

PRESS RELEASE

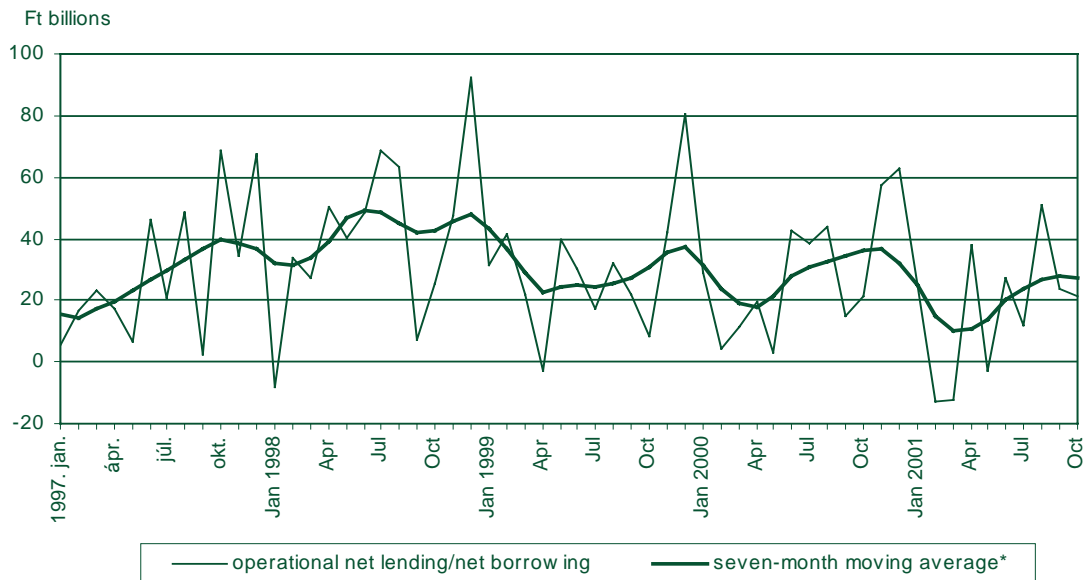
Net lending of households

October 2001 (preliminary)

As seen in the preceding two months, the value of households' operational net lending,¹ or inflation-adjusted savings, was higher in October than the monthly average of 2001, and was practically equal to the year earlier outcome. Within financial asset holdings, the switch from securities into deposits continued. Household sector debt continued to rise at a slowing pace, continuing the trends of the preceding few months. The increase in outstanding property loans was much higher than that in consumer credit.

According to the preliminary data, the value of household sector operational net lending was Ft 21.1 billion in October. Including compensation for inflation, which contributed Ft 25.4 billion, the value of net lending was Ft 46.5 billion. Households registered a Ft 16.7 billion holding gain due to price and exchange rate movements, particularly the rise in share prices. As a result, net financial wealth of the sector increased by Ft 63.2 billion, measured at market value.

Operational net lending/net borrowing 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' domestic currency claims on credit institutions were Ft 68 billion higher than in the preceding month. Compensation for inflation incorporated in interest accounted for Ft 14.6 billion of the increase. Operational transactions contributed Ft 53.4 billion. Influencing developments in deposits significantly, a part of wages due in the early days of November (on account of the four-day holiday) was paid out to employees in October. This early payment was reflected in the Ft 35.2 billion decrease in unpaid wages, so, on balance, it did not affect the October value of financial savings.

Securities holdings of households continued to fall in the month under review, as seen in September. The value of operational transactions was Ft –6.1 billion. Households continued to be net sellers of government securities (Ft –9.1 billion) and shares (Ft –3 billion). By contrast, holdings of investment units continued to rise (Ft 6 billion). The Ft 19.1 billion holding gain and the Ft 8.5 billion compensation for inflation incorporated in interest contributed to the market value of securities holdings. On balance, the market value of securities holdings rose by Ft 21.5 billion in the month under review.

Outstanding borrowings of the household sector increased by Ft 23.5 billion in October, operational transactions amounting to Ft 18.7 billion (Ft 13.1 billion in property loans and Ft 4.2 billion in consumer credit). The net increase in outstanding property loans was broadly comparable with those of the preceding few months of the year. By contrast, the contribution of operational transactions in consumer credit was much lower.