

## PRESS RELEASE

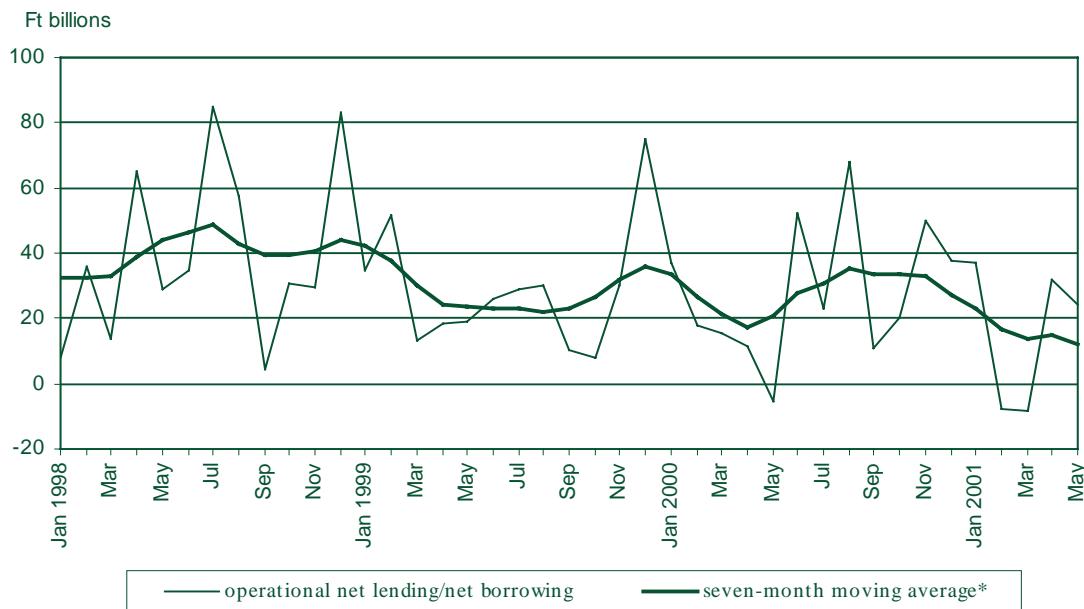
### Net lending of households

May 2001 (preliminary)

*In April, the value of households' operational net lending,<sup>1</sup> or inflation-adjusted savings, was significantly higher than both the year earlier outcome and the monthly average of 2001. As in the preceding month, flows into deposits and pension funds as well as the increase in cash holdings accounted for a significant part of operational transactions affecting holdings of financial assets. By contrast, disposals of shares by households were stronger than in April. The increase in household sector debt was higher in comparison with the monthly averages of 2000 and 2001.*

According to the preliminary data, household sector operational net lending was Ft 24 billion in May. Taking account of compensation for inflation, which contributed Ft 30.2 billion, the value of net lending was Ft 54.2 billion. After adjusting for the accounting effect of a Ft 5.9 billion holding loss due to price and exchange rate movements, net financial wealth of households, measured at market value, increased by Ft 48.3 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.

<sup>1</sup> 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' domestic currency deposits with credit institutions rose by Ft 35.2 billion, exceeding the year's monthly average increase. Here, operational transactions amounted to Ft 18.8 billion, compensation for inflation contributing Ft 16.4 billion.

Following withdrawals since February, households increased their foreign currency deposits in May. The value of operational transactions was Ft 2.8 billion in the month under review. The combined effect of forint and foreign exchange rates was a holding loss of Ft 14.6 billion.

The sector's holdings of cash were Ft 17.7 billion higher at end-May than at the end of the preceding month.

Measured at market prices, holdings of non-bank securities rose by Ft 14.3 billion. As in the preceding month, this increase was accounted for entirely by holding gains due to compensation for inflation and price changes. Disposals amounted to Ft 5.7 billion. Operational transactions in government securities and investment fund certificates contributed Ft -6.2 billion and Ft 0.5 billion respectively.

Outstanding borrowings of the household sector rose by Ft 25.7 billion in one month. Inflation-adjusted transactions in home-building loans amounted to Ft 9.1 billion and those in consumer credit to Ft 10.5 billion.

Household sector operational net lending totalled Ft 77.1 billion in the first five months of 2001. That was virtually equal to the outcome recorded a year ago. Net lending of households amounted to Ft 225.3 billion in January–May, in comparison with Ft 209.4 billion in the same period of 2000.