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PRESS RELEASE

Distribution of securities holdings by sector 2001 Q4

Purchases by non-residents dominated the Hungarian government securities market in 2001 Q4. There were no significant shifts in the percentages accounted for by the various sectors within total holdings of exchange-traded shares. However, it deserves mention that non-residents were net buyers of exchange-traded shares as well. As seen in the previous quarter, households continued to reduce their holdings of shares by a considerable amount.

Government securities

Total Hungarian government debt securities holdings,¹ measured at market value, rose by 3.4% in 2001 Q4 relative to the previous quarter. This was mainly due to a 8.8% increase in government bonds treasury bill holdings, although those of government bonds rose significantly, by 2.8%, as well. By contrast, holdings of NBH bills fell further, by 7.2%, continuing the trend of previous quarters.

The market value households' government securities holdings rose by HUF 14.4 billion, mainly on account of purchases of treasury bills. The sector's share of the government securities market continued to be below 15% in the period under review.

Non-resident holdings of government debt securities rose significantly, by HUF 139.9 billion, following a drop in the previous quarter. The sector's percentage share of total holdings rose from 17.1% to 18.9% towards the end of the year.

Financial corporations increased their holdings of government securities by HUF 105.7 billion in Q4, the sector's share of the government securities market remaining unchanged. At 1.8 percentage points, the percentage share of other monetary financial institutions saw the largest decline. By contrast, the percentage shares of insurers and pension funds, and other financial intermediaries rose a little in comparison with the previous quarter.

Non-financial corporations' holdings of government securities fell by HUF 33.1 billion in the period, reflecting the seasonal patterns of previous years. As a result, the sector's percentage share of total holdings fell to 5.5%, the lowest level since 1997 to date.

The share of general government holdings as a percentage of the market fell from 2.8% to 2.2%, mainly on account of a HUF 28 billion drop in local authorities' holdings of government securities.

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-profit institutions serving households continued to account for a stable percentage share of 0.7% for a protracted period, although they reduced their holdings of government paper by HUF 3.6 billion in the final quarter of the year.

Distribution of Government Securities Holdings by Sector

	per cent		
	Government Securities Total		
	2001		
	June	Sept.	Dec
Nonfinancial corporations (S. 11)	6.0	6.2	5.5
National Bank of Hungary (S. 121)	3.2	3.2	3.1
Other monetary financial institutions (S. 122)	24.4	27.0	25.3
Other financial intermediaries (S. 123)	9.7	8.6	9.9
Financial auxiliaries (S. 124)	1.3	1.5	1.3
Insurance corporations and pension funds (S. 125)	17.3	17.9	18.4
Financial corporations (S. 12)	56.0	58.2	58.0
Central government (S. 1311)	0.1	0.1	0.1
Local government (S. 1313)	2.4	2.7	2.2
Social security funds (S. 1314)	0.0	0.0	0.0
General government (S. 13)	2.5	2.8	2.2
Households (S. 14)	15.5	15.0	14.8
Nonprofit institutions serving households (S. 15)	0.7	0.7	0.6
Rest of the world (S. 2)	19.2	17.1	18.9
Total	100.0	100.0	100.0

The codes attached to 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 total decline of HUF 990.0 billion in the first three quarters of the year, holdings of exchange-traded shares rose by HUF 444.1 billion in the period under review, to HUF 2,848.8 billion at end-2001. The increase in holdings was attributable exclusively to the rise in share prices. The withdrawal of one company from the market, with a HUF 9.0 billion market capitalisation, countered the effect of rising prices.

Net sales of shares by households continued in Q4 – the value of sales exceeded that of purchases by HUF 14.5 billion, in comparison with HUF 9.5 billion in the previous two quarters each. The sector registered a HUF 34.6 billion holding gain, so, on balance, its holdings of shares rose by nearly HUF 19 billion in the period. The household sector directly held 6.2% of exchange-traded shares at the end of September.

Non-resident investors' holdings rose by nearly HUF 348 billion, holdings gains on holdings of shares contributing HUF 330 billion. The sector was a net buyer to the tune of nearly HUF 21 billion in the period under review. This compared with net purchases of nearly HUF 8 billion in Q3. As a result, their percentage share rose by 1 percentage point, to 72.9%.

Holdings of exchange-traded shares by the financial corporate sector rose by over HUF 15 billion, despite the value of net sales being more than HUF 12 billion. On the whole, the sector's proportion of total holdings fell slightly, to 6.3%, at the end of the year.

NFCs were net buyers in the amount of nearly HUF 8 billion. Moreover, they posted a HUF 32.5 billion holding gain. As a result, their share of the market rose a little, to 6.1%.

The general government sector's existing holdings rose by nearly HUF 27 billion, accounted for mainly by its holding gains. The sector's percentage share was little changed in the period, its holdings of exchange-traded shares amounting to 8.5% of the market at year-end.

Exchange-traded shares held by institutional sectors

	per cent		
	Exchange-traded shares		
	2001		
	June	Sept.	Dec
Nonfinancial corporations (S. 11)	6.4	5.7	6.1
National Bank of Hungary (S. 121)	0.0	0.0	0.0
Other monetary financial institutions (S. 122)	1.5	1.6	1.5
Other financial intermediaries (S. 123)	1.5	1.5	1.2
Financial auxiliaries (S. 124)	0.1	0.2	0.2
Insurance corporations and pension funds (S. 125)	3.3	3.5	3.3
Financial corporations (S. 12)	6.4	6.8	6.3
Central government (S. 1311)	7.5	8.2	7.7
Local government (S. 1313)	0.8	0.7	0.8
Social security funds (S. 1314)	0.0	0.0	0.0
General government (S. 13)	8.4	9.0	8.5
Households (S. 14)	6.9	6.6	6.2
Nonprofit institutions serving households (S. 15)	0.1	0.1	0.0
Rest of the world (S. 2)	71.8	71.9	72.9
Total	100.0	100.0	100.0

Investment units

The outstanding total of investment units, measured at net asset value, rose by 9.7% in 2001 Q4.

There continued to be only modest changes in the percentage shares of the individual institutional sectors – a slight increase in that of households compared with a modest fall 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.	Dec
Other monetary financial institutions (S.122)	2.3	2.1	2.2
Households (S.14)	81.6	78.9	80.6
Other sectors of Total economy (S.1-S.122-S.14)	14.1	16.9	15.1
Total economy (S.1)	98.0	97.9	97.9
Rest of the world (S.2)	2.0	2.1	2.1
Total (S.1+S.2)	100.0	100.0	100.0