

29 February 2008

PRESS RELEASE

Consolidated balance sheet of MFIs: January 2008

In January 2008, the monetary base fell by HUF 167.0 billion to HUF 2,884.2 billion. The annualised month-on-month growth index¹ of the monetary base (M0) stood at 114.6%.

The annualised month-on-month growth indices of all three monetary aggregates were up on the month: that of M1 rose by 6.2 percentage points to 125.1%, that of the narrow monetary aggregate M2 by 3.5 percentage points to 113.0% and that of M3 by 7.2 percentage points to 115.3%.

Chart 1 Annualised month-on-month growth rates of the monetary aggregates



The not seasonally adjusted stock of the monetary aggregate M3 fell by HUF 29.0 billion to HUF 14,173.0 billion.

The percentage share of M1 – which comprises currency outside monetary financial institutions and overnight deposits – changed from 44.7% to 43.8%, with its stock falling by HUF 149.4 billion. Within this figure, the stock of overnight deposits fell by HUF 98.0 billion.

¹ For an explanation, see the methodological notes at the end of this press release.

The percentage share of M2-M1 – a measure of deposits with an agreed maturity of up to two years – rose from 46.5% to 47.4%, with its stock rising by HUF 120.3 billion.

The percentage share of M3-M2 – comprising outstanding repos, money market fund shares and debt securities with maturities of up to two years – remained unchanged at 8.8%, with its stock edging by HUF 0.1 billion.

Chart 2 Components of the monetary aggregates

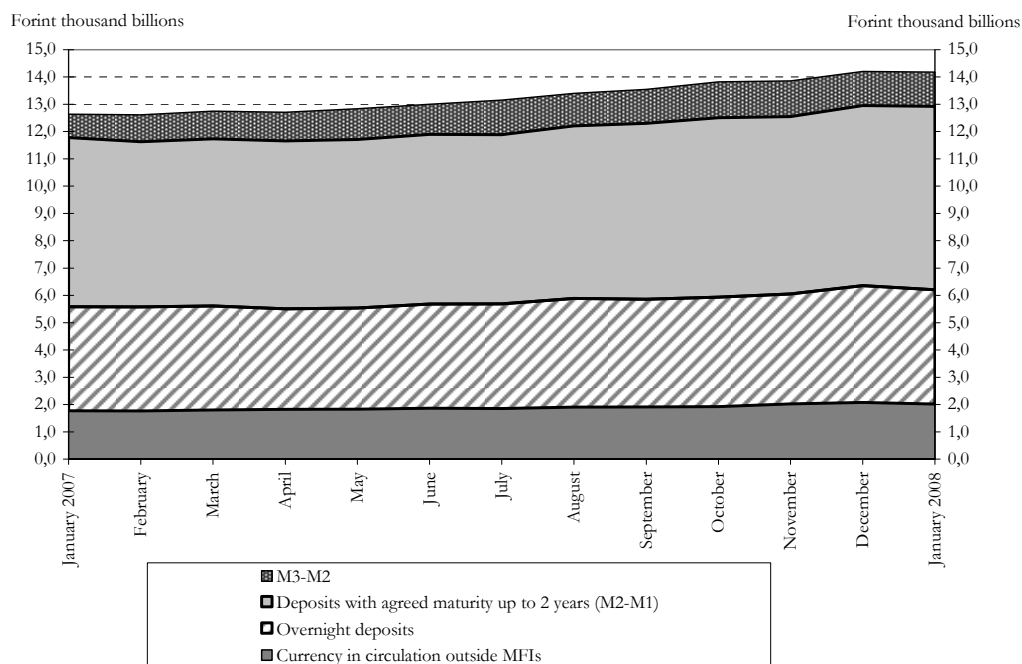


Chart 3 Seasonally adjusted M1

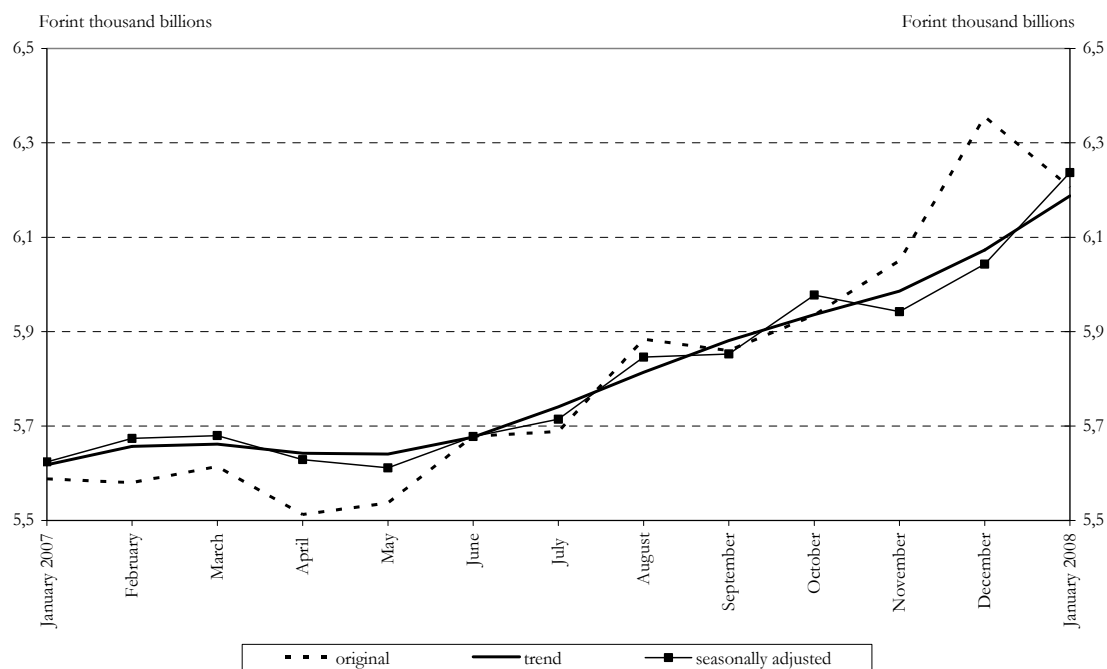


Chart 4 Seasonally adjusted M2

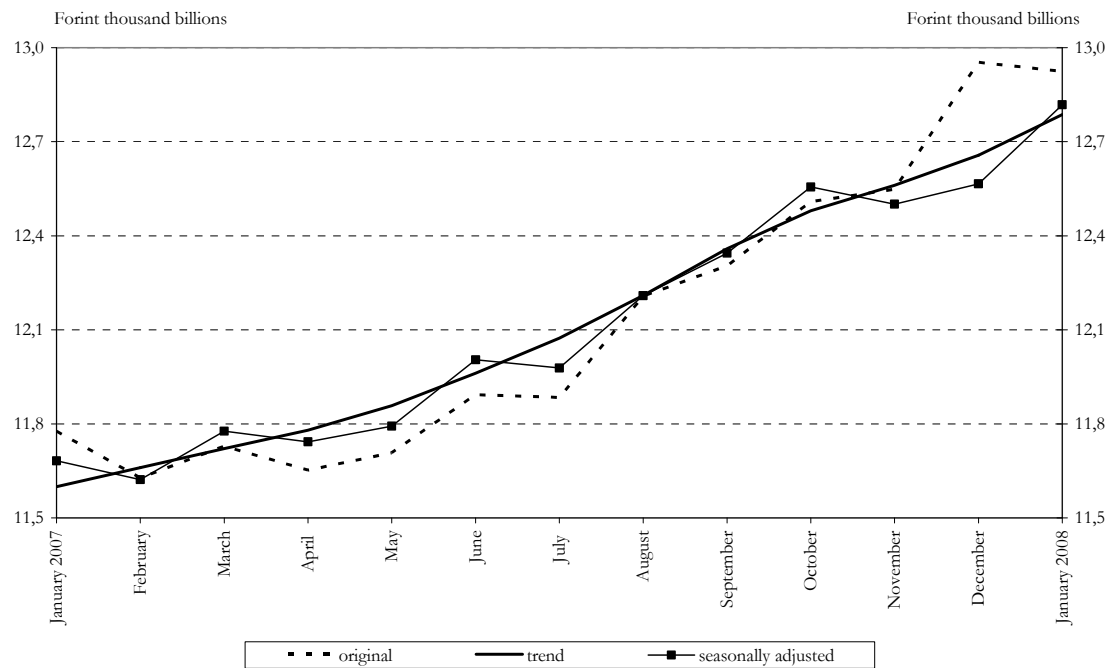
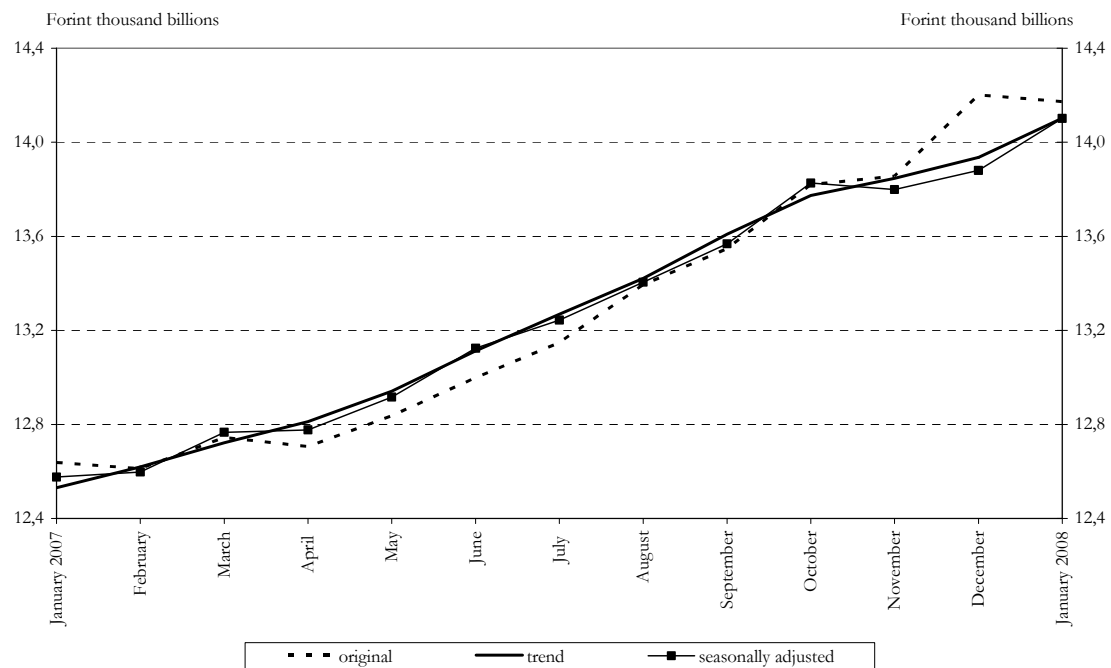


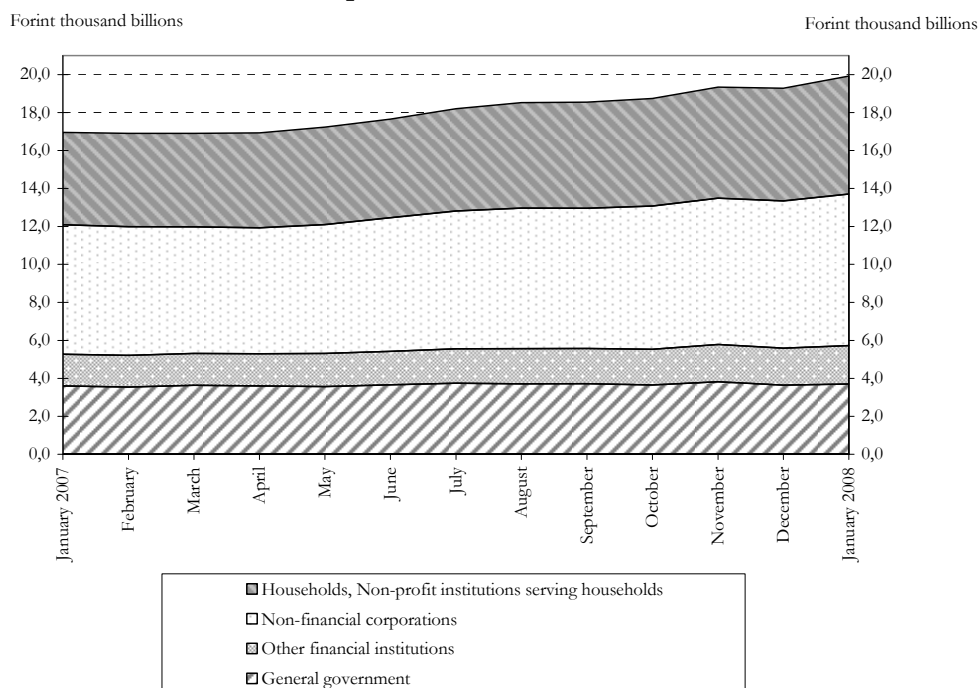
Chart 5 Seasonally adjusted M3



After falling in the previous month, domestic assets² of monetary financial institutions rose by HUF 643.0 billion to HUF 19,925.8 billion in the month under review. Here, the stocks of assets with non-financial corporations and households showed the strongest increase.

Within domestic assets, those with non-financial corporations continued to account for the highest percentage share. This ratio fell by 0.1 percentage point to 40.1% in January. The ratio of MFIs' assets with households and non-profit institutions serving households to total domestic assets edged up by 0.4 percentage points to 31.2%. The ratio of assets with general government fell by 0.3 percentage points to 18.6% and that of assets with other financial corporations rose by 0.1 percentage point to 10.1%.

Chart 6 Composition of the stock of domestic loans



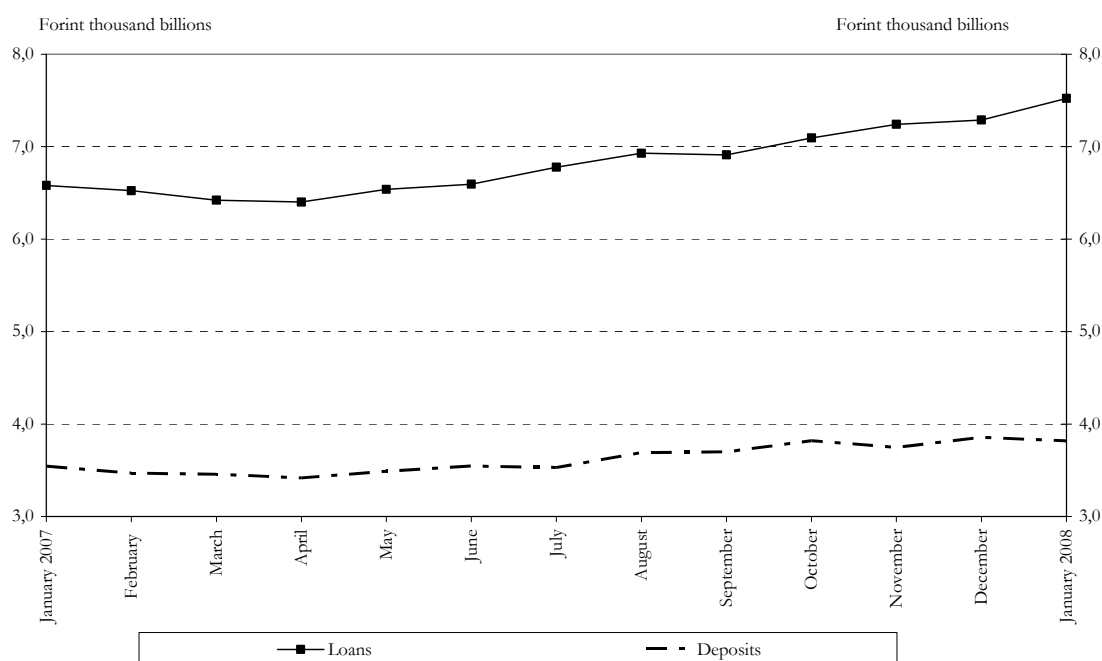
The total stock of loans granted by monetary financial institutions to non-financial corporations has been upwards since May 2007. In January, it rose by HUF 234.7 billion to HUF 7,522.7 billion. Short-term loans were up by HUF 101.5 billion to HUF 2,753.8 billion. Loans with a maturity of over one year rose by HUF 133.3 billion to HUF 4,769.0 billion. Within longer-term term loans, loans with a maturity of up to five years rose by HUF 60.9 billion to HUF 1,992.3 billion and loans with a maturity of over five years by HUF 72.4 billion to HUF 2,776.7 billion. Loans with a maturity of over five years again accounted for the highest share within the total: their ratio changed by 0.2 percentage points to 36.9%. The share of short-term loans edged up by 0.2 percentage points to 36.6% and that of loans with a maturity of up to five years rose remained unchanged at 26.5%.

The share of foreign currency loans with a maturity of up to one year rose from 31.6% to 34.1%, that of loans with a maturity of over one year and up to five years from 53.4% to 55.4% and that of loans with a maturity of over five years from 70.1% to 71.6%. The stock of foreign currency loans was HUF 266.9 billion higher than in December. Here, exchange rate changes and transactions accounted for HUF 125.8 billion and HUF 141.1 billion, respectively, of the increase.

² MFIs' domestic assets include debt securities, and shares and other equity, in addition to loans.

After rising in the previous two months, the sector's deposits with monetary financial institutions fell by HUF 38.3 billion to HUF 3,818.4 billion, and returned to the level in October 2007. Within total deposits, the share of overnight deposits was 53.8%, that of deposits with an agreed maturity was 45.9% and that of outstanding repos was 0.3%. Overnight deposits fell by HUF 25.0 billion to HUF 2,055.6 billion. Within this figure, forint deposits were down by HUF 129.0 billion and foreign currency deposits rose by HUF 104.0 billion. Deposits with a maturity of up to one year fell by HUF 15.7 billion to HUF 1,698.0 billion. Deposits with a maturity of over one year and outstanding repos, respectively, rose by HUF 2.1 billion and HUF 0.4 billion.

Chart 7 Loans and deposits of non-financial corporations

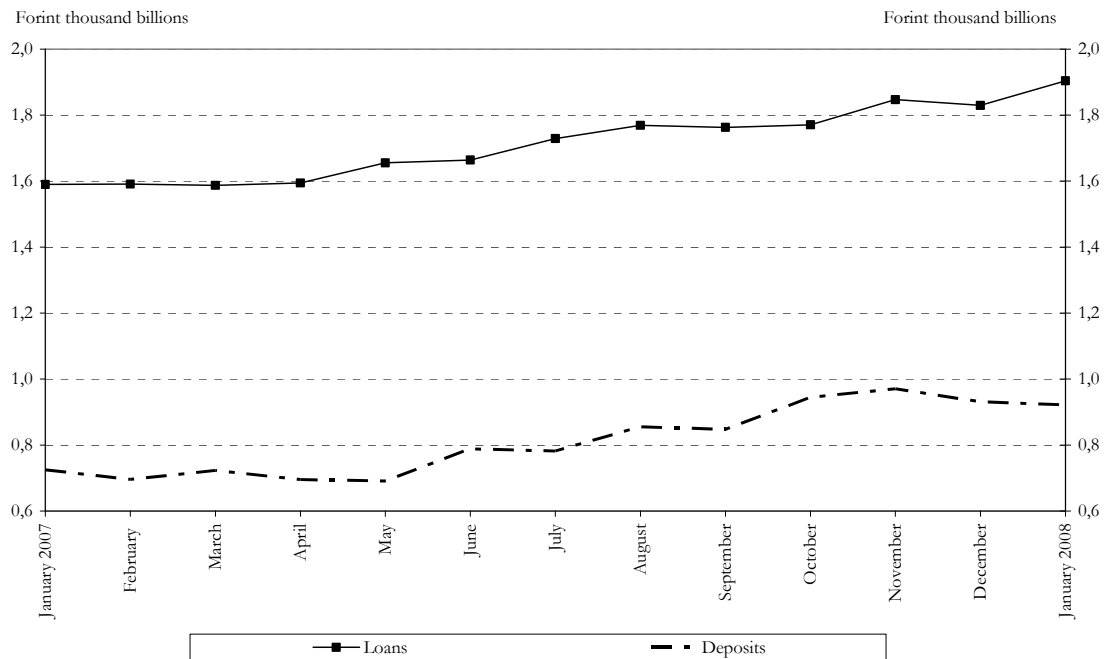


Notwithstanding the fall in September 2007, the stock of loans granted to other financial corporations had been rising in the period between April–November. And it rose again in January, by HUF 74.3 billion to HUF 1,903.9 billion, after falling in the previous month. The share of loans with a maturity of up to five years – accounting for the highest value within the total – changed from 44.1% to 44.2%, that of loans with a maturity of over five years from 25.6% to 26.1% and that of loans with a maturity of up to one year from 30.4% to 29.7%.

Within loans granted to the sector, forint loans fell by HUF 18.5 billion and foreign currency loans rose by HUF 92.8 billion. Exchange rate changes and transactions accounted for HUF 84.1 billion and HUF 8.7 billion, respectively, of the increase in the latter.

In January, the sector's deposits with monetary financial institutions rose by HUF 9.9 billion to HUF 921.8 billion. The value of overnight deposits fell by HUF 6.3 billion and that of deposits with an agreed maturity rose by HUF 5.7 billion. Outstanding repos were down by HUF 52.3 billion on December.

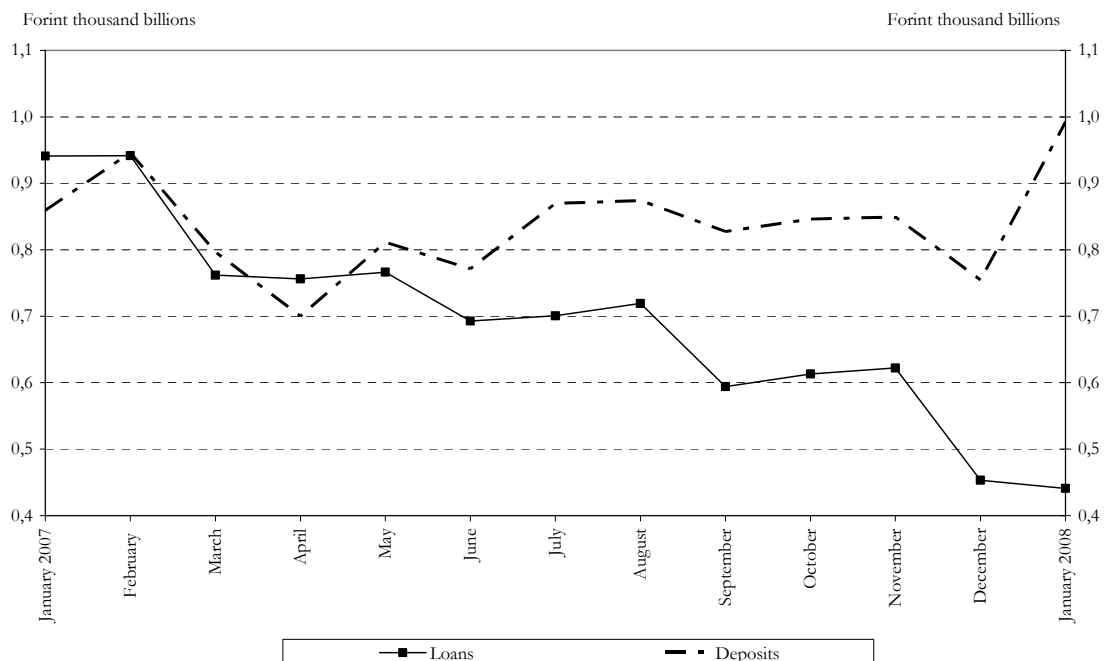
Chart 8 Loans and deposits to other financial corporations



Loans granted by monetary financial institutions to the general government sector fell by HUF 12.3 billion to HUF 441.0 billion.

The stock of the general government sector's deposits with monetary financial institutions rose by HUF 237.7 billion to HUF 992.2 billion. That reflected a HUF 257.1 billion increase in deposits of the central government and a HUF 19.4 billion fall in deposits of the local government sub-sector.

Chart 9 Loans and deposits of the general government sector

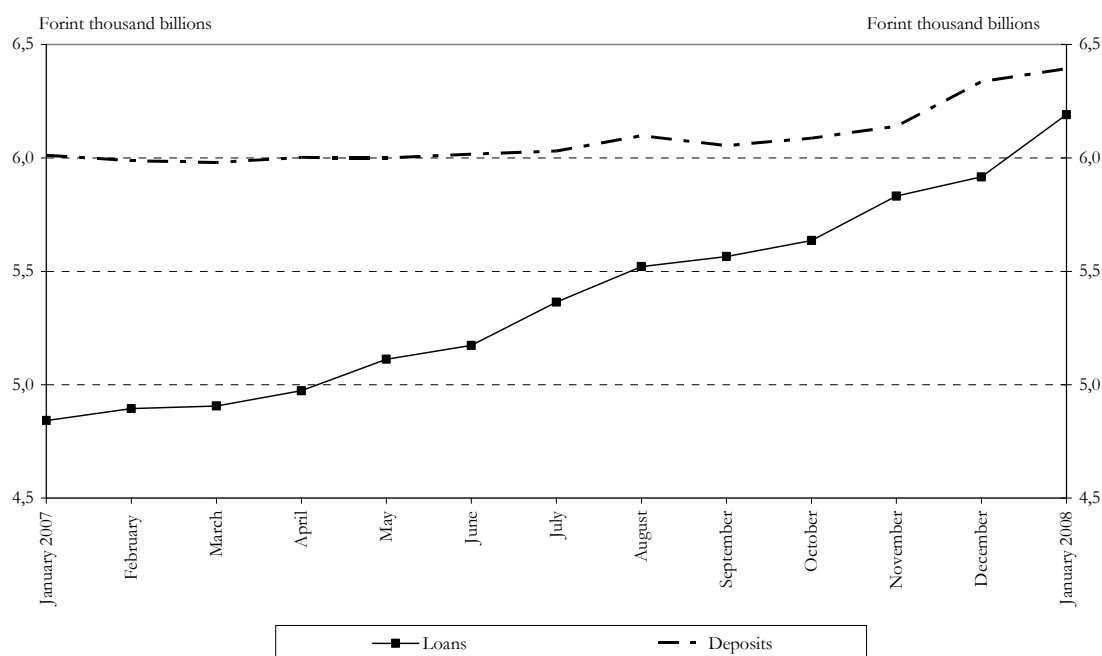


The increase in loans granted to the household sector over the past few years continued: total loans outstanding rose by HUF 274.1 billion to HUF 6,190.9 billion in January. Forint loans were down by HUF 16.0 billion and foreign currency loans were up by HUF 290.1 billion. Transactions and exchange rate valuation effects contributed HUF 100.9 billion and HUF 189.2 billion, respectively, to the increase in the value of foreign currency loans. The share of foreign currency loans within the total continued to rise: this month it was up from 55.0% to 57.3%. This ratio has been rising continuously over the past two years. In January, it was nearly twice its level of two years previously.

In January, household deposits with MFIs rose by HUF 57.8 billion to HUF 6,393.9 billion.

Outstanding household loans rose by 27.9% and deposits by 6.4% relative to January 2007. Consequently, the difference between the values of loans and deposits fell by 82.7% in twelve months.

Chart 10 Loans and deposits of the household sector



Within loans granted to households, the share of housing loans fell from 53.0% to 52.7%, with their stock rising by HUF 123.0 billion. Foreign currency loans rose from 46.4% to 48.8% as a percentage of housing loans. The percentage share of consumer credit within the total stock of loans to households was up from 40.6% to 41.9%, with the outstanding amount of loans increasing by HUF 193.5 billion. Foreign currency loans changed from 67.9% to 70.1% as a percentage of total consumer credit. The share of other loans fell from 6.4% to 5.4%, with an increase of HUF 42.4 billion in their stock. Here, the percentage share of foreign currency loans was 40.5%.

Chart 11 Composition of household loans

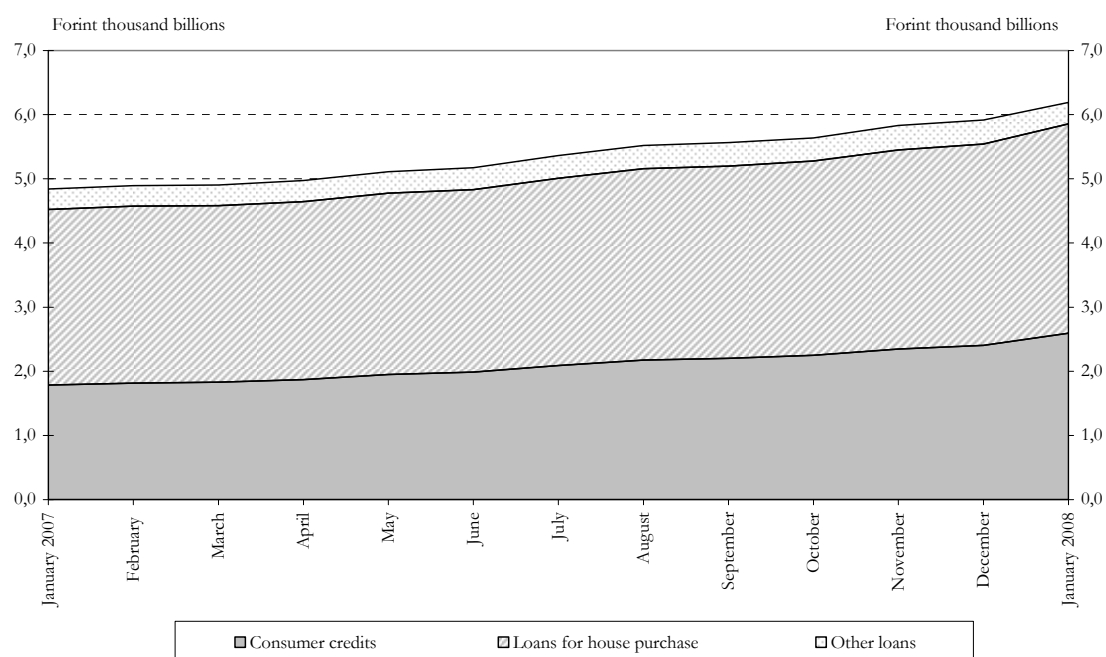
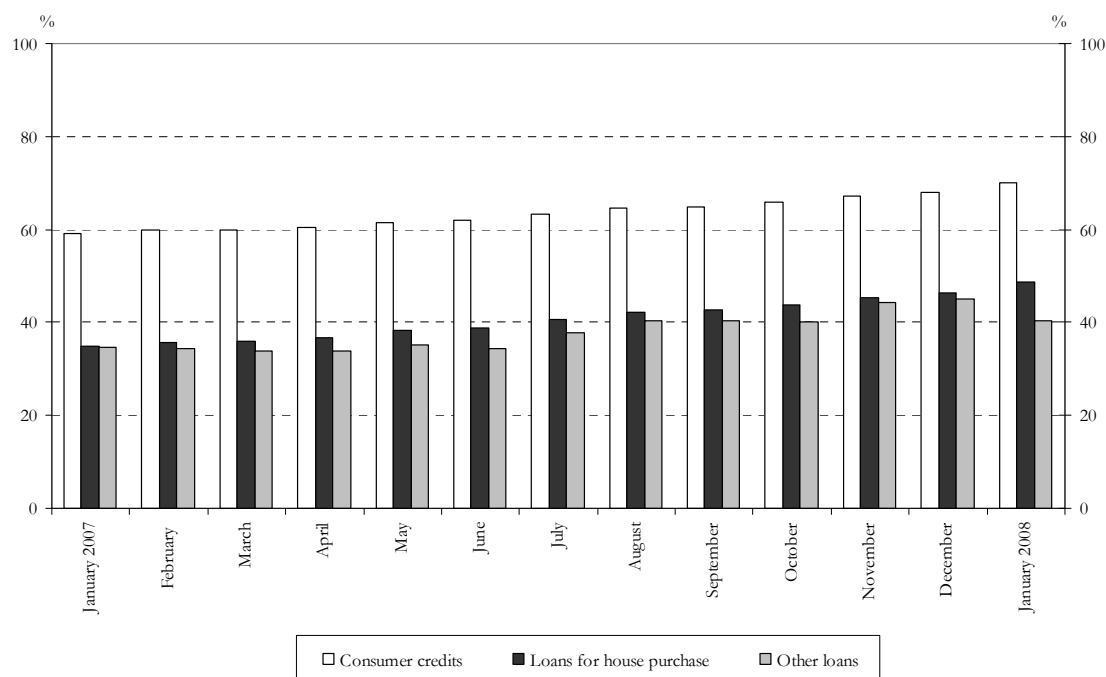


Chart 12 Percentage share of foreign currency loans to households in a breakdown by types of loan



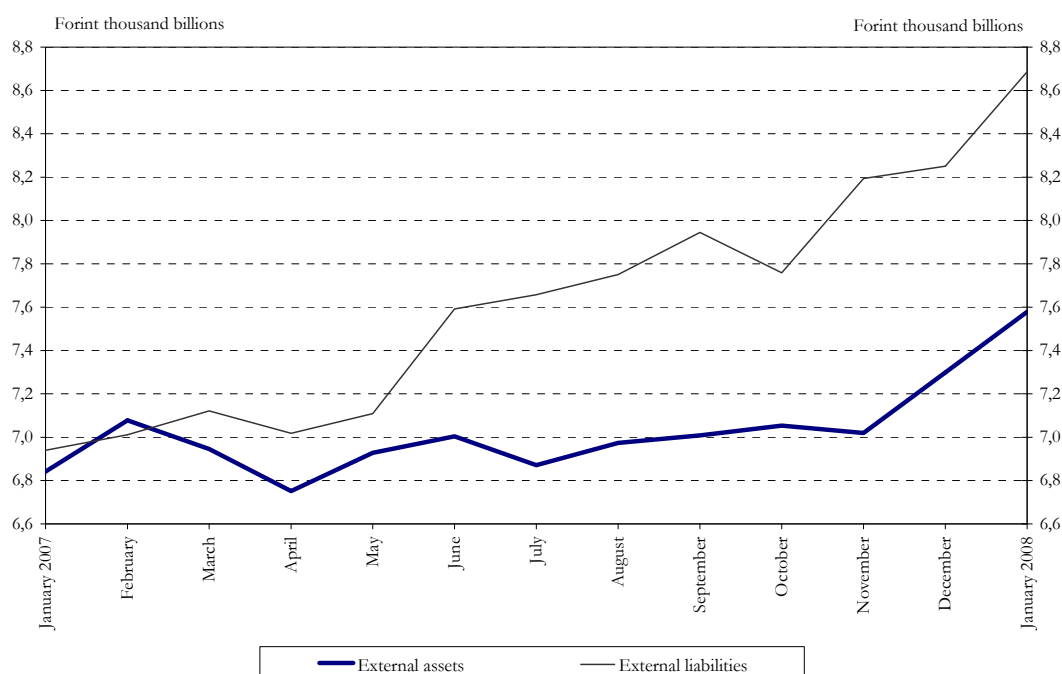
Within household deposits with monetary financial institutions, overnight deposits fell by HUF 33.3 billion. Deposits with agreed maturity were up by HUF 91.1 billion. Within this figure, deposits with a maturity of up to one year rose by HUF 80.8 billion and those with a maturity of over one year by HUF 10.3 billion.

External assets and liabilities of monetary financial institutions rose by HUF 280.2 billion to HUF 7,578.6 billion and by HUF 435.7 billion to HUF 8,686.5 billion, respectively. On balance, monetary financial institutions' net external liabilities increased by HUF 155.5 billion in the month under review.

Assets and liabilities of the central bank vis-à-vis the rest of the world rose by HUF 82.7 billion to HUF 4,442.0 billion and by HUF 52.5 billion to HUF 470.8 billion, respectively. As a consequence, the stock of net external assets rose by HUF 30.2 billion to HUF 3,971.1 billion.

Net assets of other monetary financial institutions with non-residents were up by HUF 185.7 billion on the month. External assets increased by HUF 197.4 billion to HUF 3,136.6 billion. Here, exchange rate changes accounted for HUF 55.0 billion of the increase. External liabilities rose by HUF 383.1 billion to HUF 8,215.7 billion. Exchange rate changes contributed HUF 228.5 billion to the increase in liabilities.

Chart 13 External assets and liabilities



Methodological notes

Percentages and ratios are calculated from data before rounding. The sums of sub-totals may not add to total due to rounding.

Ensuring comparability of data over different periods requires eliminating seasonal variations and distortions. Consequently, the time series for the monetary aggregates are individually seasonally adjusted. Trend data are obtained from the seasonally adjusted data by eliminating outliers relating to deterministic effects and irregular components identified in the seasonal adjustment process.

The annualised month-on-month growth indices in this press release are generated from trend data by dividing the trend data for the base period by that for the previous period, and by raising the quotient to the 12th power. Using trend data is required by the fact that the month-on-month growth rates tend to be more variable and can contain one-off effects

without eliminating seasonal effects. After annualising, the month-on-month growth rates become comparable with other annual indices.

The advantage of month-on-month indices is that they reflect only the developments of the last month. In contrast, the year-on-year indices (monthly year-on-year changes over the last 12 months) represent an entire year's movements and they are more stable.

The data underlying this press release are available on the MNB's website at http://english.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=0708_monstatpubl_en.xls.

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