

## PRESS RELEASE

### Consolidated balance sheet of MFIs: December 2007

In December 2007, the monetary base rose by HUF 194.9 billion to HUF 3,051.1 billion. The annualised month-on-month growth index<sup>1</sup> of the monetary base (M0) stood at 116.0%.

The annualised month-on-month growth index of the monetary aggregate M1 rose by 1.9 percentage points to 111.5%. The annualised month-on-month growth index of the narrow monetary aggregate M2 barely changed, edging up by 0.1 percentage point to 107.8%. At 106.3%, the annualised month-on-month growth index of M3 was down 0.6 percentage points on November.

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



The not seasonally adjusted stock of the monetary aggregate M3 rose by HUF 335.6 billion to HUF 14,191.7 billion.

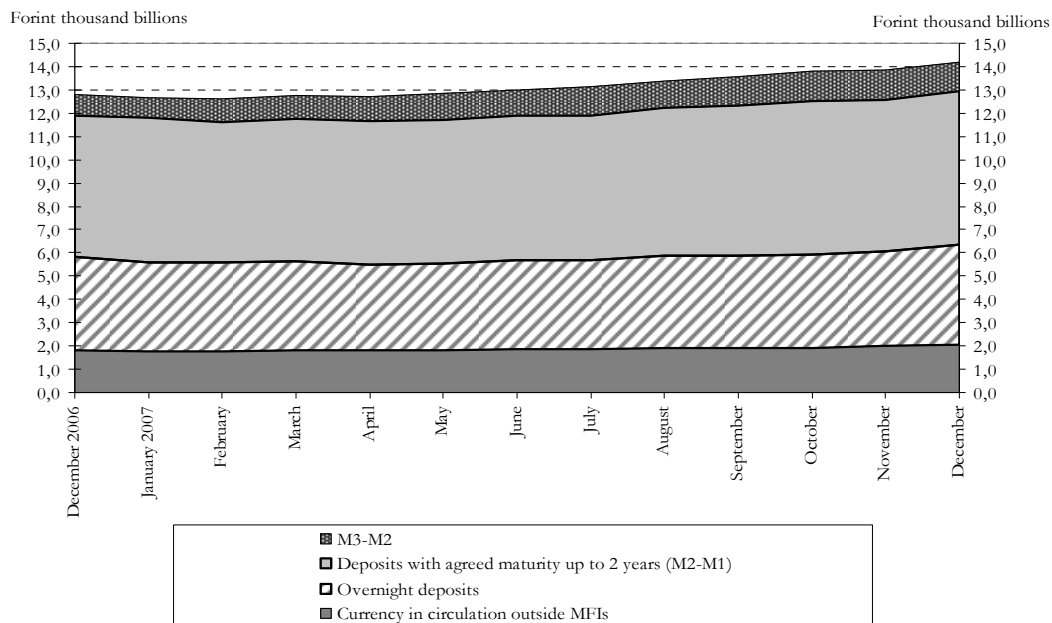
The percentage share of M1 – which comprises currency outside monetary financial institutions and overnight deposits – changed from 43.7% to 44.8%, with its stock rising by HUF 304.7 billion. Here, the stock of overnight deposits rose by HUF 256.3 billion.

The percentage share of M2-M1 – a measure of deposits with an agreed maturity of up to two years – fell from 46.9% to 46.5%, with its stock rising by HUF 100.1 billion.

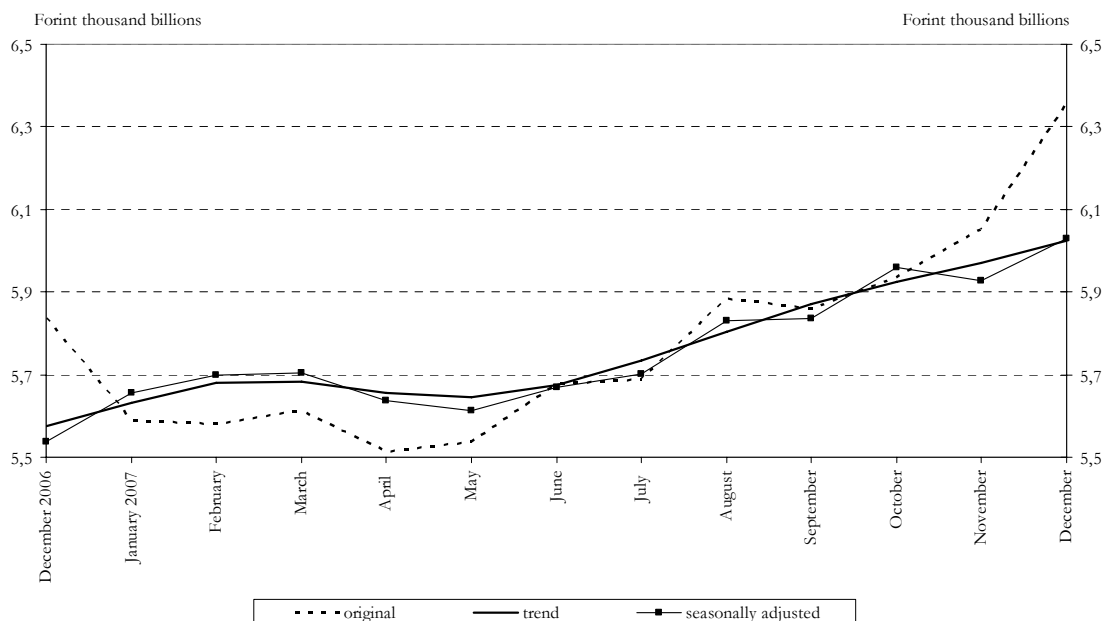
<sup>1</sup> For an explanation, see the methodological notes at the end of this press release.

The percentage share of M3-M2 – comprising outstanding repos, money market fund shares and debt securities with maturities of up to two years – dropped from 9.4% to 8.7%, with its stock falling by HUF 69.1 billion.

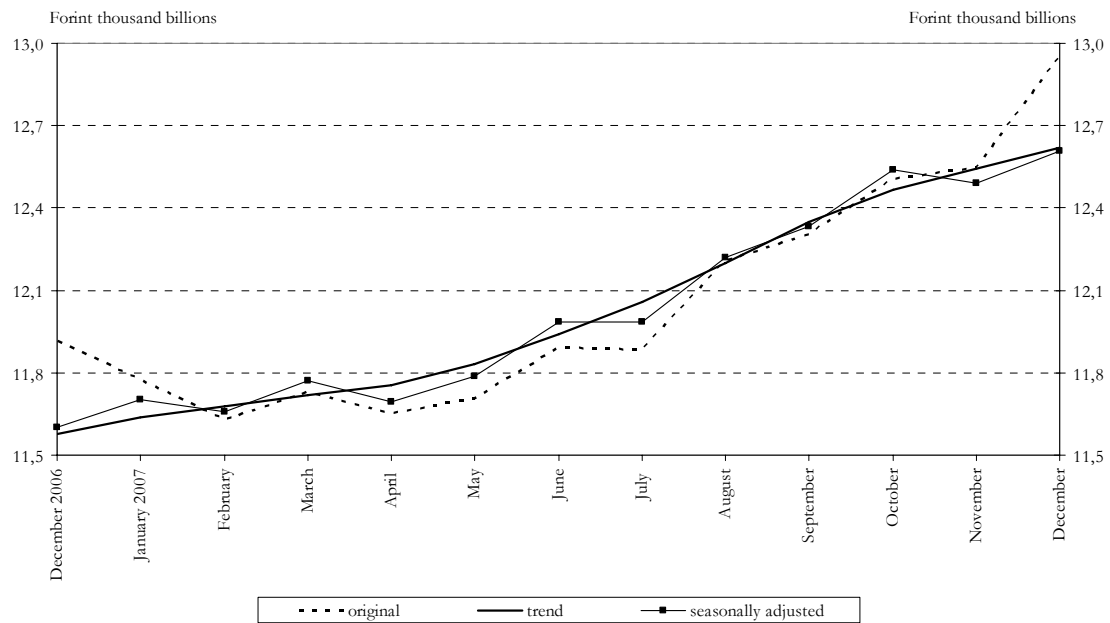
**Chart 2 Components of the monetary aggregates**



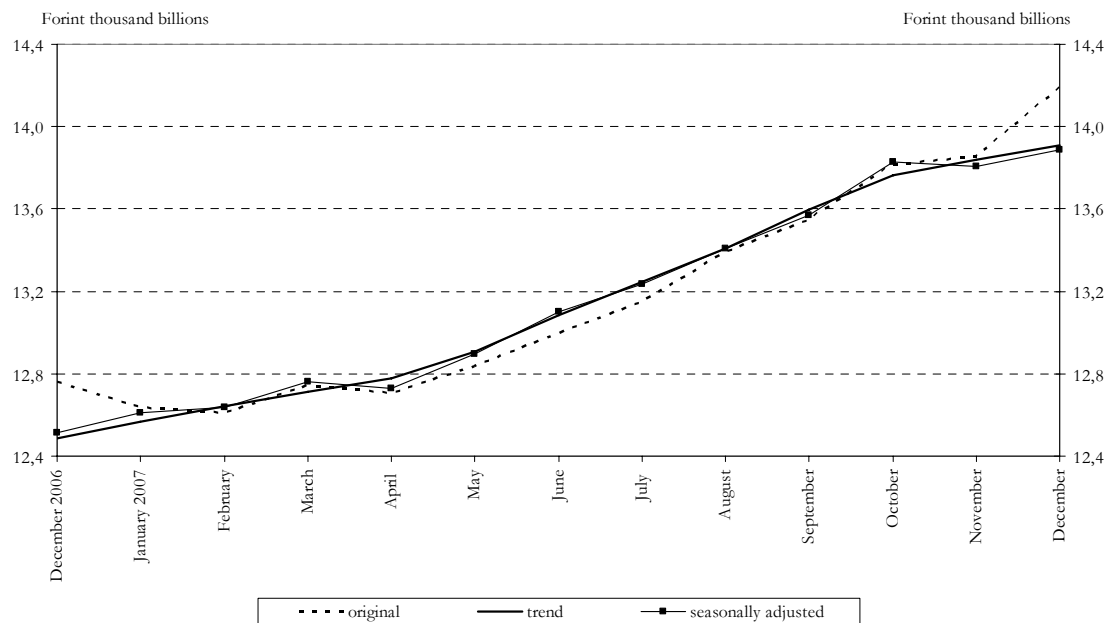
**Chart 3 Seasonally adjusted M1**



### Chart 4 Seasonally adjusted M2



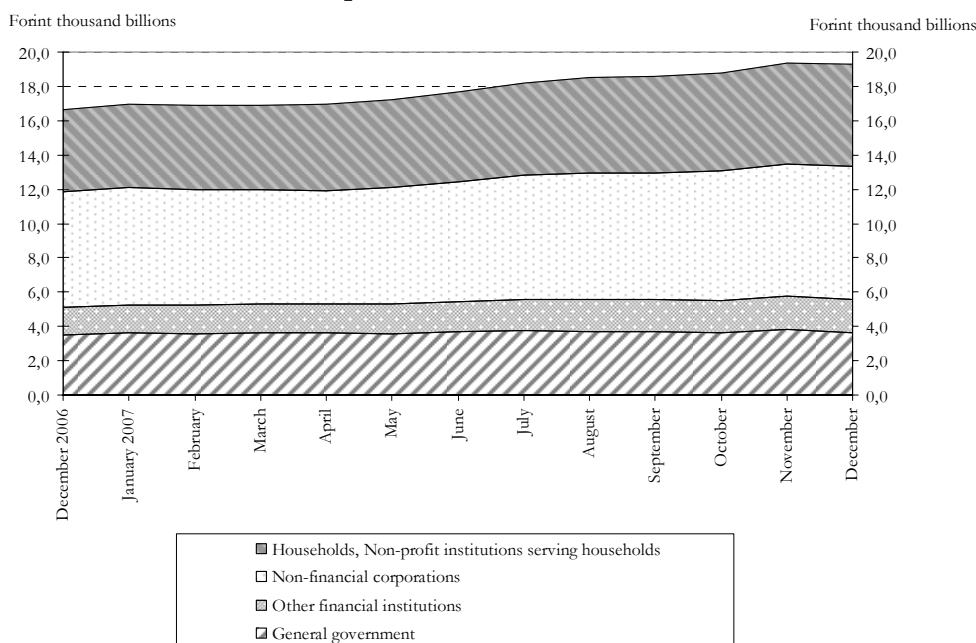
### Chart 5 Seasonally adjusted M3



After rising since April, domestic assets<sup>2</sup> of monetary financial institutions fell by HUF 62.3 billion to HUF 19,281.0 billion in the month under review.

Within domestic assets, those with non-financial corporations continue to account for the highest percentage share. This ratio rose by 0.4 percentage points to 40.3% in December. The ratio of MFIs' assets with households and non-profit institutions serving households to total domestic assets edged up by 0.5 percentage point to 30.8%. The ratio of assets with general government fell by 1.0 percentage point to 18.8%, and that of assets with other financial corporations remained unchanged at 10.1%.

**Chart 6 Composition of the stock of domestic loans**



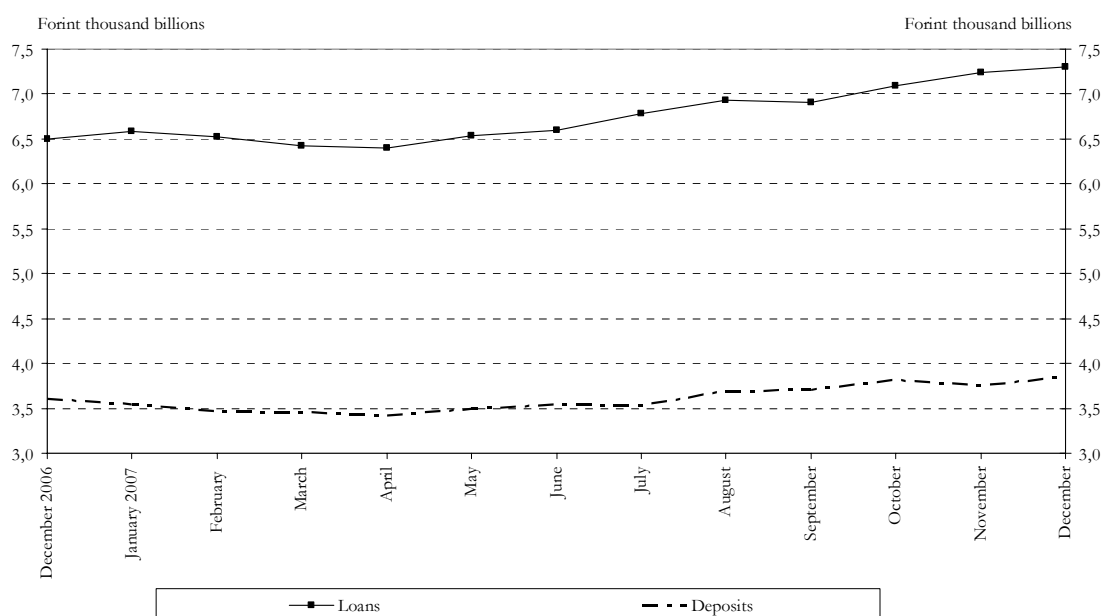
Aside from the fall in September, the total stock of loans granted by monetary financial institutions to non-financial corporations has been upwards since May. In December, it rose by HUF 61.0 billion to HUF 7,302.2 billion. Short-term loans fell by HUF 39.6 billion to HUF 2,652.3 billion. Loans with a maturity of over one year rose by HUF 100.6 billion to HUF 4,650.0 billion. Within longer-term term loans, loans with a maturity of up to five years rose by HUF 62.9 billion to HUF 1,940.4 billion and loans with a maturity of over five years by HUF 37.7 billion to HUF 2,709.6 billion. Loans with a maturity of over five years again accounted for the highest share within the total: their ratio rose by 0.2 percentage points to 37.1% in December. The share of short-term loans fell by 0.9 percentage points to 36.3% and that of loans with a maturity of up to five years rose by 0.6 percentage points to 26.6%.

The share of foreign currency loans with a maturity of up to one year changed from 32.1% to 31.6%, that of loans with a maturity of over one year and up to five years from 52.7% to 53.6% and that of loans with a maturity of over five years from 69.8% to 70.1%. The stock of foreign currency loans was HUF 58.2 billion higher than in November.

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

The sector's deposits with monetary financial institutions rose by HUF 108.7 billion to HUF 3,856.8 billion, after falling in the previous month. Within total deposits, the share of overnight deposits was 53.9%, that of deposits with an agreed maturity was 45.8% and that of outstanding repos was 0.3%. Overnight deposits rose by HUF 138.0 billion to HUF 2,080.5 billion. Within this, forint deposits rose by HUF 121.7 billion and foreign currency deposits by HUF 16.3 billion. Deposits with a maturity of up to one year were down by HUF 32.7 billion. Here, forint deposits fell by HUF 57.4 billion and foreign currency deposits rose by HUF 24.8 billion. Deposits with a maturity of over one year and outstanding repos, respectively, rose by HUF 3.2 billion and HUF 0.2 billion.

**Chart 7 Loans and deposits of non-financial corporations**

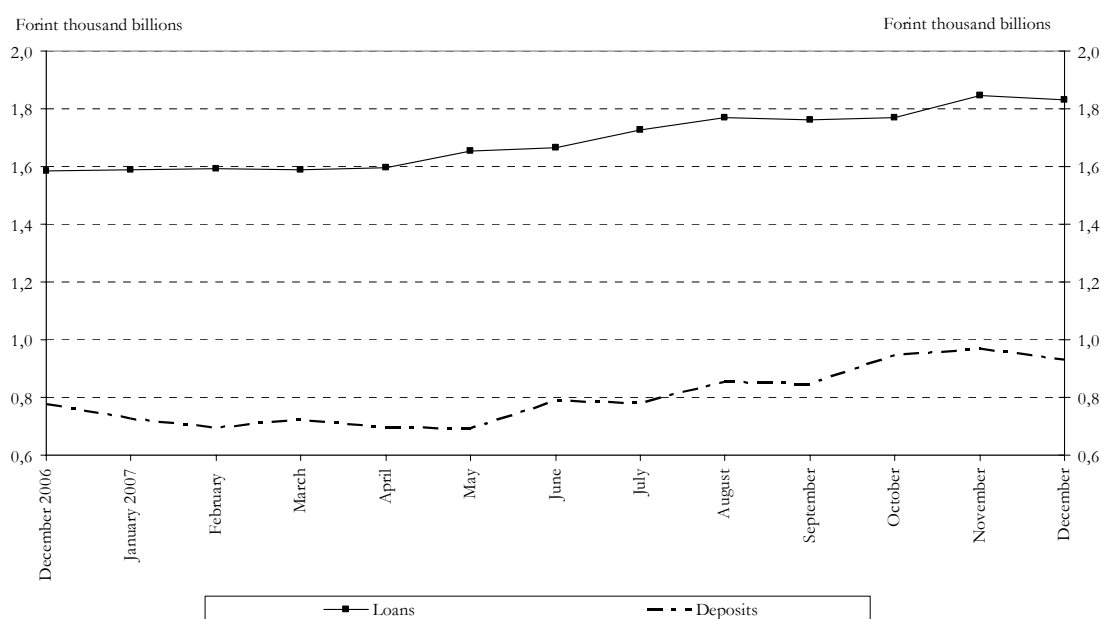


Notwithstanding the fall in September, the stock of loans granted to other financial corporations had been rising in the period between April–November. In December, however, it fell by HUF 17.6 billion to HUF 1,829.4 billion. The share of loans with a maturity of up to five years – accounting for the highest value within the total – changed from 45.4% to 44.1%, that of loans with a maturity of over five years from 24.7% to 25.6% and that of loans with a maturity of up to one year from 29.9% to 30.4%.

Within loans granted to the sector, forint loans rose by HUF 1.2 billion and foreign currency loans fell by HUF 18.8 billion.

In December, the sector's deposits with monetary financial institutions fell by HUF 39.6 billion to HUF 931.1 billion. The value of overnight deposits rose by HUF 29.0 billion and that of deposits with an agreed maturity by HUF 20.7 billion. Outstanding repos were up by HUF 10.1 billion on November.

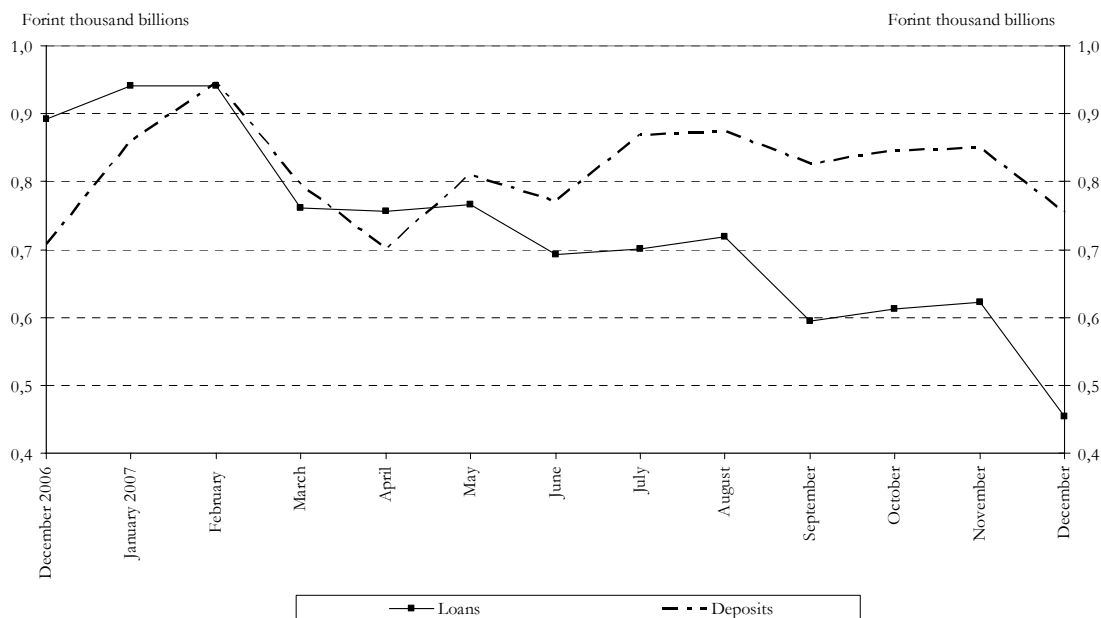
**Chart 8 Loans and deposits to other financial corporations**



Loans granted by monetary financial institutions to the general government sector fell by HUF 169.1 billion to HUF 453.2 billion.

The stock of the general government sector's deposits with monetary financial institutions fell by HUF 94.9 billion to HUF 754.5 billion. This decline in deposits reflected a HUF 189.0 billion fall in deposits of the central government and a HUF 94.1 billion increase in deposits of the local government sub-sector.

**Chart 9 Loans and deposits of the general government sector**

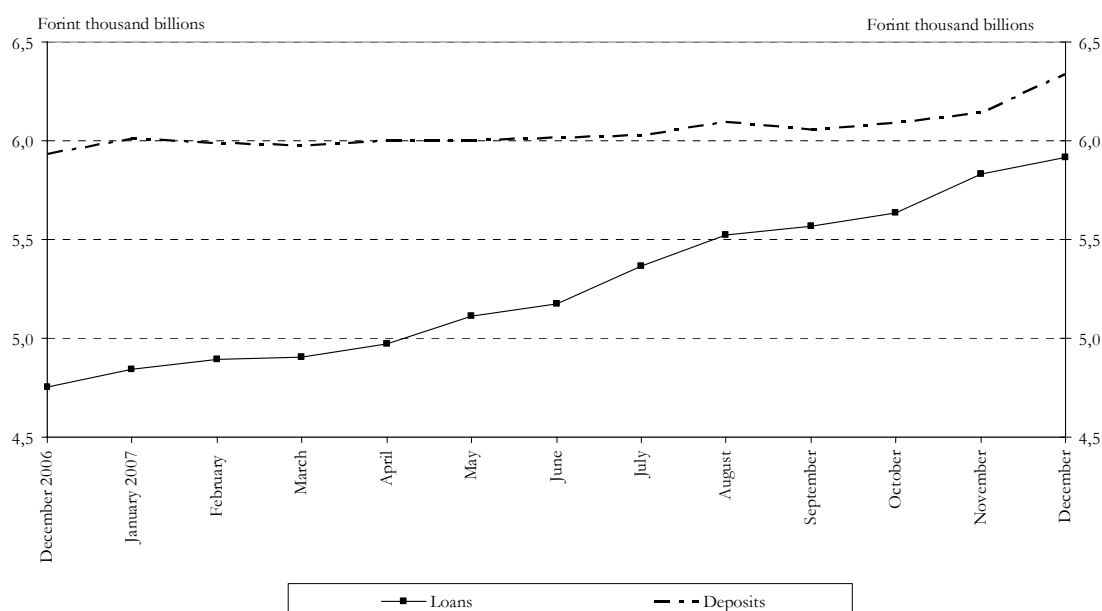


The increase in loans granted to the household sector over the past few years continued: total loans outstanding rose by HUF 85.3 billion to HUF 5,916.6 billion in December. Forint loans were down by HUF 16.2 billion and foreign currency loans were up by HUF 101.5 billion. Transactions contributed HUF 119.5 billion to the increase in foreign currency loans and exchange rate valuation effects reduced their value by HUF 18.0 billion. The share of foreign currency loans within the total continued to rise: this month it was up from 54.1% to 55.0%. Foreign currency loans as a percentage of total loans have been rising continuously over the past two years. In December, their value was nearly twice its level of two years previously.

In December, household deposits with MFIs rose by HUF 196.3 billion to HUF 6,336.0 billion.

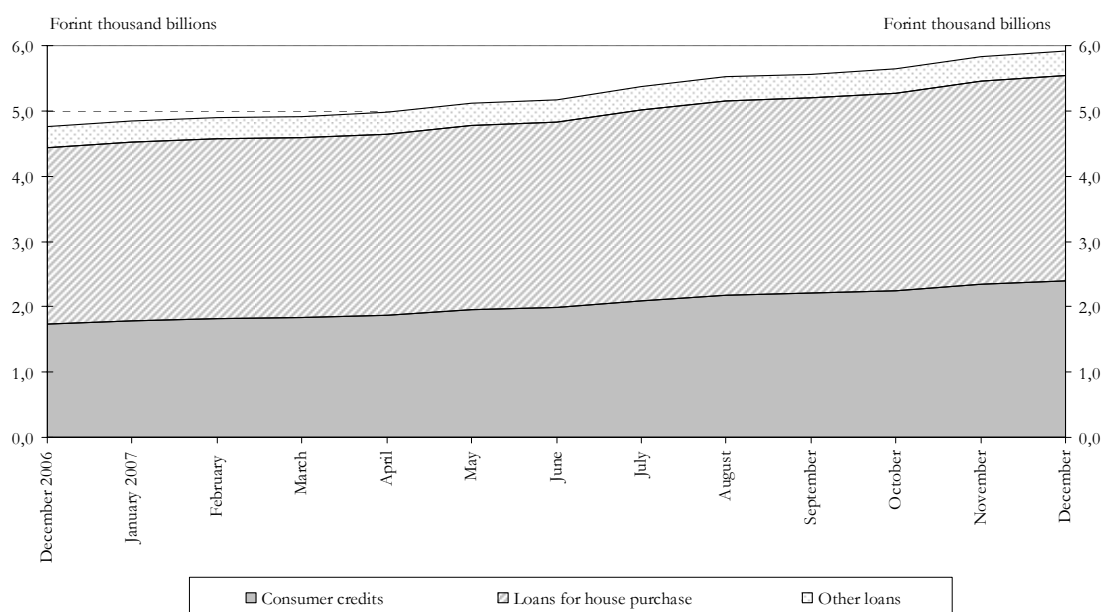
Outstanding household loans rose by 24.4% and deposits by 6.8% relative to December 2006. Consequently, the difference between the values of loans and deposits fell by 64.4% in twelve months.

**Chart 10 Loans and deposits of the household sector**

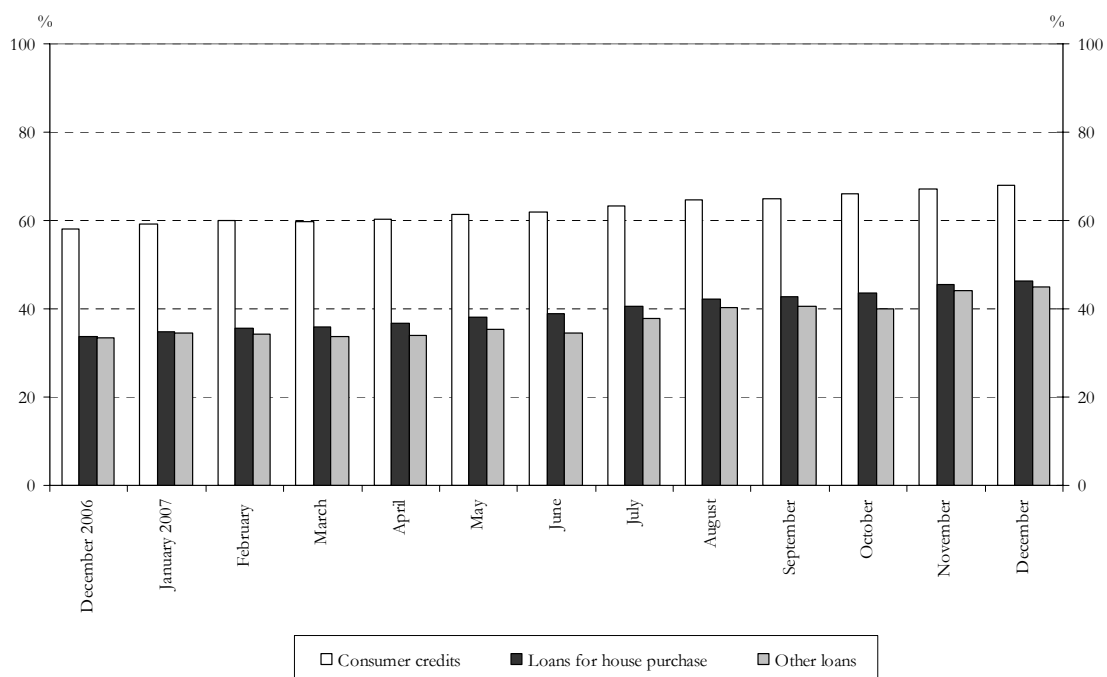


Within loans granted to households, the share of loans in a breakdown by type barely changed. The share of housing loans was 53.0%, with their stock rising by HUF 34.7 billion. Foreign currency loans rose from 45.4% to 46.4% as a percentage of housing loans. The percentage share of consumer credit within the total stock of loans to households was 40.6%, with the outstanding amount of loans increasing by HUF 53.9 billion. Foreign currency loans changed from 67.2% to 67.9% as a percentage of total consumer credit. The stock of other loans fell by HUF 3.2 billion. Here, the percentage share of foreign currency loans within the total was 45.0%.

**Chart 11 Composition of household loans**



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



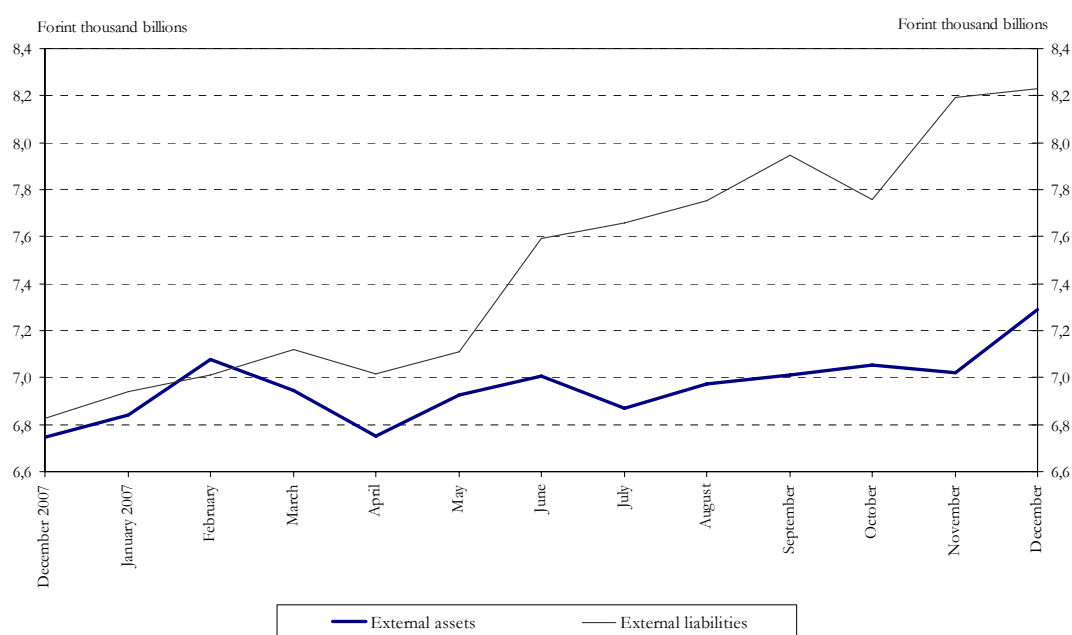
Within household deposits with monetary financial institutions, overnight deposits rose by HUF 53.6 billion. Deposits with agreed maturity were up by HUF 142.6 billion. Within this figure, deposits with a maturity of up to one year rose by HUF 135.7 billion and those with a maturity of over one year by HUF 7.0 billion.

External assets and liabilities of monetary financial institutions rose by HUF 268.1 billion to HUF 7,287.5 billion and by HUF 56.6 billion to 8,250.0 billion, respectively. On balance, monetary financial institutions' net external liabilities fell by HUF 211.4 billion in the month under review.

Assets and liabilities of the central bank vis-à-vis the rest of the world fell by HUF 53.2 billion to HUF 4,359.2 billion and by HUF 17.6 billion to HUF 418.3 billion, respectively. As a consequence, the stock of net external assets fell by HUF 35.6 billion to HUF 3,940.9 billion.

Net assets of other monetary financial institutions with non-residents fell by HUF 247.0 billion in December. External assets increased by HUF 321.2 billion to HUF 2,928.3 billion and external liabilities by HUF 74.2 billion to 7,831.7 billion.

**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 12<sup>th</sup> 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](http://english.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=0708_monstatpubl_en.xls).*

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