

30 November 2007

PRESS RELEASE

Consolidated balance sheet of MFIs: October 2007

In October 2007, the monetary base fell by HUF 8.1 billion to HUF 2,712.6 billion. The annualised month-on-month growth index¹ of the monetary base (M0) stood at 102.5%.

The annualised month-on-month growth index of the monetary aggregates M1 edged up by 0.1 percentage point to 114.5%. The annualised month-on-month growth index of the narrow monetary aggregate M2 fell by 1.6 percentage points to 114.9%, after rising in the period from May to September. At 119.6%, the annualised month-on-month growth index of M3 was up 1.2 percentage points on September.

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 273.1 billion to HUF 13,820.3 billion.

The percentage share of M1 – which comprises currency outside MFIs and overnight deposits – fell from 43.3% to 42.9%, with its stock rising by HUF 75.3 billion. Here, the stock of overnight deposits rose most, reflecting an increase of HUF 146.3 billion in deposits of non-financial corporations, other financial corporations and non-profit institutions serving households and an decline of HUF 84.8 billion in deposits of local

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

government authorities. Within the total stock of overnight deposits, foreign currency deposits rose by HUF 79.9 billion and forint deposits fell by HUF 18.4 billion.

The percentage share of M2-M1 – a measure of deposits with an agreed maturity of up to two years – remained unchanged at 47.6%, with its stock rising by HUF 129.5 billion. Here, short-term deposits increased by HUF 147.5 billion and deposits with a maturity of up to two years fell by HUF 18.1 billion. Within short-term deposits, forint deposits rose by HUF 102.1 billion and foreign currency deposits by HUF 45.5 billion.

The percentage share of M3-M2 – comprising outstanding repos, money market fund shares and debt securities with maturities of up to two years – rose from 9.2% to 9.5%, with its stock rising by HUF 68.3 billion.

Chart 2 Components of the monetary aggregates

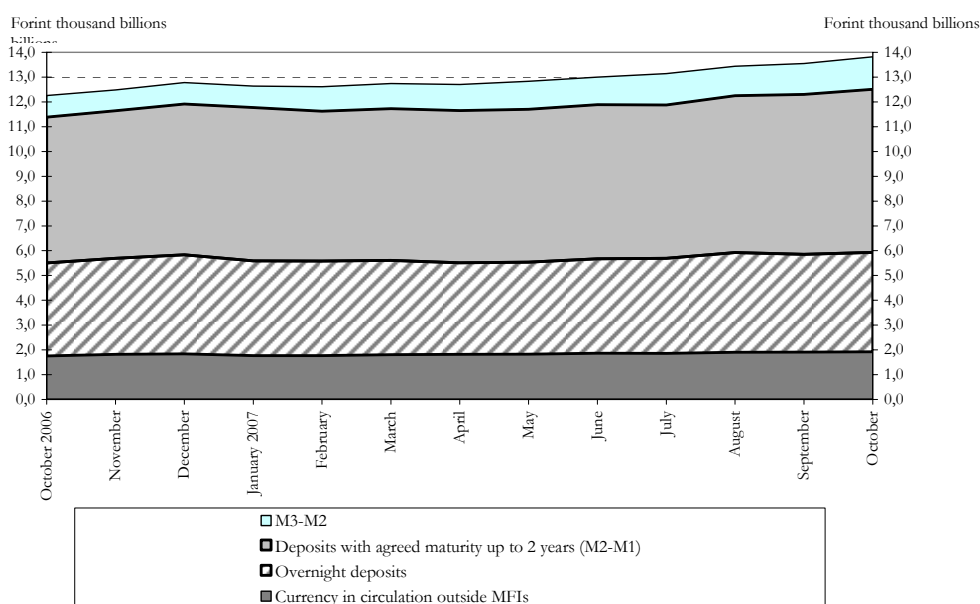


Chart 3 Seasonally adjusted M1

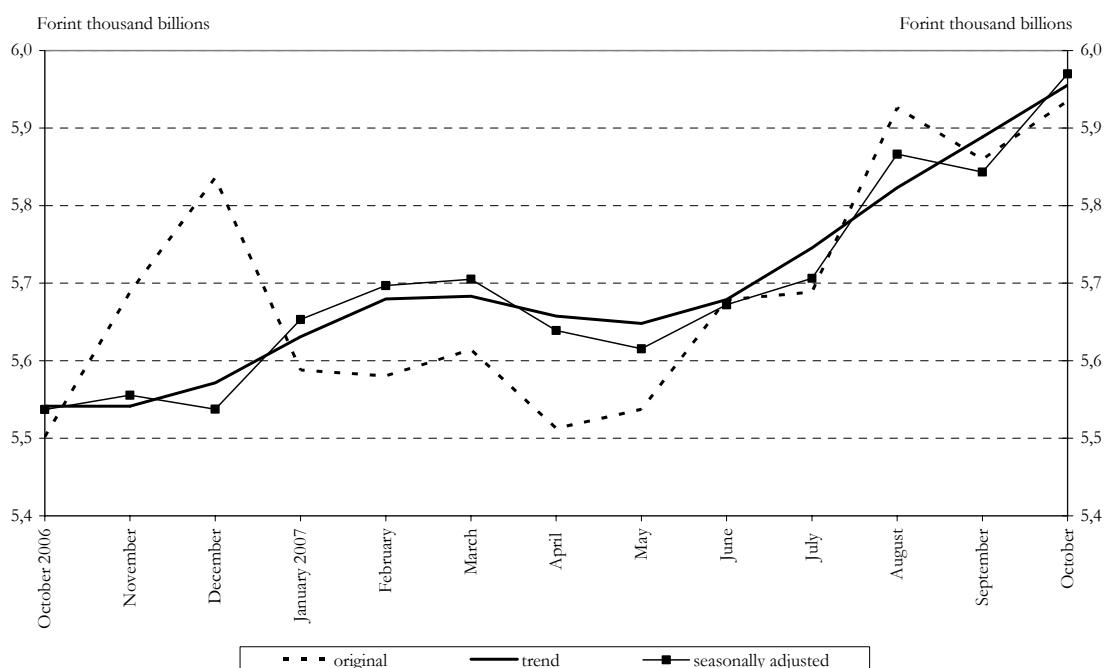


Chart 4 Seasonally adjusted M2

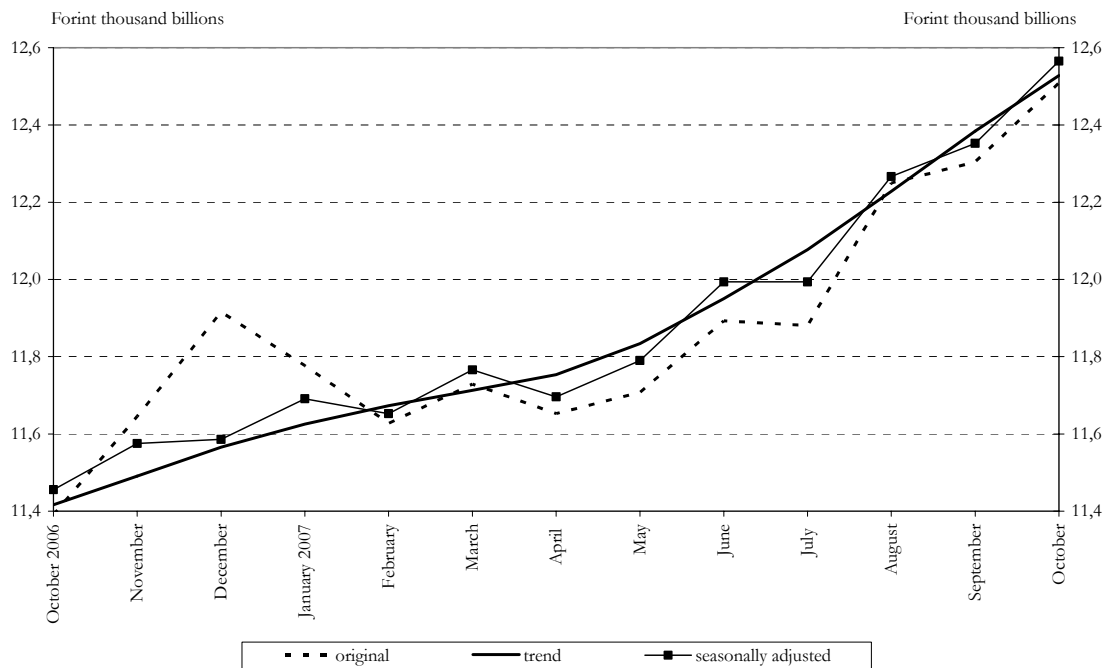
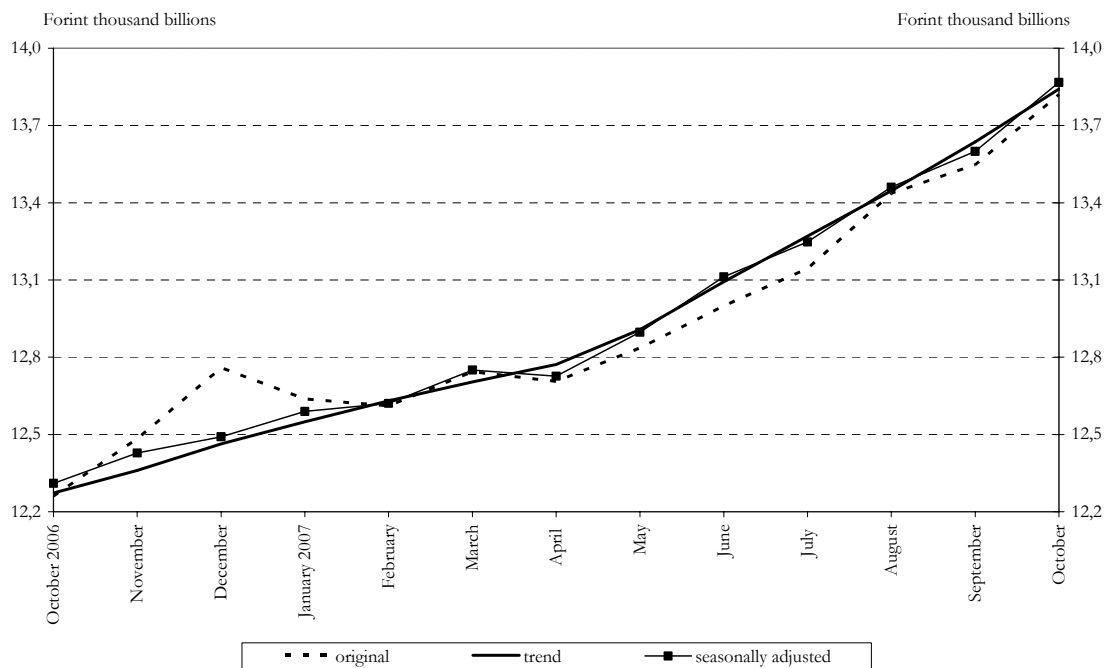


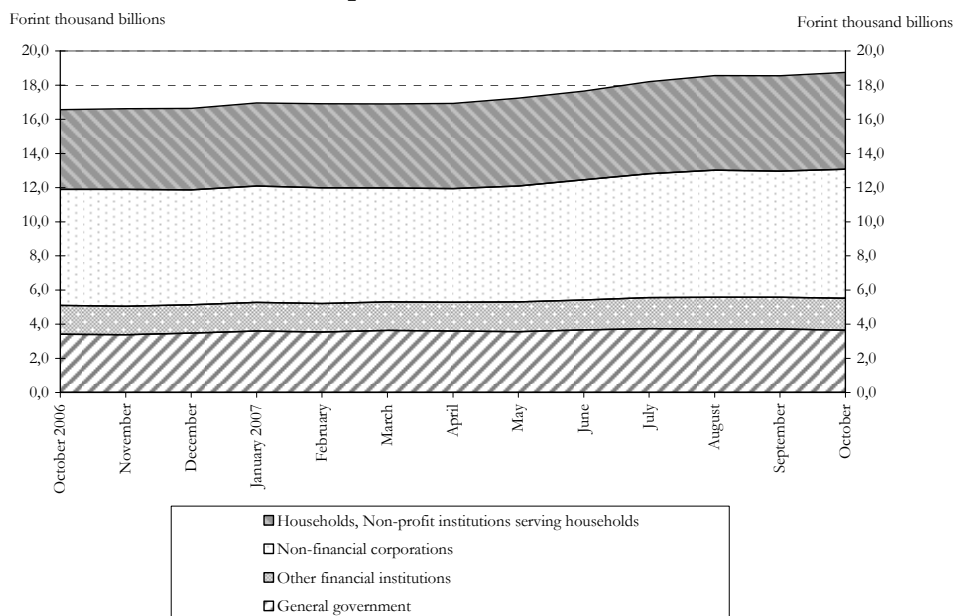
Chart 5 Seasonally adjusted M3



Apart from the slight drop in September, domestic loans of monetary financial institutions have been rising since April. Their stock rose by HUF 195.1 billion to HUF 18,742.7 billion in the month under review.

Within domestic assets, loans to non-financial corporations account for the highest percentage share. This ratio rose by 0.5 percentage points to 40.3% in October. The ratio of assets of MFIs vis-à-vis households and non-profit institutions serving households to total domestic assets edged up by 0.1 percentage point to 30.2%. The ratio of assets vis-à-vis general government fell to 19.5%, and that of assets against other financial corporations remained unchanged at 10.0%.

Chart 6 Composition of the stock of domestic loans

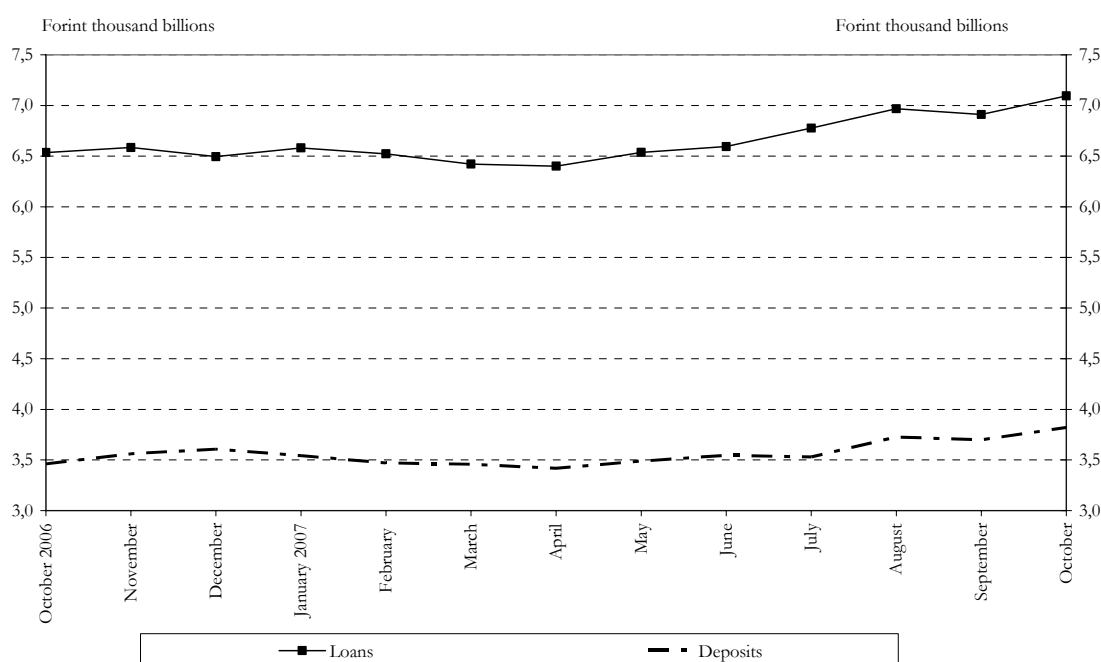


The total stock of loans granted by monetary financial institutions to non-financial corporations rose by HUF 183.9 billion to HUF 7,094.4 billion, after falling in the previous month. The stocks of loans rose within all three maturity categories. Short-term loans increased by HUF 102.0 billion to HUF 2,654.3 billion and loans with a maturity of over one year by HUF 81.8 billion to HUF 4,440.1 billion. Within longer-term term loans, loans with a maturity of up to five years rose by HUF 49.7 billion to HUF 1,840.0 billion and loans with a maturity of over five years by HUF 32.2 billion to HUF 2,600.0 billion. In contrast with the previous two months, loans with a maturity of over five years again accounted for the highest share within the total. This ratio rose by 0.5 percentage points to 37.4% in October. The share of short-term loans with a maturity of over five years, at 36.6%, was up 0.5 percentage points on September. And the share of loans with a maturity of over one year and up to five years rose remained unchanged at 25.9%.

The share of foreign currency loans with a maturity of up to one year changed from 31.1% to 30.0% and that of loans with a maturity of over one year and up to five years from 49.3% to 50.2%. The share of loans with a maturity of over five years remained unchanged at 68.9%. The stock of foreign currency loans was HUF 66.9 billion higher than in September. Here, the stock of loans rose by HUF 73.2 billion due to transactions and fell by HUF 6.3 billion due to exchange rate changes.

The sector's deposits with monetary financial institutions rose by HUF 120.1 billion to HUF 3,820.1 billion, its highest level to date. Within total deposits, the share of overnight deposits was 50.1%, that of deposits with an agreed maturity was 49.7% and that of outstanding repos was 0.2%. Overnight deposits rose by HUF 28.9 billion to HUF 1,912.1 billion, after falling in the previous month. Here, forint deposits fell by HUF 33.4 billion and foreign currency deposits rose by HUF 62.2 billion. Deposits with a maturity of up to one year were up by HUF 89.2 billion. Within this figure, forint deposits rose by HUF 59.7 billion and foreign currency deposits by HUF 29.5 billion. Deposits with a maturity of over one year were little changed, falling by HUF 0.2 billion. Outstanding repos rose by HUF 2.3 billion.

Chart 7 Loans and deposits of non-financial corporations

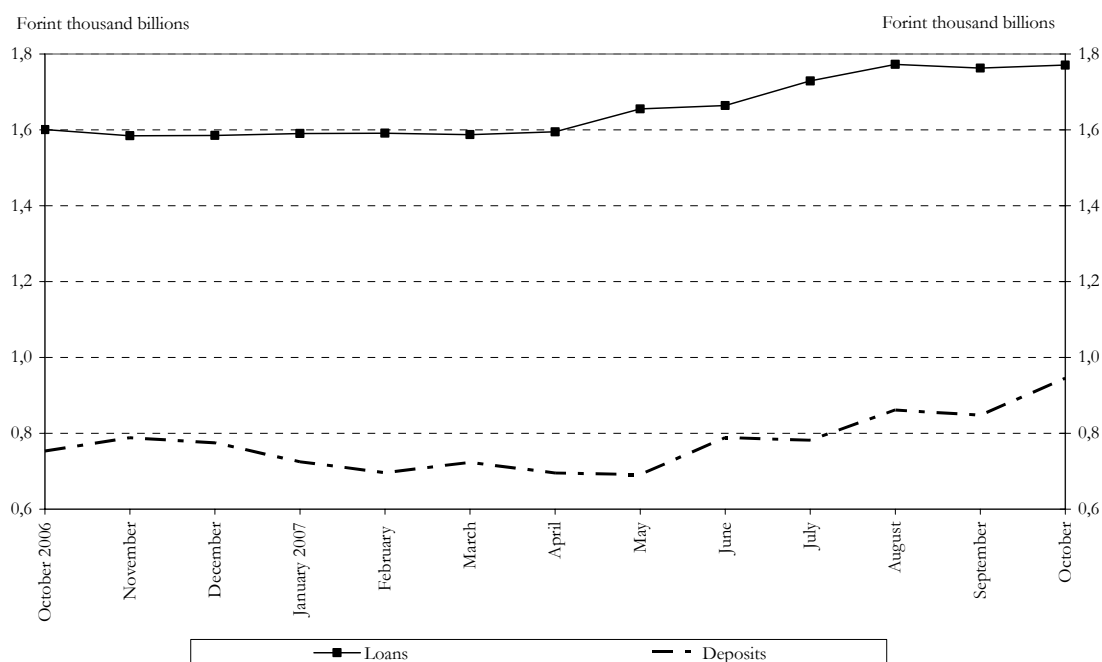


Notwithstanding the fall in the previous month, the stock of loans granted to other financial corporations has been rising since April. In October, it rose by HUF 7.8 billion to HUF 1,770.6 billion. The share of loans with a maturity of up to five years – accounting for the highest value within the total – changed from 46.9% to 46.6%, that of loans with a maturity of over five years from 23.6% to 24.2% and that of loans with a maturity of up to one year from 29.5% to 29.2%.

Within loans granted to the sector, forint loans fell by HUF 7.4 billion and foreign currency loans rose by HUF 15.1 billion. The latter fell by HUF 10.7 billion due to exchange rate changes and rose by HUF 25.8 billion due to transactions.

In October, the sector's deposits with monetary financial institutions rose by HUF 97.3 billion to HUF 944.7 billion. The value of overnight deposits rose by HUF 4.8 billion and that of deposits with an agreed maturity by HUF 85.3 billion. Outstanding repos were up HUF 7.2 billion on September.

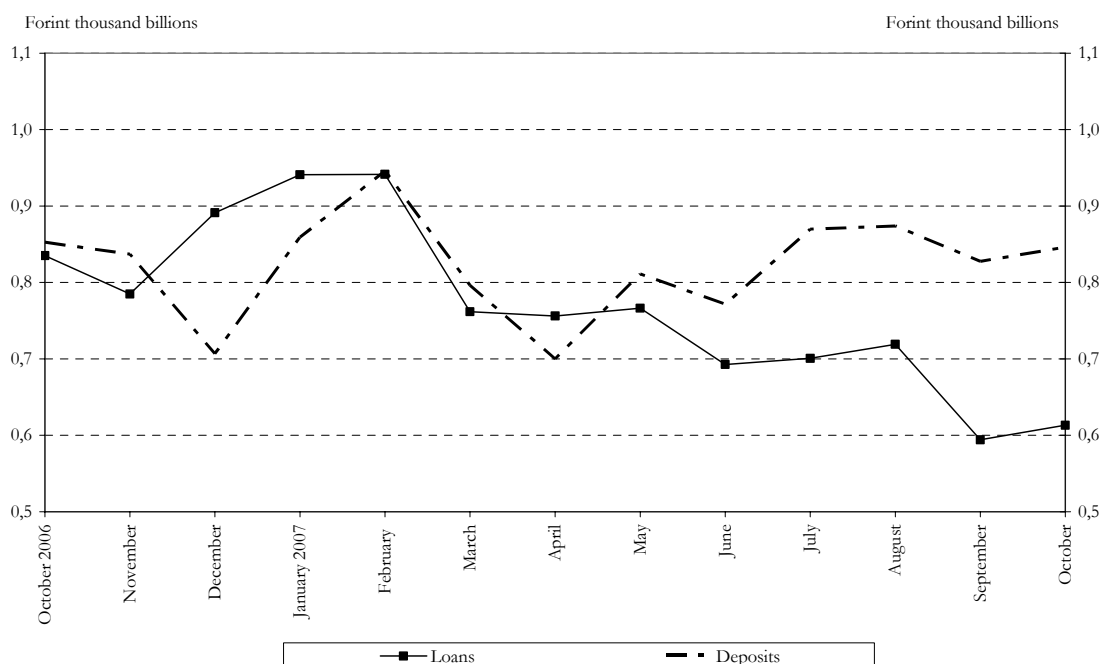
Chart 8 Loans and deposits to other financial corporations



Loans granted by monetary financial institutions to the general government sector increased by HUF 19.1 billion to HUF 613.1 billion.

The stock of the general government sector's deposits with monetary financial institutions rose by HUF 18.7 billion to HUF 846.1 billion. This rise in deposits reflected a HUF 69.8 billion increase in deposits of the central government and a HUF 51.1 billion decline in deposits of the local government sub-sector.

Chart 9 Loans and deposits of the general government sector

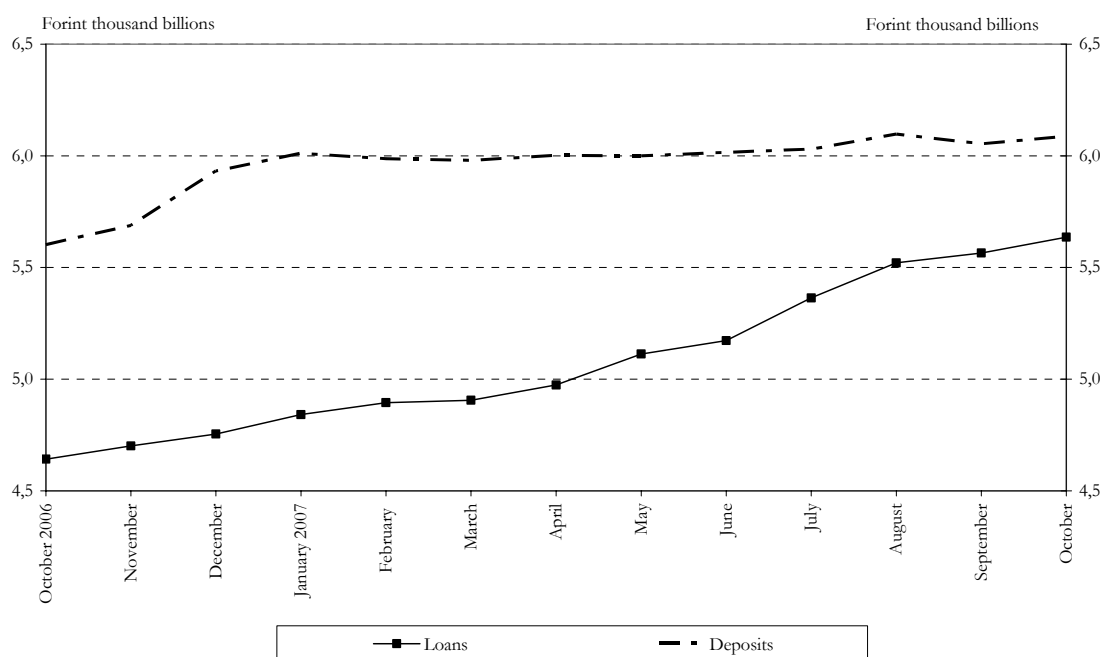


The increase in loans granted to the household sector over the past few years continued: total loans outstanding rose by HUF 71.0 billion to HUF 5,636.2 billion in October. Forint loans were down by HUF 25.7 billion and foreign currency loans were up by HUF 96.6 billion. Transactions contributed HUF 121.0 billion to the increase in foreign currency loans and exchange rate valuation effects reduced their value by HUF 24.4 billion. The share of foreign currency loans within the total continued to rise: this month it was up from 51.3% to 52.3%. Foreign currency loans as a percentage of total loans have been rising continuously over the past two years. In October, their value was nearly twice its level of two years previously.

The stock of household deposits with monetary financial institutions has been fluctuating around HUF 6,000 billion since December 2006. In October, household deposits rose by HUF 33.3 billion to HUF 6,087.4 billion, following a decline in the previous month.

Outstanding household loans rose by 21.4% and deposits by 8.6% relative to October 2006. Consequently, the difference between the values of loans and deposits fell by 53.1% 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 53.7%, with their stock rising by HUF 29.9 billion. Foreign currency loans rose from 42.6% to 43.7% as a percentage of housing loans. The percentage share of consumer credit within the total stock of loans to households was 39.9%, with the outstanding amount of loans increasing by HUF 47.0 billion. Foreign currency loans edged up from 64.8% to 66.0% as a percentage of total consumer credit. The stock of other loans fell by HUF 5.9 billion. Here, the percentage share of foreign currency loans within the total was 40.1%.

Chart 11 Composition of household loans

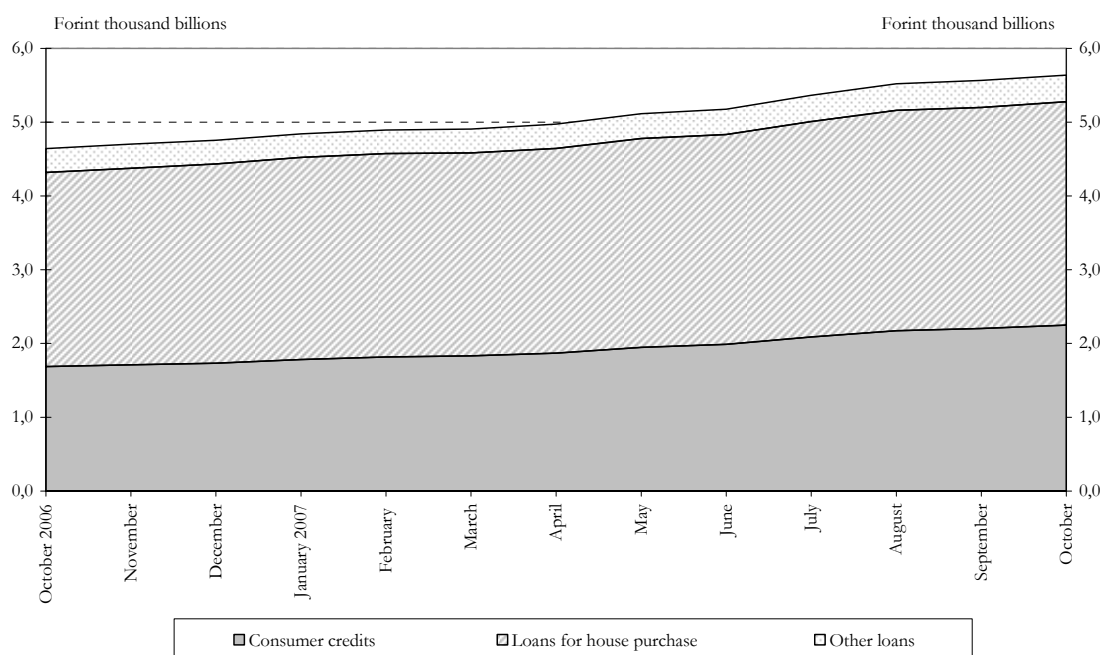
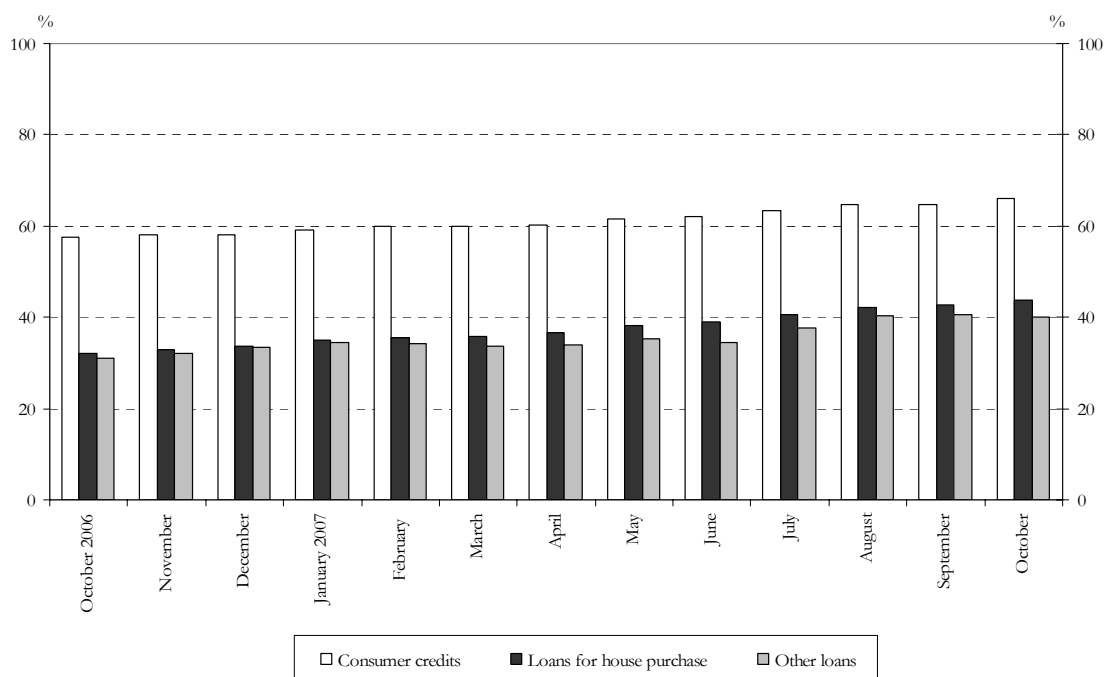


Chart 12 Percentage share of foreign currency loans to households in a breakdown by types of loan



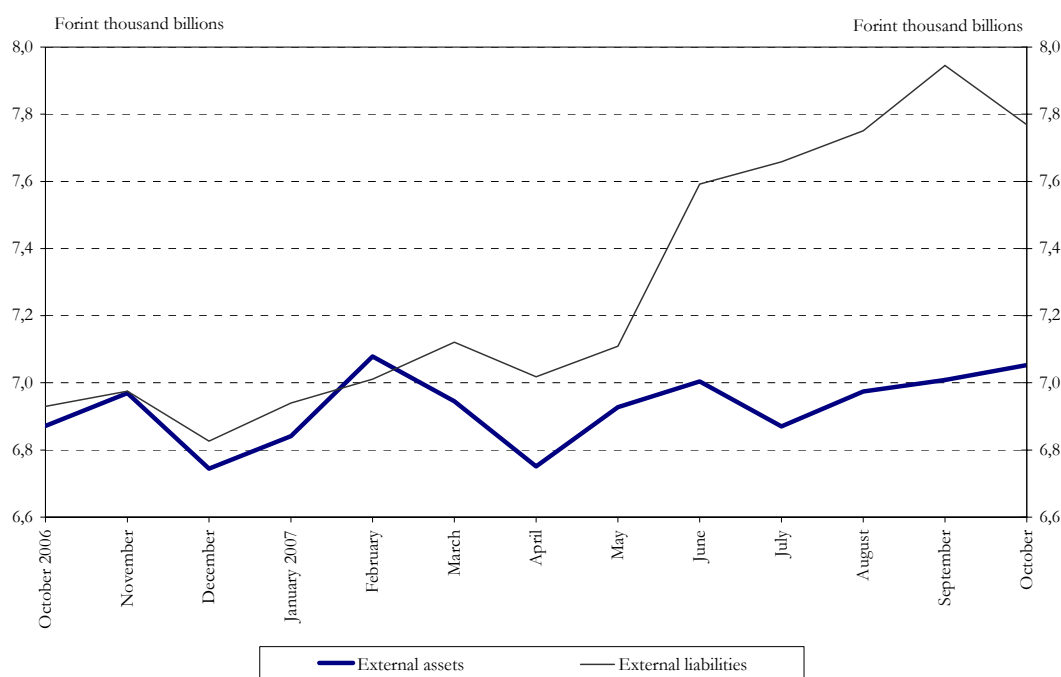
Within household deposits with monetary financial institutions, overnight deposits rose by HUF 107.8 billion. Deposits with agreed maturity fell by HUF 74.5 billion. Within this figure, deposits with a maturity of up to one year were down by HUF 55.9 billion and those with a maturity of over one year by HUF 18.6 billion.

The difference between external assets and liabilities of monetary financial institutions vis-à-vis non-residents narrowed in October. External assets rose by HUF 44.0 billion and external liabilities fell by HUF 176.6 billion. On balance, MFIs' net external liabilities fell by HUF 220.6 billion in the month under review.

Assets of the central bank vis-à-vis the rest of the world rose by HUF 25.7 billion and its liabilities fell by HUF 80.2 billion. As a consequence, net external assets were up HUF 105.9 billion on the previous month.

Net assets of other monetary financial institutions vis-à-vis non-residents fell by HUF 114.6 billion in October. This was the result of a HUF 18.3 billion increase in external assets and a HUF 96.3 billion decline in external 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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