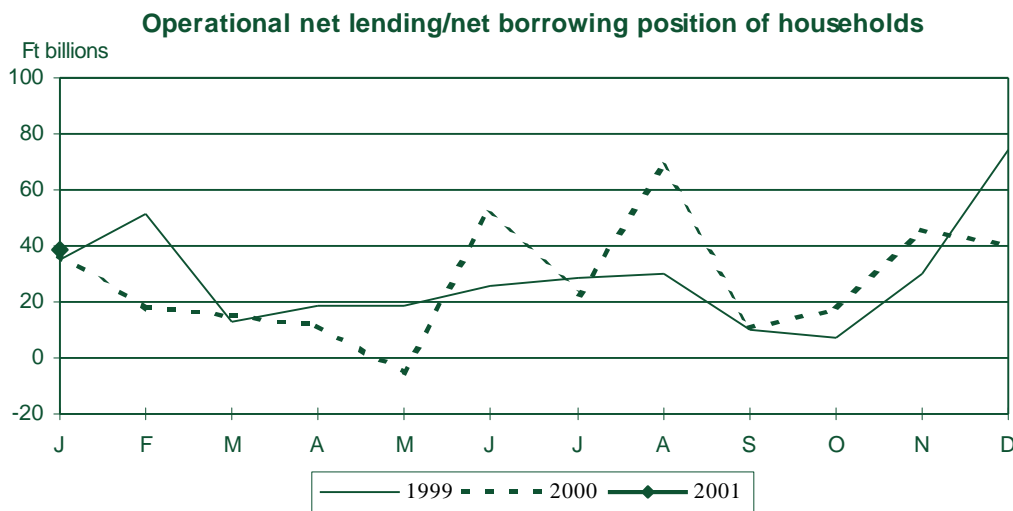


PRESS RELEASE

Net lending of households January 2001 (preliminary)

In January 2001, the value of households' operational net lending,¹ or inflation-adjusted savings, was nominally higher than the monthly average of 2000 and equal to the January outcomes of previous years. Non-bank investment products continued to be the most attractive vehicles of investment, with a substantial drop observed in holdings of cash. The increase in outstanding borrowings of the household sector was less robust than a year earlier.

According to the preliminary data, household sector operational net lending was Ft 38.5 billion. Taking account of compensation for inflation, which contributed Ft 29.5 billion, the value of net lending was Ft 68 billion. After adjusting for the accounting effect of a Ft 11.4 billion holding gain and a Ft -47.8 billion other volume change,² net financial wealth of households, measured at market value, increased by Ft 31.6 billion.



¹ Operational net lending of households presents developments in households' saving behaviour by removing the effects of compensation for inflation incorporated in interest income. Cumulative interest on households' financial assets and liabilities partly compensates for loss of capital incurred due to inflation. When calculating the monthly outcome for the indicator, compensation – the measure of which is determined by the inflation rate – is treated as revaluation instead of transaction, similarly to the treatment of revaluation gain recorded on foreign currency deposits.

² Following the practice of previous years, government sector wages, brought forward to December 2000, will be shown as a transaction in January 2001 instead of December 2000, in order to maintain consistency with government accounting methods.

Households' outstanding domestic currency assets held with credit institutions rose by Ft 8.4 billion in January. The payment in December of wages due in January had an important role in the slight increase in deposit holdings. This was recorded as other volume change (Ft – 47.8 billion), so inflation-adjusted transactions and compensation for inflation, incorporated in interest, amounted to Ft 39.5 billion and Ft 16.7 billion respectively.

The increase due to the transaction effect in the domestic currency value of the sector's foreign currency deposits continued. Inflation-adjusted transactions added Ft 7.2 billion to the total; and the contribution of compensation for inflation was another Ft 1.3 billion. Holding losses amounted to Ft 0.5 billion.

Holdings of non-bank securities rose by Ft 52 billion in the month under review. Here, the value of inflation-adjusted transactions was Ft 29.7 billion, accounted for by increases of Ft 21.7 billion in government securities holdings and Ft 13 billion in investment fund certificate holdings, reversing the fall seen in the preceding months. The sector's holdings of shares fell by Ft 5 billion.

Claims of households on insurance companies and pension funds developed comparably with those of a year earlier. Boosted by a faster increase in contribution payments, to the end of the month households' equity in pension funds matched the value of life insurance reserves.

Outstanding borrowings of the sector rose by Ft 7.3 billion in one month, inflation-adjusted transactions accounting for Ft 1.8 billion of the increase. Within total debt, the increase in consumer credit stalled, while home-building and property loans continued to rise at a moderating pace following decreases in the same periods of previous years.