

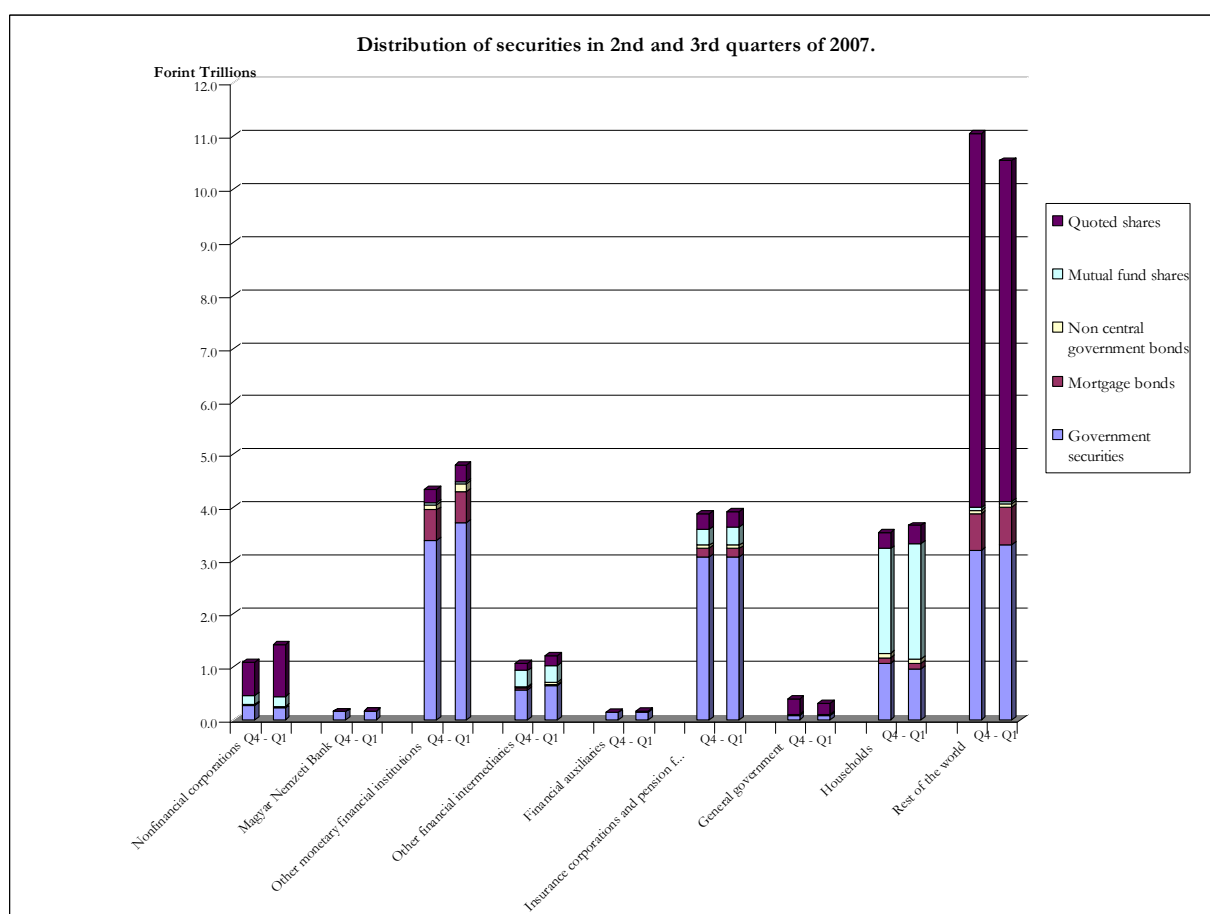
22 May 2008

PRESS RELEASE

Securities holdings by sector: 2008 Q1¹

In 2008 Q1, debt securities holdings rose in the markets of mortgage bonds and other bonds. In contrast, holdings of government securities fell slightly. In the debt securities market, the percentage share of other monetary financial institutions, including credit institutions, of holdings of both government securities and other bonds rose. Non-resident investors increased their share of the market of mortgage bonds.

Market capitalisation of quoted shares fell, due to the decline in prices. Consequently, market participants registered a holding loss on their portfolios. The market share of non-residents', with the largest holdings of quoted shares, rose significantly. Financial corporations and households' market shares were up slightly. In contrast, the market share of non-financial corporations fell significantly. In the market, households and non-financial corporations continued their purchases of mutual fund shares. The market share of financial corporations fell back in the period under review.



¹ Stock data always refer to the end of the quarter.

Debt securities

Measured at market value, Hungarian government debt securities holdings² fell by 0.1% to a total of HUF 15,014.4 billion in 2008 Q1. Holdings of government bonds fell by 0.8% and those of treasury bills rose by 0.8%. Total holdings of MNB bills were 11.2% higher at the end of the period. Declines in government securities prices reduced the value of total holdings by HUF 584.6 billion; and the nominal value of government paper outstanding in the market rose by HUF 567.5 billion. As a combined result of these developments, the market value of government securities holdings fell by HUF 17.1 billion compared with the end of December 2007.

Other monetary financial institutions' share of the government securities market rose by nearly 2 percentage points. The sector has not registered a higher share than currently since 2007 Q1. Non-resident investors' market share fell by 0.5 percentage points during the quarter, mainly on account of price losses recorded on their portfolios. Insurance corporations and pension funds' share of the market fell by 2 percentage points to 18%, a level last registered in September 2004. Households stabilised their share at the level reached in previous quarters (6.0%). General government increased its share of government securities holdings by 0.3%, mainly as a result of purchases by local government authorities.

All of the sectors registered price losses in the market of government securities. Other monetary financial institutions, non-residents and local authorities were the largest net buyers (HUF 419.4 billion, HUF 82.1 billion and HUF 39.3 billion, respectively). Insurance corporations and pension funds were net sellers (HUF 71.7 billion), selling mainly long-term securities.

Distribution of Government Securities Holdings by Sector

	Government Securities Total							percent
	2006		2007				2008	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Nonfinancial corporations (S. 11)	2.1	1.8	1.6	1.7	1.4	1.5	1.6	
Magyar Nemzeti Bank (S. 121)	1.2	1.2	1.1	1.0	1.0	1.1	1.0	
Other monetary financial institutions (S. 122)	18.4	18.2	24.6	22.5	24.0	22.1	24.0	
Other financial intermediaries (S. 123)	3.9	3.3	3.4	3.8	4.1	3.8	3.9	
Financial auxiliaries (S. 124)	0.9	1.0	0.9	0.9	0.9	0.9	0.9	
Insurance corporations and pension funds (S. 125)	20.1	21.6	19.1	20.4	19.8	20.1	18.0	
Financial corporations (S. 12)	44.6	45.3	49.0	48.6	49.8	48.0	47.9	
Central government (S. 1311)	0.3	0.3	0.2	0.3	0.3	0.3	0.3	
Local government (S. 1313)	0.4	0.3	0.3	0.3	0.2	0.3	0.6	
Social security funds (S. 1314)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
General government (S. 13)	0.7	0.6	0.5	0.5	0.5	0.6	0.9	
Households (S. 14)	8.1	8.2	7.1	6.9	6.1	6.0	6.1	
Nonprofit institutions serving households (S. 15)	0.2	0.2	0.2	0.2	0.1	0.1	0.2	
Rest of the world (S. 2)	44.3	43.9	41.5	42.1	42.1	43.8	43.3	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

The market value of mortgage bond holdings was HUF 1,857.5 billion at the end of 2008 Q1. That was HUF 291.6 billion, or 18.6%, higher than at the end of the previous quarter. The 7.4 percentage point drop in other monetary financial institutions' share and the 7.8 percentage point increase in non-residents' share were the two most important changes in the shares accounted for by the holding sectors. Insurance corporations and pension funds' percentage share fell by 1.0 percentage point. Non-residents and other monetary financial institutions, with a 53.3% and a 27.0% share respectively, continued to be the largest participants.

² In this press release, government securities include domestically issued forint-denominated government bonds, treasury bills and forint-denominated bills issued by the MNB.

Distribution of Mortgage Bonds Holdings by Sector

percent

	Mortgage Bonds Total						
	2006		2007				2008
	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Nonfinancial corporations (S. 11)	0.9	1.0	0.3	0.3	0.4	0.4	0.2
Magyar Nemzeti Bank (S. 121)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other monetary financial institutions (S. 122)	37.8	38.1	38.6	37.0	36.5	34.4	27.0
Other financial intermediaries (S. 123)	3.2	3.1	2.5	2.3	2.3	2.8	3.6
Financial auxiliaries (S. 124)	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Insurance corporations and pension funds (S. 125)	9.6	9.8	9.8	9.9	9.9	10.7	9.6
Financial corporations (S. 12)	51.0	51.4	51.2	49.5	49.0	48.6	40.5
Central government (S. 1311)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Local government (S. 1313)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Social security funds (S. 1314)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General government (S. 13)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Households (S. 14)	7.0	6.5	6.4	6.0	5.9	5.9	6.0
Nonprofit institutions serving households (S. 15)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rest of the world (S. 2)	41.2	41.1	42.1	44.2	44.7	45.5	53.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Holdings of other bonds,³ calculated at market value, rose further by 4.5% to HUF 2,314.3 billion in 2008 Q1. This increase mainly reflected new bond issuances in the period. Other monetary financial institutions were the largest institutional sector in terms of holdings of other bonds. Credit institutions increased their holdings of other bonds by HUF 112.3 billion (4.2%). In contrast, non-residents sold HUF 14.5 billion of bonds. Despite a fall of 3.8 percentage points in their share, of non-residents continued to be the most significant holding sector of the market. Other monetary financial institutions nearly doubled their share over the past two quarters. Consequently, they held almost 20% of the market at the end of Q1.

Distribution of Other Bonds Holdings by Sector

percent

	Other Bonds Total						
	2006		2007				2008
	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Nonfinancial corporations (S. 11)	1.2	1.0	1.2	1.3	1.4	1.4	1.4
Magyar Nemzeti Bank (S. 121)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other monetary financial institutions (S. 122)	4.8	4.2	4.7	5.8	8.0	14.8	19.1
Other financial intermediaries (S. 123)	2.1	1.4	1.0	1.0	1.5	1.6	1.1
Financial auxiliaries (S. 124)	0.5	0.4	0.4	0.4	0.3	0.3	0.3
Insurance corporations and pension funds (S. 125)	3.7	3.4	3.1	3.2	3.2	2.9	2.8
Financial corporations (S. 12)	11.1	9.4	9.1	10.3	13.0	19.6	23.3
Central government (S. 1311)	1.4	1.2	1.1	1.1	1.0	0.9	0.9
Local government (S. 1313)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Social security funds (S. 1314)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General government (S. 13)	1.4	1.2	1.1	1.1	1.0	0.9	0.9
Households (S. 14)	5.7	4.7	4.4	4.7	4.9	4.6	4.8
Nonprofit institutions serving households (S. 15)	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Rest of the world (S. 2)	80.5	83.6	84.1	82.6	79.6	73.4	69.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

³ In this press release, bonds issued by domestic sectors, other than the central government and the MNB, are included in the other bonds category. The time series for other bonds has been complemented with data for bonds held in custody abroad, compared with the data released in the previous quarter. The full time series has been backdated accordingly.

Shares and other equity

Market capitalisation of quoted share holdings fell by 16.5% to HUF 6,670.5 billion in 2008 Q1, due the decline in prices.⁴ One share was approved for trading. No stock was de-listed from the stock exchange in the review period.

All of the holding sectors registered prices losses, due to the fall in share prices. Non-residents purchased large amounts. Consequently, their market share rose by 3.7%. The corporate sector's holdings of quoted shares increased further, with their market share rising by 0.6 percentage points. The sector became the second largest participant of the market. Non-financial corporations' market share fell, due mainly to transactions by MOL in its own shares. The market share of households rose by 0.5 percentage points, due to their purchases.

Quoted shares held by institutional sectors

	percent						
	Quoted shares						
	2006		2007				2008
	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Nonfinancial corporations (S. 11)	6.1	8.8	7.6	7.0	11.2	10.9	6.1
Magyar Nemzeti Bank (S. 121)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other monetary financial institutions (S. 122)	2.1	0.7	0.2	2.9	3.6	3.9	4.5
Other financial intermediaries (S. 123)	2.1	1.6	1.7	1.5	2.0	2.1	1.7
Financial auxiliaries (S. 124)	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Insurance corporations and pension funds (S. 125)	3.1	3.2	3.2	3.2	3.4	3.9	4.3
Financial corporations (S. 12)	7.3	5.5	5.2	7.6	9.1	10.0	10.6
Central government (S. 1311)	4.1	3.3	3.1	2.9	2.1	2.5	2.5
Local government (S. 1313)	0.6	0.6	0.5	0.4	0.3	0.3	0.4
Social security funds (S. 1314)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General government (S. 13)	4.8	3.9	3.6	3.3	2.5	2.8	2.8
Households (S. 14)	4.2	3.9	4.1	3.4	4.0	4.3	4.8
Nonprofit institutions serving households (S. 15)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rest of the world (S. 2)	77.7	78.0	79.6	78.8	73.3	72.0	75.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Revaluation losses outweighed the increase in total holdings in the market of mutual fund shares continued in 2008 Q1. The outstanding total of mutual fund shares was HUF 3,186.6 billion at the end of the period.

The household sector continued to be the largest participant of the market, with its share rising by 0.6 percentage points. As in the previous quarter, the market share of financial corporations fell (-1.4 percentage points). Non-financial corporations' holdings increased significantly, as a result of which their market share rose to 6.1%. The market shares of non-profit institutions serving households and non-residents continued to be insignificant, despite the continuous increase in their holdings of mutual fund shares.

⁴ In this press release, the value of market capitalisation differs from the data provided by the Budapest Stock Exchange, due to the delays in the admission of shares of two firms.

Net asset value of mutual fund shares by holding sector

percent

	Mutual fund shares						
	2006		2007				2008
	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Nonfinancial corporations (S. 11)	5.6	5.3	5.4	5.8	5.9	5.6	6.1
Magyar Nemzeti Bank (S. 121)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other monetary financial institutions (S. 122)	1.1	1.1	1.2	1.2	1.2	1.2	1.1
Other financial intermediaries (S. 123)	11.6	11.3	11.1	10.7	10.4	9.9	9.3
Financial auxiliaries (S. 124)	0.2	0.1	0.1	0.1	0.2	0.1	0.2
Insurance corporations and pension funds (S. 125)	9.5	10.3	10.6	10.9	11.1	11.1	10.3
Financial corporations (S. 12)	22.4	22.8	22.9	22.9	22.9	22.3	20.9
Central government (S. 1311)	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Local government (S. 1313)	0.6	0.5	0.5	0.5	0.5	0.5	0.5
Social security funds (S. 1314)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General government (S. 13)	0.6	0.5	0.6	0.5	0.6	0.6	0.6
Households (S. 14)	69.4	69.0	68.6	68.4	68.2	68.8	69.4
Nonprofit institutions serving households (S. 15)	0.8	0.9	0.9	0.9	0.9	0.9	1.1
Rest of the world (S. 2)	1.2	1.4	1.6	1.5	1.6	1.8	1.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Methodological notes to the press release and tables:

- 1 In line with international accounting recommendations (ESA 1995 and SNA '93), changes in the number of outstanding mutual fund shares (i.e. their total amount held by institutional sectors) and capitalisation of property income (interest, dividends, rents, etc.) are treated as transactions.
- 2 The codes attached to the sectors and sub-sectors (for example, S.121) refer to the corresponding categories used in international sector classification. For a detailed description of the institutional sectors, see 'New sector classification from June 2001', on the MNB's website (www.mnb.hu) at Financial data/Statistics.
- 3 The tables containing stock data are accessible on the Bank's website (www.mnb.hu) at Statistics/Statistical data, time series/VIII. Securities.
- 4 The percentages and ratios have been calculated on the basis of data before rounding. The sums of sub-totals may not add to total due to rounding.

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