



PRESS NOTICE

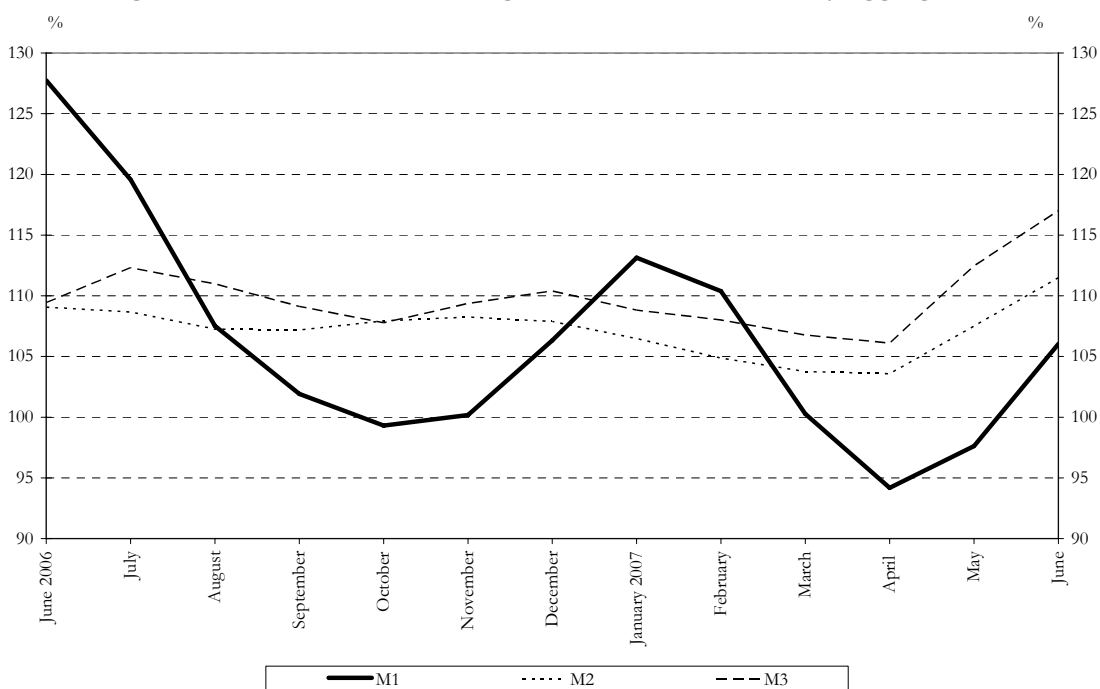
On the balance sheets of monetary financial institutions, based on June 2007 data

From the publication of this press notice, the MNB will publish the *components of the changes* of the most important M3 and non-M3 asset and liability items (http://www.mnb.hu/Resource.aspx?ResourceID=mnbfile&resource_name=0708_monstatpubl_hu.xls). From now on, in addition to *transaction data*, the data reflecting the impacts of *exchange rates changes, other price changes and other volume changes* (reclassifications and organisational changes) will thus also be available retrospectively from January 2005.

In June 2007, the **monetary base** increased by HUF 13.1 billion, to HUF 2623.6 billion. The short-base annualised growth index¹ of the **monetary base (M0)** was 102.2 percent.

Monetary aggregates continued to increase in June, similarly to the previous month. The short-base annualised growth index of the **M1** money supply increased by 8.4 percentage points to 106.0 percent. The short-base annualised growth index of the **M2** and **M3** monetary aggregates grew by 4.0 and 4.5 percentage points to 111.5 percent and 117.0 percent respectively.

Figure 1: Short-base annualised growth indices of monetary aggregates



¹See: Notes on methodology

The original amount of the **M3** monetary aggregate increased by HUF 143.8 billion to HUF 13,010.3 billion. The share of **M1** (currency and overnight deposits in circulation outside MFIs) increased from 43.0 percent to 43.6 percent, its value growing by HUF 140.1 billion. The share of **M2-M1** (deposits of an agreed maturity up to two years) decreased from 48.2 percent to 47.8 percent, while their value increased by HUF 14.3 billion. The share of **M3-M2** (repo, investment units owned by money market funds, securities representing a credit relation of an agreed maturity up to two years) decreased slightly from 8.8 percent in May to 8.6 percent, their value reduced by HUF 10.7 billion.

Figure 2: The composition of monetary aggregates

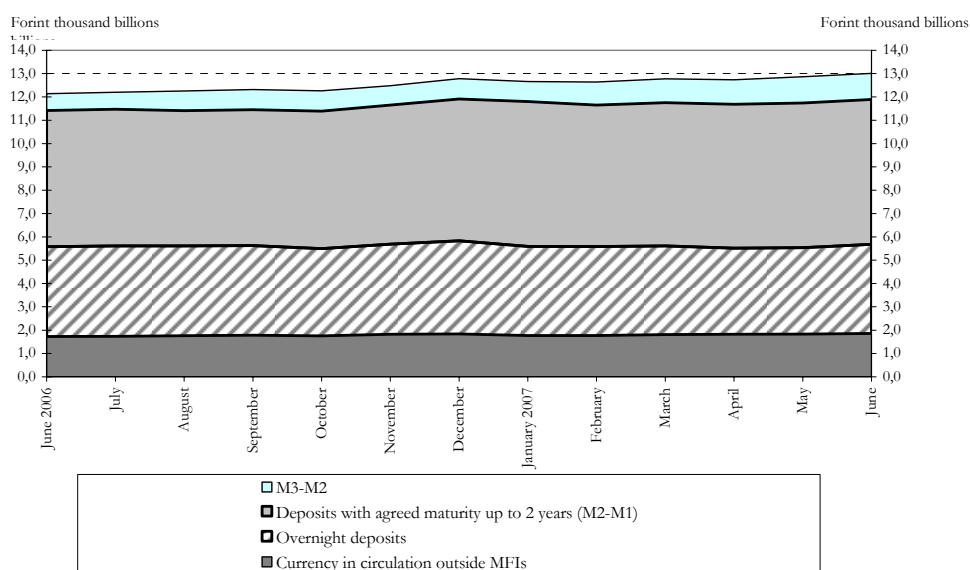


Figure 3: Seasonally adjusted data of the M1

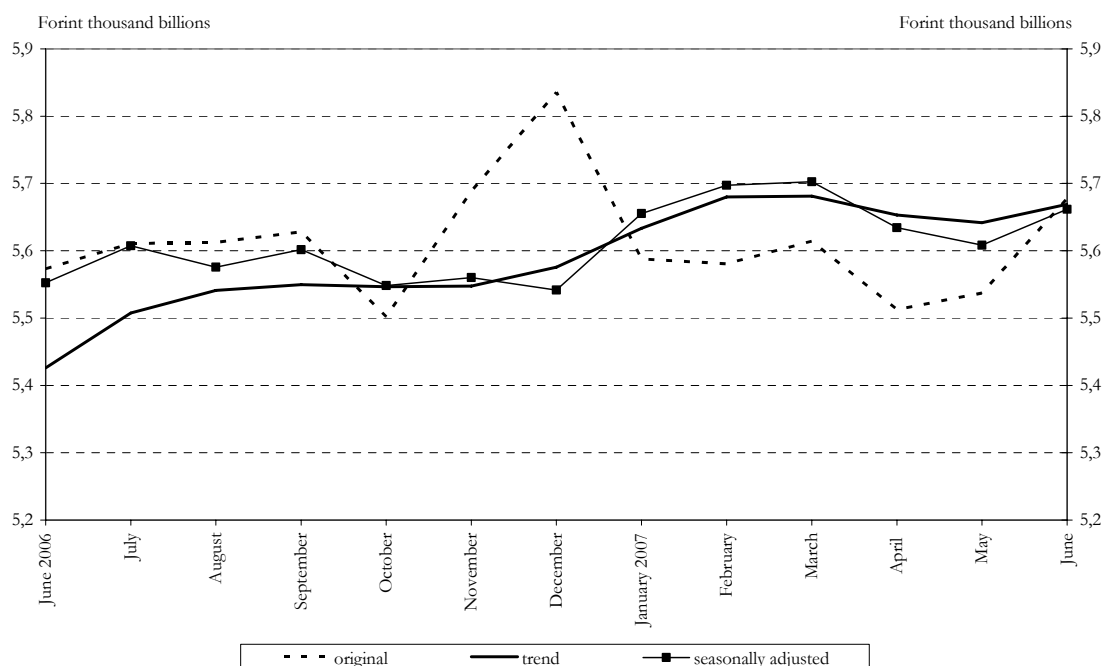


Figure 4: Seasonally adjusted data of the M2

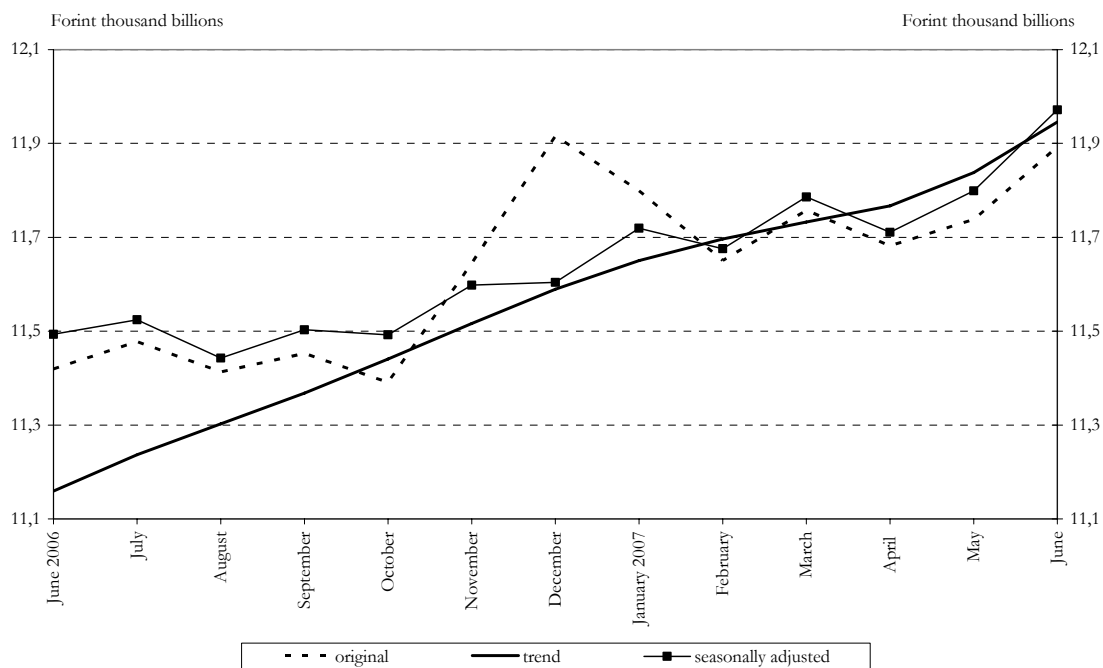
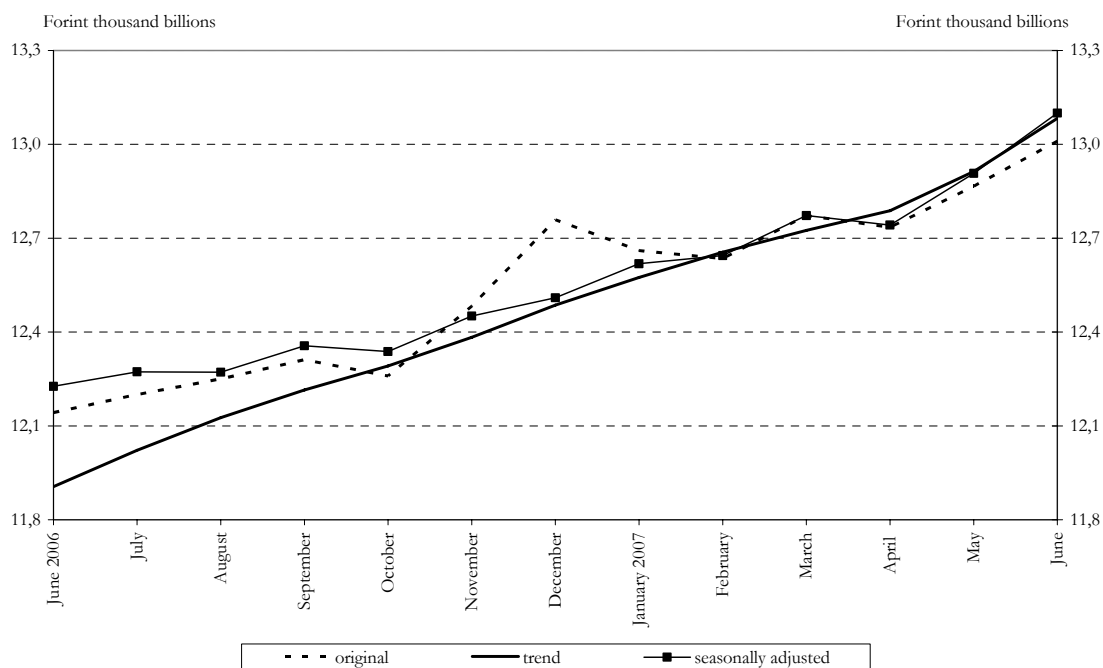


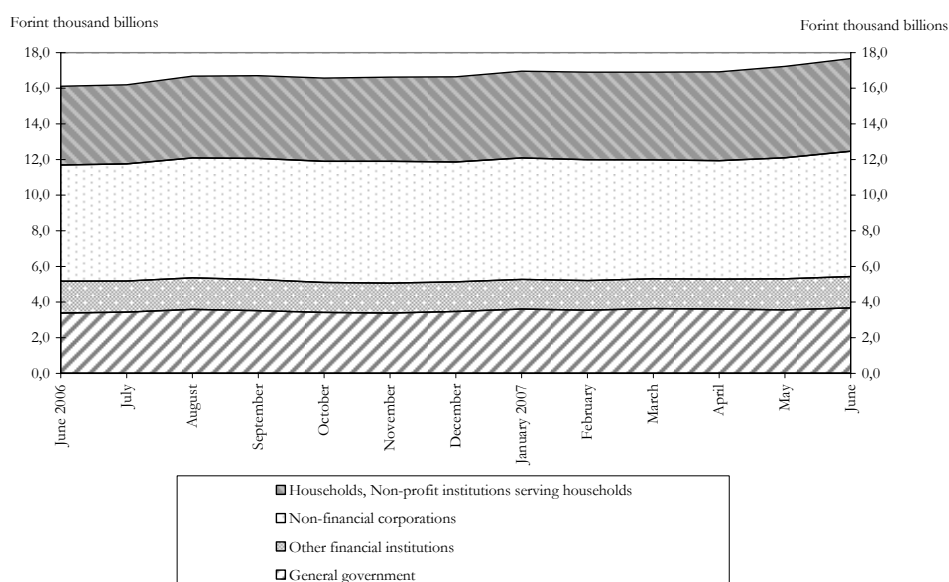
Figure 5: Seasonally adjusted data of the M3



Continuing the growth trend started in April, the **value of the domestic receivables of monetary financial institutions** increased by HUF 430.8 billion to HUF 17,663.7 billion, exceeding the all-time high of the previous month.

Within the domestic receivables, amounts owed by non-financial corporations account for the highest share. In June, their share increased by 0.4 percentage points. The share within the total domestic receivables of the amounts owed to monetary financial institutions by households and non-profit institutions serving households decreased by 0.4 percentage points to 29.4 percent. The share of amounts owed by the state budget increased by 0.1 percentage points to 20.8 percent, whereas the share of amounts owed by other financial businesses decreased by 0.2 percentage points to 9.9 percent.

Figure 6: The composition of domestic receivables

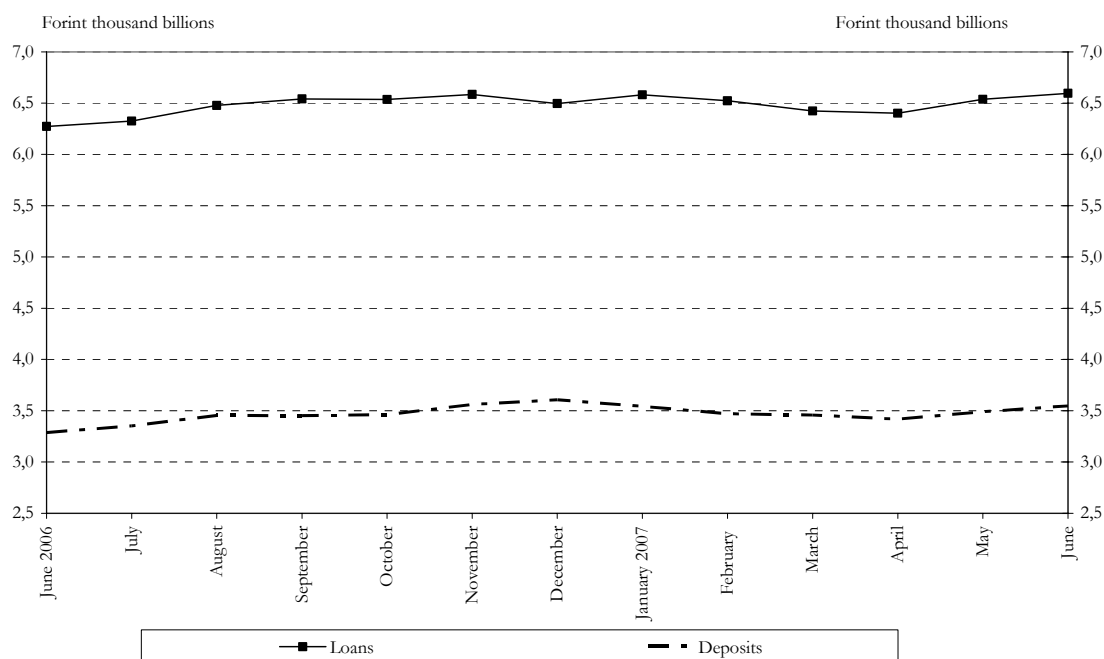


Similarly to the previous month, the amount of loans given by monetary financial institutions **to non-financial corporations** continued to grow, by HUF 57.2 billion to HUF 6,594.7 billion, exceeding the previous all-time high of November 2006. Within loans given to non-financial corporations, the amount of loans of an agreed maturity up to 12 months decreased by HUF 1.1 billion to HUF 2,430.0 billion. In June, the amount of loans of an agreed maturity over 12 months increased by HUF 58.3 billion to HUF 4,164.7 billion, which represents another unprecedented high. Within loans of an agreed maturity over 12 months, the amount of long-term loans of an agreed maturity up to 5 years increased by HUF 3.2 billion to HUF 1,772.2 billion, whereas the amount of loans of an agreed maturity over 5 years grew by HUF 55.1 billion to HUF 2,392.5 billion. Within the total amount of loans, loans of an agreed maturity up to 12 months continued to have the highest share, accounting for 36.8 percent as the result of a drop of 0.3 percentage points. This is closely followed by the share of loans of an agreed maturity over 5 years, which, having grown by 0.5 percentage points, reached 36.3 percent. The share of long-term loans of an agreed maturity up to 5 years was 26.9 percent.

The share of foreign currency loans changed from 27.4 percent to 28.1 percent for loans of an agreed maturity up to 12 months, from 44.5 percent to 45.1 percent for long-term loans of an agreed maturity up to 5 years, whereas from 65.2 percent to 65.8 percent for loans of an agreed maturity over 5 years. The total amount of foreign currency loans exceeded that of the previous month by HUF 78.8 billion. More specifically, the fluctuation of the rate of exchange resulted in a decrease of HUF 57.9 billion, which was balanced by a transactions-generated growth of HUF 136.7 billion.

Similarly to the previous month, the amount of the sector's deposits with monetary financial institutions continued to increase, by HUF 56.7 billion to HUF 3,546.8 billion. Of deposits, overnight deposits accounted for 51.3 percent, whereas time deposits and repos represented 48.4 percent and 0.3 percent respectively. Continuing the growth trend of the previous month, the amount of overnight deposits increased by HUF 49.5 billion. More specifically, the amount of deposits denominated in HUF and foreign currencies grew respectively by HUF 44.0 billion and HUF 5.4 billion. The amount of time deposits of an agreed maturity up to 12 months grew by HUF 6.2 billion. Again, there was hardly any change in the amount of time deposits of an agreed maturity over 12 months, i.e. it increased by HUF 2.8 billion. The amount of repos decreased by HUF 1.8 billion.

Figure 7: Loans and deposits of non-financial corporations

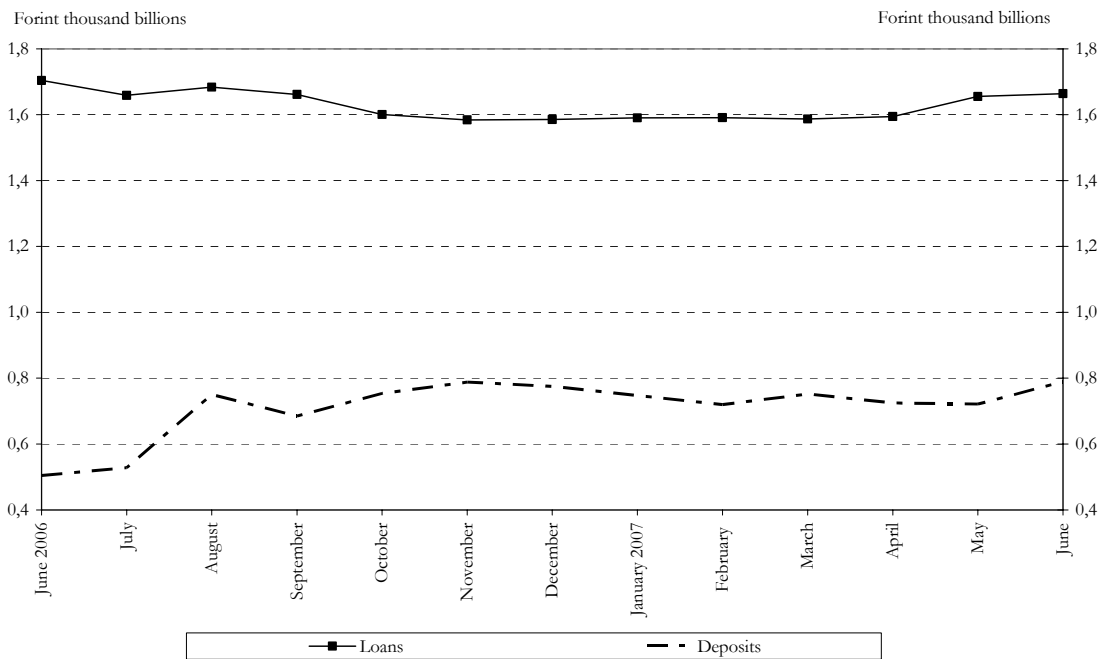


Similarly to the trend during the previous two months, the amount of loans **to other financial businesses** continued to increase, by HUF 8.5 billion to HUF 1663.7 billion. Within the total amount of loans, the share of long-term loans of an agreed maturity up to 5 years (representing the highest ratio) changed from 4.85 percent to 47.0 percent, the share of loans of an agreed maturity over 5 years changed from 22.8 percent to 23.1 percent, while that of loans of an agreed maturity up to 12 months changed from 28.7 percent to 29.8 percent.

The amount of HUF loans increased by HUF 12.6 billion whereas that of foreign currency loans decreased by HUF 4.1 billion. In the latter case, the transaction-generated growth of HUF 27.5 billion was exceeded by a decrease of HUF 31.6 billion, due to exchange rate fluctuation.

The amount of the sector's deposits with monetary financial institutions has not changed significantly since August 2006; in June, it increased by HUF 66.9 billion to HUF 788.5 billion. The amount of overnight deposits grew by HUF 24.2 billion, whereas that of time deposits increased by HUF 48.0 billion. The amount of repos decreased by HUF 5.3 billion.

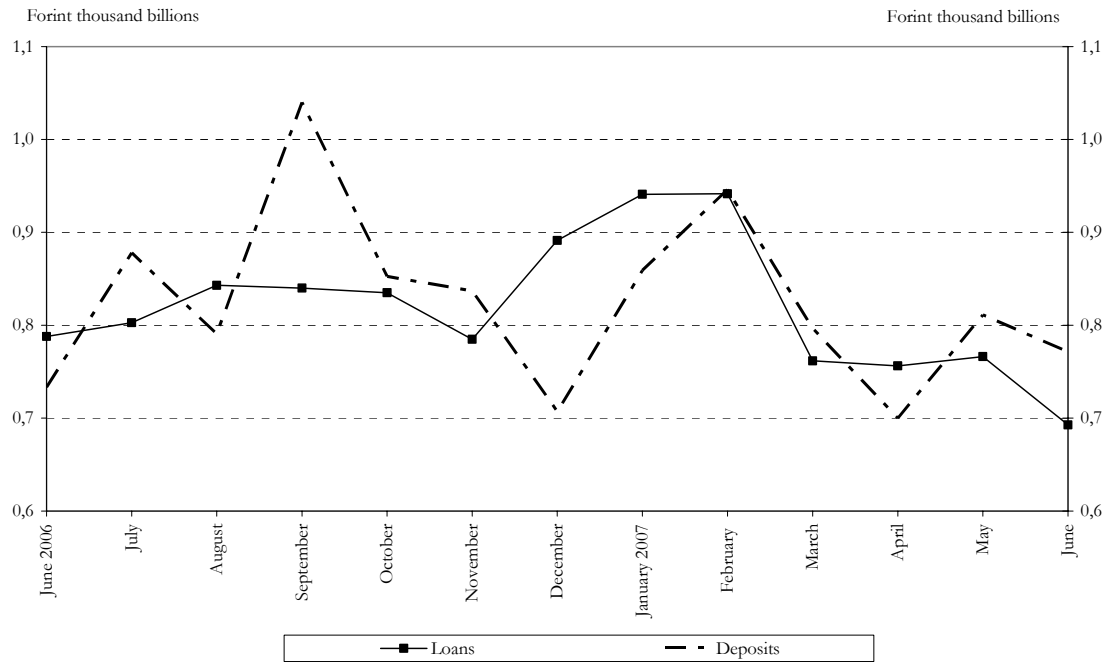
Figure 8: Loans and deposits of other financial businesses



In June, the amount of loans given to the **state budget** by monetary financial institutions decreased by HUF 73.7 billion to HUF 692.7 billion, approaching the low levels achieved in February 2005 and between December 2005 and March 2006.

The amount of deposits placed by the state budget with monetary financial institution decreased by HUF 39.7 billion to HUF 771.4 billion. Of that decrease, the deposits of the central and local governments accounted for HUF 28.3 billion and HUF 11.4 billion, respectively.

Figure 9: The loans and deposits of the state budget

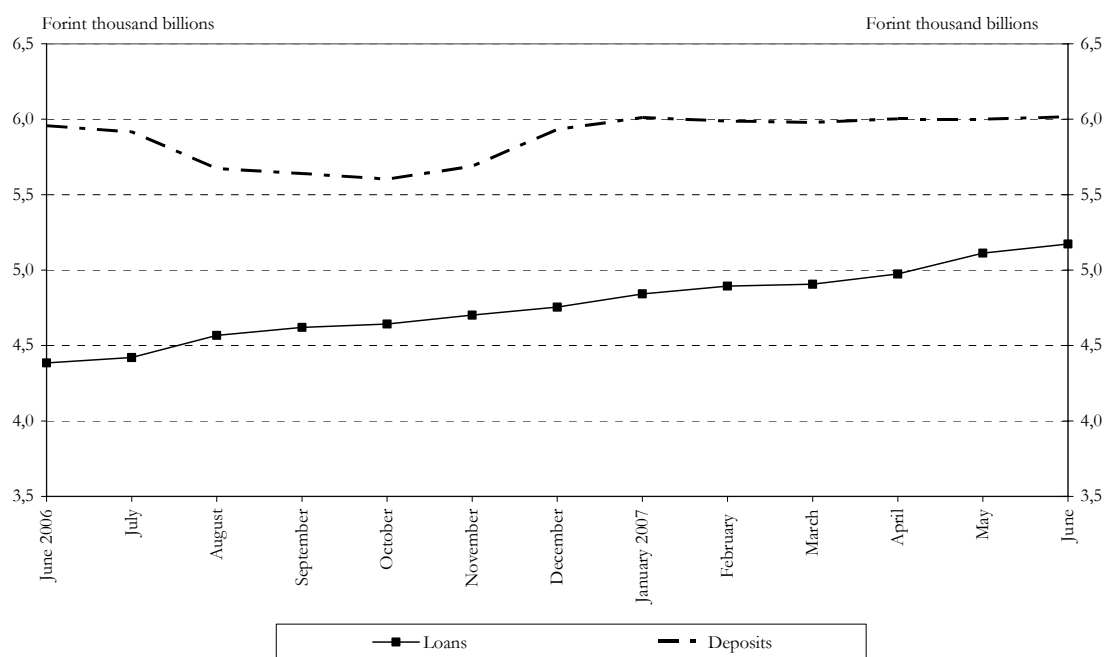


Household loans continued their several-year trend of growth, their value increasing by HUF 60.3 billion to HUF 5,172.9 billion in June. The amount of HUF loans increased by HUF 0.5 billion. Foreign currency loans grew at a more dynamic rate, by HUF 59.8 billion. The latter increase was the collective result of a transaction-generated growth of HUF 115.4 billion and a decrease of HUF 55.7 billion due to exchange rate fluctuation. Within total loans, the share of loans denominated in foreign currency continued to decrease in comparison with May, from 46.9 percent to 47.5 percent. During the past two years, that ratio has continued to grow, having approached a level of two and a half times its value in June 2005.

The amount of the deposits of households with monetary financial institutions has remained in the vicinity of the HUF 6,000 billion level since December 2006. In June, that amount increased by HUF 16.5 billion to HUF 6,016.4 billion.

Compared to June 2006, the amount of household loans increased by 18.0 percent, accompanied by a growth of a mere 1.0 percent in the value of deposits, which means that the difference by the two amounts has been reduced by 46.4 percent during the past 12 months.

Figure 10: Household loans and deposits



The distribution of the types of loans did not change significantly within household loans. Housing loans accounted for 55.0 percent, their amount growing by HUF 19.2 billion. Within housing loans, the share of foreign currency loans increased from 38.2 percent to 38.9 percent. Consumption loans accounted for 38.4 percent of the total amount of household loans; their amount increased by HUF 38.8 billion. Within consumption loans, the share of foreign currency loans increased from 61.4 percent to 62.0 percent. The amount of other loans grew by HUF 2.3 billion. Loans denominated in foreign currency accounted for 34.5 percent of the total.

Figure 11: The composition of household loans

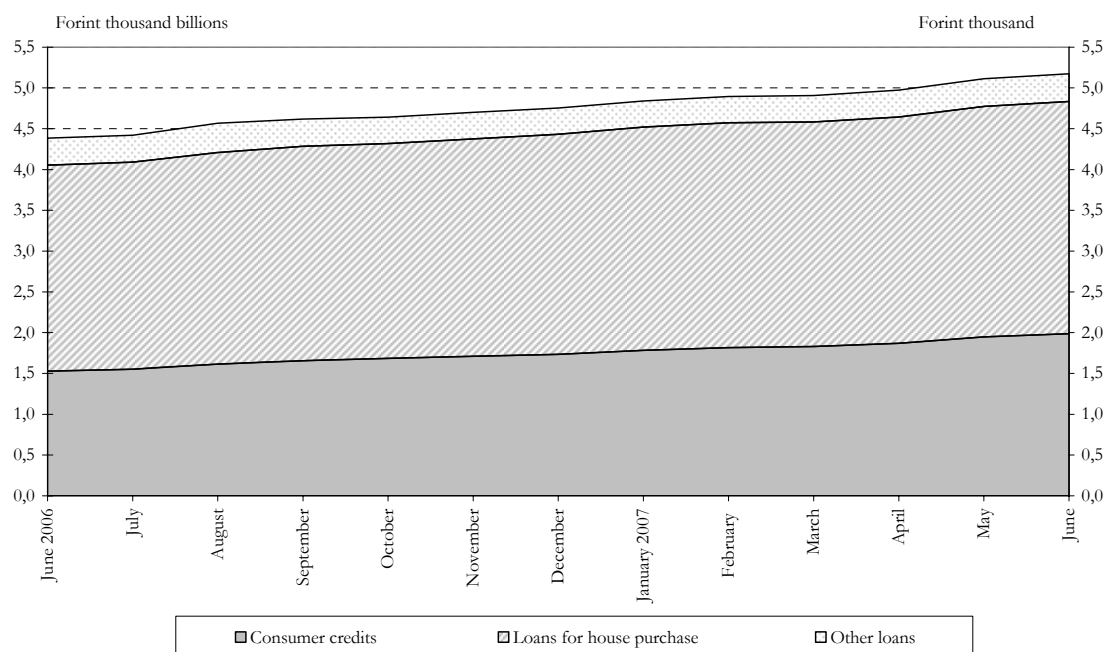
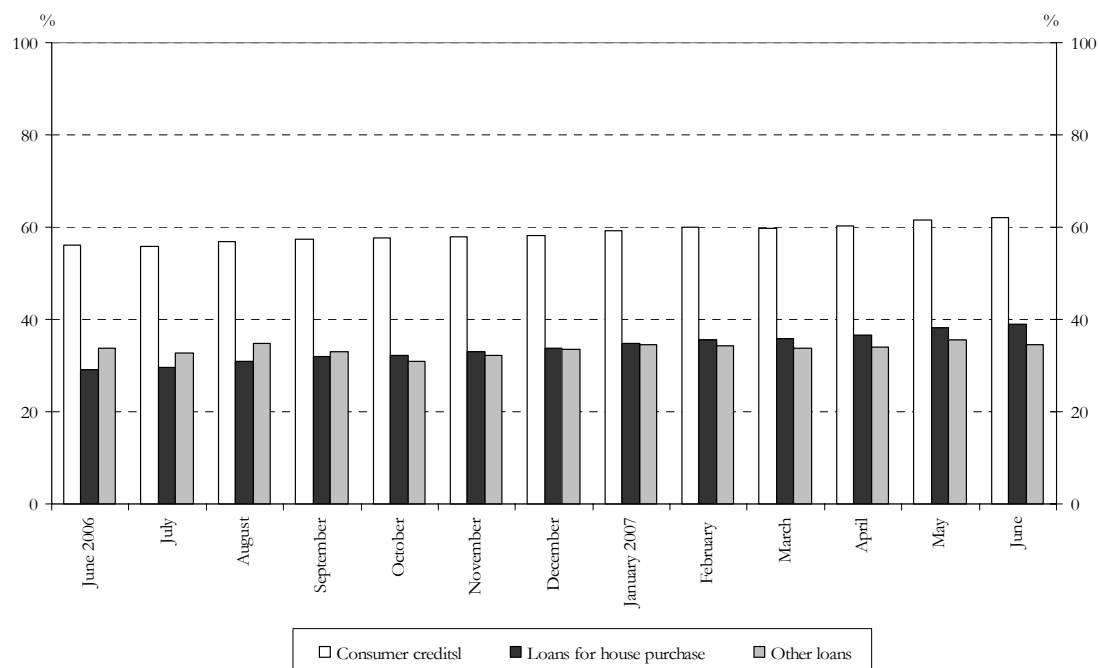


Figure 12: The ratio of household loans denominated in foreign currencies by loan types



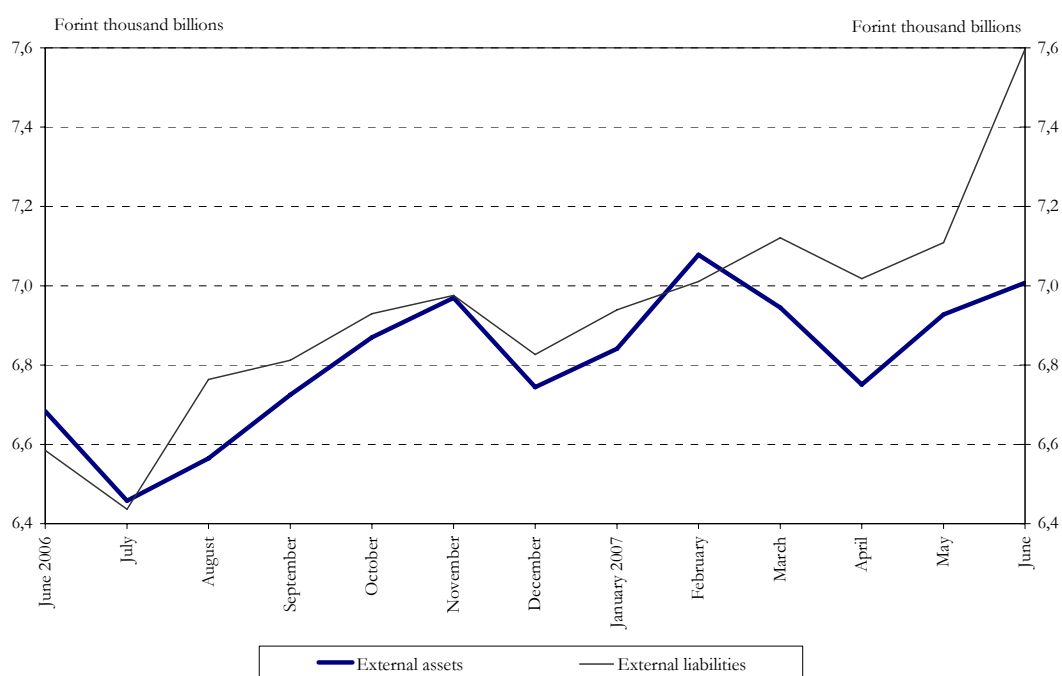
Within the household deposits with monetary financial institutions, the share of overnight deposits grew by HUF 43.7 billion. The amount of time deposits decreased by HUF 27.2 billion. More specifically, the amount of time deposits of an agreed maturity up to 12 months was reduced by HUF 30.2 billion, whereas those of an agreed maturity over 12 months increased by HUF 2.9 billion.

With the exception of February 2007, the **foreign liabilities of monetary financial institutions** have exceeded the amount of **receivables** since August 2006. The amount of both receivables and liabilities increased in June. Since the amount of foreign receivables and liabilities grew respectively by HUF 79.8 billion and HUF 488.0 billion, the net receivables of the sector decreased by HUF 408.2 billion.

The **foreign receivables and liabilities of the central bank** decreased respectively by HUF 30.0 billion and HUF 55.0 billion. The net receivables increased by HUF 25.0 billion.

The net **foreign receivables of other monetary financial institutions** decreased by HUF 433.2 billion. The foreign receivables of the sector increased by HUF 109.8 billion, of which transactions resulted in the growth of HUF 146.9 billion, balanced by a decrease of HUF 37.5 billion due to exchange rate fluctuations. Net foreign liabilities increased by HUF 543.0 billion. Transaction generated a growth of HUF 661.4 billion, whereas the change of the rate of exchange resulted in a decrease of HUF 118.4 billion.

Figure 13: Foreign receivables and liabilities



Notes on methodology

Since in order to ensure the comparability of data, seasonal fluctuations and any distorting factors must be eliminated, a seasonal adjustment is applied to the time series of the monetary aggregates. Trend data are derived at from the seasonally adjusted figures by eliminating the peak values pertaining to the individual impacts identified during the seasonal adjustment and the random components that are not justified by the model. The growth indices included in the document are generated from the trend data by dividing the data for the period under review with the relevant data of the previous month and raising the quotient to the twelfth power in order to arrive at the annualised figure. The short-base annualised monthly indices generated by this method better reflect the changes during the most recent period than the straightforward annual (12-month base) indices.

Percentages and ratios are calculated from unrounded figures. Rounding differences may cause the sums of part data to differ from the summarised data.

The basic data employed in this document are available on the MNB's website http://www.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=0708_monstatpubl_bu.xls.

Budapest, July 31st 2007

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