

PRESS RELEASE

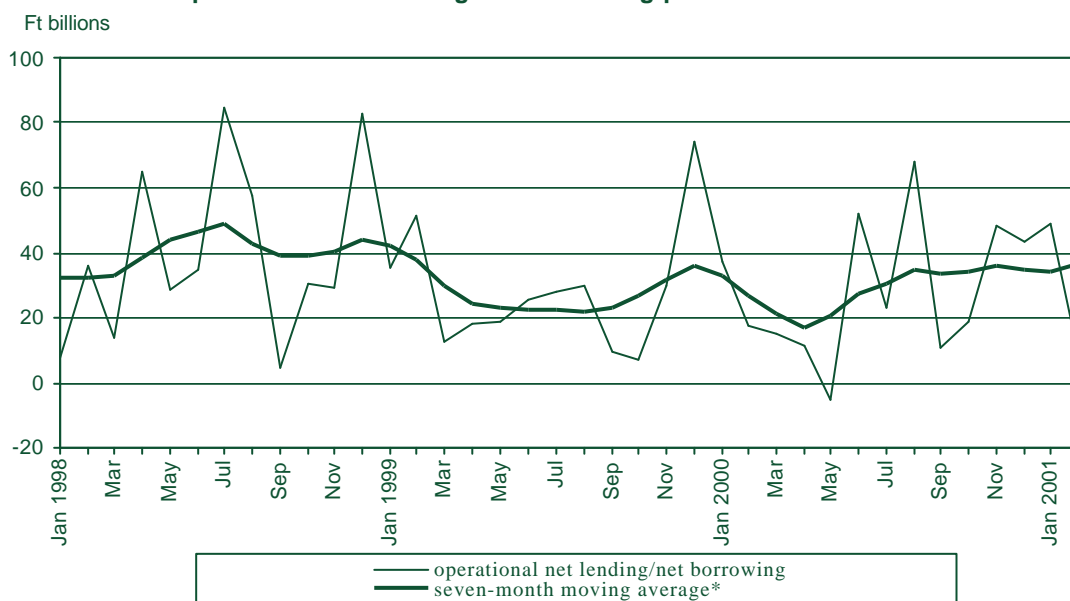
Net lending of households

February 2001 (preliminary)

In February 2001, the value of households' operational net lending,¹ or inflation-adjusted savings, was lower than in the preceding few months, the total for January–February being broadly equal to that recorded in the same period of 2000. Non-bank vehicles of investment, primarily pension funds and securities, continued to be the most attractive. Deposits rose only on account of compensation for inflation incorporated in interest. Following a pause in January, net borrowings of the household sector resumed rising, but remained below the monthly average of 2000.

According to the preliminary data, household sector operational net lending was Ft 8.8 billion in February. Taking account of compensation for inflation, which contributed Ft 29.8 billion, the value of net lending was Ft 38.6 billion. After adjusting for the accounting effect of a Ft 34 billion holding loss, net financial wealth of households, measured at market value, increased by Ft 4.6 billion.

Operational net lending/net borrowing position of households



* The moving average is calculated using symmetrically reduced weights going back in time from the current month. The moving average values for the final three months may change when the latest data become available.

¹ Operational net lending is an indicator of households' saving behaviour which eliminates the effects of compensation for inflation incorporated in interest income. Cumulative interest on financial assets and liabilities partly compensates for loss of capital incurred due to inflation. Compensation, the measure of which is determined by inflation, is treated as revaluation instead of transaction, similarly to the treatment of holding gain recorded on foreign currency deposits.

Households' outstanding domestic currency assets held with credit institutions rose by Ft 18.1 billion, but the whole increase was accounted for by compensation for inflation incorporated in interest and the effect of exchange rate movements on foreign currency deposits. The effects of operational transactions on domestic and foreign currency deposits were Ft –4.7 billion and Ft –1.4 billion respectively.

Holdings of non-bank securities fell by Ft 21.3 billion due to the decline in share prices in the month. Here, the value of inflation-adjusted transactions was Ft 8.4 billion, slightly less than the monthly average of 2000. Holdings of government securities, investment fund certificates and shares rose by Ft 4.2 billion, Ft 0.7 billion and Ft 3.5 billion respectively.

Claims of households on pension funds rose the most strongly, by Ft 14.2 billion. Flows into pension funds were broadly similar to those recorded a year ago, inflation-adjusted transactions amounting to Ft 10.7 billion.

Outstanding borrowings of the household sector rose by Ft 13.4 billion in one month. The increase in home-building loans was stronger than that in consumer credit, which grew far less robustly than the monthly average of 2000. Inflation-adjusted transactions accounted for Ft 7.8 billion.

Household sector operational net lending totalled Ft 57.7 billion in the first two months of 2001. That was Ft 3.3 billion more than the outcome recorded a year earlier. Net lending of households amounted to Ft 116.9 billion in January–February, in comparison with Ft 109.3 billion in the same period of 2000.