

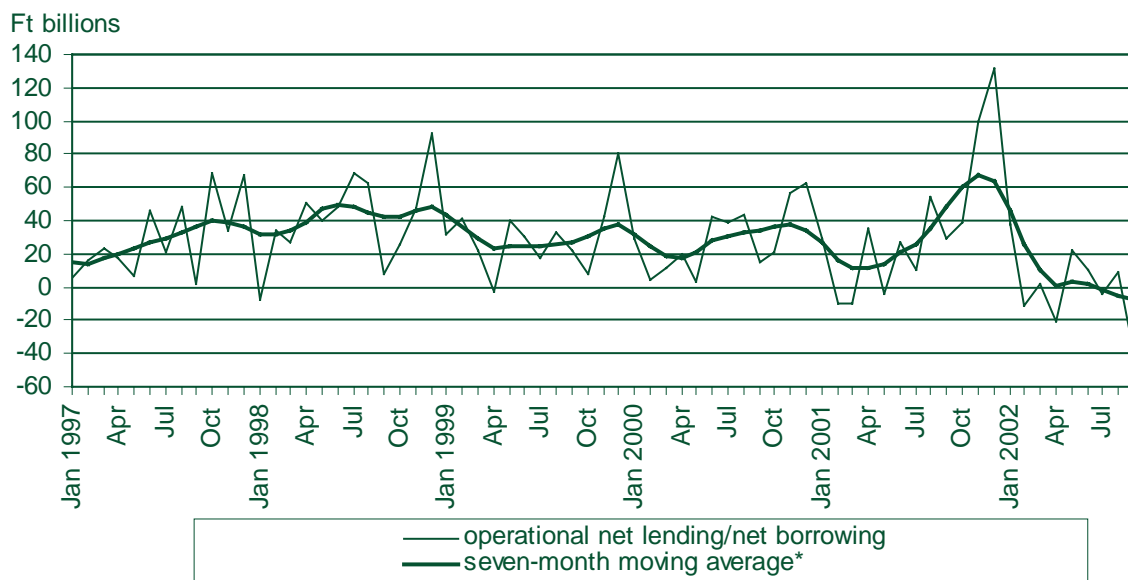
## PRESS RELEASE

### Net lending of households September 2002 (preliminary)

*In September, the change in households' operational net lending<sup>1</sup> continued to be consistent with the downward trend of past months. Within the various financial assets, government securities holdings and flows into life and pension insurance schemes rose strongly. This was in contrast with the declines in deposits and cash. The massive build-up in the sector's outstanding debt continued, with a considerably stronger increase in property loans than in consumer credit and other loans.*

According to the preliminary data, the value of household sector operational net lending was Ft –41.2 billion in September. Including compensation for inflation, which contributed Ft 16.8 billion, the value of net lending amounted to Ft –24.4 billion. Mostly on account of a decline in share prices, households registered a holding loss of Ft 13.9 billion, so the sector's net financial wealth fell by a total Ft 38.3 billion, measured at market prices.

Operational net lending/net borrowing of households



\* The moving average is calculated by assigning symmetrically declining weights to the values around the current month. The moving average values for the last three months may change when the latest data become available.

<sup>1</sup> 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.

In September, households reduced their holdings of forint and foreign currency deposits. The amount of forint deposits and bank securities fell by Ft 6.9 billion. Compensation for inflation amounted to Ft 10.6 billion and operational transactions to Ft –17.5 billion. The fall in households' foreign currency deposits, characterising 2002, continued in the month under review – the sector's foreign currency deposits fell by Ft 4.4 billion, the forint equivalent of foreign currency deposits being Ft 9.3 billion lower at end-September than at the preceding month-end, due to the Ft –4.9 holding loss registered on holdings.

In contrast with the rises in earlier months of the year, holdings of forint cash by households fell by Ft 6.1 billion in September.

Since June, net purchases have been dominating investments in government securities. Operational transactions in government securities and investment units amounted to Ft 9.3 billion and Ft 0.8 billion respectively. In September, households registered a Ft 8.9 billion holding loss on securities, compensation for inflation amounting to Ft 5.8 billion. Consequently, total wealth of households held in securities increased by Ft 7 billion, measured at market prices.

Holdings of long-term assets rose particularly significantly in September. Life insurance reserves rose by Ft 12 billion and claims on pension and life insurance funds by a total Ft 12.5 billion.

Unpaid wages were Ft 22.3 billion higher than at the end of the preceding month, as a part of wages due in early September were already paid out towards end-August. Consequently, the end-August amount of unpaid wages was lower than usually.

The massive build-up in household debt continued in September, the increase in property loans remaining dominant. The outstanding total of loans was Ft 69.4 billion higher relative to the preceding month. Within this, property loans rose by Ft 52.1 billion, and consumer credit and other loans by Ft 17.3 billion.