10 March 2016

PRESS RELEASE

Securities issued by Hungarian residents and breakdown by holding sectors

January 2016

According to securities statistics data, the amount outstanding of equity securities and debt securities issued by Hungarian residents[1] was HUF 40,204 billion at market value at the end of January 2016, rising by HUF 706 billion relative to the end of December 2015. Within this, stocks of debt securities increased by HUF 735 billion and those of equity securities fell by HUF 28 billion. Households and financial corporations increased their securities holdings by HUF 106 billion and HUF 565 billion, respectively. By contrast, non-residents reduced their securities holdings by HUF 52 billion during the month.

Developments in outstanding amount of securities by types of security

Table 1

Outstanding amount of securities issued by residents and components of changes by main types of security; at market value; HUF billions

Securities	Opening positions	Transactions	Price changes	Foreign exchange rate changes	Other volume changes	Closing positions	Ratio %	Change
Debt securities								
Government securities	24 786	691	133	-24	0	25 586	63,6%	800
Mortgage bonds	1 073	4	2	-1	0	1 078	2,7%	5
Other bonds	2 816	-67	1	-4	0	2 746	6,8%	-70
total	**28 675**	**628**	**136**	**-29**	**0**	**29 410**	**73,2%**	**735**
Equity and investment fund shares								
Investment fund shares	5 778	-10	-26	-3	0	5 740	14,3%	-38
Quoted shares	5 045	0	10	0	0	5 055	12,6%	10
total	**10 823**	**-10**	**-16**	**-3**	**0**	**10 795**	**26,8%**	**-28**
Total securities	**39 498**	**618**	**120**	**-31**	**0**	**40 204**	**100,0%**	**706**

The market value of securities issued by central government rose by HUF 800 billion in January, amounting to HUF 25,586 billion. Within this, the stock of forint-denominated securities amounted to HUF 17,676 billion and those of foreign currency-denominated securities to HUF 7,910 billion.

[1] In the press release, equity securities include mutual fund shares and quoted shares issued by residents. For more details about the types of securities presented in the press release, see the methodological notes at the following link: https://www.mnb.hu/letoltes/ertekpapir-modszertan-en.pdf.

In the market of *long-term forint-denominated* government securities, four new series were issued and one privately issued government bond matured in January 2016. In the primary market, new issues amounted to HUF 66 billion and tap issues to HUF 91 billion at nominal value. In the market of *short-term forint-denominated* government securities, discount Treasury bill issues amounted to HUF 349 billion and maturities to HUF 83 billion. There were significant issues of securities to households in the month, with sales amounting to HUF 258 billion at nominal value and maturities to HUF 113 billion. Forint yields fell, which resulted in a HUF 140 billion price change during the month.

There was no significant transaction in the market of *foreign currency-denominated securities* issued by central government. A new series of residency bonds was launched during the month. Price and exchange rate changes reduced the market value of securities by HUF 7 billion and HUF 24 billion, respectively.

The market value of mortgage bonds issued by resident credit institutions amounted to HUF 1,078 billion at the end of the month, falling by HUF 5 billion relative to the end of the previous month. Within this, the stocks of forint and foreign currency-denominated mortgage bonds amounted to HUF 753 billion and HUF 325 billion, respectively. There was one small-amount tap issue in January. In addition to these, transactions reflected accruals of interest and interest payments.

The market value of other bonds, not classified into government securities, fell by HUF 70 billion, with the effect of transactions accounting for HUF -67 billion. The stock of forint and foreign currency-denominated bonds amounted to HUF 885 billion and HUF 1,861 billion respectively, at the end of the month.

In January, four new bonds were issued in the amount of HUF 6 billion, which on the issuer side reflected the activity of credit institutions. Eighteen bonds matured during the month, in a total value of HUF 35 billion. Within this, the bonds of credit institutions accounted for HUF 27 billion and those of the non-financial corporate sector for HUF 0.1 billion. There was one significant redemption in January in a value of HUF 41 billion, affecting a foreign currency-denominated bond issued by credit institutions.

In January, the market value of mutual fund shares issued by resident investment funds fell by HUF 38 billion to HUF 5,740 billion at the end of the period. Here, shares issued by money market funds accounted for HUF 1,158 billion and those issued by other funds for HUF 4,582 billion. Five new mutual fund shares were issued and five matured in the month. The value of new issues was HUF 12 billion and that of maturities HUF 20 billion. In addition to transactions, price and exchange rate changes reduced the forint value of stocks by HUF 26 billion and HUF 3 billion, respectively.

Market capitalisation of quoted shares issued by resident companies increased by HUF 10 billion in January to HUF 5,055 billion. Within this, shares issued by credit institutions and other companies, respectively, amounted to HUF 1,748 billion and HUF 3,285 billion. Developments in the prices of blue chips were mixed: market capitalisation rose marginally compared with the previous month. The shares of one dissolved company were delisted in the month.

Securities holdings in a breakdown by holding sector

Table 2

Holdings of securities issued by residents and components of changes broken down by holding sector; at market value; HUF billions

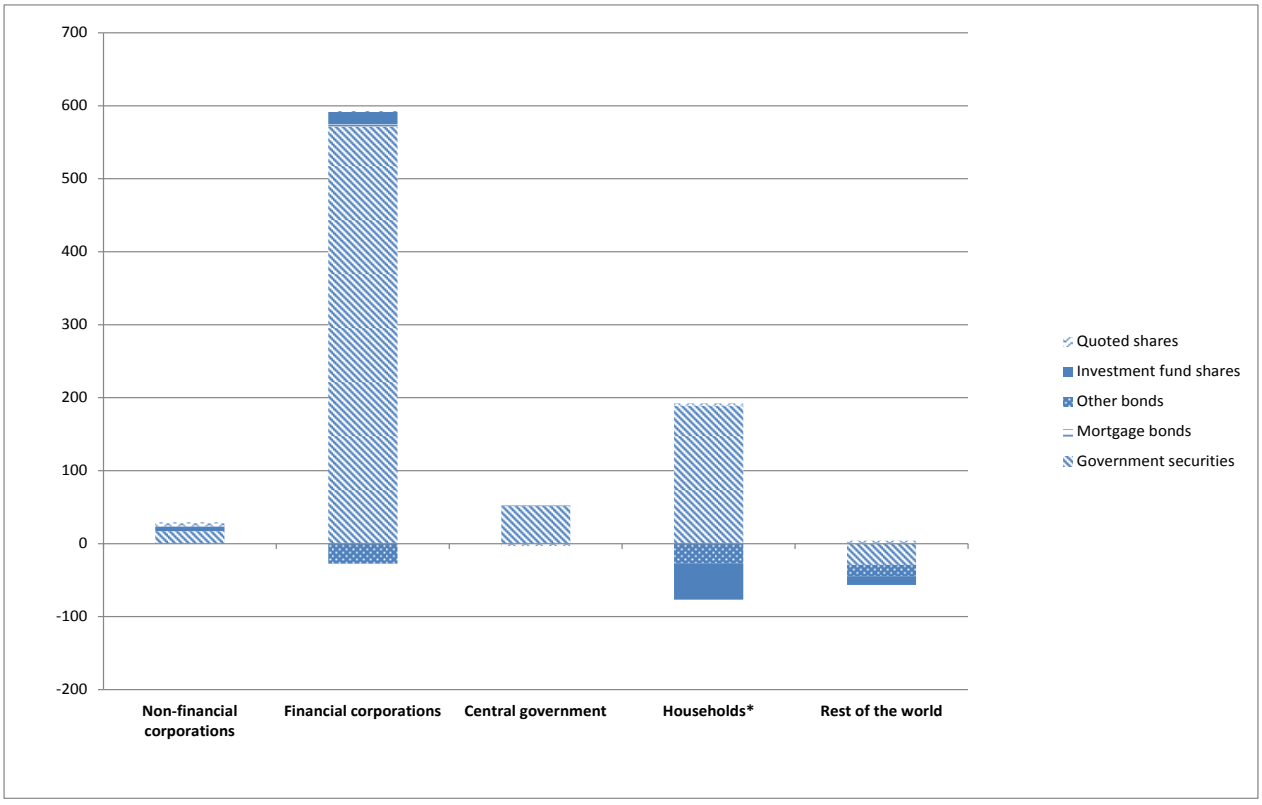
Holding sectors	**Opening positions**	Transactions	Price changes	Foreign exchange rate changes	Other volume changes	**Closing positions**	Ratio %	Change
Non-financial corporations	1 209	25	4	0	0	1 238	3,1%	29
Financial corporations total	13 572	513	58	-5	0	14 137	35,2%	565
of which Credit institutions	8 073	287	45	-3	0	8 402	*20,9%*	*329*
Central government	821	52	-3	0	0	870	2,2%	49
Households*	8 005	107	11	-2	0	8 121	20,2%	116
Rest of the world	15 891	-78	50	-24	0	15 839	39,4%	-52
Total	**39 498**	618	120	-31	0	**40 204**	100,0%	706

*Including stock of nonprofit institutions serving households.

In January, the market value of total securities holdings rose by HUF 706 billion to HUF 40,204 billion at the end of the month, accompanied by divergent changes in holdings by the individual sectors. Here, residents held HUF 24,366 billion (or 60.6%) and non-residents HUF 15,839 billion (or 40.2%). In January, only non-resident holdings of securities fell; those of the other sectors increased.

Chart 1

Change in the distribution of securities issued by residents by holding sector in January 2016; HUF billions



*Including stock of nonprofit institutions serving households.

The decrease in securities held by non-residents due to transactions accounted for HUF 78 billion of the change in their holdings. In January, non-residents were sellers in the market of securities issued by the government sector, with their holdings falling by HUF 51 billion due to transactions. Within this, long-term forint and foreign currency-denominated securities held by the sector fell and its investments in short-term forint-denominated securities increased slightly. Non-residents also reduced their holdings of other foreign currency-denominated bonds by HUF 15 billion, of mutual fund shares by HUF 9 billion and of quoted shares by HUF 5 billion. Their holdings of other securities remained broadly unchanged due to transactions.

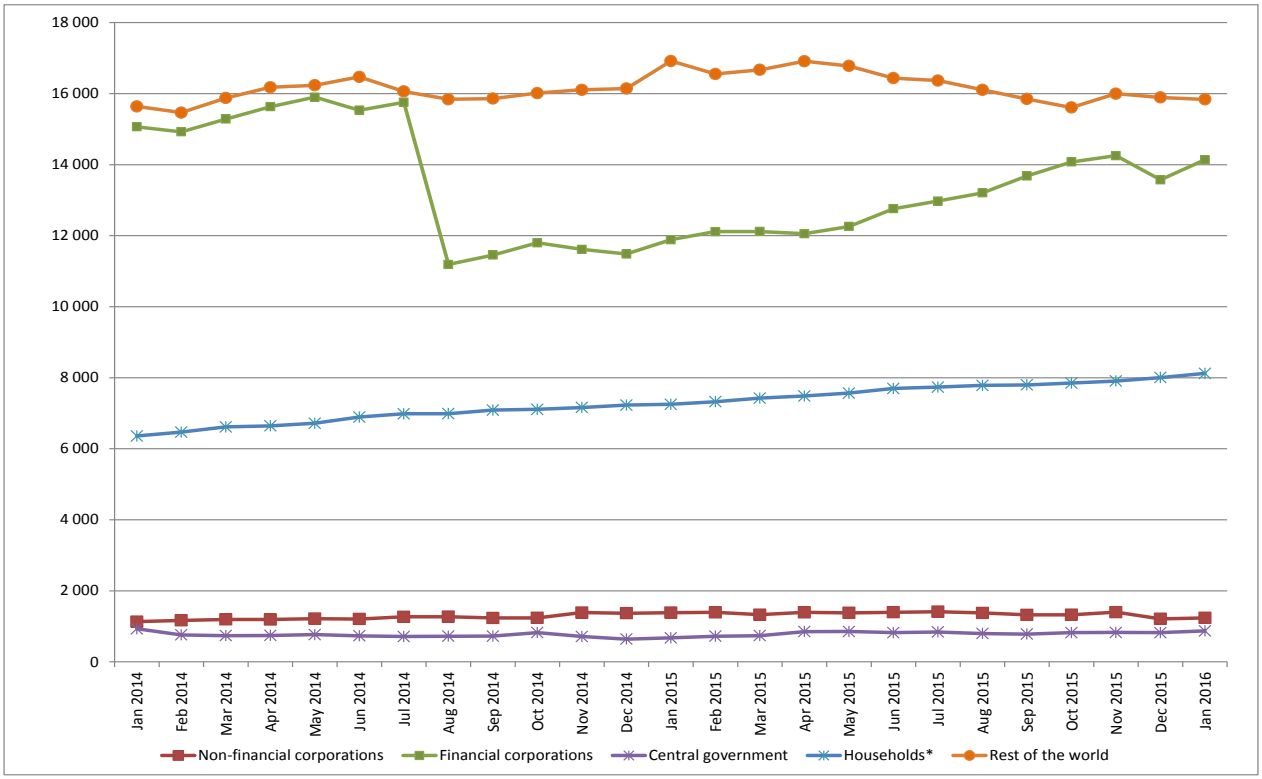
Credit institutions were net buyers in the month. They increased their holdings by HUF 329 billion, with transactions accounting for HUF 287 billion. Within this, their holdings of securities issued by the government sector rose by HUF 296 billion. Mortgage bonds and mutual fund shares held by the sector increased by HUF 9 billion and HUF 3 billion due to purchases.

In January 2016, holdings of securities by households (including non-profit institutions serving households) rose by HUF 116 billion, with transactions contributing HUF 107 billion to the increase. Purchases by households increased their holdings of government securities by HUF 159 billion. Here, they preferred buying short-term government securities, with their holdings increasing by HUF 118 billion. Households reduced their holdings in the market of mutual fund shares and other bonds. Holdings by non-profit institutions serving households also increased in January.

The longer-term increase in securities held by households continued in January. Holdings of securities by financial corporations rose following the temporary decline in the previous month. The share of non-residents fell slightly in January, as seen in the previous month.

Chart 2

Distribution of securities holdings issued by residents in a breakdown by holding sector; at market value; HUF billions



*Including stock of nonprofit institutions serving households.

Distribution of securities issued by central government by holding sector

Within holdings of securities issued by central government, recorded at market value, *non-resident* holdings of government securities fell by HUF 29 billion. Government securities held by financial corporations rose significantly, by HUF 571 billion during the month. Here, insurance corporations and pension funds as well as other funds purchased considerable amounts, in addition to credit institutions which recorded the strongest increase in holdings. Households and general government also significantly increased their holdings of government securities in January.

Table 3

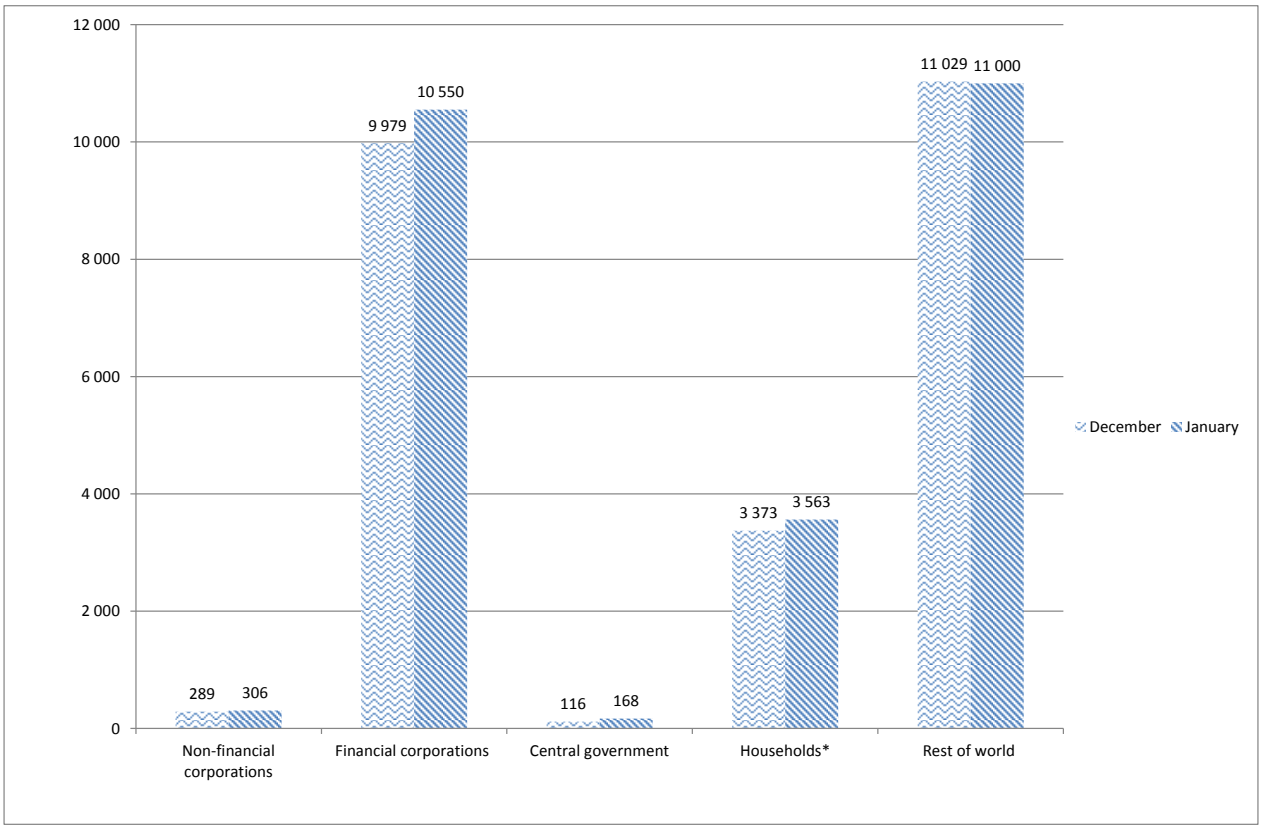
Distribution of securities holdings issued by central government in a breakdown by holding sector; at market value; HUF billions

Holding sectors	**Opening positions**	Transactions	Price changes	Foreign exchange rate changes	Other volume changes	**Closing positions**	Ratio %	Change
Non-financial corporations	289	17	1	0	0	306	1,2%	17
Financial corporations total	9 979	507	67	-3	0	10 550	41,2%	571
of which Credit institutions	6 583	296	46	-1	0	6 924	*27,1%*	*341*
Central government	116	51	0	0	0	168	0,7%	52
Households*	3 373	167	22	-1	0	3 563	13,9%	189
Rest of the world	11 029	-51	42	-21	0	11 000	43,0%	-29
Total	**24 786**	691	133	-24	0	**25 586**	100,0%	800

*Including stock of nonprofit institutions serving households.

Chart 3

Distribution of central government securities holdings issued by sector; HUF billions



*Including stock of nonprofit institutions serving households..

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Detailed tables: Table set

Methodology: Methodological notes

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