

12 January 2007

PRESS RELEASE

Preliminary statistical balance sheet of the MNB December 2006

In December 2006, the monetary base rose by HUF 174.4 billion to HUF 2,737.8 billion. Of the components of the monetary base, the monthly average stock of currency in circulation rose by HUF 102.2 billion to HUF 2,039.0 billion, in line with the usual patterns observable at year-end. At HUF 617.6 billion, the monthly average stock of other monetary financial institutions' current account balances remained broadly unchanged at the October level. The monthly average stock of other MFIs' overnight deposits rose by HUF 73.0 billion to HUF 81.3 billion.

Chart 1 Components of the monetary base

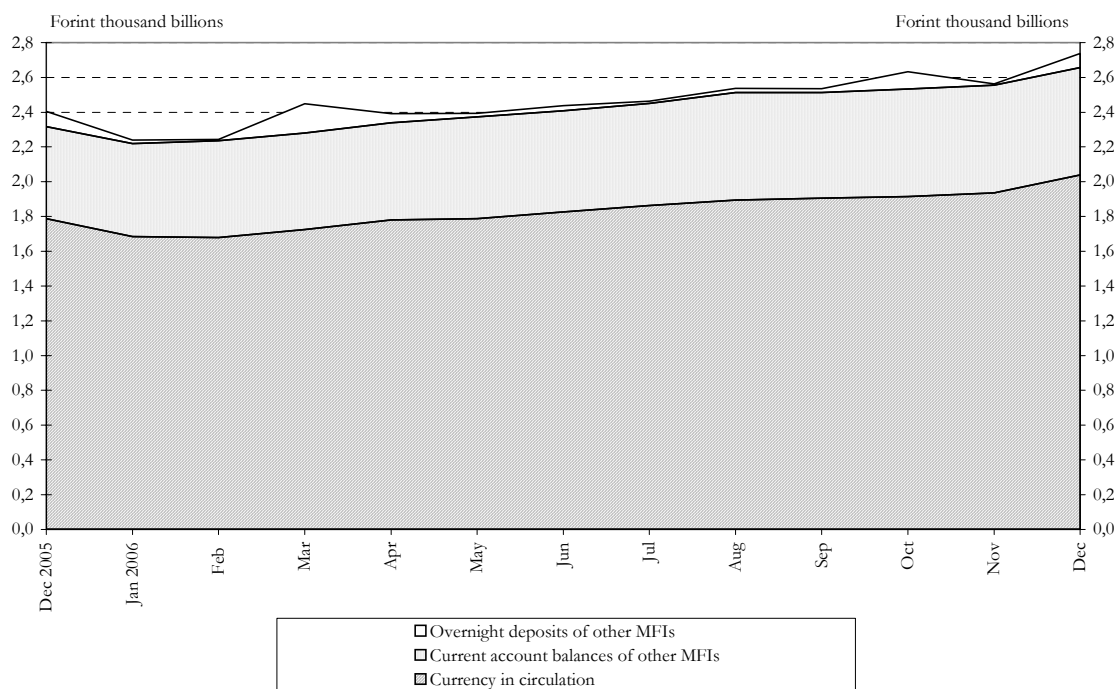
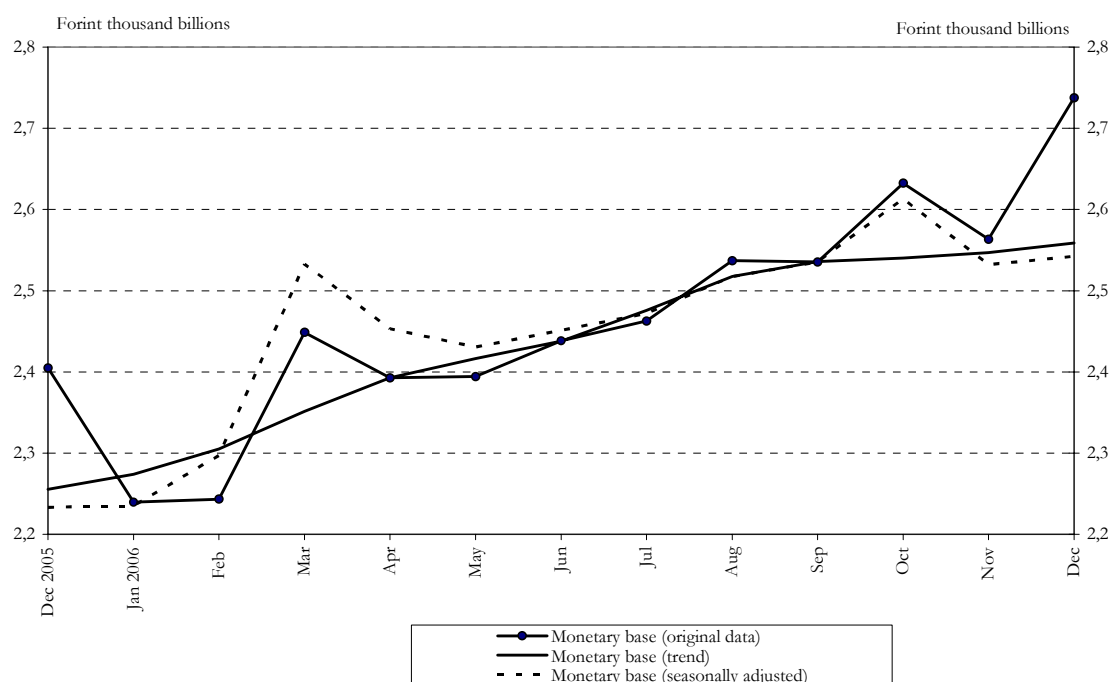
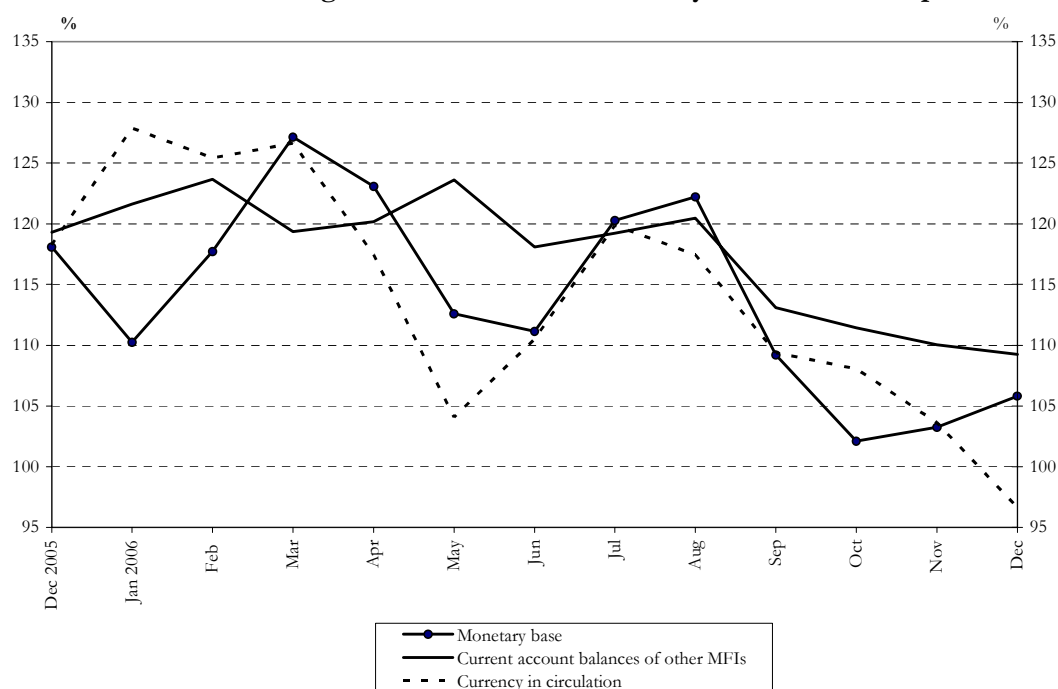


Chart 2 Changes in the monetary base



The annualised month-on-month growth index of the monetary base¹ stood at 105.8% in the month under review, up 2.6 percentage points on November.

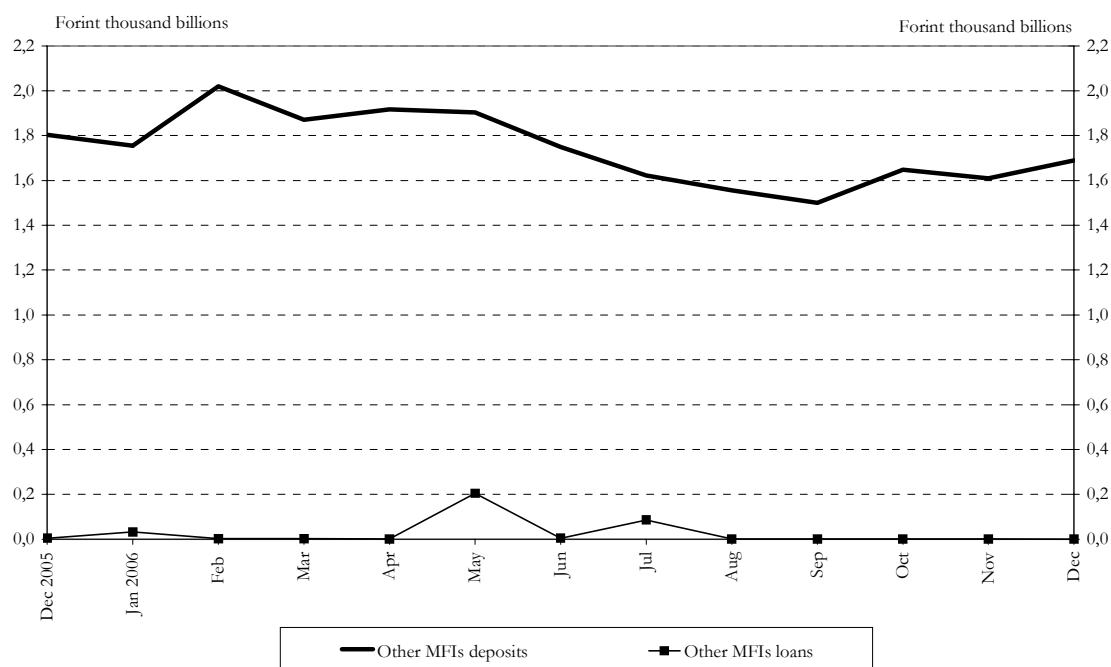
Chart 3 Annualised growth indices of the monetary base and its components



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

In December, deposits of other monetary financial institutions with the MNB rose by HUF 79.8 billion to HUF 1,689.6 billion. The stock of loans granted by the MNB to other MFIs was HUF 0.3 billion, remaining below HUF 1.0 billion since August.

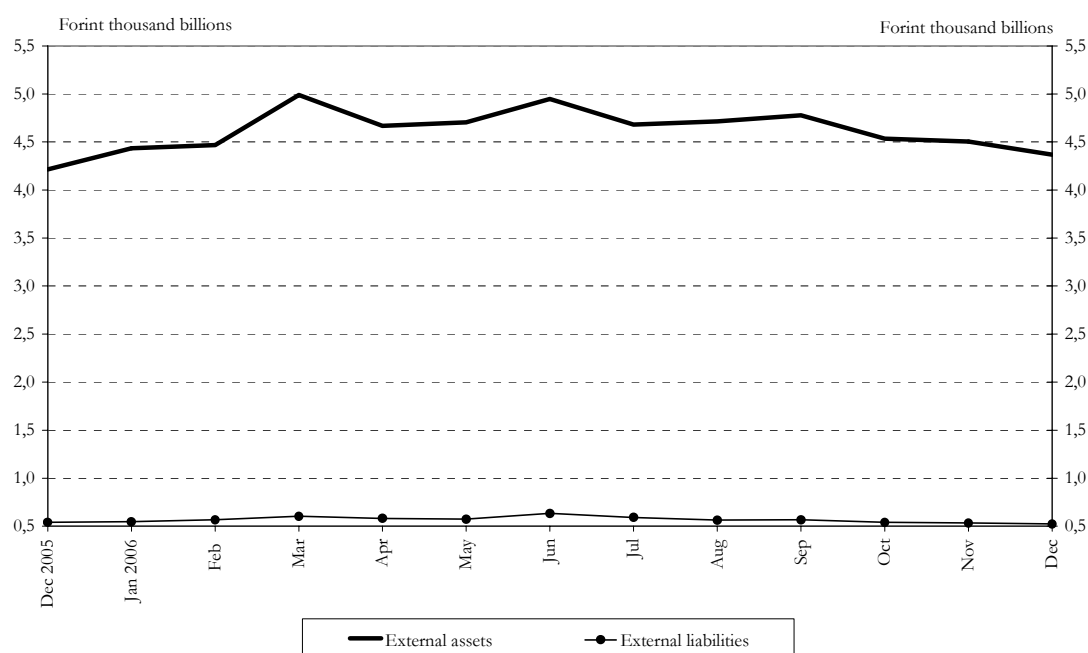
Chart 4 Loans and deposits of other monetary financial institutions



The stock of loans outstanding to the central government fell by HUF 2.0 billion to HUF 81.9 billion and deposits of the sub-sector increased by HUF 156.8 billion to HUF 373.2 billion.

Net external assets of the MNB were HUF 124.8 billion lower than in November, with exchange rate changes accounting for HUF 52.5 billion. Assets vis-à-vis non-residents fell by 134.5 billion to HUF 4,369.2 billion, in line with the downward of the preceding two months. Here, exchange rate changes accounted for HUF 63.4 billion. Liabilities have also been declining since October: their stock fell by HUF 9.7 billion to HUF 524.0 billion, mainly due to exchange rate changes.

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=mnbfiler&resourcename=0708_monstatpubl_en.xls.

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