23 032
Investment funds	162 498	189 525	234 645	258 498	34 312	25 919		54 058
Insurance companies, pension funds	281 876	345 856	496 259	531 300	43 288	22 642		6 585
Other financial corporations	40 950	54 747	45 137	59 184	9 795	13 908		2 447
Total financial corporations	1 778 820	1 828 929	1 989 788	2 059 376	217 073	106 371	0	86 121
Local government	46 959	55 596	58 754	73 769	16 321	8 709		767
Other general government	6 211	1 393	1 972	431	157	60		312
Total general government	53 170	56 989	60 726	74 200	16 479	8 769	0	1 079
Households	70 687	73 496	97 831	105 163	9 595	5 142	0	265
NPIs serving households	28 803	6 485	25 620	21 679	2 636	737	0	906
Rest of the world	299 269	315 040	467 762	645 595	0	0	0	0
Total	2 348 915	2 447 149	2 802 020	3 038 557	298 097	147 460	0	93 997

There was no NBH bill outstanding in the market in December 1999.

Ft millions

	Treasury bills				Total			
	1998 Dec.	1999 March	1999 Dec.	2000 March	1998 Dec.	1999 March	1999 Dec.	2000 March
Non-financial corporations	137 753	132 392	168 265	160 360	308 232	325 043	328 558	298 529
Central bank	0	0	0	0	406 260	450 475	445 207	429 788
Credit institutions	239 370	248 725	186 573	203 741	1 256 285	1 080 954	955 114	1 007 378
Investment funds	76 112	104 854	123 746	118 655	272 922	320 297	358 391	431 211
Insurance companies, pension funds	92 567	99 708	148 993	167 861	417 731	468 206	645 252	705 747
Other financial corporations	32 907	40 791	33 348	41 430	83 652	109 445	78 485	103 061
Total financial corporations	440 956	494 076	492 659	531 687	2 436 849	2 429 377	2 482 447	2 677 185
Local government	37 059	56 009	55 261	62 021	100 339	120 314	114 015	136 557
Other general government	2 120	947	2 861	2 728	8 488	2 400	4 833	3 471
Total general government	39 179	56 956	58 122	64 749	108 828	122 714	118 848	140 028
Households	480 674	515 667	632 561	639 468	560 956	594 305	730 392	744 896
NPIs serving households	15 921	14 618	18 493	25 382	47 360	21 839	44 113	47 968
Rest of the world	0	0	0	0	299 269	315 040	467 762	645 595
Total	1 114 483	1 213 710	1 370 101	1 421 647	3 761 495	3 808 318	4 172 121	4 554 201

Appendix 2

Holdings of shares quoted on the BSE in sectoral breakdown, at market prices (Outstanding at the end of quarters)

	Stock of shares, Ft millions				Distribution of shares, %			
	1998	1999		2000	1998	1999		2000
	Dec.	March	Dec.	March	Dec.	March	Dec.	March
Non-financial corporations	80 377	85 689	157 473	172 174	2.7	2.9	3.8	3.5
Credit institutions	19 237	24 639	24 307	29 734	0.6	0.8	0.6	0.6
Investment funds	30 738	23 873	20 140	24 123	1.0	0.8	0.5	0.5
Insurance companies, pension funds	49 842	47 699	51 783	59 655	1.7	1.6	1.3	1.2
Other financial corporations	40 905	49 626	63 363	46 066	1.4	1.7	1.5	0.9
Total financial corporations	140 722	145 836	159 593	159 578	4.7	5.0	3.9	3.2
Local government	25 572	28 164	32 492	28 865	0.9	1.0	0.8	0.6
Other general government	315 078	329 358	255 987	338 395	10.6	11.3	6.3	6.9
Total general government	340 650	357 522	288 479	367 260	11.5	12.3	7.1	7.5
Households	301 983	256 140	239 816	272 002	10.2	8.8	5.9	5.5
NPIs serving households	1 802	2 387	7 020	7 270	0.1	0.1	0.2	0.1
Rest of the world	2 104 179	2 064 466	3 238 096	3 942 765	70.9	70.9	79.2	80.1
Total	2 969 713	2 912 040	4 090 476	4 921 048	100.0	100.0	100.0	100.0

Appendix 3

Components of the changes in stocks of shares quoted on the BSE, at market value during the 1st quarter of 2000: transactions, revaluations*

	Changes in stocks at market value	Ft millions	
		From:	
		Transactions	Revaluations
Non-financial corporations	14 701	12 363	2 338
Credit institutions	5 427	-3 233	8 660
Investment funds	3 983	1 297	2 686
Insurance companies, pension funds	7 871	1 737	6 134
Other financial corporations	-17 297	-3 228	-14 069
Total financial corporations	-15	-3 426	3 411
Local government	-3 627	-7 145	3 518
Other general government	82 408	0	82 408
Total general government	78 781	-7 145	85 926
Households	32 185	548	31 637
NPIs serving households	250	-1 299	1 549
Rest of the world	704 669	-1 041	705 710
Total	830 571	0	830 571

* The effect of other volume changes was marginal in 2000 Q1

Investment fund certificates in sectoral breakdown at net asset value
(Outstanding at the end of quarters)

	Net asset value							
	Ft millions				Distribution, %			
	1998	1999		2000	1998	1999		2000
	Dec.	March	Dec.	March	Dec.	March	Dec.	March
Credit institutions	7 083	7 380	7 869	9 986	2.1	2.0	1.8	1.8
Other fin. and non-fin. cor	55 165	66 051	66 396	81 802	16.3	17.8	14.8	14.8
Households	268 117	290 955	365 018	453 473	79.4	78.3	81.6	82.0
Rest of the world	7 253	7 253	7 877	7 715	2.1	2.0	1.8	1.4
Total	337 618	371 640	447 159	552 976	100.0	100.0	100.0	100.0