

PRESS RELEASE

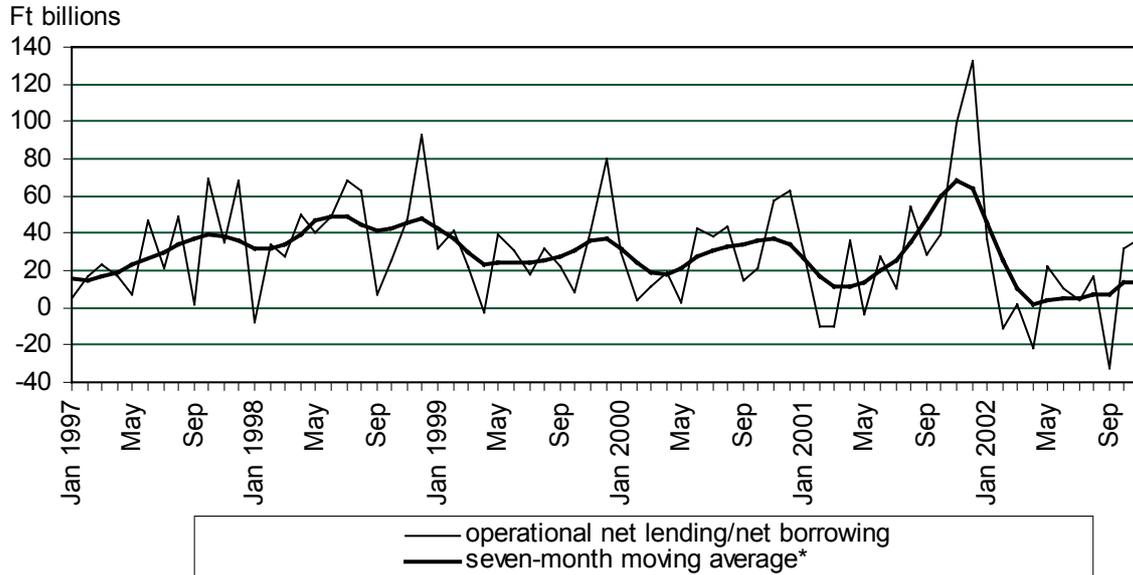
Net lending of households

November 2002 (preliminary)

In November, the value of households' operational net lending¹ was higher than in the preceding months, consistent with the seasonal patterns characterising the end of the year. The strong build-up in household debt continued, property loans accounting for the most part of the increase. Within financial instruments, there were significant increases in holdings of bank deposits, cash, investment units and claims on pension funds.

According to the preliminary data, the value of household sector operational net lending was Ft 37.1 billion in November. Including compensation for inflation, which contributed Ft 17.5 billion, the value of net lending amounted to Ft 54.6 billion. Taking account of the Ft 9.6 billion holding gain due to price and exchange rate movements, the sector's net financial wealth increased by Ft 64.2 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.

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.

In November, households' forint assets held with credit institutions rose by Ft 32.4 billion. Here, inflation compensation, incorporated in interest, accounted for Ft 11.2 billion and operational transactions for Ft 21.2 billion.

The increase in cash holdings of households amounted to Ft 18.2 billion in the month under review.

Households continued to reduce their foreign currency deposits, as seen in earlier months of the year. The end-November stock of foreign currency deposits was Ft 4.5 billion lower than at end-October. The sector registered a significant holding loss of Ft 13.3 billion due to appreciation of the forint. On balance, the forint equivalent of households' foreign currency deposits was Ft 17.8 billion lower than at the end of October.

The sector's securities holdings rose by Ft 41.2 billion, measured at market value, in the month under review. Price increases, i.e. the rise in share prices and the fall in government securities yields, played a major role in this, resulting in a total Ft 23.5 billion holding gain. Inflation compensation and operational transactions accounted for Ft 6.3 billion and Ft 11.4 billion respectively. The rise in investment unit holdings was the strongest. Net purchases of government securities were comparable with those in the preceding month, while holdings of shares fell.

The payment at the end of October of a part of wages due in early days of November, brought forward on account of the holidays, was reflected in unpaid wages increasing.

Outstanding household debt increased by Ft 67 billion in November, by the monthly average amount seen in the preceding six months of 2002. The strong build-up in property loans continued – the outstanding total has doubled since March, and it is now higher than that of consumer credit and other loans. Outstanding property loans were Ft 51.2 billion higher relative to October. Consumer credit and other loans rose by Ft 13.3 billion in one month.