

12 November 2008

PRESS RELEASE

Preliminary statistical balance sheet of the MNB: October 2008

In October 2008, average holdings of two-week MNB bills fell sharply, due to banks exercising greater caution in managing their liquidity, while the average stock of credit institutions' overnight deposits increased significantly. The stocks of two-week and six-month central bank loans, introduced in October, began to appear on the assets side of the MNB's balance sheet. The average stock of external assets rose, reflecting the depreciation of the forint against the euro.

1 Balance sheet of the MNB containing monthly average stocks

Table 1 Statistical balance sheet of the MNB – monthly average stocks

Assets	Sep 2008	Oct 2008	Monthly changes	Liabilities	Forint billions		
					Sep 2008	Oct 2008	Monthly changes
External assets	4402,8	4705,6	302,8	Currency in circulation	2163,9	2270,3	106,4
Remaining assets	255,8	400,3	144,6	Current account balances of other MFIs	752,8	758,7	5,9
				Overnight deposits of other MFIs	48,8	350,6	301,8
				Deposits of central government	419,3	426,2	6,9
				Two-week MNB bills	1001,2	620,6	-380,6
				Foreign currency debt securities issued	79,1	96,8	17,7
				Remaining liabilities	193,5	582,9	389,3
Total assets	4658,6	5105,9	447,4	Total liabilities	4658,6	5105,9	447,4

In October 2008, banks' cautious liquidity management caused major developments on both the assets and liabilities sides of the statistical balance sheet of the MNB. The greater part of the increase in the average stocks of other assets reflected recourse to the MNB's two-week and six-month lending facilities introduced in October. Exercising increased caution, credit institutions reduced their holdings of two-week MNB bills, with the overwhelming majority of liquidity obtained from bills flowing into overnight central bank deposits (Chart 1).

The value of assets vis-à-vis non-residents increased significantly, due to the depreciation of the forint vis-à-vis the euro (Charts 1 and 2). This was offset on the liabilities side by an increase in reserves recorded within equity under other liabilities (Table 1).

The average of the banking sector's current account balances exceeded its reserve requirements only marginally (by less than HUF 1 billion), as usually is the case (Chart 2). Overnight interbank interest rates were slightly below the MNB's key interest rate in the final week of the month (Chart 3). Compared with earlier periods, the average stock of currency in circulation increased more strongly during the month.

Chart 1 Reserve requirements of credit institutions

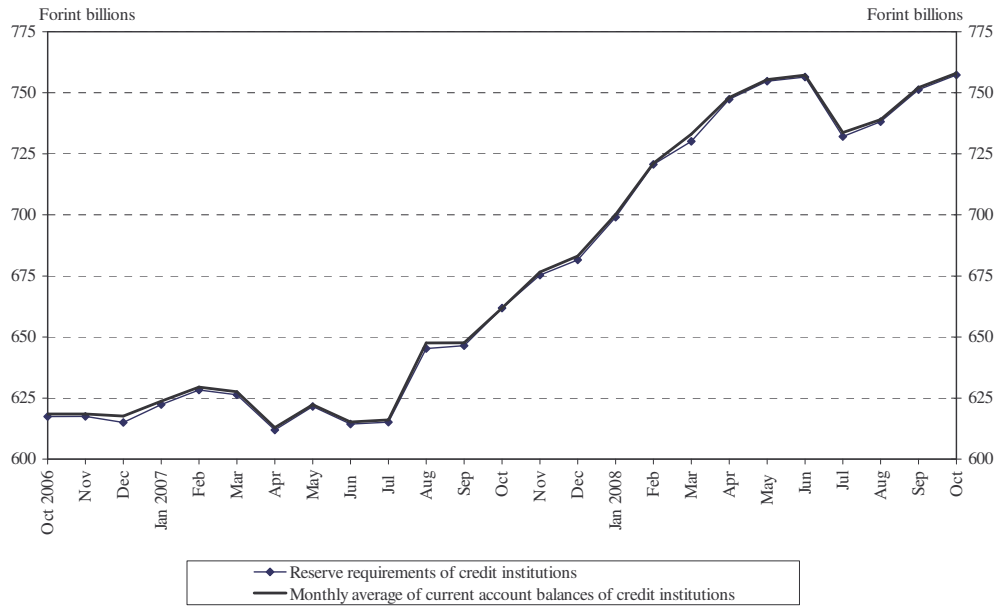


Chart 2 Monthly average overnight deposits of credit institutions

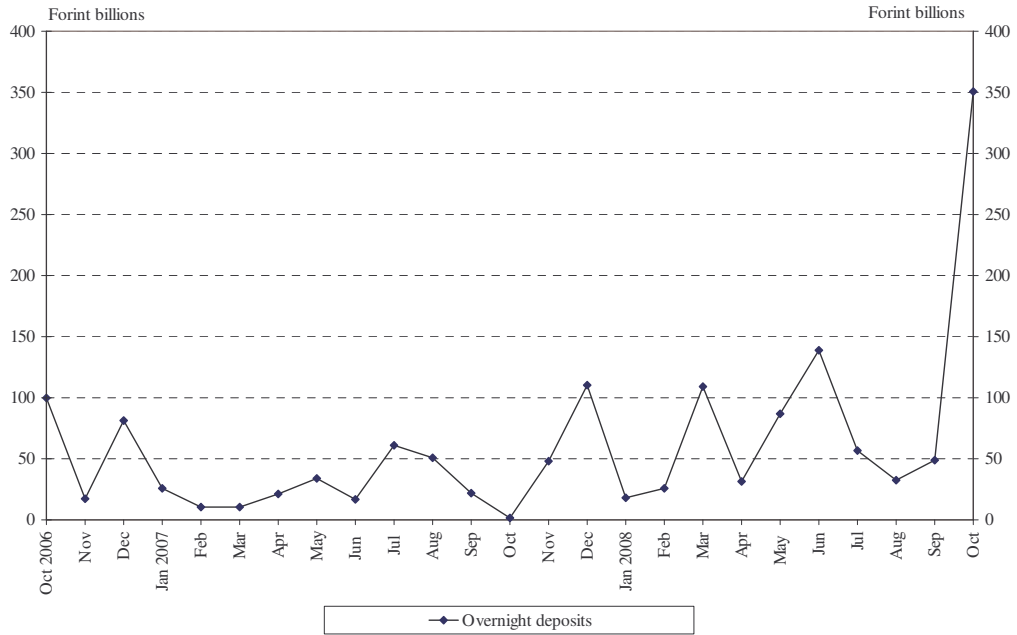
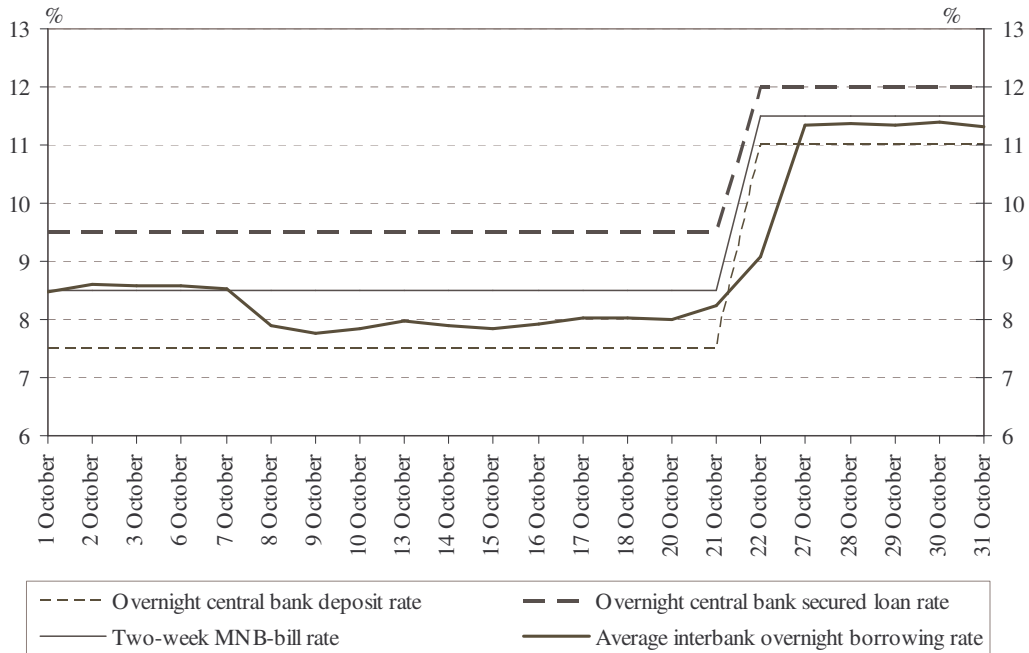


Chart 3 Central bank interest rates and average interbank overnight borrowing rates



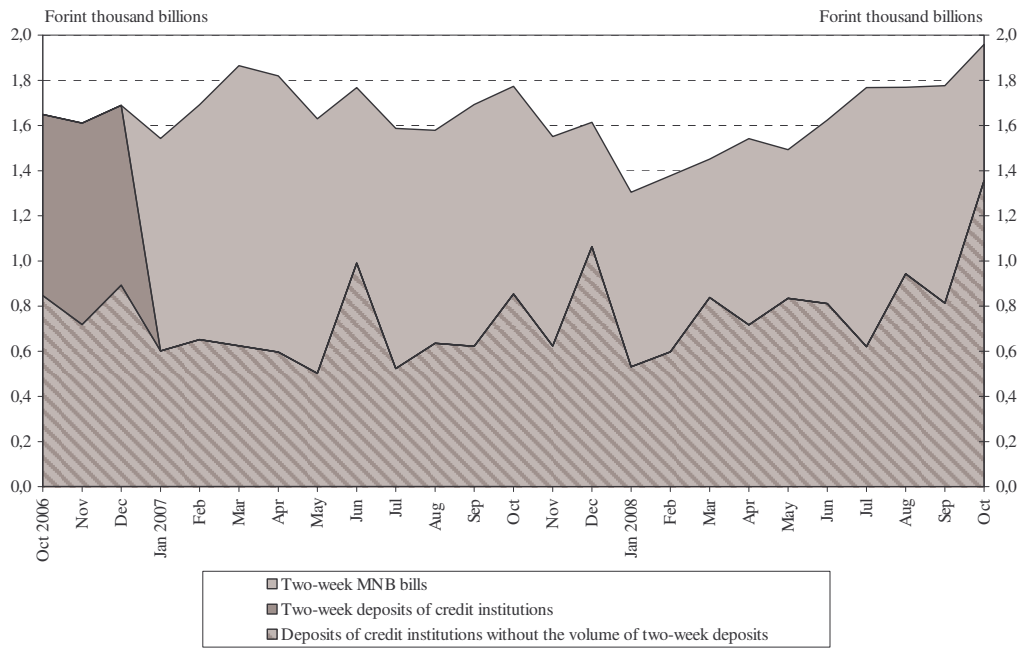
2 Transactions and revaluations in the balance sheet of the MNB compiled from end-of-month data

Table 2 Statistical balance sheet of the MNB – end-of-month stocks – October 2008

Forint billions

Assets	Opening stocks	Revaluations and other changes	Transactions	Closing stocks	Liabilities	Opening stocks	Revaluations and other changes	Transactions	Closing stocks
External assets	4438,9	412,7	44,5	4896,0	Currency in circulation	2148,9	0,0	161,4	2310,4
Remaining assets	253,3	44,7	349,0	646,9	Deposits of other MFIs	812,8	1,2	541,3	1355,3
					Deposits of central government	427,7	3,4	-15,4	415,8
					Two-week MNB bills	963,3	0,0	-359,5	603,9
					External liabilities	393,3	69,2	111,0	573,5
					Remaining liabilities	-54,0	383,5	-45,4	284,1
Total assets	4692,2	457,3	393,5	5543,0	Total liabilities	4692,2	457,3	393,5	5543,0

Chart 4 End-of-month stocks of credit institutions' deposits and two-week forint bills issued by the MNB



**MAGYAR NEMZETI BANK
STATISTICS**

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 Charts: [Chart pack](#)
 Notes: [Methodological notes](#)
 Q&A: [Questions and answers](#)