

PRESS RELEASE

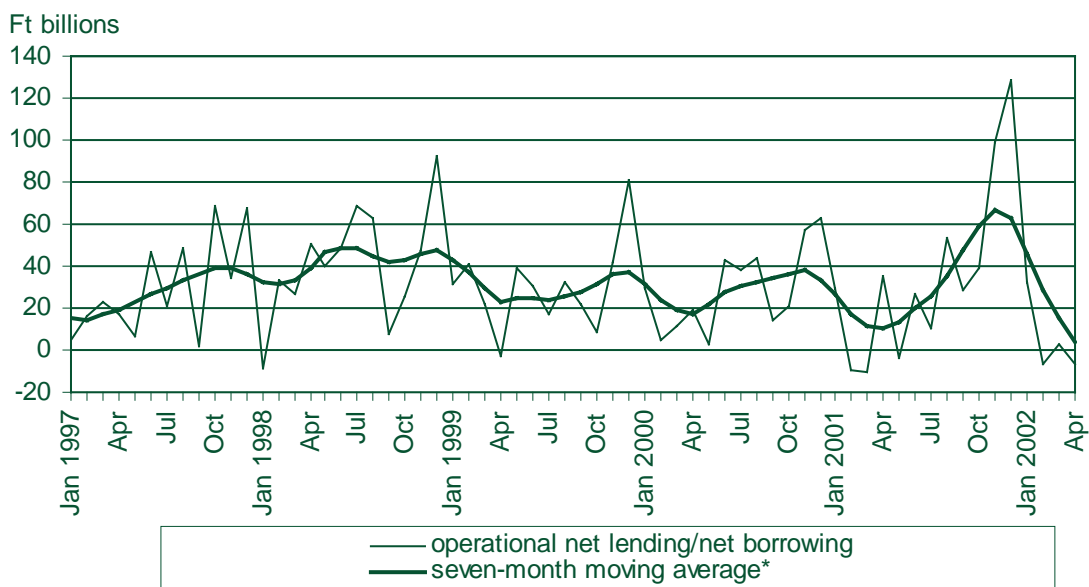
Net lending of households

April 2002 (preliminary)

The value of households' operational net lending¹ was lower in April relative to both the preceding month and a year earlier. The very strong upsurge in outstanding debt played a dominant role in this. As seen in March, investment units, cash holdings and pension fund assets continued to be the favoured financial instruments in the month. The sector's deposits and government securities holdings fell.

According to the preliminary data, the value of household sector operational net lending was Ft –6.4 billion in April. Including compensation for inflation, which contributed Ft 21.9 billion, the value of net lending was Ft 15.5 billion. Households registered a Ft 4.8 billion holding gain due to exchange rate changes, so net financial wealth, measured at market value, increased by Ft 20.3 billion in the month.

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 reduced their existing claims on other monetary financial institutions (credit institutions) in April. Forint deposits and bank securities holdings fell by Ft 8.3 billion. The value of transactions, excluding the Ft 12.5 billion compensation-for-inflation component, was Ft –20.8 billion.

Up Ft 21.6 billion relative to end-March, domestic currency cash holdings of the sector rose more strongly at end-April than in the preceding few months.

Households' foreign currency deposits continued to rise. However, the sector registered a massive holding loss due to the decline in the US dollar exchange rate. At bottom, therefore, the forint equivalent of foreign currency deposits fell. Foreign currency deposits were Ft 7.5 billion lower than in March. The value of operational transactions was Ft 3 billion. Data on foreign currency deposits suggest that the increase in foreign currency cash holdings, characterising the first quarter, has come to an end. (Households placed a significant portion of EMU member currency cash holdings on foreign currency deposit accounts around the end of 2001. This trend turned around in the early part of this year – account holdings fell and foreign currency cash holdings rose.)

The rearrangement of securities holdings continued in April. Investment units were the most sought-after instrument. Operational transactions in investment units amounted to Ft 10.6 billion. In contrast with investment units, holdings by the household sector of government securities fell by Ft 9.3 billion. Total securities holdings, measured at market value, rose by Ft 25.9 billion in one month. Operational transactions, compensation for inflation and the revaluation effect accounted for Ft 1.3 billion, Ft 7.3 billion and Ft 17.3 billion respectively.

Household sector outstanding debt rose by Ft 40.1 billion in the month under review. This was the strongest one-month rise to date. The increase in property loans (Ft 22.5 billion) was robust, that in consumer credit (Ft 15.6 billion) being higher than the monthly average of the previous year.