

PRESS RELEASE

**Preliminary statistical balance sheet of the MNB
January 2007**

In January 2007, the monetary base fell by HUF 172.1 billion to HUF 2,565.7 billion. Of the components of the monetary base, the monthly average stock of currency in circulation fell by HUF 122.8 billion to HUF 1,916.2 billion, following usual seasonal patterns at the beginning of the year. This seasonality was also observable in movements in the monetary base (see Chart 2). The monthly average stock of other monetary financial institutions' current account balances was higher for the first time since October 2006, rising by HUF 6.1 billion to HUF 623.7 billion. The monthly average stock of other MFIs' overnight deposits fell by HUF 55.4 billion to HUF 25.9 billion.

Chart 1 Components of the monetary base

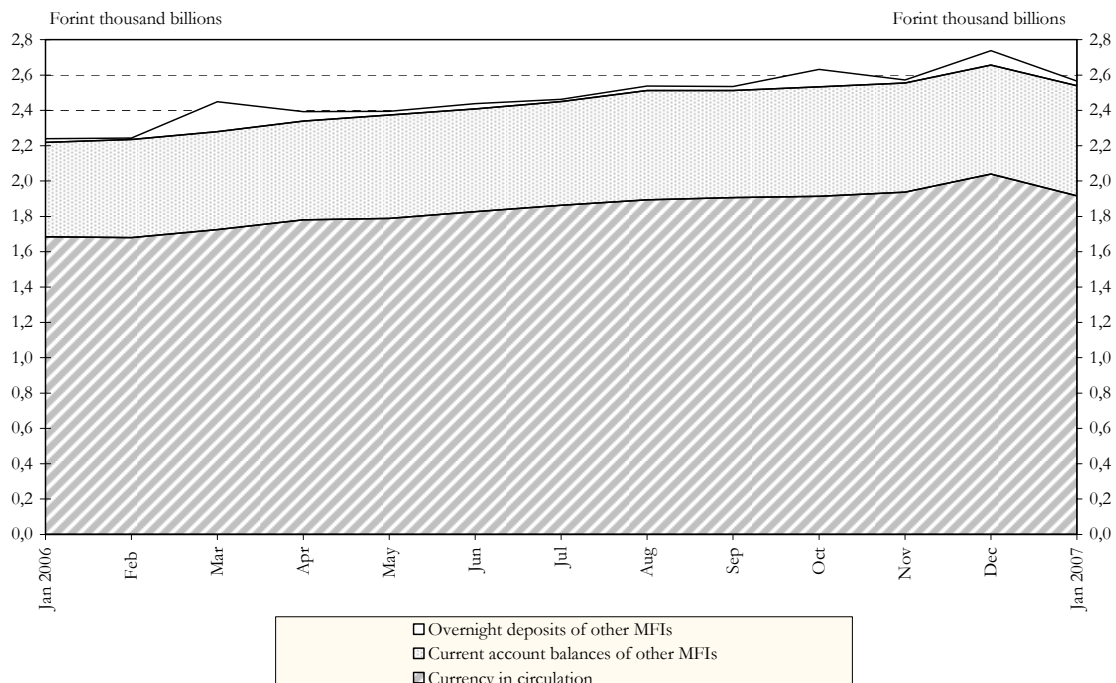
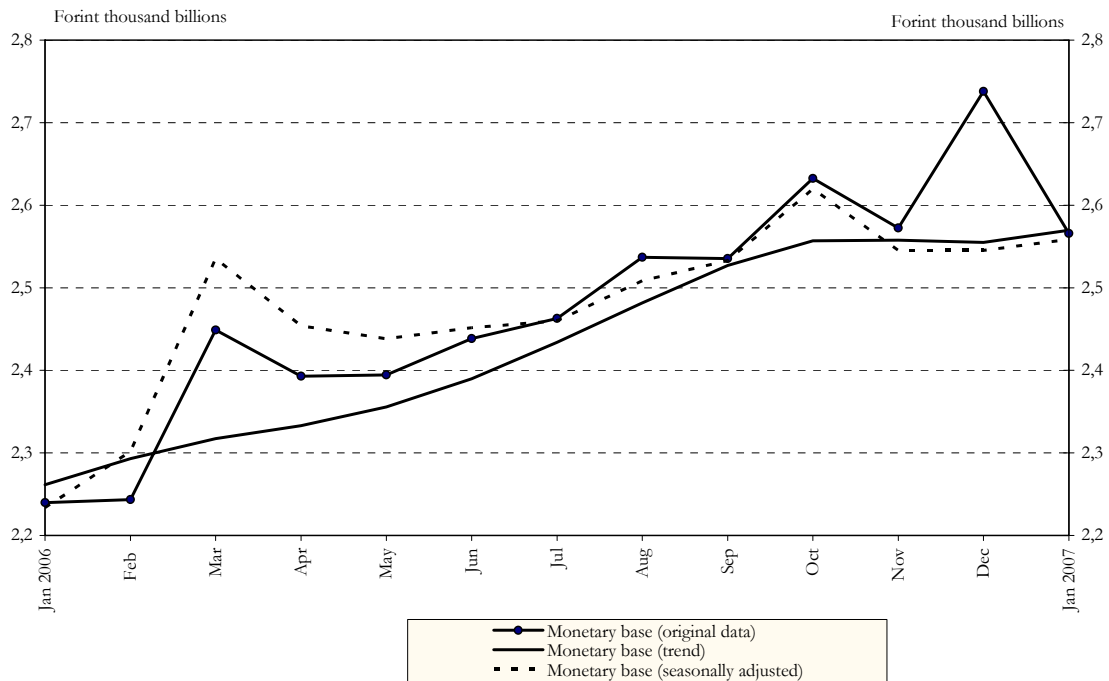
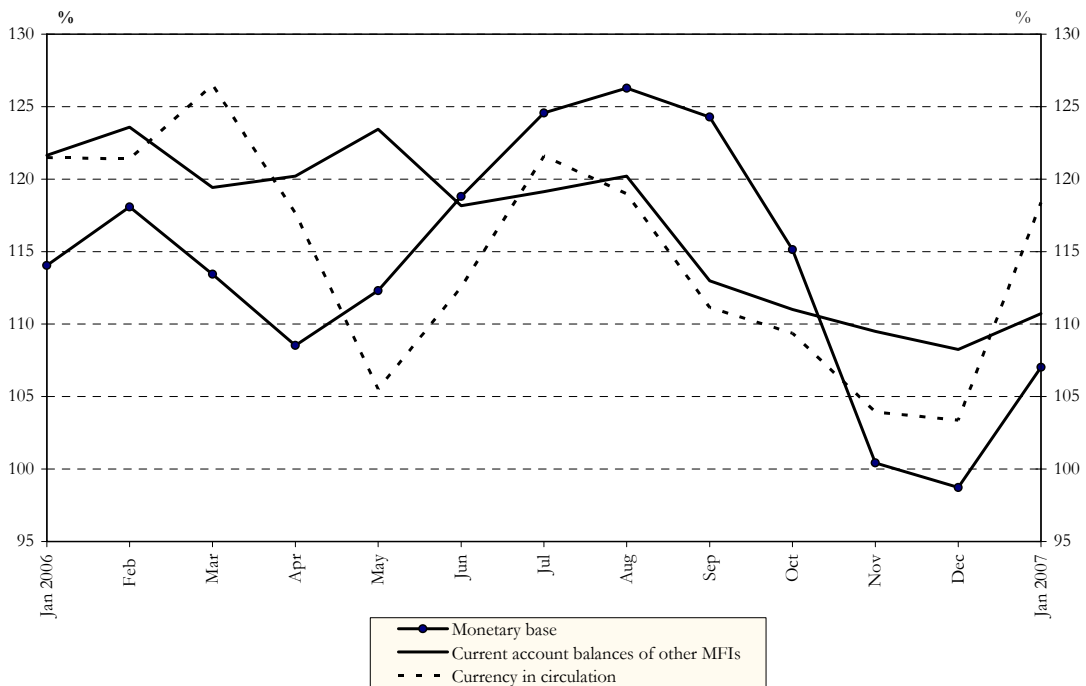


Chart 2 Changes in the monetary base



The annualised month-on-month growth index of the monetary base¹ was 107.0% in the month under review, up 8.3 percentage points on December 2006.

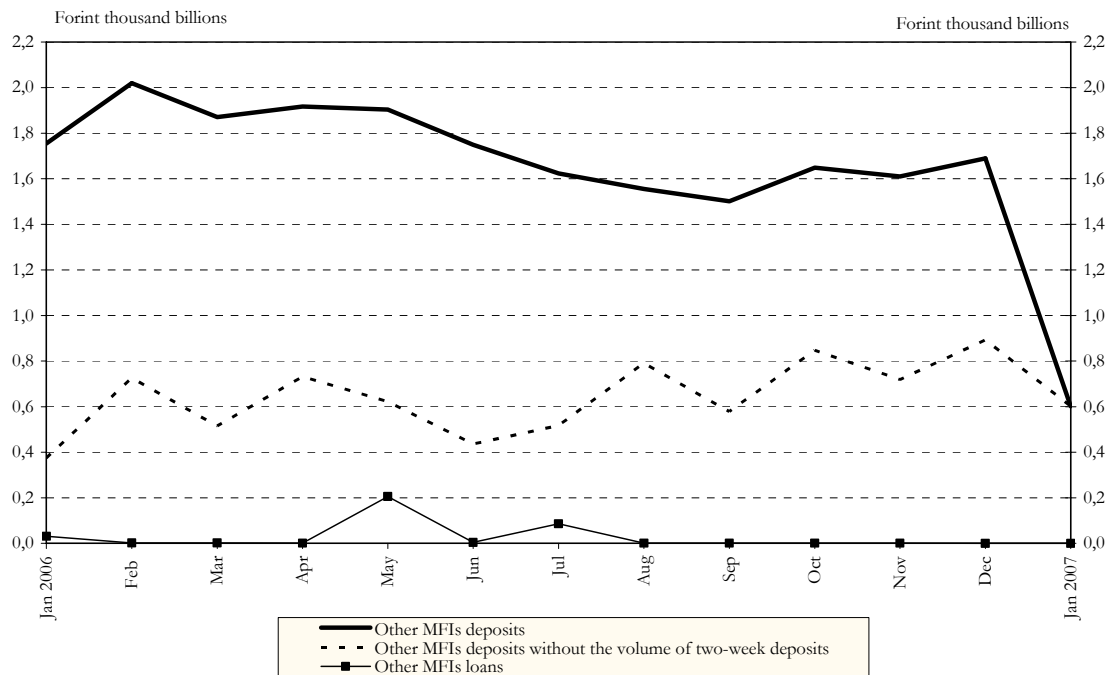
Chart 3 Annualised growth indices of the monetary base and its components



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

In January, deposits of other monetary financial institutions with the MNB fell by HUF 1,088.1 billion to HUF 601.5 billion. This sharp decline in the month-ends stock of deposits was related mainly to the MNB replacing the two-week central bank deposit with the two-week bill² as key policy instrument from 9 January 2007, in order to facilitate credit institutions' efficient liquidity management. The stock of loans granted by the MNB to other MFIs was HUF 0.3 billion, remaining below HUF 1.0 billion since August 2006.

Chart 4 Loans and deposits of other monetary financial institutions

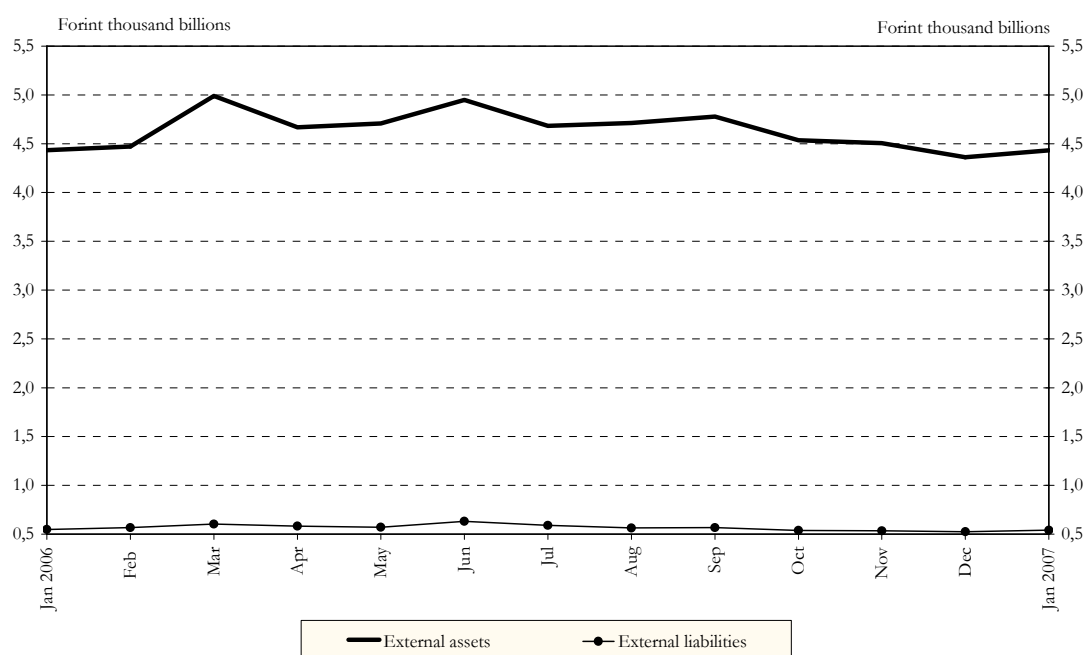


The month-end stock of loans outstanding to the central government rose by HUF 2.4 billion to HUF 84.3 billion, and deposits of the sub-sector increased by HUF 194.4 billion to HUF 567.6 billion.

Net external assets of the MNB were HUF 55.7 billion higher than in December 2006, with exchange rate changes accounting for HUF 93.5 billion. Assets vis-à-vis non-residents rose by 71.1 billion to HUF 4,432.6 billion, reversing the series of successive falls in the previous quarter. Here, exchange rate changes accounted for HUF 108.8 billion. Liabilities vis-à-vis non-residents increased by HUF 15.4 billion to HUF 539.4 billion, due to exchange rate changes.

² Further information on the two-week central bank instrument is available on the MNB's website at http://english.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=kethetes_jegybanki_betet. The press release on the procedures for issuance and auctions of the two-week MNB bill can also be accessed via http://www.mnb.hu/Engine.aspx?page=mnbhu_mnbkozlem&ContentID=9165.

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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