

PRESS RELEASE

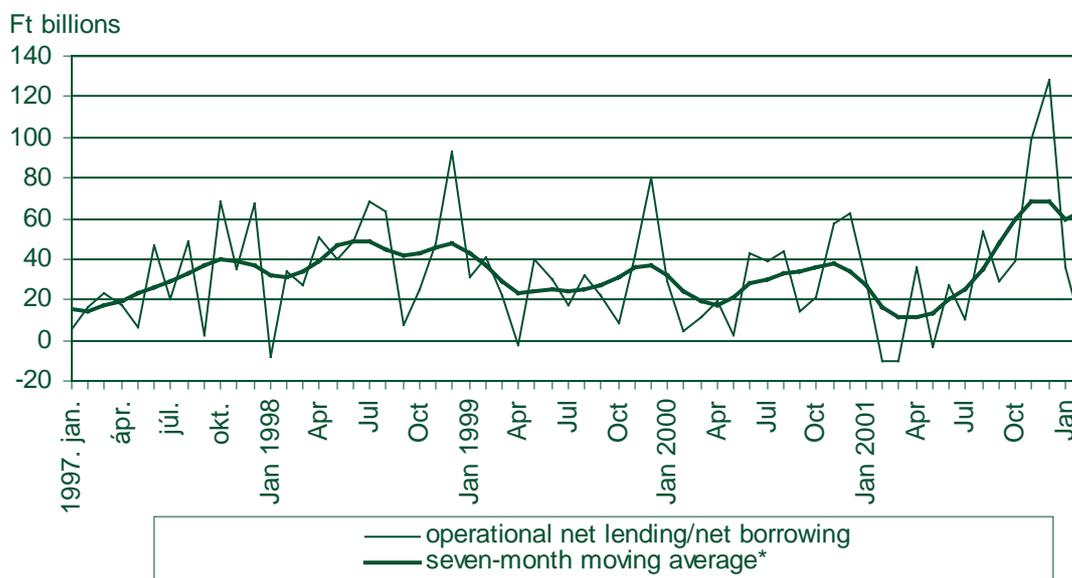
Net lending of households

February 2002 (preliminary)

The value of households' operational net lending¹ was lower in February than in January, reflecting the seasonal trends observed in the past two years. Investment units continued to be the favoured financial instrument in the month. The increase in the deposit stock was accounted for by compensation for inflation. Outstanding household sector debt developed in line with more subdued borrowing characterising the early months of the year.

According to the preliminary data, the value of household sector operational net lending was Ft 6.1 billion in February. Including compensation for inflation, which contributed Ft 23 billion, the value of net lending was Ft 29.1 billion. Households registered a Ft 10.1 billion holding loss on account primarily of price changes, so net financial wealth, measured at market value, increased by Ft 19 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.

At Ft 4.2 billion, households' forint deposits rose more modestly in February than in the preceding few months. Compensation for inflation incorporated in interest, contributing Ft 13.3 billion, accounted for the increase in deposits. Operational transactions, in contrast, had a negative contribution of Ft –9.1 billion.

Households' foreign currency deposits fell by Ft 5.4 billion, the value of operational transactions being Ft –12.6 billion. The fall in foreign currency deposits was reflected in a rise in foreign currency cash holdings. Hungarian households placed a significant part of their EMU member currency cash holdings on foreign currency deposit accounts at year-end. Reversing this trend early in 2002, they reduced their deposit holdings and increased their cash holdings.

Investment units continued to be sought after in the month. Operational transactions in investment units amounted to Ft 21.4 billion. In contrast with investment units, holdings by the household sector of government securities and shares continued to fall. Holding losses registered on account of price falls reduced the value of securities held. Total securities holdings, measured at market value, rose by Ft 5.9 billion in one month, compensation for inflation incorporated in interest and the revaluation effect accounting for Ft 7.5 billion and Ft –16.2 billion respectively.

Outstanding borrowings of the household sector rose by Ft 19.5 billion, more strongly than a year earlier. The increase in property loans (Ft 12.2 billion) continued to be higher than that in consumer credit (Ft 5.3 billion).