

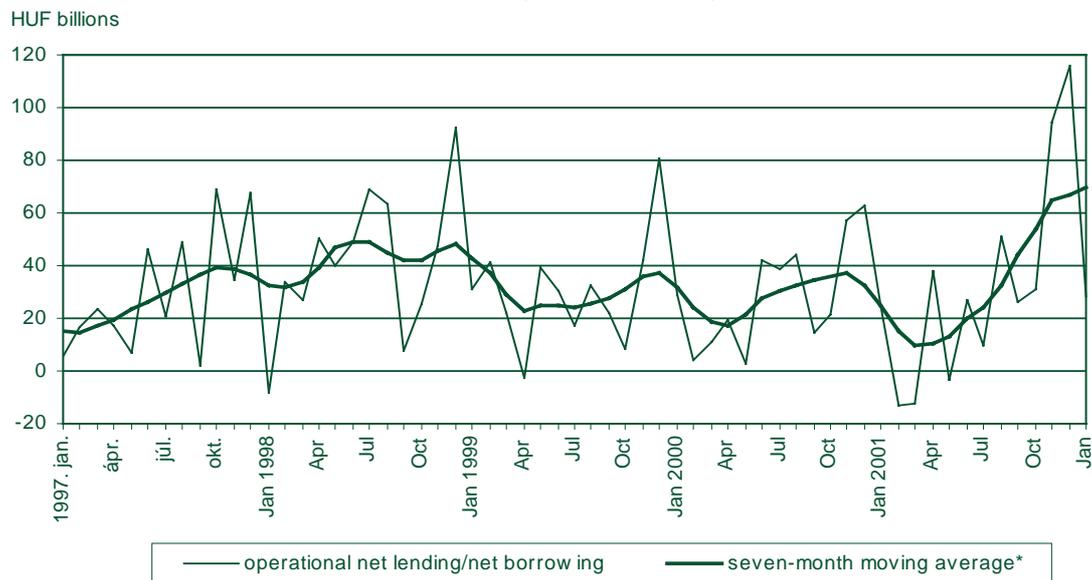
PRESS RELEASE

Net lending of households January 2002 (preliminary)

The value of households' operational net lending¹ was lower in January than the strong outcomes recorded towards the end of 2001, reflecting the seasonal patterns, and was broadly comparable with the January data of previous years. Households preferred buying investment units in the month. Holdings of domestic cash fell significantly. Due to less robust consumer borrowing, the rise in household sector debt was more modest than in the preceding months, although it was stronger than in the same periods of previous years.

According to the preliminary data, the value of household sector operational net lending was HUF 28.4 billion in January 2002. Including compensation for inflation, which contributed HUF 22.7 billion, the value of net lending was HUF 51.1 billion. Households registered a HUF 21.8 billion holding gain on account primarily of rising share prices, so net financial wealth, measured at market value, increased by HUF 72.9 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.

Holdings of domestic currency cash by households fell by HUF 50 billion, broadly in line with the seasonal patterns underlying movements in cash holdings.

The increase in households' forint deposits was broadly comparable with that a year earlier. The January increase in deposits amounted to HUF 23.3 billion. Here, operational transactions and compensation for inflation incorporated in interest contributed HUF 10 billion and HUF 13.3 billion respectively.

The forint equivalent of households' foreign currency deposits was HUF 4.2 billion lower at end-January than at end-December. There was a small drop in foreign currency cash holdings arising from conversions of the outgoing EMU member currencies, its effect on households' foreign currency deposits being insignificant.

Household demand for investment units was strong in the month. Operational transactions in investment units was the highest to date, amounting to HUF 40.4 billion. In contrast with investment units, holdings by the sector of government securities and shares continued to fall. Holding gains registered on account of price rises increased the value of shares held. Total securities holdings, measured at market value, rose by HUF 58.9 billion in one month, compensation for inflation incorporated in interest and the revaluation effect accounting for HUF 7.4 billion and HUF 22.6 billion respectively.

Total unpaid wages increased by HUF 46.1 billion in January. This strong increase was due to the large part of wages, due in the early days of January, being paid out in December. As a consequence, the end-December amount of unpaid wages fell. The end-January total of unpaid wages was normal, i.e. it showed a strong increase relative to December.

As seen a year earlier, the increase in outstanding borrowings of the household sector slowed in January. The net increase in total debt amounted to HUF 16.4 billion. Within this, the increase in property loans (HUF 9.7 billion) continued to be higher than that in consumer credit (HUF 4.7 billion).