

29 December 2006

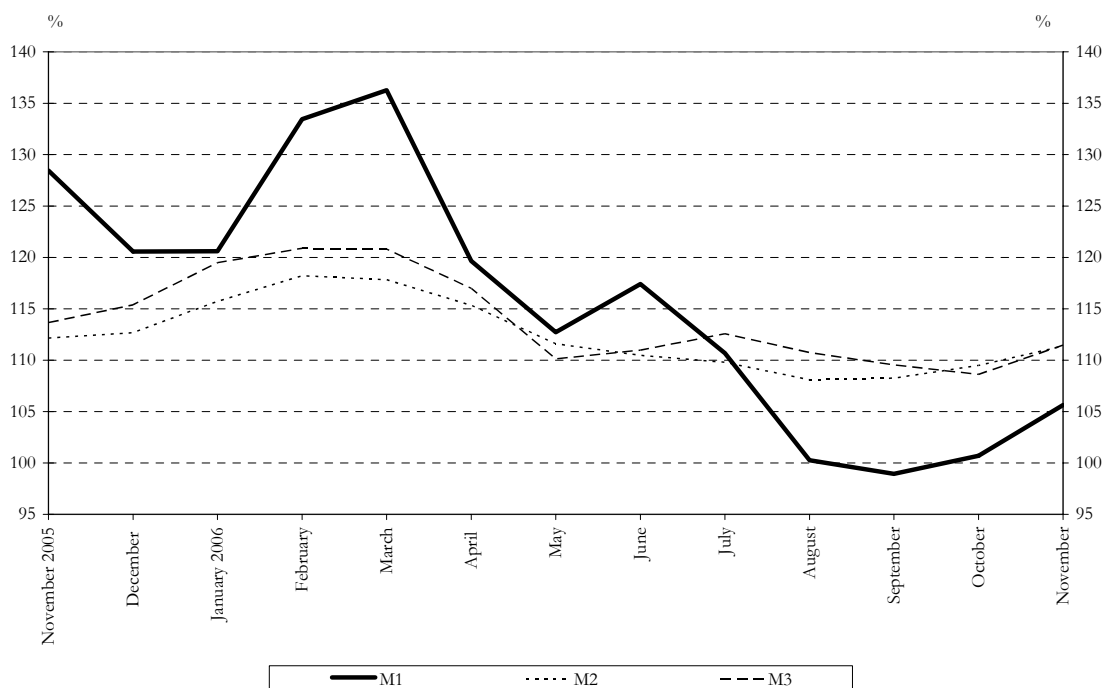
## PRESS RELEASE

### Consolidated balance sheet of MFIs: November 2006

In November 2006, the monetary base fell by HUF 68.9 billion to HUF 2,563.5 billion. The annualised month-on-month growth index<sup>1</sup> of the monetary base (M0) was 105.4% in the month.

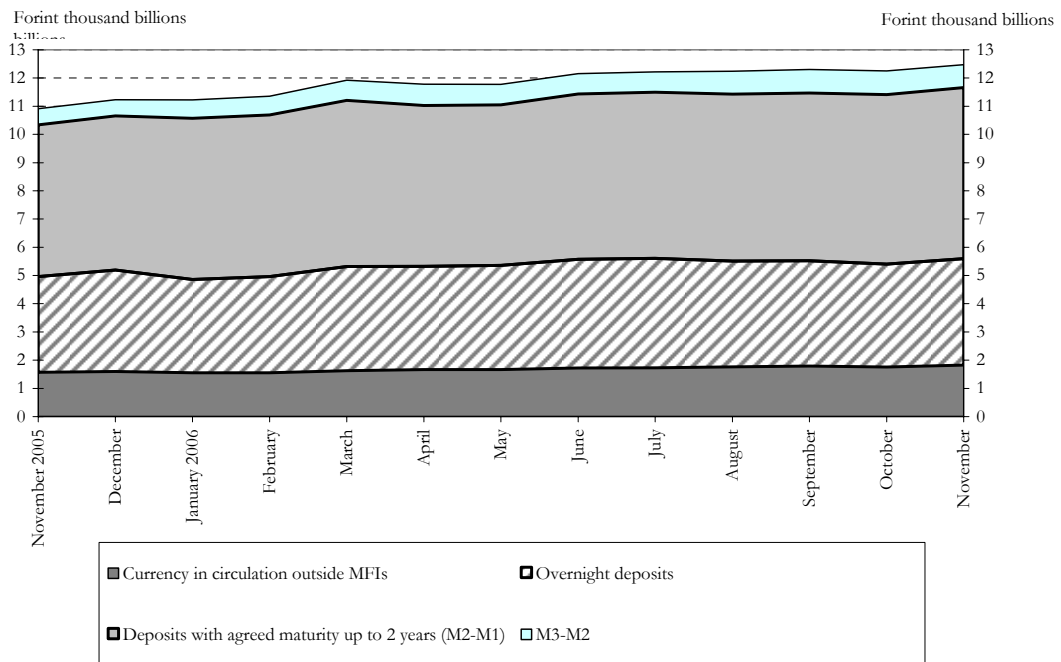
The original and seasonally adjusted stocks of all three monetary aggregates increased in November. The annualised month-on-month growth index of the narrow monetary aggregate M1 rose by 5.0 percentage points to 105.7%. Within the not adjusted stock of the aggregate, overnight deposits of households and non-financial corporations rose by HUF 127.8 billion and currency outside monetary financial institutions by HUF 66.0 billion. The annualised month-on-month growth index of M2 increased by 1.9 percentage points to 111.4% and that of M3 by 2.9 percentage points to 111.5%. The annualised month-on-month growth indices of M2 and M3 have been fluctuating between 108% and 113% since May 2006.

**Chart 1 Annualised month-on-month growth rates of the monetary aggregates**

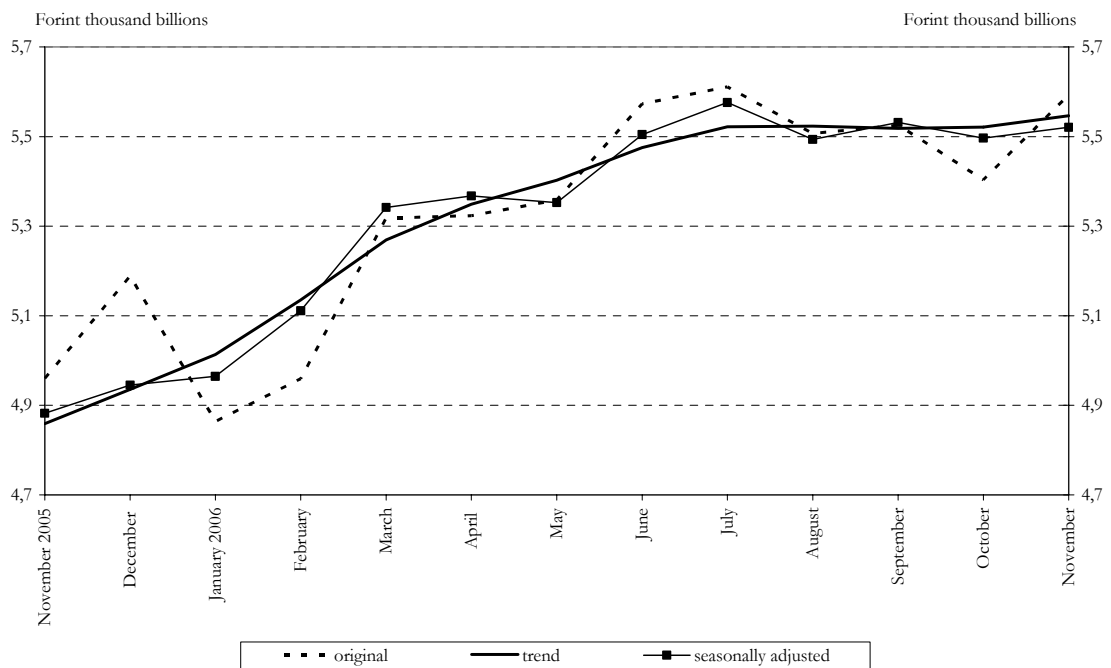


<sup>1</sup> For an explanation, see the methodological notes at the end of this press release.

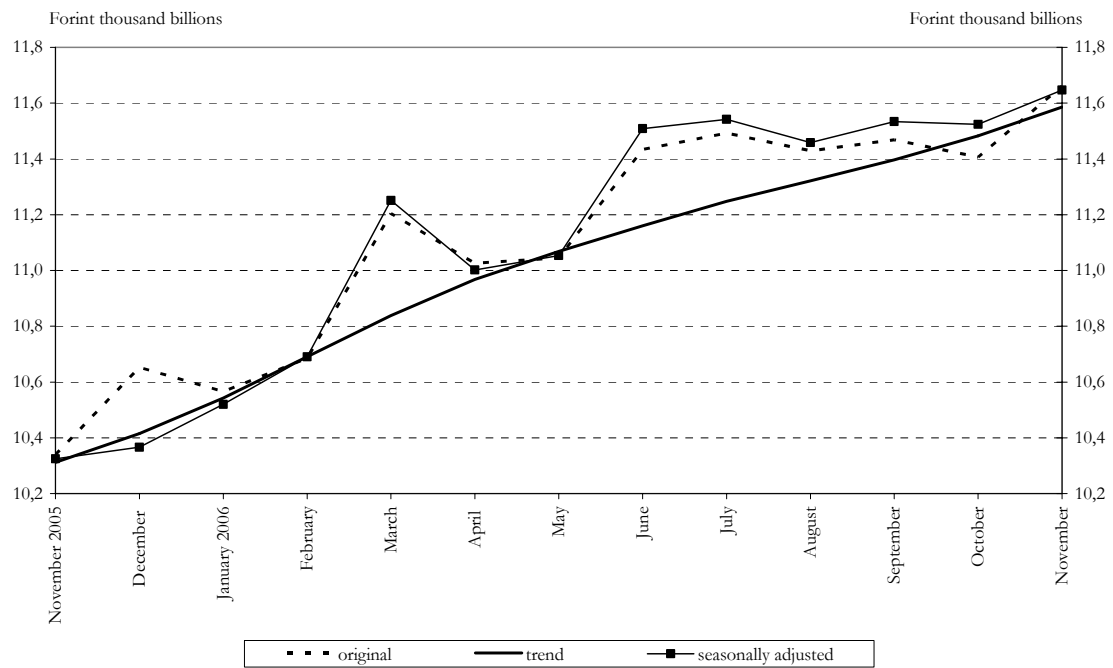
### Chart 2 Components of the monetary aggregates



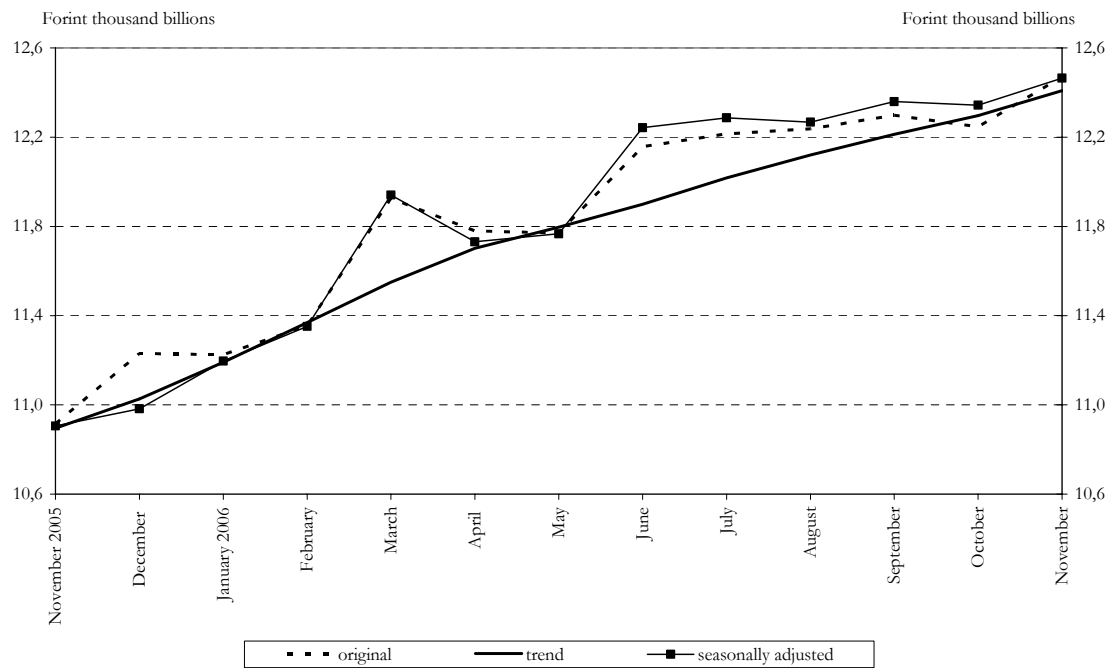
### Chart 3 Seasonally adjusted M1



### Chart 4 Seasonally adjusted M2

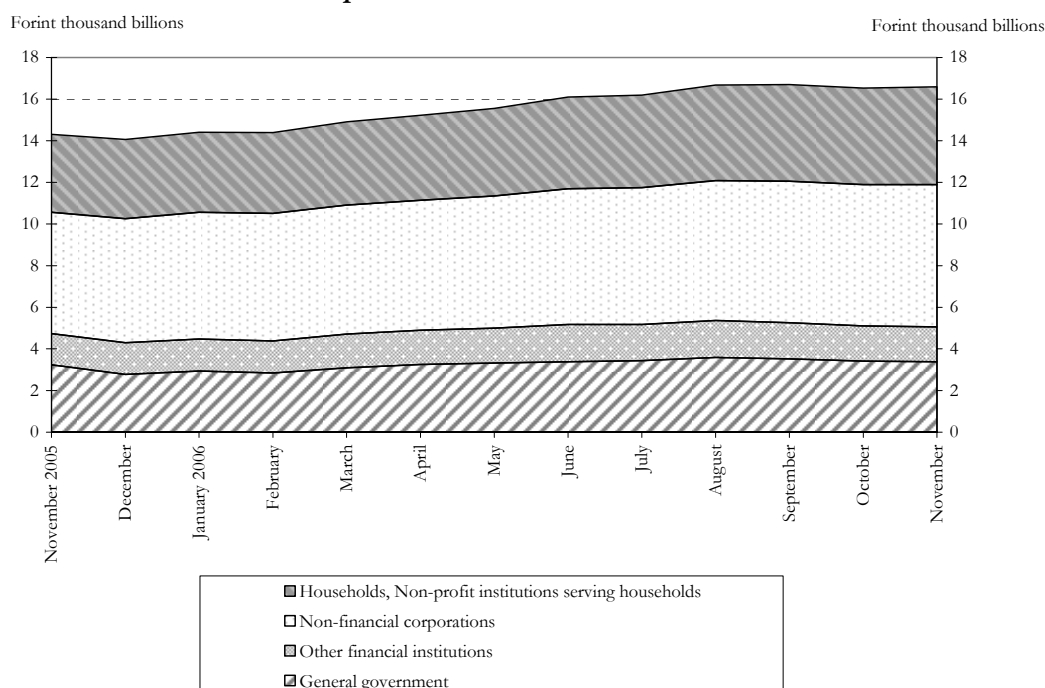


### Chart 5 Seasonally adjusted M3



Following an increase in October due in large part to exchange rate changes, the total stock of domestic loans continued the upward trend which began in March 2006; however, it failed to return to its level at end-September.

**Chart 6 Composition of the stock of domestic loans**

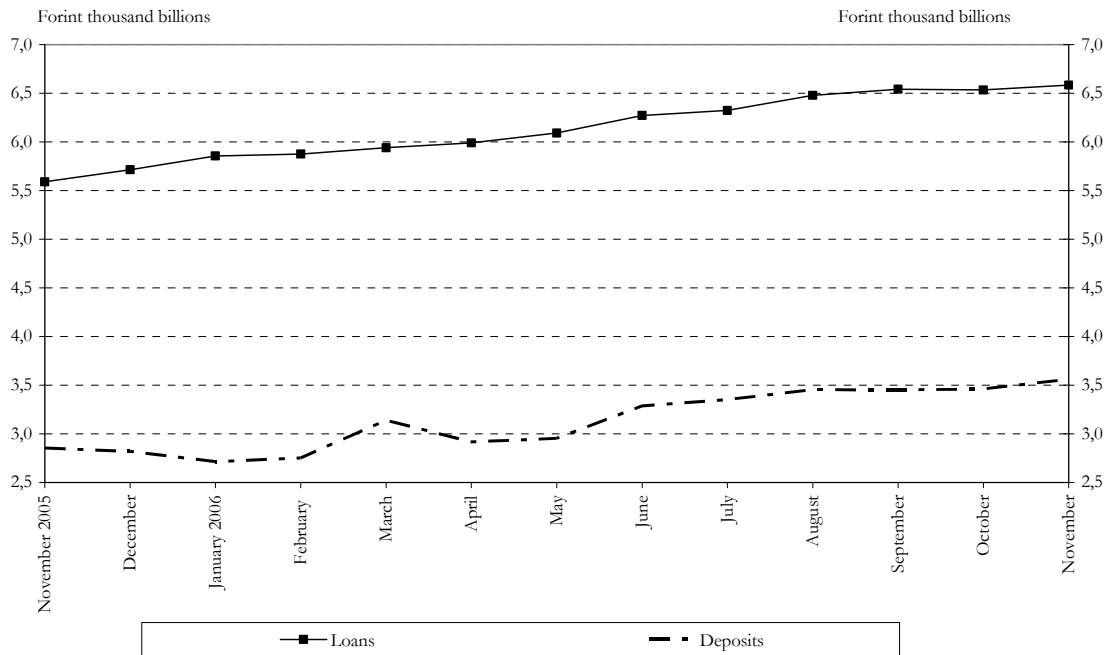


The total stock of loans granted by monetary financial institutions to non-financial corporations rose by HUF 49.1 billion to HUF 6,583.7 billion, after falling in the preceding month. Within loans to non-financial corporations, the increase in short-term loans which began in March continued, with their stock rising by HUF 64.3 billion to HUF 2,540.2 billion. Long-term loans continued to fall: their stock was down HUF 15.2 billion on the preceding month. Long-term loans were down at both maturities: loans with a maturity of up to five years fell by HUF 6.3 billion to HUF 1,837.6 billion and those with a maturity of over 5 years by HUF 8.9 billion to HUF 2,205.8 billion. Short-term loans as a percentage of total loans rose from 37.9% to 38.6%. The share of loans with a maturity of up to five years edged down from 28.2% to 27.9% and that of loans with a maturity of over 5 years from 33.9% to 33.5%.

The share of foreign currency loans fell all three maturities, similarly to the preceding month. Loans with a maturity of up to one year were down from 32.7% to 30.7%, those with a maturity of up to 5 years from 45.0% to 44.2% and those with a maturity of over 5 years from 65.1% to 64.5%. The total stock of loans was HUF 65.8 billion lower than in October. Exchange rate changes accounted for HUF 78.0 billion of the fall in outstanding loans in the month.

The sector's deposits with monetary financial institutions increased by HUF 98.7 billion to HUF 3,560.9 billion. Within the stock of deposits, the share of overnight deposits was 51.8% and that of the term deposits was 47.8%. Overnight deposits rose by HUF 68.0 billion. Here, the increase in forint deposits accounted for HUF 63.7 billion. Deposits with a maturity of up to one year fell by HUF 42.7 billion and those with a maturity of over one year rose by HUF 81.2 billion. Deposits with a maturity of over one year were up HUF 2.4 billion on October. Outstanding repos fell by HUF 10.2 billion.

**Chart 7 Loans and deposits of non-financial corporations**

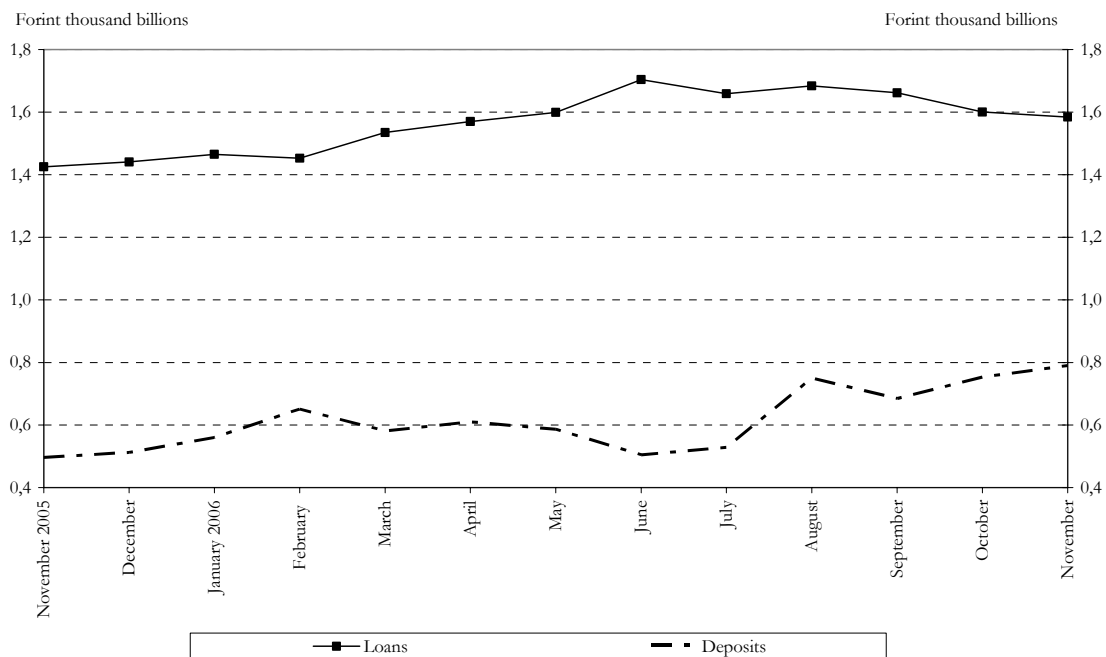


The stock of loans granted to other financial corporations has been downwards since September. It fell by HUF 16.6 billion to HUF 1,584.1 billion in November. The share of loans with a maturity of up to 5 year, the highest within the total, edged up slightly from 42.8% to 42.9%, with their stock falling by HUF 6.2 billion. The share of loans with a maturity of over 5 years fell a little (by HUF 0.2 billion), and that of loans with a maturity of up to one year was down HUF 10.6 billion.

The stock of forint loans granted to the sector rose by HUF 3.8 billion and that of foreign currency loans fell by HUF 20.3 billion. Exchange rate changes accounted for HUF 34.9 billion of the fall in currency loans. The percentage share of foreign currency loans within total loans granted to other financial corporations was 87.3% in November, continuing the fall since October.

The sector's deposits with monetary financial institutions increased by HUF 37.0 billion to HUF 790.5 billion. The value of overnight deposits rose by HUF 5.0 billion and that of term deposits by HUF 32.0 billion.

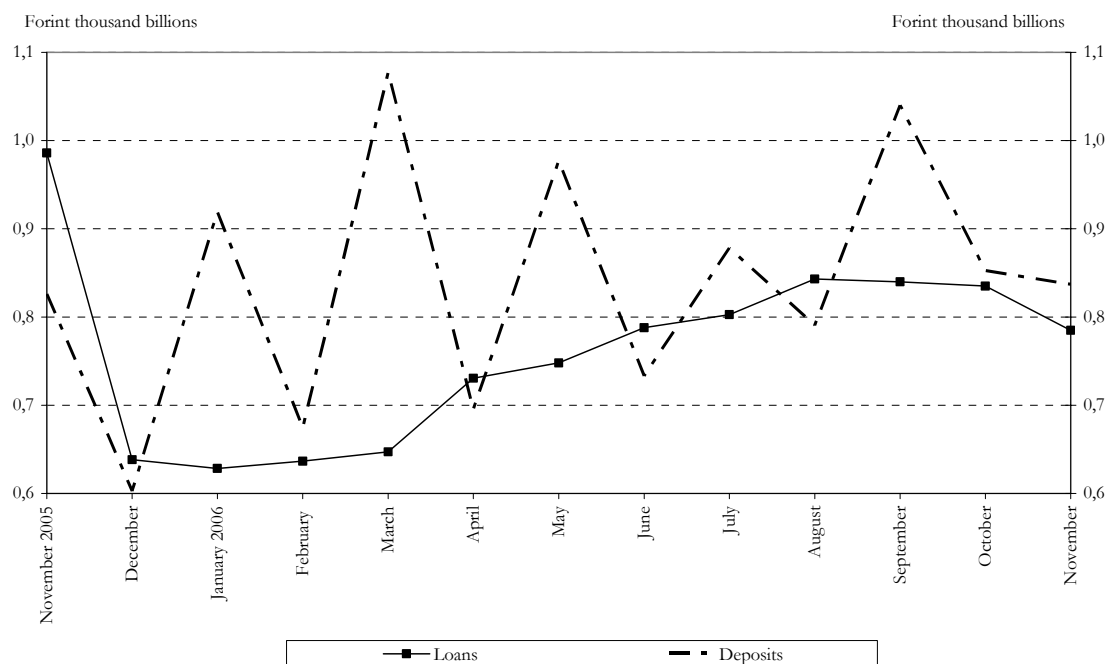
**Chart 8 Loans and deposits to other financial corporations**



Continuing the slight fall since September, loans granted by monetary financial institutions to the general government sector fell further by HUF 50.1 billion in November.

The stock of the general government sector's deposits with monetary financial institutions fell by HUF 15.5 billion, as a result of deposits of the central government sub-sector increasing by HUF 23.8 billion and those of the local government sub-sector falling by HUF 39.3 billion.

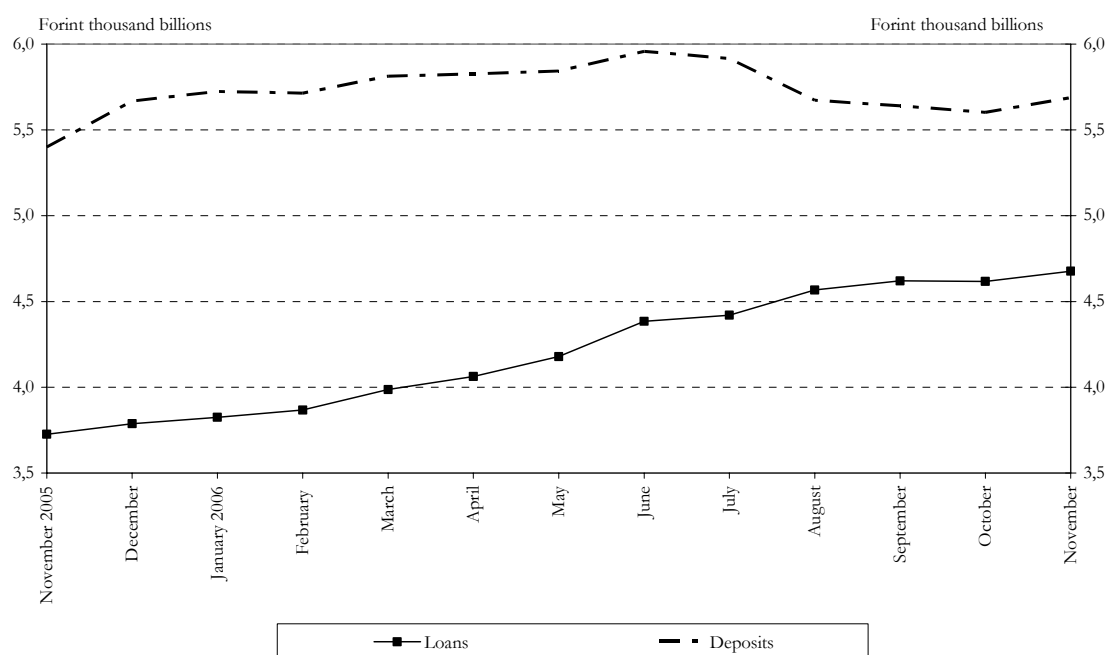
**Chart 9 Loans and deposits of the general government sector**



In November, the increase in loans granted to the household sector of the past several years continued: total loans outstanding rose by HUF 60.0 billion to HUF 4,676.6 billion. The share of foreign currency loans within the total climbed up from 41.1% 41.8%. Foreign currency loans have been rising continuously over the past two years, with their value being slightly more than four times its level in October 2004.

The fall in household deposits with monetary financial institutions which began in July came to a halt in November, with their stock increasing by HUF 85.9 billion to HUF 5,688.7 billion in the month under review.

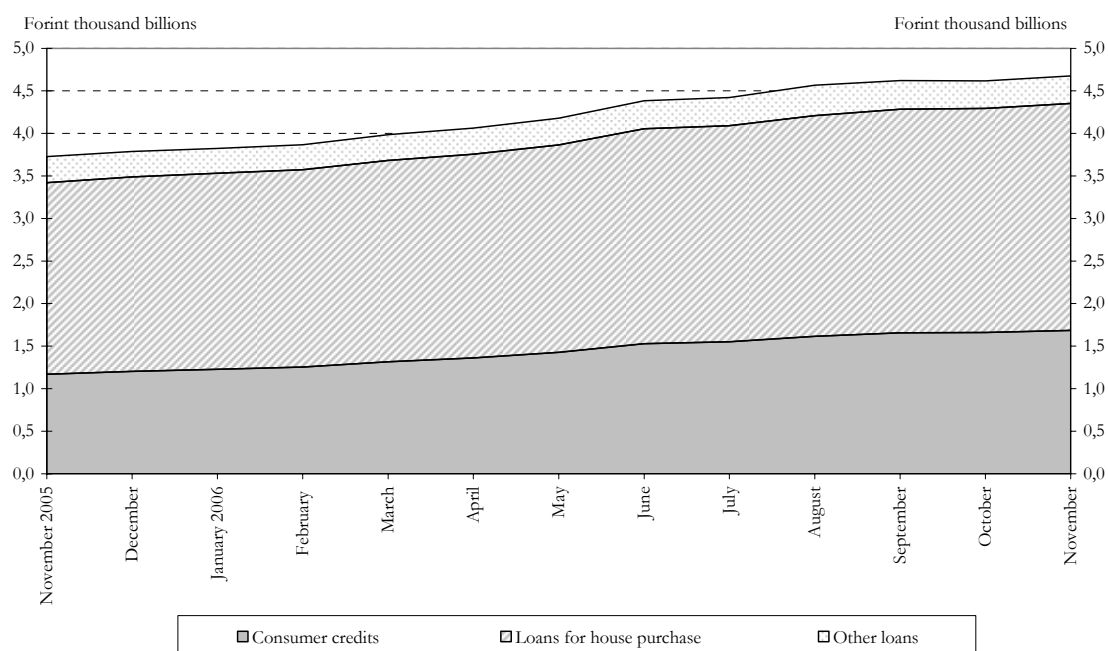
**Chart 10 Loans and deposits of the household sector**



Within loans granted to households, the share of housing loans was 57.0%, unchanged relative to the preceding month. The stock of loans rose by HUF 33.2 billion. Foreign currency loans were 33.0% as a percentage of housing loans. The percentage share of consumer credit within the total stock of housing loans was 36.0%, with their outstanding amount increasing by HUF 24.1 billion. Foreign currency loans were 57.5% as a percentage of total consumer credit. The stock of other loans rose by HUF 2.8 billion. Here, the percentage share of foreign currency loans was 32.1%.

The share of overnight deposits within the stock of household deposits with monetary financial institutions increased by HUF 59.8 billion. Deposits with a maturity of up to one year rose by HUF 26.0 billion and those with a maturity of over one year rose only slightly, by HUF 0.1 billion.

**Chart 11 Composition of household loans**

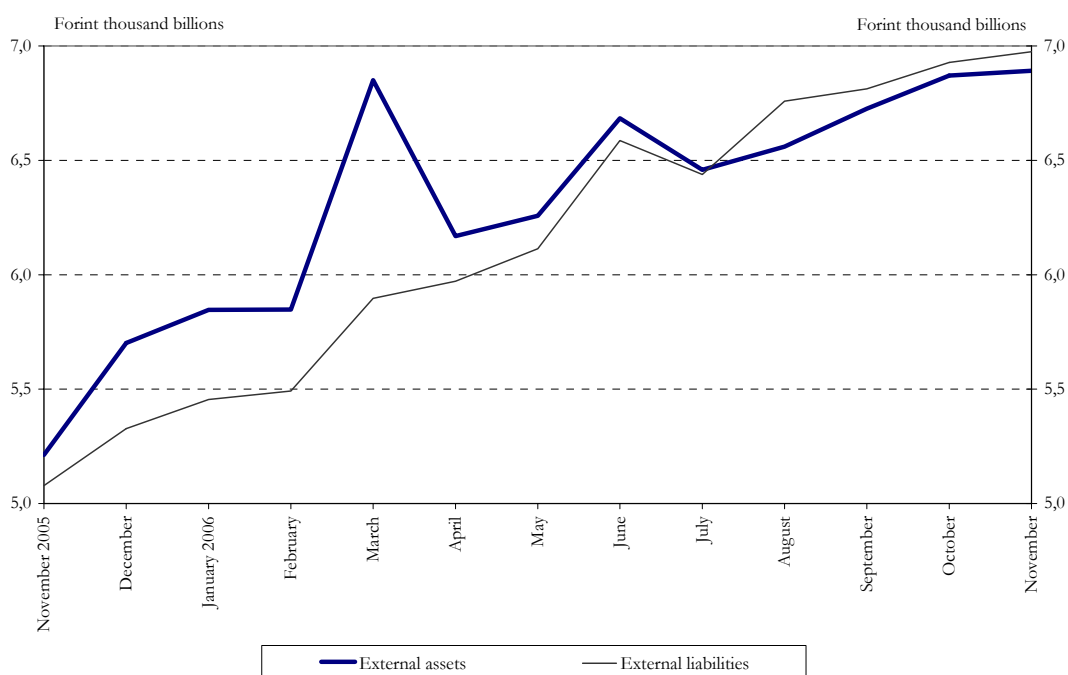


Similarly to the preceding three months, liabilities of monetary financial institutions vis-à-vis non-residents exceeded their assets in November. External assets and liabilities, respectively, were HUF 21.5 billion and HUF 47.0 billion higher than in October. As a consequence, MFI's net external assets fell by HUF 25.5 billion.

Assets and liabilities of the central bank vis-à-vis non-residents fell by HUF 32.7 billion and HUF 4.8 billion, respectively, in November. Net external assets were down HUF 27.8 billion on the preceding month.

Net assets of other monetary financial institutions vis-à-vis non-residents increased by HUF 2.3 billion. The sector's external assets rose by HUF 54.1 billion and its external liabilities by HUF 51.8 billion.

**Chart 12 External assets and liabilities**



### Methodological notes

Ensuring comparability of data over different periods requires eliminating seasonal variations and distortions. Consequently, the time series for the monetary aggregates are individually 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 annualised month-on-month growth indices in this press release are generated from trend data by dividing the trend data for the base period by that for the previous period, and by raising the quotient to the 12<sup>th</sup> power. The month-on-month growth rates derived using this method better reflect developments of the most recent period than annual (twelve-month-on-twelve-month) growth indices.

Percentages and ratios are calculated from data before rounding. The sums of sub-totals may not add to total due to rounding.

*The data underlying this press release are available on the MNB's website at*

[http://english.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=0708\\_monstatpubl\\_en.xls](http://english.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=0708_monstatpubl_en.xls).

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