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PRESS RELEASE

Securities issued by Hungarian residents and breakdown by holding sectors

February 2016

According to securities statistics data, the amount outstanding of equity securities and debt securities issued by Hungarian residents¹ was HUF 39,813 billion at market value at the end of February 2016, falling by HUF 365 billion relative to the end of January. Within this, holdings of debt securities fell by HUF 142 billion and those of equity securities by HUF 223 billion. Households increased their securities holdings by HUF 88 billion and financial corporations reduced theirs by HUF 64 billion. Non-residents reduced their securities holdings by HUF 355 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; February 2016

Securities	Opening positions	Transactions	Price changes	Foreign exchange rate changes	Other volume changes	Closing positions	Ratio %	Change
Debt securities								
Government securities	25 561	31	74	-57	0	25 609	64,3%	48
Mortgage bonds	1 074	-161	-5	-2	0	907	2,3%	-168
Other bonds	2 746	-21	9	-10	0	2 724	6,8%	-22
total	29 381	-151	78	-69	0	29 240	73,4%	-142
Equity and investment fund shares								
Investment fund shares	5 740	-98	-3	-3	0	5 635	14,2%	-105
Quoted shares	5 057	1	-119	0	0	4 939	12,4%	-118
total	10 797	-98	-122	-3	0	10 573	26,6%	-223
Total securities	40 178	-249	-45	-72	0	39 813	100,0%	-365

The market value of securities issued by central government rose by HUF 48 billion in February, amounting to HUF 25,609 billion. Within this, the stock of forint-denominated securities amounted to HUF 17,761 billion and those of foreign currency-denominated securities to HUF 7,848 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/ertekpapier-modszertan-en.pdf>.

In the market of *long-term forint-denominated* government securities, one new series was issued and one government bond matured in February 2016. In the primary market, tap issues amounted to HUF 203 billion and redemptions to HUF 73 billion at nominal value. In the market of *short-term forint-denominated* government securities, discount Treasury bill issues amounted to HUF 272 billion and maturities to HUF 335 billion. Issues of securities to households continued to be significant in the month, with sales amounting to HUF 357 billion and maturities to HUF 126 billion at nominal value. Forint yields fell, which resulted in a HUF 80 billion price change during the month.

There was no significant transaction in the market of *foreign currency-denominated securities* issued by central government. Price and exchange rate changes reduced the market value of securities by HUF 7 billion and HUF 57 billion, respectively.

The market value of mortgage bonds issued by resident credit institutions amounted to HUF 907 billion at the end of the month, falling by HUF 168 billion relative to the end of January. Within this, the stocks of forint and foreign currency-denominated mortgage bonds amounted to HUF 583 billion and HUF 324 billion, respectively. There were significant transactions in the mortgage bond market in February: one bond was issued in the amount of HUF 19 billion. Two bonds matured in the amount of HUF 167 billion and one bond was redeemed in the amount of HUF 17 billion. 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 22 billion in February, with the effect of transactions accounting for HUF -21 billion. The stock of forint and foreign currency-denominated bonds amounted to HUF 870 billion and HUF 1,854 billion respectively, at the end of the month.

In February, five new bonds were issued in the amount of HUF 5 billion, which on the issuer side reflected the activity of credit institutions. Thirteen bonds matured during the month, in a total value of HUF 26 billion. Here, bonds issued by credit institutions were dominant. Maturities of bonds issued by the non-financial corporate sector amounted to HUF 0.3 billion.

In February, the market value of mutual fund shares issued by resident investment funds fell by HUF 105 billion to HUF 5,635 billion at the end of the period. Here, shares issued by money market funds accounted for HUF 1,083 billion and those issued by other funds for HUF 4,552 billion. Twenty-four new mutual fund shares were issued and eight matured in the month. The value of new issues was HUF 37 billion and that of maturities was HUF 22 billion, besides significant capital outflow was observed. In addition, price and exchange rate changes reduced the forint value of shares equally by HUF 3 billion.

Market capitalisation of quoted shares issued by resident companies fell by HUF 118 billion in February to HUF 4,939 billion. Within this, shares issued by credit institutions, non-financial corporations and other companies, respectively, amounted to HUF 1,705 billion, HUF 3,210 billion and HUF 24 billion. Developments in the prices of blue chips were mixed: market capitalisation fell by over 2% compared with the previous month.

Securities holdings in a breakdown by holding sector

Table 2

Holdings of securities issued by residents and components of changes in holdings in a breakdown by holding sector; at market value; HUF billions; February 2016

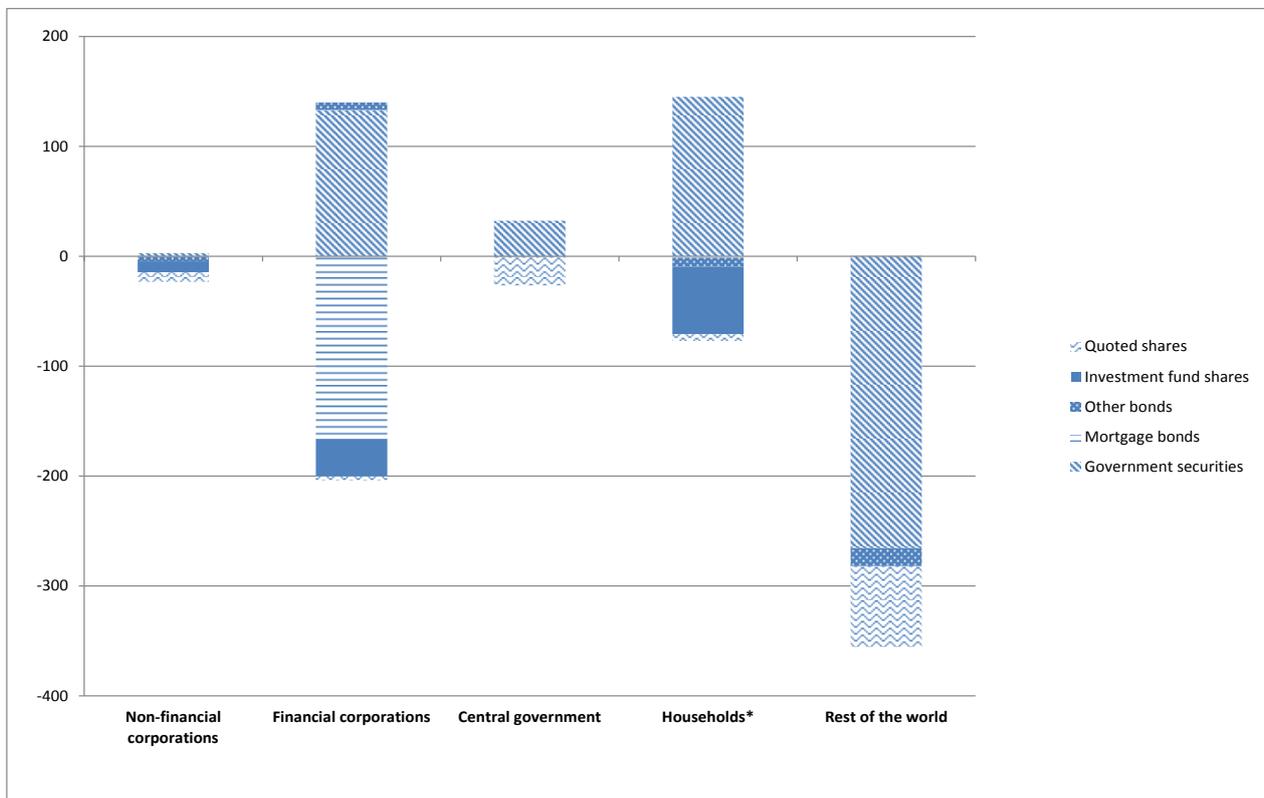
Holding sectors	Opening positions	Transactions	Price changes	Foreign exchange rate changes	Other volume changes	Closing positions	Ratio %	Change
Non-financial corporations	1 239	-9	-11	-1	0	1 218	3,1%	-20
Financial corporations total	14 133	-97	42	-8	0	14 069	35,3%	-64
<i>of which Credit institutions</i>	8 398	29	23	-4	0	8 446	21,2%	48
Central government	869	32	-26	0	0	875	2,2%	6
Households*	8 098	77	-4	-5	0	8 166	20,5%	68
Rest of the world	15 839	-252	-45	-58	0	15 484	38,9%	-355
Total	40 178	-249	-45	-72	0	39 813	100,0%	-365

* Including stock of nonprofit institutions serving households.

The market value of total securities holdings amounted to HUF 39,813 billion at the end of the month, accompanied by divergent changes in holdings by the individual sectors. Here, residents held HUF 24,329 billion (or 61.1%) and non-residents HUF 15,484 billion (or 38.9%). In February, holdings of securities by households, credit institutions and general government increased and holdings by the other sectors fell.

Chart 1

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



* Including stock of nonprofit institutions serving households.

The decline in non-residents' securities holdings due to transactions accounted for HUF 252 billion of the change in their holdings. In February, non-residents were sellers in the market of securities issued by the government sector, with their holdings falling by HUF 240 billion due to transactions. Within this, long-term forint and foreign currency-denominated securities held by the sector fell significantly and its investments in short-term forint-denominated securities dropped slightly. Non-residents also reduced their holdings of other foreign currency-denominated bonds by HUF 16 billion and increased their holdings of quoted shares by HUF 4 billion.

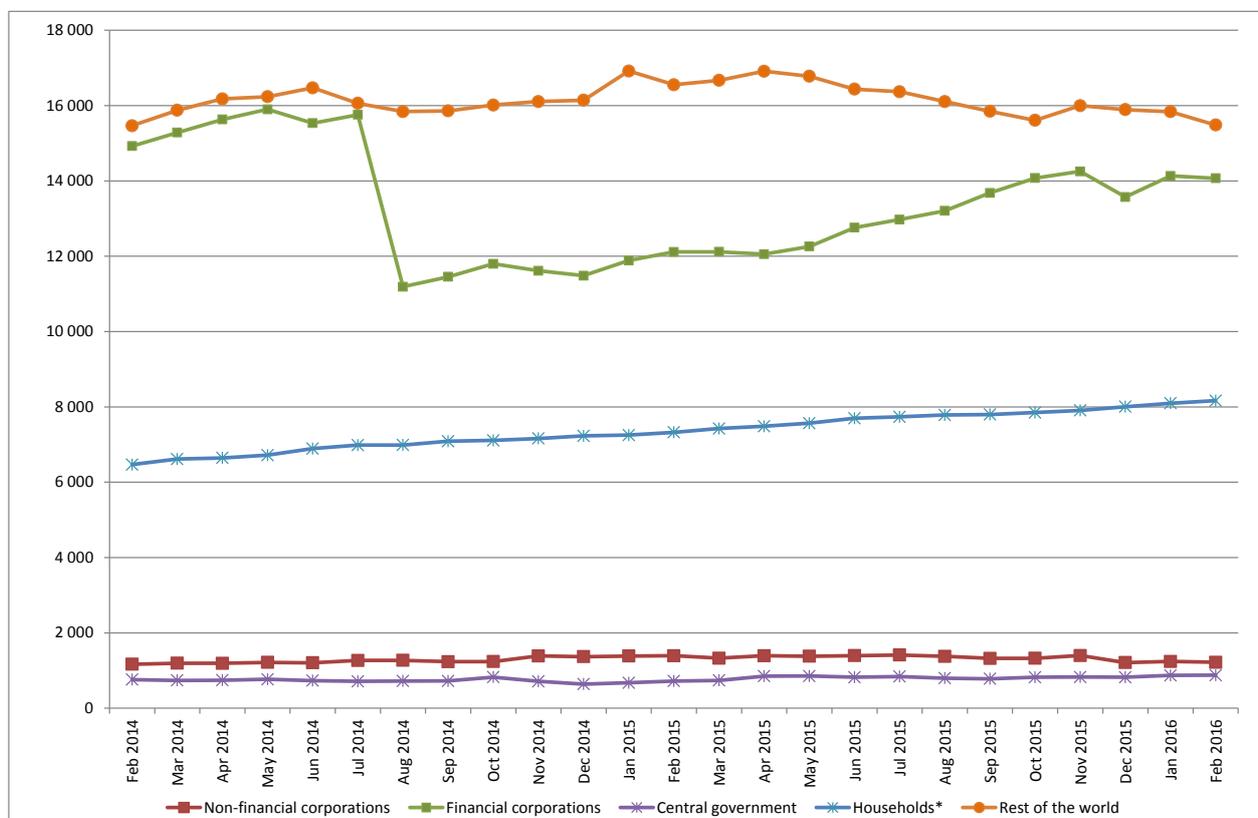
Credit institutions were net buyers in the month. They increased their holdings by HUF 48 billion, with transactions accounting for HUF 29 billion. Within this, their holdings of securities issued by the government sector rose by HUF 187 billion. Holdings of other bonds increased by HUF 6 billion. By contrast, mortgage bonds and mutual fund shares held by the sector fell by HUF 162 billion and HUF 2 billion, respectively, due to transactions.

In February, holdings of securities by households (including non-profit institutions serving households) rose by HUF 68 billion, with transactions contributing HUF 77 billion to the increase. Purchases by households increased their holdings of government securities by HUF 164 billion. Here, they preferred buying short-term government securities, with their holdings increasing by HUF 140 billion. Households reduced their holdings of other securities. The largest fall, at HUF 57 billion, occurred in holdings of mutual fund shares. Holdings of securities by non-profit institutions serving households fell in February.

The longer-term increase in securities held by households continued in February. Holdings of securities by financial corporations fell marginally relative to in the previous month. The share of non-residents declined further in February, 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 265 billion in February. Government securities held by financial corporations rose by HUF 133 billion during the month. Here, other funds, money market funds as well as insurance corporations and pension funds sold considerable amounts, in addition to credit institutions which recorded the strongest increase in holdings. Households and general government also increased significantly their holdings of government securities in the month.

Table 3

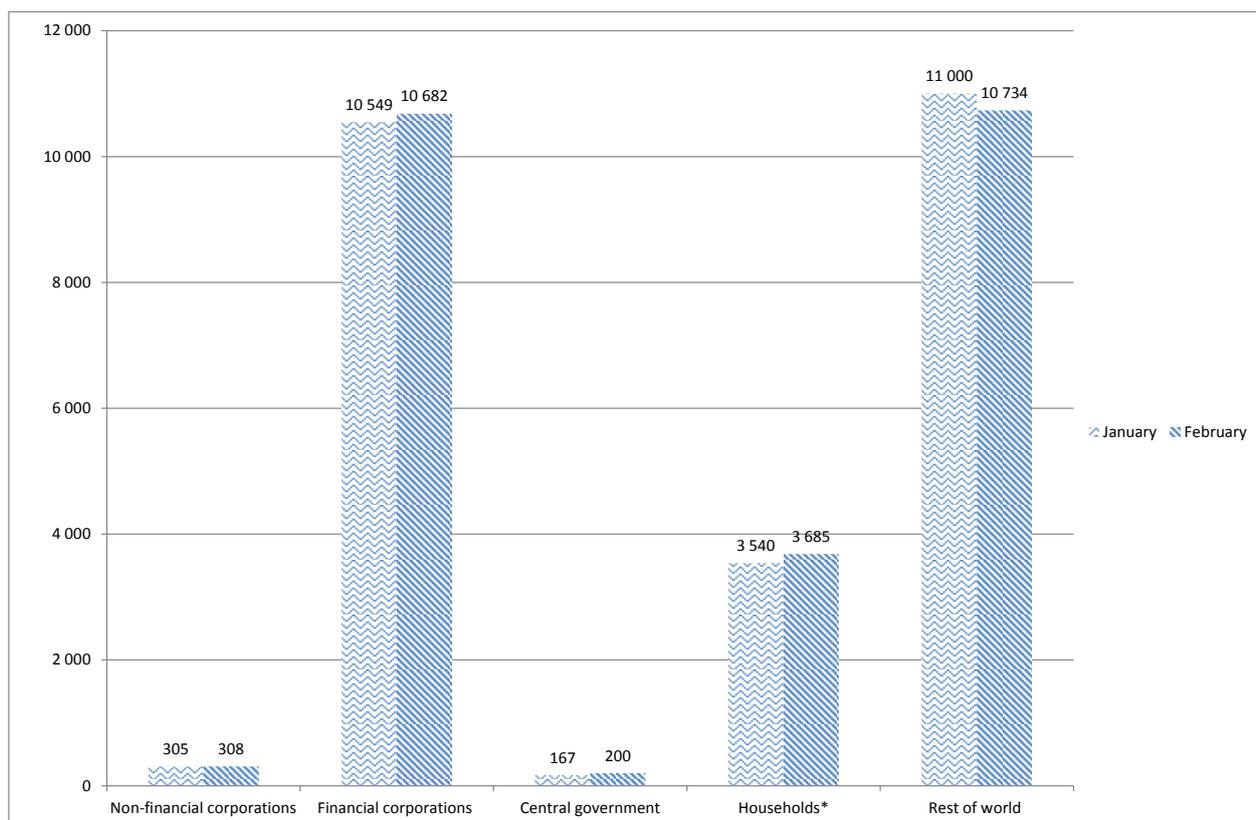
Distribution of securities holdings issued by central government in a breakdown by holding sector; at market value; HUF billions; February 2016

Holding sectors	Opening positions	Transactions	Price changes	Foreign exchange rate changes	Other volume changes	Closing positions	Ratio %	Change
Non-financial corporations	305	4	-1	-1	0	308	1,2%	3
Financial corporations total	10 549	89	48	-4	0	10 682	41,7%	133
<i>of which Credit institutions</i>	6 923	187	28	-3	0	7 136	27,9%	212
Central government	167	32	0	0	0	200	0,8%	32
Households*	3 540	146	1	-1	0	3 685	14,4%	145
Rest of the world	11 000	-240	25	-50	0	10 734	41,9%	-265
Total	25 561	31	74	-57	0	25 609	100,0%	48

* 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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With the release of data for the review period, data for January 2016 also changed. Calculated at market value, the closing stocks of government securities and mortgage bonds decreased by HUF 24.7 billion and HUF 3.8 billion, respectively, while those of quoted shares increased by HUF 2 billion relative to the previous release.

Detailed tables: [Table set](#)

Methodology: [Methodological notes](#)

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