



22 November 2001

## PRESS RELEASE

### Distribution of securities holdings by sector 2001 Q3

*Beginning with this press release, the sector classification has changed. There have been slight modifications to the Household, Non-financial Corporate and Financial Corporate sectors. By contrast, the contents of the General Government, Non-profit Institutions Serving Households and the Non-resident sectors have remained unchanged. The Appendix summarises the changes.*

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*The underlying trends of the Hungarian government securities market changed significantly in 2001 Q3. Whereas non-residents' holdings of government securities fell significantly up to end-September, those of other monetary financial institutions (credit institutions) rose strongly. As regards exchange-traded shares, non-residents continued to be net buyers, as seen in the first half. In addition to non-residents, the financial corporate sector, too, purchased more shares than it sold. There were little changes in holdings of exchange-traded shares at the sectoral level.*

#### Government securities

Total Hungarian government debt securities holdings,<sup>1</sup> measured at market value, rose by 3.9% in 2001 Q3 relative to the previous quarter. This was accounted for by the 8.9% increase in government bonds holdings, as those of treasury bills NBH bills fell by 0.8% and 11.8% respectively.

The market value households' government securities holdings fell by Ft 18.1 billion. The sector's share of the government securities market decreased by nearly 1 percentage point in the period under review.

Non-resident holdings of government debt securities fell significantly, by Ft 83.5 billion, following uninterrupted rises in previous quarters. The sector's percentage share of total holdings fell from 19.2% to 17.1% towards the end of the period.

Financial corporations increased their holdings of government securities by Ft 268.9 billion, explanation by the strong, 2.6 percentage point increase in the percentage share of other monetary financial institutions and a slight increase in that of insurers and pension funds. The percentage share of investment funds was little changed in comparison with the previous quarter.

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<sup>1</sup> 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 rose by Ft 23 billion. Nevertheless, the sector's percentage share of total holdings continued to be around 6%.

The share of general government holdings as a percentage of total market holdings increased from 2.5% to 2.8% in Q3, mainly on account of a rise in local authorities' holdings of government securities.

Non-profit institutions serving households continued to account for a stable percentage share of 0.7% for a protracted period.

#### Distribution of Government Securities Holdings by Sector

	per cent	
	Government Securities Total	
	2001	
	June	Sept.
<b>Nonfinancial corporations (S. 11)</b>	6.0	6.2
National Bank of Hungary (S. 121)	3.2	3.2
Other monetary financial institutions (S. 122)	24.4	27.0
Other financial intermediaries (S. 123)	9.7	8.6
Financial auxiliaries (S. 124)	1.3	1.9
Insurance corporations and pension funds (S. 125)	17.3	17.9
<b>Financial corporations (S. 12)</b>	56.0	58.6
Central government (S. 1311)	0.1	0.1
Local government (S. 1313)	2.4	2.7
Social security funds (S. 1314)	0.0	0.0
<b>General government (S. 13)</b>	2.5	2.8
<b>Households (S. 14)</b>	15.5	14.6
<b>Nonprofit institutions serving households (S. 15)</b>	0.7	0.7
<b>Rest of the world (S. 2)</b>	19.2	17.1
<b>Total</b>	100.0	100.0

The codes after the names of sectors and sub-sectors (for example, S.121) refer to the corresponding groups generally used in international practice. For the definitions of the individual sectors, see 'Sector classification in the NBH's press releases from June 2001' on the Bank's web site at Financial Data...Statistical Releases.

#### Exchange-traded shares

Following a decline of Ft 707.5 billion in the first half of the year, holdings of exchange-traded shares fell further, by Ft 282.7 billion in the period under review, to Ft 2,404.7 billion at end-September. Most of the drop in holdings was attributable to the fall in share prices. Playing a smaller role in the decline, the market value of de-listings exceeded that of listings. (Capital enlargements and reductions cancelled each other out.)

Net sales of shares by households were largely equal to those in Q2 – the value of sales exceeded that of purchases by Ft 9.5 billion. The sector incurred an around Ft 18 billion holding loss, so, on balance, its holdings of shares fell by more than Ft 28 billion in the period. The household sector directly held 6.6% of exchange-traded shares at the end of September.

Non-resident investors' holdings fell by more than Ft 200 billion, despite the sector being a net buyer to the tune of nearly Ft 8 billion. Non-residents incurred a nearly Ft 198 billion holding loss in the period. As a result, their percentage share remained virtually unchanged at 71.9%.

Holdings of exchange-traded shares by the financial corporate sector fell by nearly Ft 9 billion, despite the value of net purchases being Ft 5 billion. Taken together, the sector's proportion of total holdings rose from 6.4%% at end-Q2 to 6.8% in Q3.

NFCs were net sellers to the tune of about Ft 1 billion. Moreover, they incurred a twice as much holding loss as the average. As a result, their share of the market fell from 6.4% to 5.7%.

The general government sector incurred smaller holding losses in relation to the other sectors, so its existing holdings fell by only Ft 10 billion. However, its percentage share rose to 9.0%.

#### Exchange-traded shares held by institutional sectors

	per cent	
	Exchange-traded shares	
	2001	
	June	Sept.
<b>Nonfinancial corporations (S. 11)</b>	6.4	5.7
National Bank of Hungary (S. 121)	0.0	0.0
Other monetary financial institutions (S. 122)	1.5	1.6
Other financial intermediaries (S. 123)	1.5	1.5
Financial auxiliaries (S. 124)	0.1	0.2
Insurance corporations and pension funds (S. 125)	3.3	3.5
<b>Financial corporations (S. 12)</b>	6.4	6.8
Central government (S. 1311)	7.5	8.2
Local government (S. 1313)	0.8	0.7
Social security funds (S. 1314)	0.0	0.0
<b>General government (S. 13)</b>	8.4	9.0
<b>Households (S. 14)</b>	6.9	6.6
<b>Nonprofit institutions serving households (S. 15)</b>	0.1	0.1
<b>Rest of the world (S. 2)</b>	71.8	71.9
<b>Total</b>	100.0	100.0

#### Investment fund certificates

The outstanding total of investment fund certificates, measured at net asset value, rose by 7.1% in 2001 Q3.

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

#### Investment fund certificates in sectoral breakdown at net asset value

	per cent	
	Distribution of Net asset value	
	2001	
	June	Sept.
Other monetary financial institutions (S.122)	2.3	2.1
Households (S.14)	81.6	78.9
Other sectors of Total economy (S.1-S.122-S.14)	14.1	16.9
<b>Total economy (S.1)</b>	98.0	97.9
<b>Rest of the world (S.2)</b>	2.0	2.1
<b>Total (S.1+S.2)</b>	100.0	100.0

## Changes to the 'Distribution of securities holdings by sector' statistical release

Starting from the release of statistical data for June 2001, the NBH's has introduced a new sector classification to group the various economic units. (A detailed description of the sectors, under the title 'Sector classification in the NBH's statistical press releases from June 2001' can be found on the Bank's web site at Financial Data...Statistical Releases.) As regards their contents and definitions, the sectors and sub-sectors referred to in the statistical releases are consistent with those used by the CSO and with those of the international statistical recommendations (SNA 93, ESA 95).

The contents of a part of the newly introduced sectors are identical with those of the sectors used previously. A more detailed breakdown of the Other general government sector into Central government (S.1311) and Social security funds (S.1314) constitutes a major change. Other financial corporations have been divided into the Other financial intermediaries (S.123) and Financial auxiliaries (S.124) sub-sectors. Investment funds, previously shown as a separate sector have regrouped into the Other financial intermediaries sector (S.123). Unincorporated enterprises have been reclassified from the Household sector (S.14) into Non-financial corporations (S.11).

The detailed contents of the sectors used in the Bank's publications and their difference from those used in the previous publications are as follows:

- Non-financial corporations (S.11) comprise unincorporated enterprises, previously included within the Household sector according to the old sector classification. As with the introduction of the new classification the Bank publishes on its web site the detailed list of Financial corporations (S.12), it is presumed that data providers have made a number of changes among Financial corporations (and in Other financial intermediaries (S.123) and Financial auxiliaries (S.124)) as well as in Non-financial corporations (S.11).
- The definition of the National Bank of Hungary / NBH (S.121) is identical with the previous one.
- Other monetary financial institutions (S.122) comprise banks, except the central bank, as well as specialised credit institutions and cooperative credit societies. The definition of this sector is identical with the earlier Credit institutions sector.
- Other financial intermediaries (S.123) comprise, in addition to the earlier Investment funds sector, investment funds, financial leasing companies and other financial enterprises, venture capital firms and, from among investment enterprises, pools that invest in securities, and dealers in securities, previously included within in Other financial corporations.
- Financial auxiliaries (S.124) comprise, from the previous Other financial corporate sector, securities brokers as well as public exchanges, clearing houses, deposit insurance funds, financial insurance corporations and other auxiliaries. Non-profit institutions, whose activities are closely related to the financial sector, are also included in this sub-sector.
- The definition of Insurance corporations and pension funds (S.125) are identical with the earlier Insurance companies, pension funds sector.
- Central government (S.1311) comprises, from the earlier Other general government sector, units of central government, the extra-budgetary funds, ÁPV Rt, and those non-profit organisations that are funded mainly by the state.
- The Local government sector (S.1313) is identical with the earlier Local government sector.
- The social security funds (S.1314) include the social security funds from the earlier Other general government sector.
- Households (S.14) comprise natural and self-employed persons. They differ from the earlier Household sector in that they do not include unincorporated enterprises.
- The definition of Non-profit institutions serving households is identical with the earlier sector definition.
- The Rest of the world (non-residents) sector (S.2) is identical with the definition used earlier.

## Old and new sector classification

Sector classification until 31 May 2001		Sector classification from June 2001		
Central bank		S.121 National Bank of Hungary	S.12 Financial corporations	S.1 Total economy
Credit institutions		S.122 Other monetary financial institutions		
Insurance companies, pension funds		S.125 Insurance corporations and pension funds		
Investment funds		S.123 Other financial intermediaries		
Other financial corporations				
Local government		S.1313 Local government	S.13 General government	
Other general government		S.1311 Central government		
		S.1314 Social security funds		
Households	Natural persons	S.14 Households		
	Self-employed persons			
	Unincorporated enterprises	S.11 Non-financial corporations		
Non-financial corporations				
NPIs serving households		S.15 Non-profit institutions serving households		
Rest of the world		S.2 Rest of the world		