

22 August 2001

PRESS RELEASE

Distribution of securities holdings by sector 2001 Q2

Unlike in the other statistical press releases of the Bank, the new sector classification has not yet been used in this release due to the special features of data collection. In the 2001 Q3 release, however, the data will be presented according to the new sector breakdown.

Massive purchases of government paper by non-residents were the most marked feature of the Hungarian government securities market in 2001 Q2. As regards the other sectors, the percentage share accounted for by non-financial corporations fell significantly, that of pension funds and insurance companies rising strongly. As seen in the first quarter, non-residents were net buyers of exchange-traded shares. Non-financial corporations, and insurers and pension funds, too, purchased more shares than they sold. Nevertheless, there were little changes in holdings of exchange-traded shares at the sectoral level.

Government securities

Total Hungarian government debt securities holdings,¹ measured at market value, rose by 2.5% in 2001 Q2 relative to the previous quarter. Most of this was accounted for by the 4.9% increase in treasury bill holdings, although those of government bonds, up 3.2%, rose significantly as well. By contrast, holdings of NBH bills fell by 5.6%.

The market value households' government securities holdings rose by Ft 10.3 billion. The sector's share of the government securities market remained around 16% in the period under review.

Non-resident holdings of government debt securities rose by Ft 208.4 billion. With the liberalisation of foreign exchange transactions, non-residents now have the possibility to buy securities with maturities of less than one year. They used this opportunity, buying nearly Ft 30 billion of NBH bills and treasury bills. The sector's percentage share of total holdings rose above 19% towards the end of the period.

Financial corporations reduced their holdings of government paper by Ft 38.2 billion. Here, the percentage share of credit institutions fell significantly, by 2.1 percentage points, in contrast with that of insurers and funds, which rose to 17.3%, its highest to date. The percentage share of investment funds fell slightly, and that of other financial corporations remained at 2.3% for more than the past one year.

¹ In this press release, government securities comprise domestically issued forint-denominated government bonds, treasury bills and forint-denominated bills issued by the NBH.

Non-financial corporations' holdings of government securities declined by Ft 36.1 billion after the increase in the previous quarter. As a result, the sector's percentage share of total holdings fell to 6.0%.

The share of general government holdings as a percentage of total market holdings fell from 2.6% to 2.4% in Q2, mainly on account of a drop in local authorities' holdings of government securities.

Non-profit institutions serving households continued to account for a stable percentage share of 0.8% for a protracted period.

Distribution of Government Securities Holdings by Sector

per cent

	Government Securities Total										
	1998	1999				2000				2001	
	Dec.	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June
Non-financial corporations	8.2	8.5	8.7	10.0	7.9	6.6	7.3	7.8	6.3	6.8	6.0
Central bank	10.8	11.8	11.6	10.8	10.7	9.4	8.7	7.9	8.0	3.4	3.2
Credit institutions	33.4	28.4	26.8	24.2	22.9	22.1	22.6	22.8	23.1	26.5	24.4
Investment funds	7.3	8.4	8.4	9.1	8.6	9.4	9.6	9.9	9.3	9.4	8.7
Insurance companies, pension funds	11.1	12.3	13.4	14.1	15.5	15.5	15.8	15.8	16.6	16.5	17.3
Other financial corporations	2.2	2.9	2.4	2.0	1.9	2.3	2.2	2.5	2.3	2.2	2.3
Total financial corporations	64.8	63.8	62.6	60.2	59.5	58.7	58.9	58.9	59.3	58.0	55.9
Local government	2.7	3.2	3.0	3.1	2.7	3.0	2.9	2.9	2.2	2.6	2.4
Other general government	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1
Total general government	2.9	3.2	3.1	3.2	2.8	3.1	2.9	2.9	2.3	2.7	2.5
Households	14.9	15.6	15.9	16.8	17.5	16.4	16.6	15.7	16.1	15.9	15.7
NPIs serving households	1.3	0.6	1.1	1.1	1.1	1.0	0.7	0.8	0.7	0.8	0.7
Rest of the world	8.0	8.3	8.6	8.7	11.2	14.2	13.6	13.9	15.3	15.8	19.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Exchange-traded shares

Following a decline of Ft 645 billion in the first quarter, holdings of exchange-traded shares fell much more modestly, by Ft 62.5 billion in the period under review, to Ft 2,687 billion at end-June. The drop in holdings was attributable to the fall in share prices, given that there were neither capital enlargements nor de-listings on the BSE in the second quarter.

Net sales of shares by households amounted to more than Ft 9 billion, following Ft 6 billion in the previous quarter, i.e. the value of sales exceeded the value of purchases by the same amount. As the sector incurred a some Ft 5 billion holding loss, its holdings of shares fell by more than Ft 14 billion in the period. The household sector directly held 6.9% of exchange-traded shares at the end of Q2.

Non-resident investors' holdings fell by Ft 3.5 billion as a result of two opposing factors – they were net sellers in the amount of around Ft 25 billion, but incurred a nearly Ft 29 billion holding loss in the period. Their percentage share rose by 1.5% to 71.8%. This meant that the decline in the sector's percentage share which began a year earlier came to a halt.

Holdings of exchange-traded shares by the financial corporations sector fell by Ft 23 billion as a result of net sales in the amount of Ft 20 billion, the correction of misreported data accounting for Ft 3 billion. The sector's proportion to total holdings fell from 7.1% at end-Q1 to 6.4% in the second quarter. However, holdings of shares by insurance companies and

pension funds continued to increase within the sector, so they held 3.3% of exchange-traded shares at the end of the period.

NFCs were net buyers to the tune of more than Ft 2 billion, but their holdings as a percentage of the total fell slightly to 6.4% towards the end of Q2 due to a relatively larger-than-average revaluation loss.

Existing holdings of the general government sector fell by Ft 11 billion, its percentage share declining to 8.4%.

Exchange-traded shares held by institutional sectors

per cent

	Exchange-traded shares										
	1998	1999				2000				2001	
	Dec.	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June
Non-financial corporations	2.7	2.9	3.1	3.2	3.8	4.1	5.0	5.7	6.7	6.6	6.4
Credit institutions	0.6	0.8	0.8	0.7	0.6	0.6	0.8	1.1	1.2	2.1	1.5
Investment funds	1.0	0.8	0.6	0.6	0.5	0.5	0.6	0.8	1.1	1.0	0.9
Insurance companies, pension funds	1.7	1.6	1.3	1.1	1.3	1.2	1.6	2.1	2.6	3.1	3.3
Other financial corporations	1.4	1.7	1.6	1.3	1.5	0.7	0.8	1.0	1.2	0.8	0.7
Total financial corporations	4.7	5.0	4.4	3.8	3.9	3.0	3.8	5.0	6.1	7.1	6.4
Local government	0.9	1.0	1.1	0.9	0.8	0.6	0.7	0.6	0.7	0.8	0.8
Other general government	10.6	11.3	9.1	8.1	6.3	6.8	6.0	7.0	7.5	7.8	7.5
Total general government	11.5	12.3	10.2	9.0	7.1	7.4	6.6	7.6	8.3	8.6	8.4
Households	10.2	8.8	7.4	6.9	5.9	5.4	6.7	7.9	8.0	7.3	6.9
NPIs serving households	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Rest of the world	70.9	70.9	74.9	77.0	79.2	80.0	77.7	73.7	70.7	70.3	71.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Investment fund certificates

The outstanding total of investment fund certificates, measured at net asset value, rose by 3.4% in 2001 Q2.

There continued to be only modest changes in the percentage shares of the individual institutional sectors – a slight increase in that of households contrasted with a modest drop in that of the other sectors.

Investment fund certificates in sectoral breakdown at net asset value

(Outstanding at the end of quarters)

per cent

	Distribution of Net asset value							
	1998	1999	2000				2001	
	Dec.	Dec.	March	June	Sept.	Dec.	March	June
Credit institutions	2.1	1.8	1.8	1.8	1.5	2.1	2.2	2.3
Other fin. and non-fin. corp.	16.3	14.8	14.8	14.4	14.7	14.1	14.6	14.1
Households	79.4	81.6	82.0	82.4	81.3	81.5	81.0	81.6
Rest of the world	2.1	1.8	1.4	1.4	2.4	2.3	2.2	2.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0