

12 April 2006

PRESS RELEASE

Preliminary statistical balance sheet of the MNB March 2006

In March 2006, the monetary base rose by HUF 205.4 billion, from HUF 2,243.4 billion in the preceding month to HUF 2,248.8 billion. Of the components of the monetary base, the monthly average stock of currency in circulation increased by HUF 45.5 billion to HUF 1,724.6 billion, the monthly average of other MFIs' current account balances fell by HUF 1.2 billion to HUF 555.7 billion and the monthly average stock of other MFIs' overnight deposits rose by HUF 161.1 billion to HUF 168.6 billion. The significant increase in average holdings of overnight deposits was caused by credit institutions' temporary liquidity management problems and, consequently, it is not expected to persist.

Chart 1 Components of the monetary base

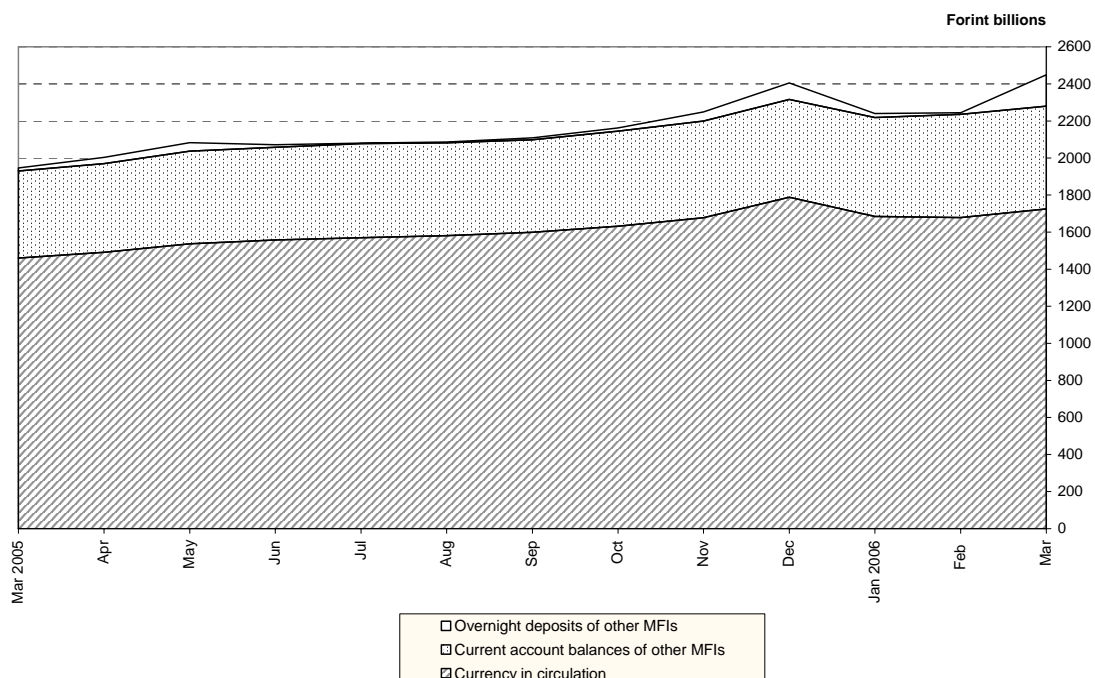
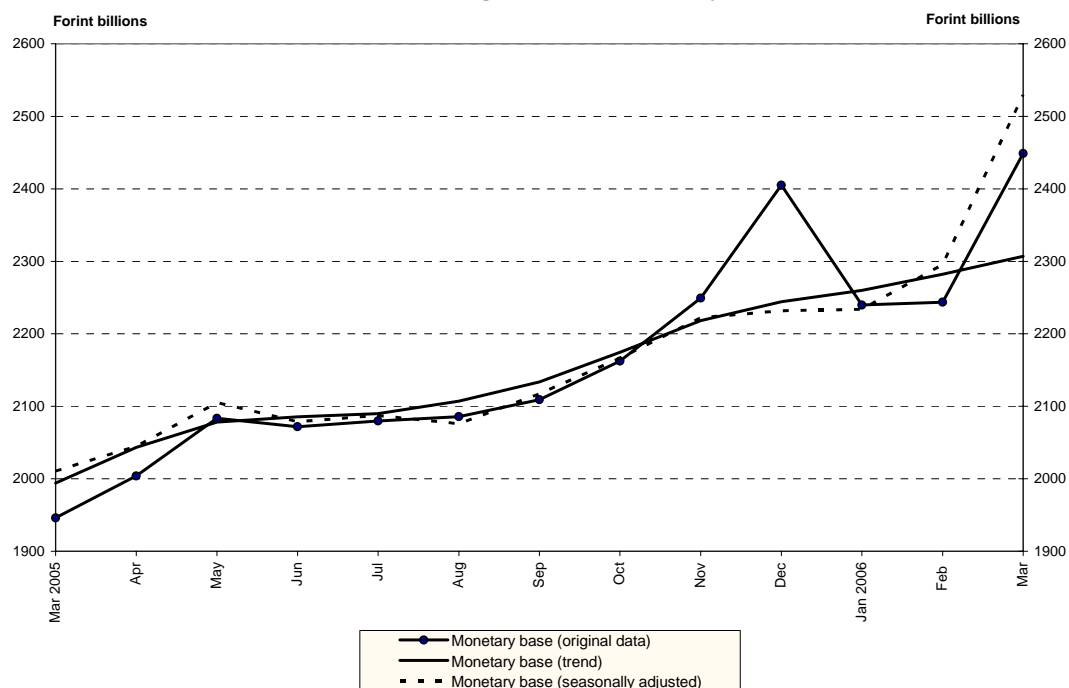
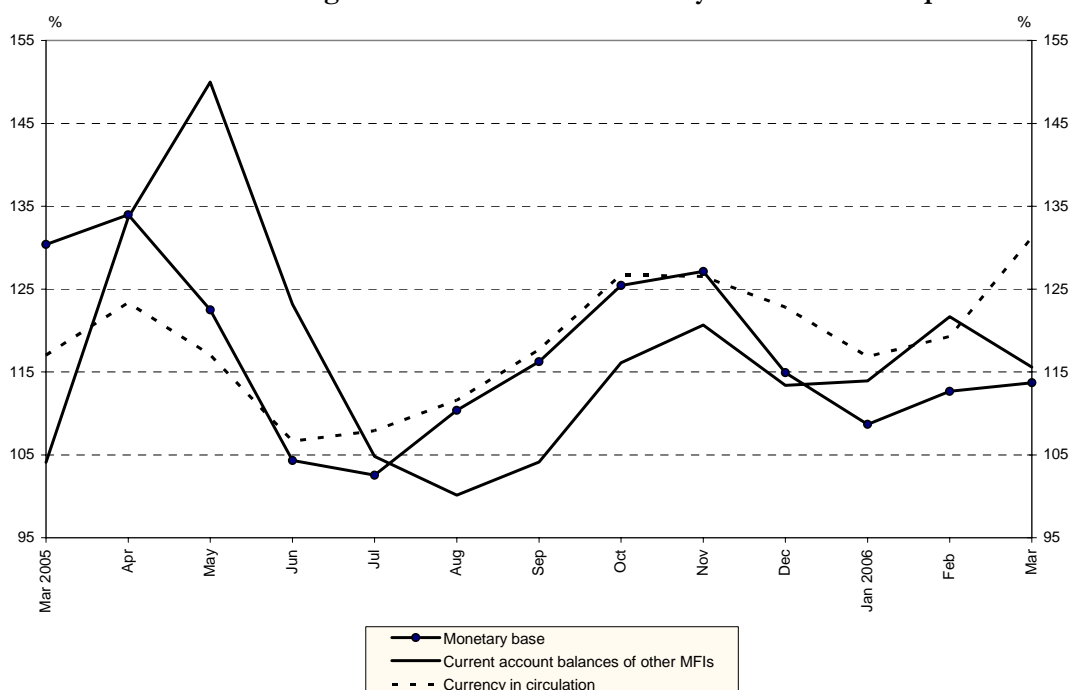


Chart 2 Changes in the monetary base



The annualised month-on-month growth index of the monetary base¹ stood at 113.7% in the month under review, up 1.0 percentage point on February.

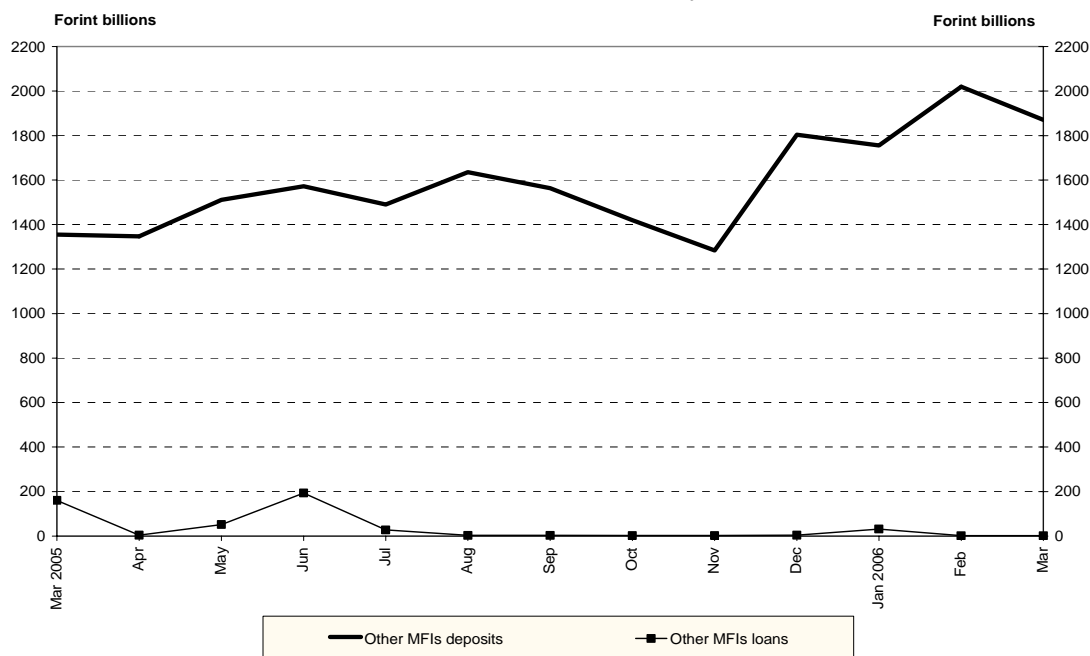
Chart 3 Annualised growth indices of the monetary base and its components



¹ See the note at the end of this press release.

In March, deposits of other MFIs with the MNB fell by HUF 149.2 billion to HUF 1,870.9 billion and the stock of loans granted by the MNB to other MFIs by HUF 0.4 billion to HUF 1.6 billion.

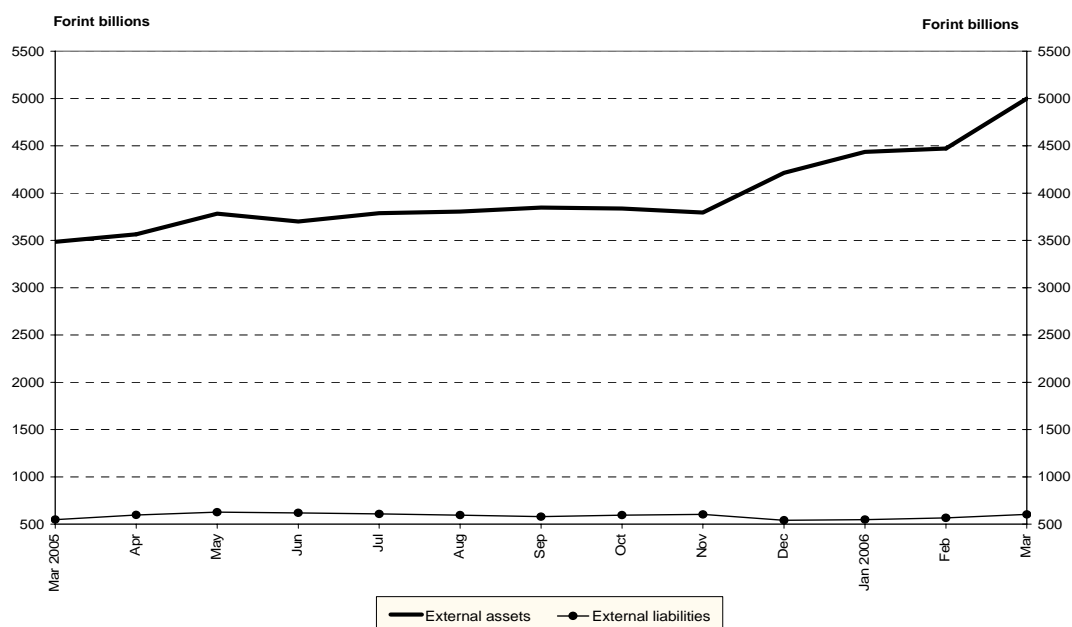
Chart 4 Loans and deposits of other monetary financial institutions



The stock of loans outstanding to the central government rose by HUF 2.2 billion to HUF 94.3 billion and deposits of the sub-sector by HUF 345.6 billion to HUF 737.8 billion.

Net external assets of the MNB were HUF 492.7 billion higher than in February. Its assets vis-à-vis non-residents rose by HUF 528.6 billion to HUF 4,999.3 billion and its liabilities by HUF 36.0 billion to HUF 602.3 billion.

Chart 5 Assets and liabilities of the MNB vis-à-vis non-residents



Methodological notes to the press release

Ensuring comparability of data over periods requires eliminating seasonal variations and distortions from original data. Consequently, the time series for the monetary base (M0) is 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 growth indices in this press release are derived from trend data by dividing the base period data by data for the previous period, and by raising the quotient to the 12th power. The month-on-month growth rates, calculated using this method, better reflect developments in the most recent periods than year-on-year growth indices. Chart 3 plots the annualised month-on-month growth indices of the monetary base and its components. The Bank does not publish a separate index for overnight deposits, as they fluctuate considerably, frequently moving to zero. However, changes in the stock of overnight deposits are also taken account of in calculating the growth index of M0.

Monthly changes in stock data are calculated from data before rounding. Consequently, such differences between monthly data, derived using this method, may not add to those calculated from rounded data.

The data used for the purposes of 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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