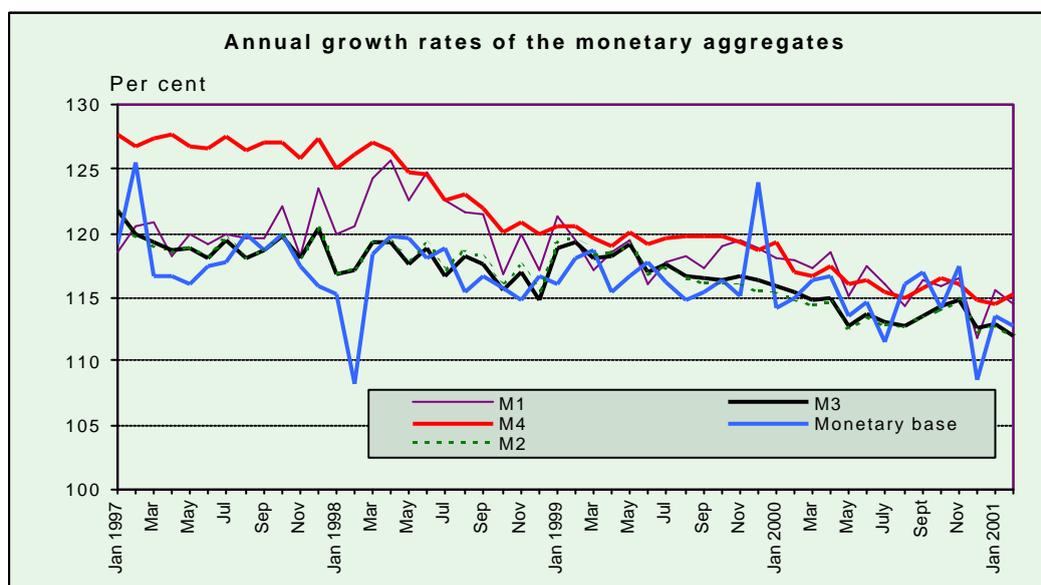


PRESS RELEASE

Banking survey and developments in the monetary aggregates

February 2001 (preliminary)

According to the preliminary data, annual M0 growth^{a)} was 3.7 percentage points slower in February than a year ago, caused by the change to the reserve requirements system. The annual index of the aggregate, after eliminating the effect of the change, fell by 0.7 of a percentage point in one month, to 112.8%. The money aggregate M1, which is composed of currency outside banks plus forint sight deposits, grew at a 1.2 percentage points slower rate – its end-of-month stock was 14.4% higher relative to February 2000. Annual growth in M2, a measure of sight foreign currency deposits plus time forint and foreign currency deposits, in addition to the elements of M1, moderated by 1 percentage point, to 12.0%. Broad money (M3) growth, at 12.0% annually, was 0.9 of a percentage point slower in the month under review than in January. Annual broadest money (M4) growth, in contrast, picked up 0.6 of a percentage point, running at a 15.1% rate at the end of the month.



Notes:

M1 = currency outside banks + forint sight deposits held at banks.

M2 = M1 + sight foreign currency deposits + time domestic and foreign currency deposits.

M3 = M2 + holdings of bank securities.

^{a)} In order to improve the competitiveness of the banking sector and reduce the drain on the earnings of businesses via compulsory reserves, the Bank has made changes to the system of required reserves. Accordingly, effective from 1 February 2001 the reserve ratio fell by 4 percentage points, from 11% to 7%. As a result of the modification, both the values and the monthly averages of banks' reserve deposits and other deposits with the central bank, as well as the outturns for M0 are not comparable with those for earlier months. The Chart plots the annual index of February M0 after being made comparable with past data.

M4 = M3 + government securities held by non-banks + MNB domestic bills held by non-banks.

Banking Survey

Ft billions

	1999	2000			2001	
	31 Dec	31 Jan	29 Feb	31 Dec	Preliminary 31 Jan	Preliminary 28 Feb
1.Domestic credit	5999.9	5832.6	5914.8	6937.9	6937.9	6940.2
Net credits to central government	2980.8	2749.3	2806.4	2902.9	2838.3	2815.8
Consolidation government bonds	282.2	243.8	253.6	316.6	318.5	318.5
Securitisation of state debt	328.7	328.7	328.7	328.7	328.7	323.6
Foreign currency loans	1536.6	1482.7	1489.5	1365.9	1367.2	1369.1
Other claims on central government, net ^{b)}	833.3	694.1	734.6	891.7	824.0	804.6
Credits to local governments	50.0	48.1	50.7	56.6	55.6	57.0
Credits to nonprofit institutions	43.2	40.3	42.5	66.4	62.1	62.5
Credits to enterprises	2367.0	2432.9	2448.5	3039.8	3106.6	3116.5
Domestic currency credits	1550.7	1588.7	1581.9	1849.7	1916.4	1924.7
Foreign currency credits	816.3	844.2	866.6	1190.1	1190.2	1191.8
Credits to households and small entrepreneurs	475.3	483.2	488.4	670.7	679.9	692.3
Households	362.4	368.7	374.3	531.3	542.2	553.0
Small entrepreneurs	112.9	114.5	114.1	139.5	137.6	139.3
OFl credits	83.6	78.8	78.3	201.4	195.5	196.1
2.Other domestic assets, net	-552.9	-539.0	-578.0	-675.8	-834.3	-780.6
Net domestic assets (1+2=3+4+5+6)	5447.0	5293.5	5336.9	6262.0	6103.6	6159.5
3.Net foreign liabilities^{c)}	85.8	50.5	25.6	-122.9	-189.4 ^{a)}	-221.7 ^{a)}
4.+5.Broad money (M3)	5361.2	5243.1	5311.3	6035.1	5920.1	5947.2
4.M2^{d)}	5310.2	5189.5	5257.0	5965.3	5855.6	5881.4
Currency outside banks	846.2	751.4	747.3	876.4	819.5	820.9
Households	751.6	669.4	664.6	796.2	747.1	747.6
Other	94.6	82.1	82.8	80.2	72.5	73.2
Enterprise deposits	1212.8	1145.8	1189.3	1416.0	1332.5	1373.3
Domestic currency deposits	978.0	915.7	956.1	1151.6	1076.7	1072.7
Foreign currency deposits	234.8	230.1	233.2	264.4	255.8	300.6
Deposits of household and small entrepreneurs	2938.6	2985.9	2997.8	3322.6	3352.7	3367.4
Household deposits ^{e)}	2815.6	2860.9	2866.0	3164.9	3200.0	3216.1
Domestic currency deposits	2167.2	2202.8	2210.4	2429.9	2452.7	2463.1
Foreign currency deposits	648.4	658.1	655.6	734.9	747.3	753.0
Deposits of small entrepreneurs	123.1	125.0	131.8	157.8	152.7	151.2
Other deposits	312.5	306.3	322.5	350.3	351.0	319.9
Local governments	126.1	111.8	103.1	141.3	116.4	107.1
Nonprofit institutions	104.8	107.7	112.0	119.5	123.5	122.1
OFl deposits	81.5	86.9	107.5	89.5	111.1	90.7
Items in transit	0.0	0.0	0.0	0.0	0.0	0.0
5.Securities issued by credit institutions	51.0	53.6	54.3	69.8	64.5	65.8
6. Money market instruments	0.0	0.0	0.0	349.8	372.9	434.1
Memorandum items:						
Monetary base	1439.0	1318.5	1332.5	1561.0	1496.4	1283.4 ^{f)}
M1	2126.3	1916.2	1938.6	2377.7	2215.6	2217.4
M4	7527.6	7476.0	7518.0	8637.4	8559.2	8655.8

Foreign currency denominated assets and liabilities are converted into forint equivalent by using official midpoint exchange rates of the central bank.

The aggregates may not sum to the totals because of rounding.

a) Central bank data are preliminary; those for credit institutions reflect bank estimates.

b) From 14 June, 2000 the Blocked foreign currency deposit of the government has been included in Other claims on central government, net.

c) From 1 January, 2000 the valuation of the international reserves have been made on net market prices.

d) From 15 January, 2001 the NBH publishes again data for M2. Consistent time series for M2 are calculated according to the presently used definition of M2 retroactively from early 1992.

e) Excluding accrued interest.

f) On 1 February, 2001 the NBH decreased the ratio of compulsory reserve deposits by 4 percentage points from 11 per cent to 7 per cent.