

14 April 2008

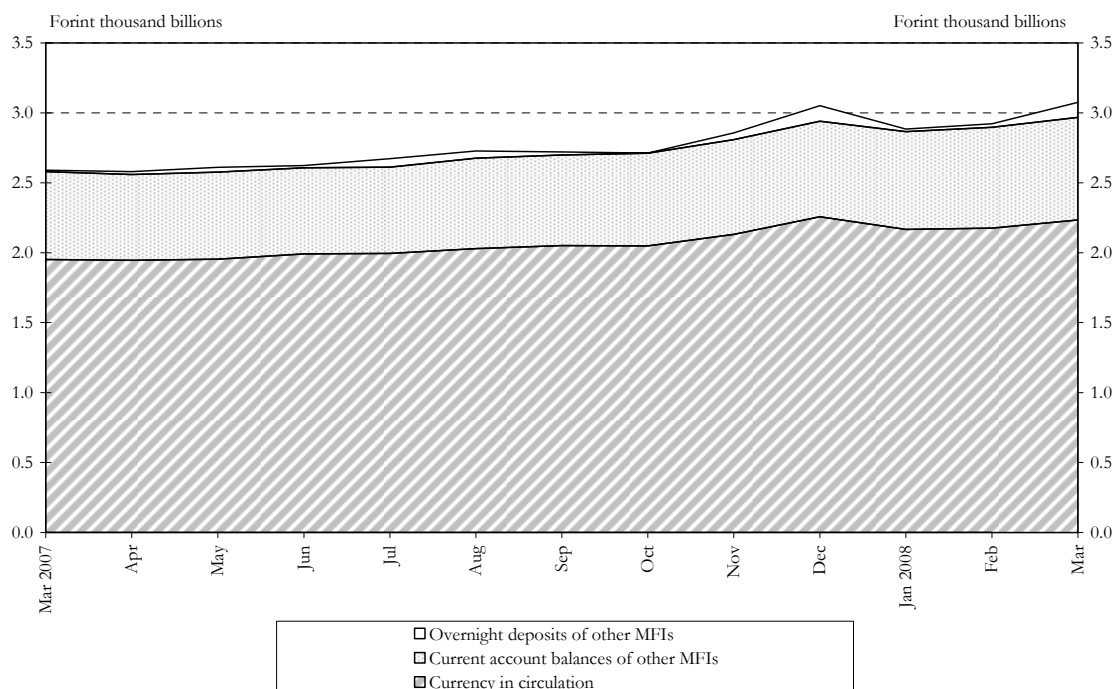
**PRESS RELEASE**

**Preliminary statistical balance sheet of the MNB  
March 2008**

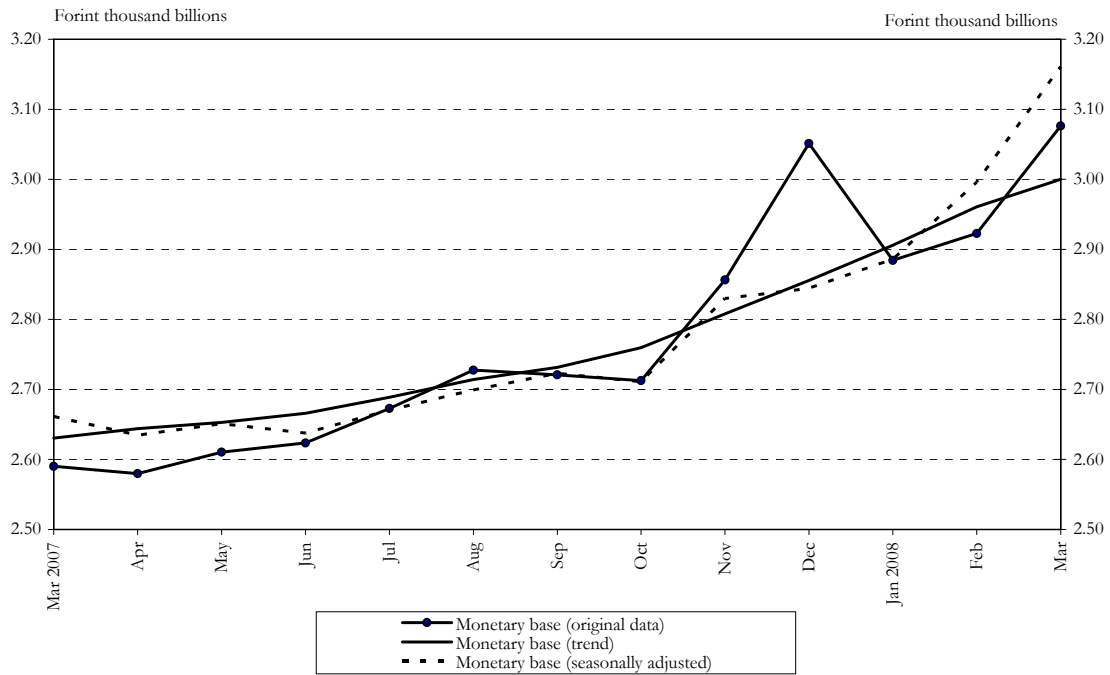
In March 2008, the monetary base rose by HUF 153.6 billion to HUF 3,076.2 billion. Of the components of the monetary base, the monthly average stock of currency in circulation increased by HUF 58.3 billion to HUF 2,234.0 billion; that of other monetary financial institutions' current account balances by HUF 11.9 billion to HUF 733.1 billion; and that of other monetary financial institutions' overnight deposits by HUF 83.3 billion to HUF 109.1 billion.

The composition of the monetary base changed compared with the previous month, due to an increase of 2.7 percentage points in the percentage share of overnight deposits. The percentage share of currency in circulation fell to 72.6% and that of monetary financial institutions' current account balances to 23.8%. In contrast, other monetary financial institutions' overnight deposits rose to 3.5% as a percentage of the monetary base.

**Chart 1 Components of the monetary base**

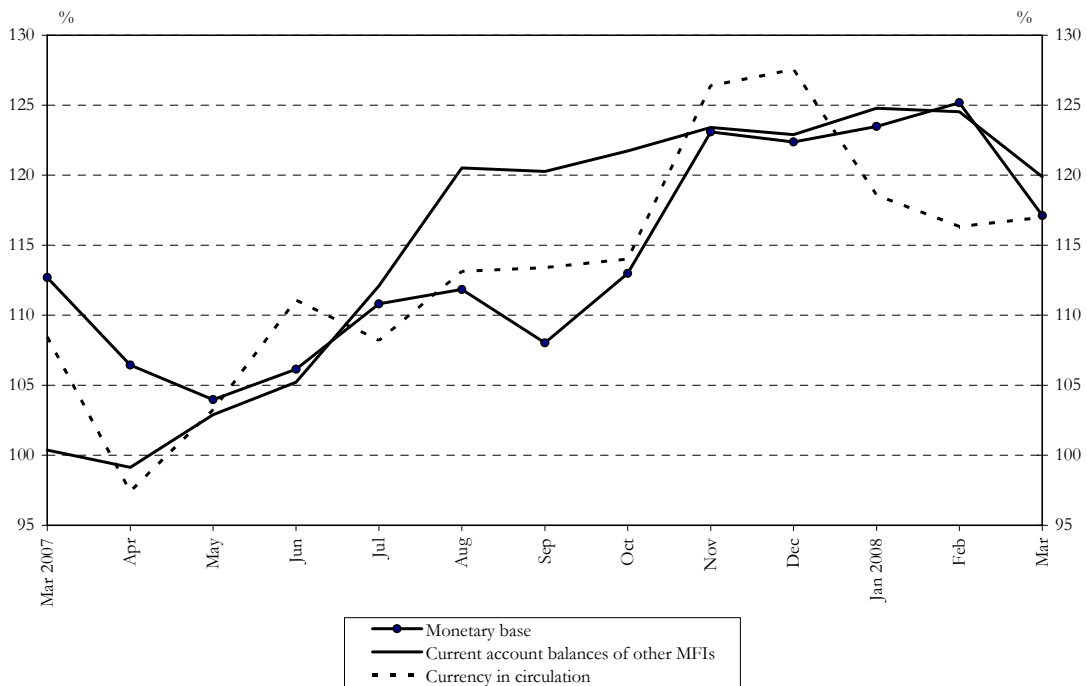


**Chart 2 Movements in the monetary base**



The annualised month-on-month growth index of the monetary base<sup>1</sup> was 117.1% in March, 0.8 percentage points lower than in the previous month.

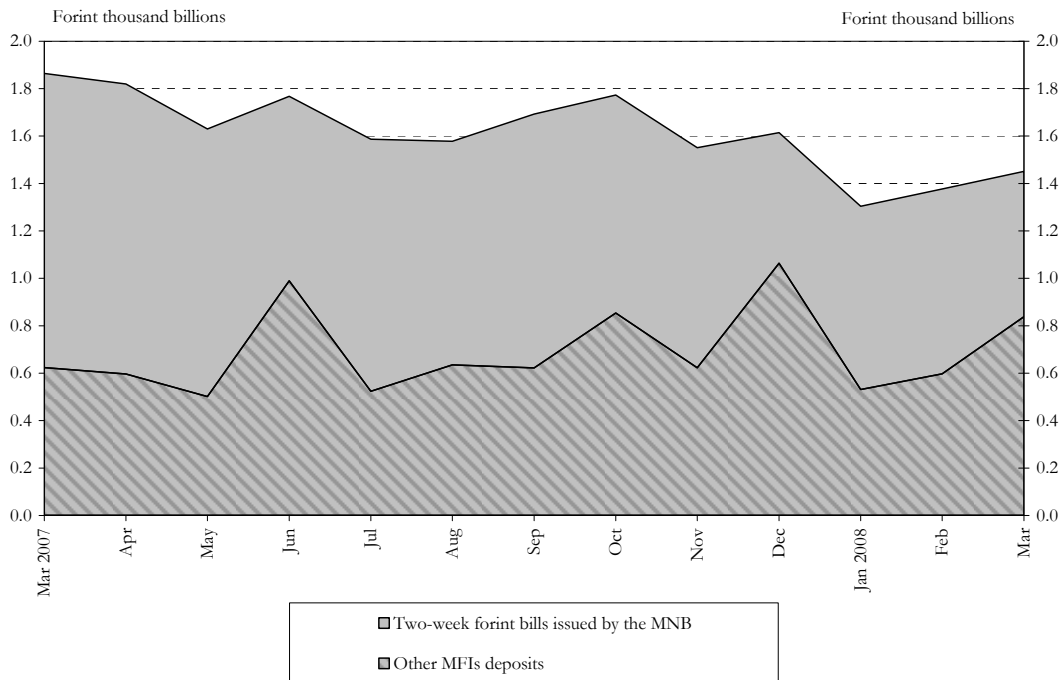
**Chart 3 Annualised growth indices of the monetary base and its components<sup>1</sup>**



<sup>1</sup> For an explanation, see the methodological notes at the end of this press release.

In March, other monetary financial institutions' end-of-month holdings of deposits with the central bank rose by HUF 240.6 billion to HUF 838.2 billion. Forint deposits rose by HUF 240.7 billion to HUF 837.1 billion and foreign currency deposits fell by HUF 0.1 billion to HUF 1.2 billion. Holdings of two-week forint-denominated central bank bills<sup>2</sup> at the end of the month amounted to HUF 612.8 billion, down HUF 167.0 billion on February. The combined stock of other monetary financial institutions' deposits and market holdings of two-week forint-denominated central bank bills increased by HUF 73.6 billion to HUF 1,451.0 billion. Other MFIs' had no outstanding liabilities vis-à-vis the central bank at the end of March.

**Chart 4 End-of-month stocks of other MFIs' deposits and two-week forint bills issued by the MNB<sup>3</sup>**



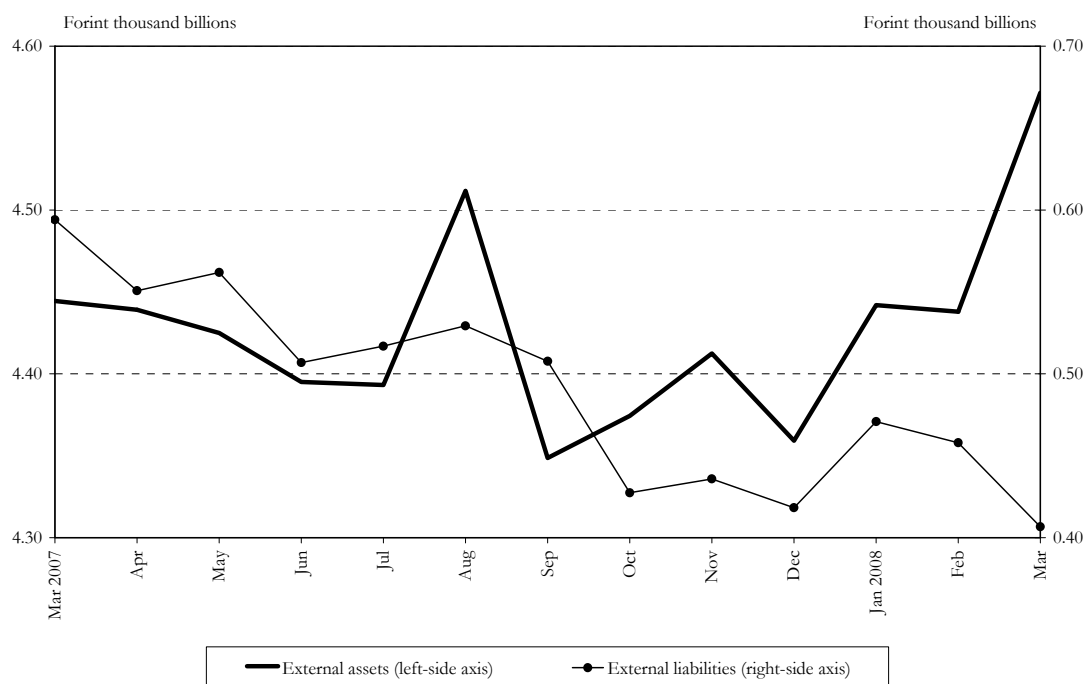
There were no loans outstanding to the central government, given the repayment by the sub-sector of its foreign currency liabilities in December 2007. Deposits from the central government fell by HUF 144.4 billion to HUF 532.1 billion.

Net external assets of the Magyar Nemzeti Bank were HUF 184.8 billion higher than in February. Transactions increased the value of net external assets by HUF 258.8 billion, while exchange rates changes reduced it by HUF 74.0 billion. The end-of-month total of assets vis-à-vis non-residents, at HUF 4,571.5 billion, was HUF 133.5 billion higher than in the previous month. The value of net external assets rose by HUF 214.5 billion due to transactions and fell by HUF 81.0 billion due to foreign exchange revaluation. The end-of-month total of external liabilities fell by HUF 51.3 billion to HUF 406.7 billion. Transactions and exchange rate changes, respectively, accounted for HUF 44.3 billion and HUF 7.0 billion of the fall in the value of external liabilities.

<sup>2</sup> The press release on the procedure for issuance and auctions of the two-week MNB bill can be accessed via [http://www.mnb.hu/Engine.aspx?page=mnbhu\\_mnbkozlem&ContentID=9165](http://www.mnb.hu/Engine.aspx?page=mnbhu_mnbkozlem&ContentID=9165). Further information on the two-week central bank instrument is available on the MNB's website at [http://www.mnb.hu/engine.aspx?page=mnbhu\\_jegybanki\\_betet](http://www.mnb.hu/engine.aspx?page=mnbhu_jegybanki_betet).

<sup>3</sup> For an explanation, see the methodological notes at the end of this press release.

**Chart 5 Assets and liabilities of the MNB vis-à-vis non-residents at the end of the month**



### Methodological notes to the press release

Ensuring comparability of data over periods requires eliminating seasonal variations and distortions from original data. Consequently, the time series for the monetary base (M0) is seasonally adjusted. Trend data are obtained from the seasonally adjusted data by eliminating outliers relating to deterministic effects and irregular components identified in the seasonal adjustment process. The growth indices in this press release are derived from trend data by dividing the base period data by data for the previous period, and by raising the quotient to the 12<sup>th</sup> power. The month-on-month growth rates, calculated using this method, better reflect developments in the most recent period than year-on-year growth indices. Chart 3 plots the annualised month-on-month growth indices of the monetary base and its components. The Bank does not publish a separate index for overnight deposits, as they fluctuate considerably, frequently moving to zero. However, changes in the stock of overnight deposits are also taken account of in calculating the growth index of M0.

Chart 4 shows other monetary financial institutions' total holdings of deposits and two-week forint-denominated central bank bills. The MNB has been issuing two-week forint-denominated bills since 9 January 2007, in order to facilitate credit institutions' efficient liquidity management and the development of financial markets. They replace the two-week central bank deposit as a key policy instrument. The new two-week MNB bill is a negotiable instrument, i.e. credit institutions may sell the securities they hold to other residents as well as non-residents prior to maturity.

Monthly changes in stock data are calculated from data before rounding. Consequently, such differences between monthly data, derived using this method, may be different from those calculated from rounded data.

*The data underlying this press release are available on the MNB's website at [http://english.mnb.hu/Resource.aspx?ResourceID=mbfile&resourcename=0708\\_monstatpubl\\_en.xls](http://english.mnb.hu/Resource.aspx?ResourceID=mbfile&resourcename=0708_monstatpubl_en.xls).*

**MAGYAR NEMZETI BANK**  
STATISTICS