

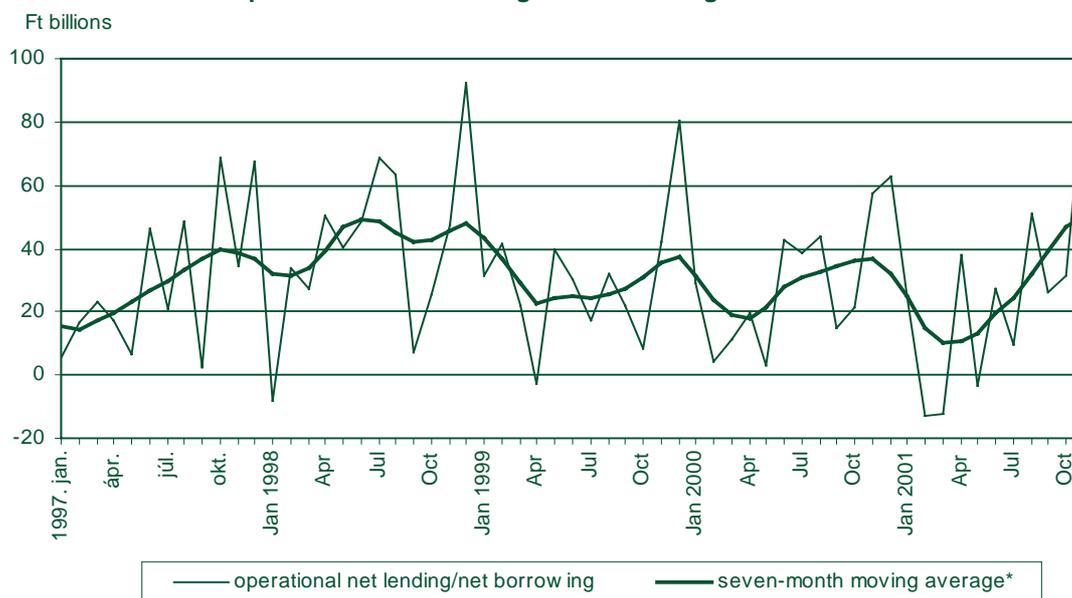
PRESS RELEASE

Net lending of households November 2001 (preliminary)

The value of households' operational net lending,¹ or inflation-adjusted savings, was outstandingly high in November, exceeding the outcomes for the comparable periods of previous years. Within financial asset holdings, flows into cash and deposits continued to be dominant. Playing a role in the increase in savings, pensions were increased retrospectively in November, and payments of a part of their equity to passive cooperative owners began. As seen in the preceding months, household sector debt continued to rise strongly.

According to the preliminary data, the value of household sector operational net lending was Ft 91.7 billion in November. Including compensation for inflation, which contributed Ft 23.9 billion, the value of net lending was Ft 115.6 billion. Households registered a Ft 16.4 billion holding gain due to price and exchange rate movements, particularly the rise in share prices, so net financial wealth, measured at market value, increased by Ft 132 billion.

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.

Forint deposits, a class of financial assets, rose the most strongly in November, showing an increase of Ft 41.3 billion. Operational transactions contributed Ft 27.3 billion, the value of compensation for inflation incorporated in interest amounting to Ft 14 billion.

Holdings of cash by households has been rising as a trend since March, with a one-month increase of Ft 36.1 billion in November.

Playing a role in the increase in savings, old-age pensions were increased retrospectively, by around Ft 20 billion, in November, with payments of a part of their equity to passive cooperative owners.

The forint equivalent of households' domestic currency claims on credit institutions was Ft 6.7 billion higher than in the preceding month, operational transactions amounting to Ft 9 billion. Due to the withdrawal of the member currencies of the euro area, households placed a part of their currency holdings on bank accounts, which added to the increase in the month under review.

Non-bank securities holdings of households rose by Ft 25.3 billion, mostly on account of the rise in share prices. Revaluation contributed Ft 19.6 billion to household wealth, the value of operational transactions being Ft –2.2 billion. Demand for holdings of investment units was significant. By contrast, holdings of government securities and shares fell. (Operational transactions amounted to Ft 15.9 billion, Ft –13.9 billion and Ft –4 billion respectively.)

Unpaid wages increased substantially, by Ft 34.7 billion, as less wages were paid out at end-November than at end-October. (The massive advance payment of wages at end-October must have played a role in this.)

Continuing the trends of past months, outstanding borrowings of the household sector increased by Ft 29.3 billion in November. Operational transactions amounted to Ft 24.7 billion. The net increase in outstanding property loans was higher than that in consumer credit. Operational transactions in property loans and consumer credit amounted to Ft 14.2 billion and Ft 8.7 billion respectively.