

## PRESS RELEASE

### Net lending of households in December 2002 (preliminary)

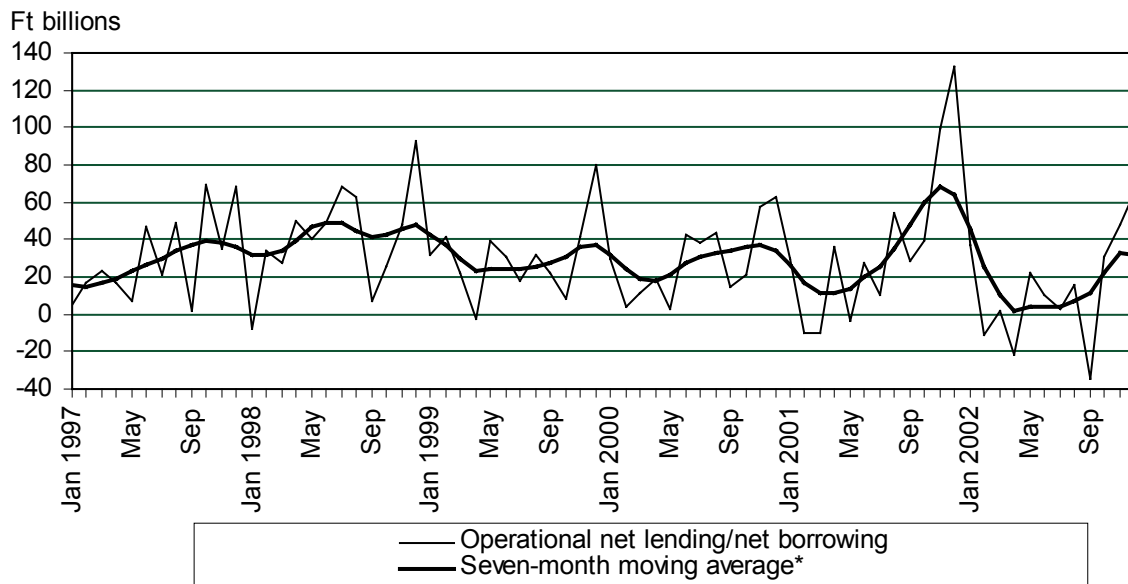
Beginning with the next press release, net lending of households will be published quarterly, instead of the current practice of monthly publication. In addition, the household sector, together with the other economic sectors, will be presented within the system of national accounts.

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In December, the value of households' operational net lending<sup>1</sup> reached its highest level in 2002, consistent with the seasonal patterns characterising the past few years. Within financial assets, there was a robust increase in bank deposits. In addition, investment units holdings, claims on pension funds and life insurance reserves also rose. Existing household debt rose particularly strongly in the month under review, property loans continuing to account for the larger part of the increase.

According to the preliminary data, the value of household sector operational net lending was Ft 65 billion in December. Including compensation for inflation, which contributed Ft 17.7 billion, the value of net lending amounted to Ft 82.7 billion. The sector registered a Ft 27 billion holding loss due to price and exchange rate changes, particularly the appreciation of the forint. Consequently, its net financial wealth increased by Ft 55.7 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.

Within financial assets, households' forint assets held with credit institutions rose robustly, by Ft 136.2 billion. Here, operational transactions accounted for Ft 124.7 billion and inflation compensation, incorporated in interest, for Ft 11.5 billion.

In contrast with the reduction in the preceding months of the year, households increased their foreign currency deposits in December 2002, transactions amounting to Ft 7.8 billion. However, the sector registered a significant holding loss of Ft 18.4 billion, on account of the appreciation of the forint. On balance, the forint equivalent of households' foreign currency deposits was Ft 10.6 billion lower than at the end of November.

The sector's holdings of non-bank securities rose by Ft 7.8 billion in the month under review. Revaluations, inflation compensation and operational transactions respectively accounted for Ft -7.6 billion, Ft 6.2 billion and Ft 9.2 billion of the increase. Of the various classes of securities, investment unit holdings continued to rise. By contrast, government securities holdings fell.

The stock of unpaid wages fell by Ft 65 billion in December, due to the payment of wages brought forward from January to December.

Outstanding household debt increased by Ft 54.2 billion in December, at a somewhat lower rate than the monthly average increase of the preceding few months of 2002. Up Ft 47.8 billion, the strong build-up in the stock of property loans continued uninterrupted. The outstanding total of consumer credit and other loans was Ft 2.7 billion higher than in the preceding month.