



10 February 2003

PRESS RELEASE

Preliminary statistical balance sheet of the MNB

January 2003

Beginning with this press release, the method of calculating the monetary base has changed. Appendix 2 provides a brief description of the implemented changes.

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According to the preliminary balance sheet data, the value of banknotes and coin in circulation was Ft 13.6 billion lower at the end of January than at end-December. The annual growth index of the monetary base (M0)^{a)} was 143.5%.^{b)} Calculated excluding overnight deposit holdings, the annual growth index was 114.8%.

Net claims of the central bank on the central government fell by Ft 286.4 billion. Assets and liabilities vis-à-vis the central government were Ft 15.5 billion and Ft 301.9 billion higher respectively relative to December. The increase in net foreign assets of the central bank amounted to Ft 1,063 billion. Foreign assets rose by Ft 1,092.1 billion and liabilities by Ft 29.1 billion.

Net liabilities of the central bank to other monetary financial institutions were Ft 668.2 billion higher relative to December. Claims on other monetary financial institutions were unchanged. Other monetary financial institutions placed Ft 668.2 billion more domestic and foreign currency deposits with the central bank than in the preceding month. Within liabilities to other monetary financial institutions, forint deposits saw the largest change in January, increasing by Ft 710.4 billion. Holdings on current accounts, which include required reserves, rose by Ft 28.5 billion. Foreign currency liabilities fell by Ft 70.7 billion. The value of other monetary financial institutions' holdings of MNB domestic bills was Ft 0.1 billion lower relative to December.

In January, the averages of central bank liabilities to other monetary financial institutions changed as follows: those of forint deposits and current account holdings rose by Ft 478 billion and Ft 9.2 billion, respectively, and that of foreign currency liabilities fell by Ft 15.9 billion relative to December. The average amount of MNB domestic bills held by other monetary financial institutions was Ft 0.7 billion higher in comparison with the preceding month.

^{a)} M0 comprises the monthly average stocks of currency in circulation, and other monetary financial institutions' current account balances and overnight deposits with the central bank.

^{b)} On 1 August 2002, reserve requirements were changed as follows. The reserve rate was lowered from 6% to 5%. In addition, all accruals and deferred income as well as deposits collected via repo transactions, including liabilities existing under non-genuine repurchase agreements, recorded off balance sheet, were exempted from the reserve base. The index has been calculated from data after eliminating these effects.

Appendix 1

Statistical balance sheet of the National Bank of Hungary (S.121)

(end of period stocks)

Forint billions

A S S E T S	2001		2002			2003
	Nov	Dec	Jan	Nov	Dec ¹	Jan ¹
1. Other monetary financial institutions (S.122)	78.2	46.9	46.2	24.8	22.8	22.8
1.1 Short-term claims	3.1	7.8	8.3	2.4	1.9	2.1
1.1.1 Domestic currency credits	2.0	7.4	7.4	1.6	1.6	1.6
1.1.2 Foreign currency credits	1.1	0.4	0.9	0.9	0.3	0.5
1.2 Long-term claims	71.4	39.1	37.9	22.4	20.9	20.7
1.2.1 Domestic currency credits	67.5	35.3	34.2	20.5	19.1	18.9
1.2.2 Foreign currency credits	4.0	3.8	3.7	1.9	1.8	1.8
1.3 Sale and repurchase agreements	3.7	0.0	0.0	0.0	0.0	0.0
2. Central government (S.1311)	1803.6	1664.6	1667.2	1266.2	1216.3	1231.8
2.1 Domestic currency credits	235.4	217.4	217.4	162.4	144.0	144.0
2.2 Foreign currency credits	1297.3	1166.9	1164.1	872.8	851.2	859.5
2.3 Government securities	172.1	172.1	169.6	169.6	167.1	167.1
2.4 Derivatives	98.8	108.2	116.2	61.5	54.0	61.2
3. Rest of the world (S.2)	3851.2	3586.8	3466.5	2686.6	2648.9	3741.0
3.1 International reserves	3201.8	3004.1	2862.9	2327.5	2340.2	3460.6
3.2 Other claims	289.3	268.3	261.0	200.0	187.1	190.7
3.3 Derivatives	360.0	314.5	342.7	159.2	121.7	89.7
4. Remaining assets	148.4	149.5	146.9	133.3	135.5	125.9
4.1 Domestic currency	139.3	140.8	120.8	106.9	105.5	98.5
4.2 Foreign currency	9.1	8.7	26.1	26.4	30.0	27.3
TOTAL	5881.4	5447.8	5326.8	4111.0	4023.4	5121.4

Forint billions

L I A B I L I T I E S	2001		2002			2003
	Nov	Dec	Jan	Nov	Dec ¹	Jan ¹
1. Other monetary financial institutions (S.122)	1176.7	1196.5	1079.6	872.6	1156.7	1824.9
1.1 Current accounts	365.6	421.0	351.1	358.2	366.3	394.8
1.2 Domestic currency deposits	396.1	367.7	401.6	314.6	555.0	1265.4
1.3 Short-term foreign currency deposits	114.6	122.9	74.0	35.7	75.2	2.7
1.4 Long-term foreign currency deposits	40.1	36.3	35.6	19.7	17.9	17.9
1.5 NBH domestic bills	108.6	106.3	75.0	32.8	33.6	33.5
1.6 NBH foreign bonds	151.8	142.2	142.3	111.6	108.9	110.5
2. Other financial corporations (S.123+ S.124+S.125)	6.7	6.4	6.5	9.2	6.8	11.5
3. Central government (S.1311)	946.1	745.1	974.7	493.9	197.7	499.6
3.1 Domestic currency deposits	418.7	345.5	540.3	260.1	51.4	383.5
3.2 Foreign currency deposits	165.5	83.2	91.2	73.2	26.9	30.3
3.3 Derivatives	361.9	316.5	343.2	160.6	119.3	85.8
4. Rest of the world (S.2)	2296.8	2096.3	2028.6	1440.9	1385.2	1414.3
4.1 Short-term liabilities	313.5	264.9	220.5	130.1	120.8	129.0
4.2 Long-term liabilities	1870.3	1706.3	1678.0	1239.9	1200.8	1212.3
4.3 Derivatives	113.1	125.1	130.2	70.9	63.7	72.9
5. Remaining liabilities	1455.1	1403.5	1237.3	1294.4	1277.1	1371.1
5.1 Banknotes and coins	1100.1	1138.4	1069.8	1290.6	1279.6	1266.0
5.2 NBH bills	428.9	402.7	333.9	0.9	0.1	0.2
5.3 Other domestic currency liabilities	-142.1	-206.0	-210.7	-40.2	-47.8	18.0
5.4 Other foreign currency liabilities	3.3	3.4	3.5	2.2	4.4	74.6
5.5 Equity and reserves	65.0	65.0	40.9	40.9	40.9	12.4
TOTAL	5881.4	5447.8	5326.8	4111.0	4023.4	5121.4
Monetary base, M0 ²	1482.0	1608.5	1523.7	1643.3	1763.9	2053.1

Notes:

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

Foreign currency-denominated items are converted into forint equivalent by using official midpoint exchange rates of the central bank.

The codes attached to the names of sectors and sub-sectors (for example, S.121) refer to the corresponding groups generally used in international practice. For the definitions of the individual sectors, see 'Sector classification in the NBH's press releases from June 2001' on the Bank's website at Financial Data...Statistical Releases.

¹ Preliminary data.

² The components of M0 are the monthly average stocks of currency in circulation, and other monetary financial institutions' current account balances and overnight deposits with the central bank.

Information notice on the new method of calculating the monetary base (M0)

As a result of harmonisation arising from Hungary's accession to the European Union, from January 2003 the MNB has been calculating and publishing the monetary base according to the calculation method used by the European Central Bank (ECB). The time series for the monetary base has been recalculated back to 1998, which is also being published in a breakdown by its components in the time series for the MNB's statistical balance sheet on the Bank's website at (http://www.mnb.hu/dokumentumok/en0701_mnbhitelm.xls).

A comparison of the old and revised methods of calculating the monetary base

	Components of the monetary base calculated by the MNB before revision	Components of the monetary base calculated consistent with the ECB's methodology
Currency in circulation	end-of-month stock	monthly average stock
Other monetary financial institutions' current account balances	monthly average stock	monthly average stock
Other monetary financial institutions' holdings of overnight deposits		monthly average stock