

PRESS RELEASE

**Preliminary statistical balance sheet of the MNB
July 2006**

In July 2006, the monetary base rose by HUF 24.4 billion, from HUF 2,438.4 billion in the preceding month to HUF 2,462.9 billion. Of the components of the monetary base, the monthly average stock of currency in circulation rose by HUF 36.2 billion to HUF 1,862.7 billion, and the monthly average of other MFIs' current account balances by HUF 5.4 billion to HUF 587.2 billion. The monthly average stock of other MFIs' overnight deposits fell by HUF 17.1 billion to HUF 13.0 billion.

Chart 1 Components of the monetary base

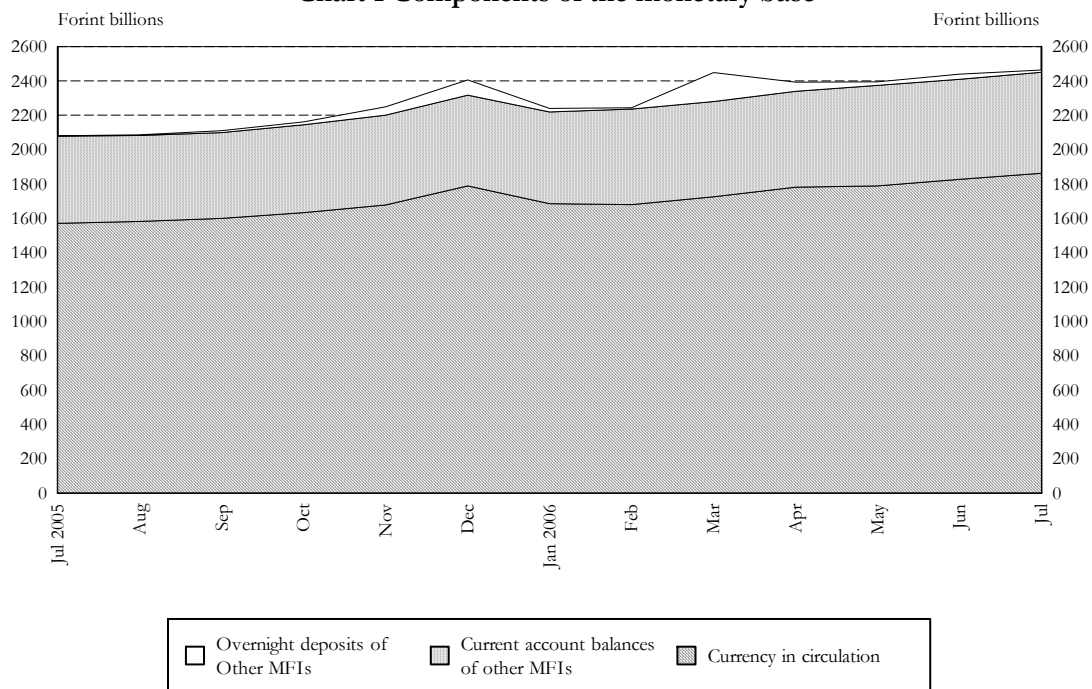
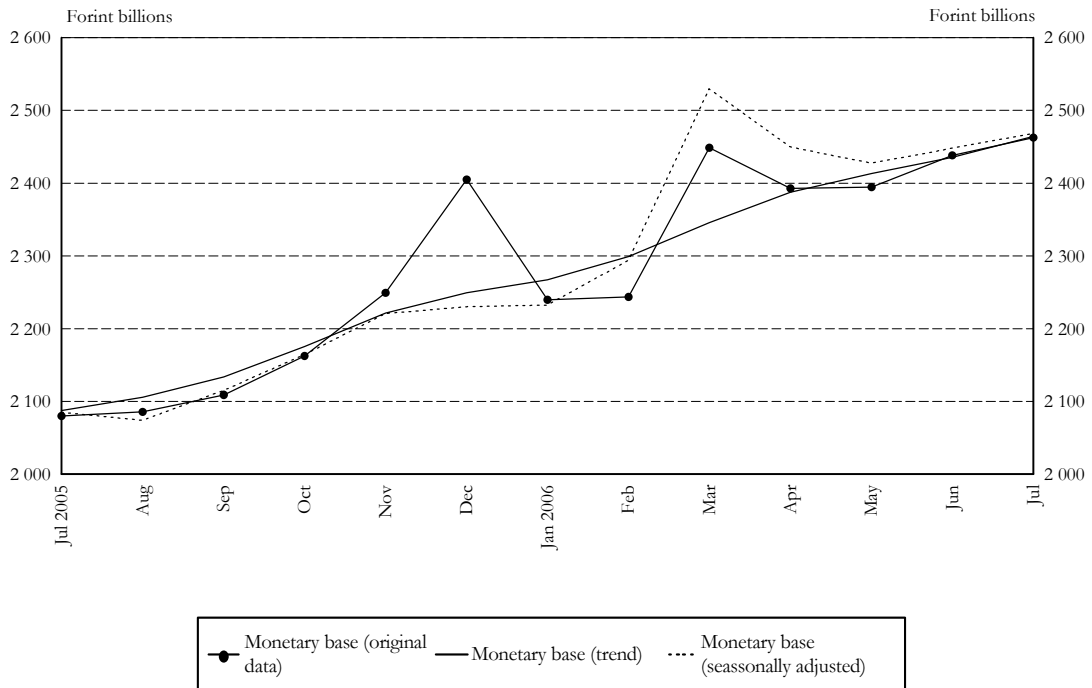
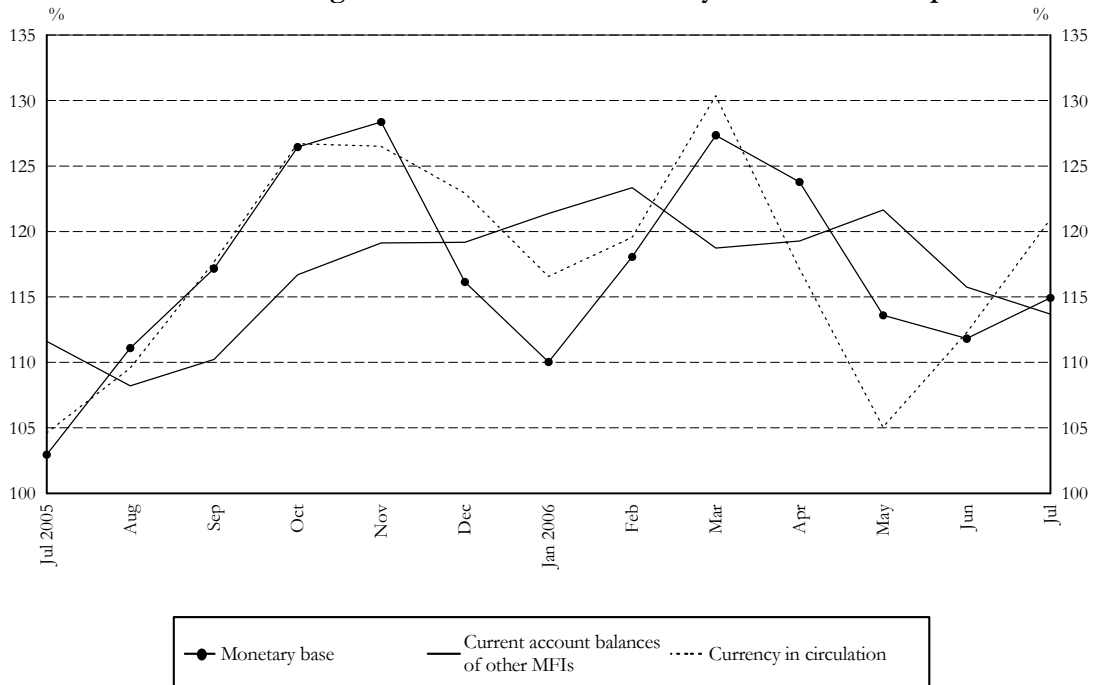


Chart 2 Changes in the monetary base



The annualised month-on-month growth index of the monetary base¹ stood at 114.9% in the month under review, up 3.1 percentage points on June.

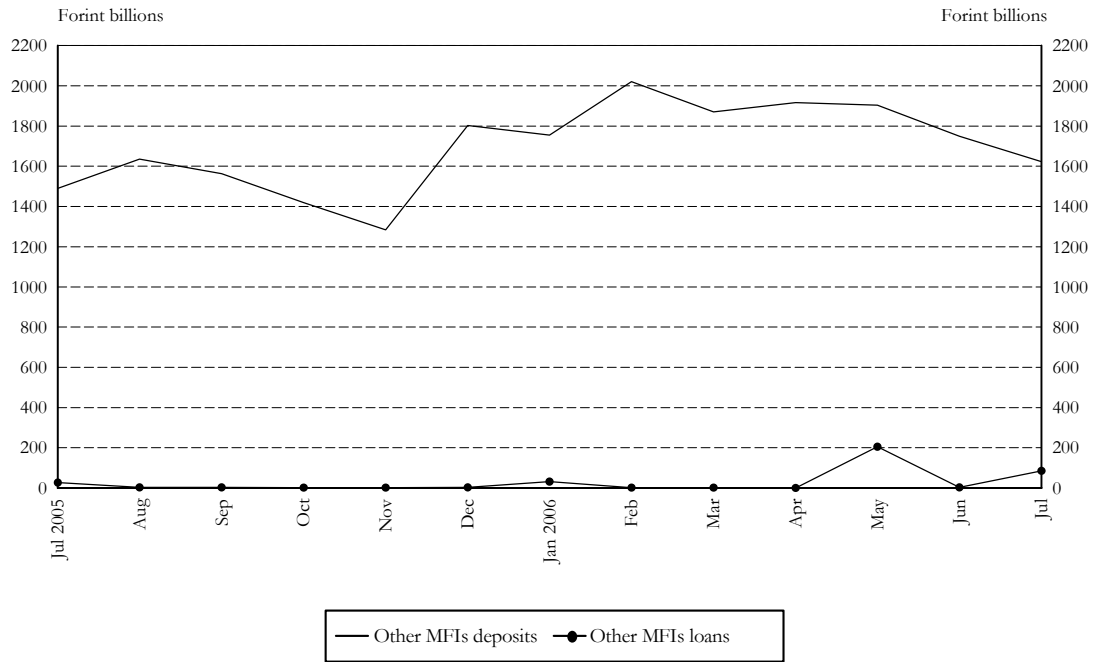
Chart 3 Annualised growth indices of the monetary base and its components



In July, deposits of other MFIs with the MNB fell by HUF 126.5 billion to HUF 1,622.9 billion and the stock of loans granted by the MNB to other MFIs rose by HUF 81.5 billion to HUF 85.8 billion.

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

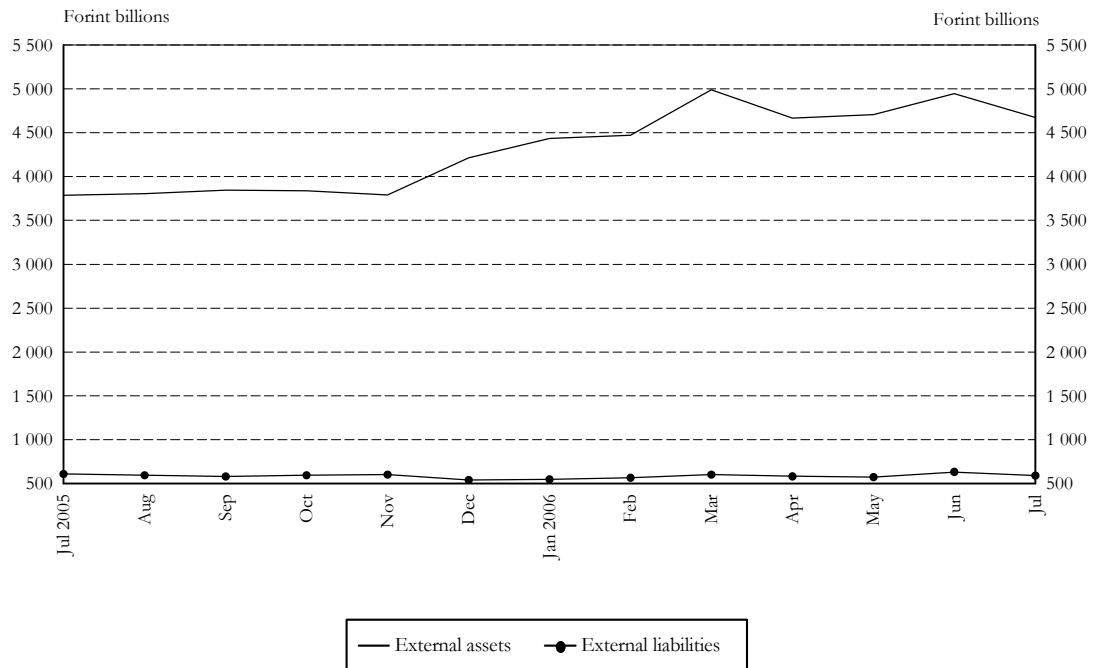
Chart 4 Loans and deposits of other monetary financial institutions



The stock of loans outstanding to the central government fell by HUF 3.5 billion to HUF 93.1 billion and deposits of the sub-sector rose by HUF 127.5 billion to HUF 579.4 billion.

Net external assets of the MNB were HUF 230.5 billion lower than in June, with exchange rate changes accounting for HUF 153.7 billion. Its assets vis-à-vis non-residents increased by HUF 272.5 billion to HUF 4,674.9 billion and its liabilities fell by HUF 42.0 billion to HUF 590.3 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_enxls.

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