

14 May 2007

PRESS RELEASE

Preliminary statistical balance sheet of the MNB April 2007

In April 2007, the monetary base declined by HUF 10.4 billion to HUF 2,579.8 billion. Of the components of the monetary base, the monthly average stock of currency in circulation declined by HUF 6.5 billion to HUF 1,945.6 billion. Continuing the slight decline which started in the previous month, the monthly average stock other monetary financial institutions' current account balances fell by HUF 14.7 billion to HUF 612.9 billion. In April, the monthly average stock of other monetary financial institutions' overnight deposits rose by HUF 10.8 billion to HUF 21.2 billion.

Chart 1 Components of the monetary base

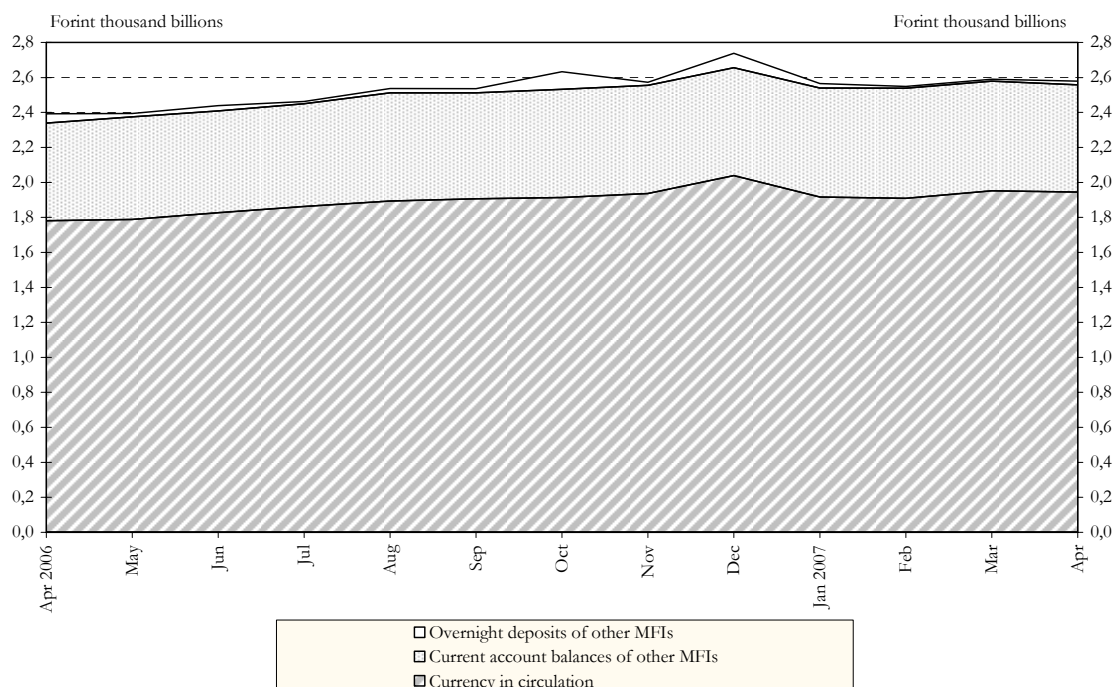
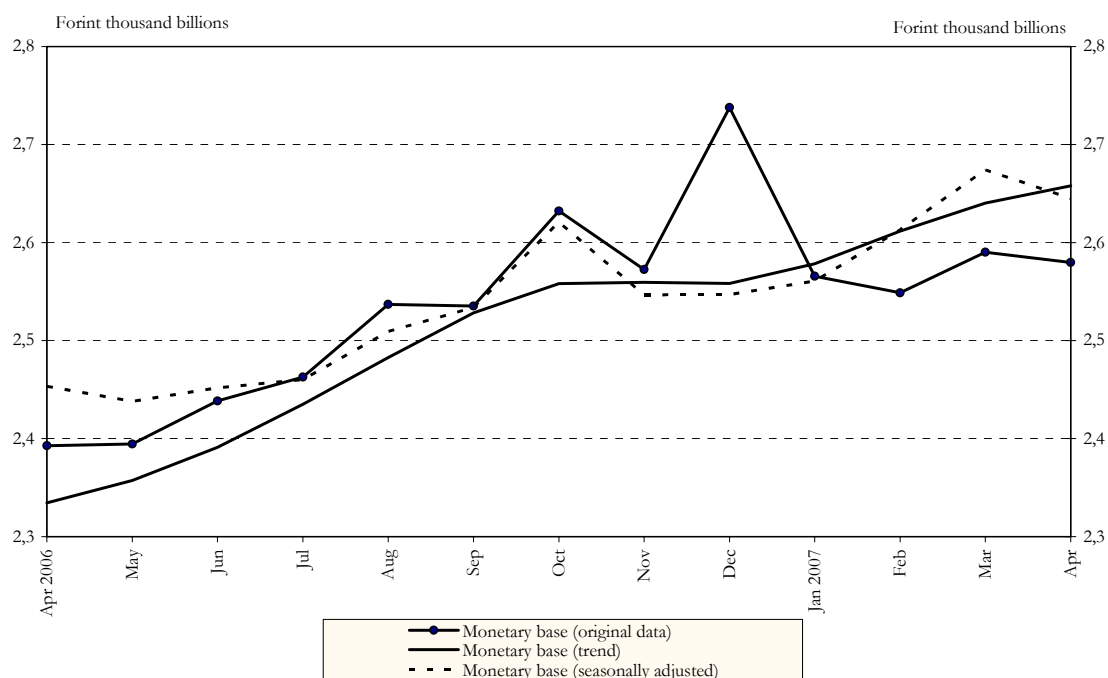
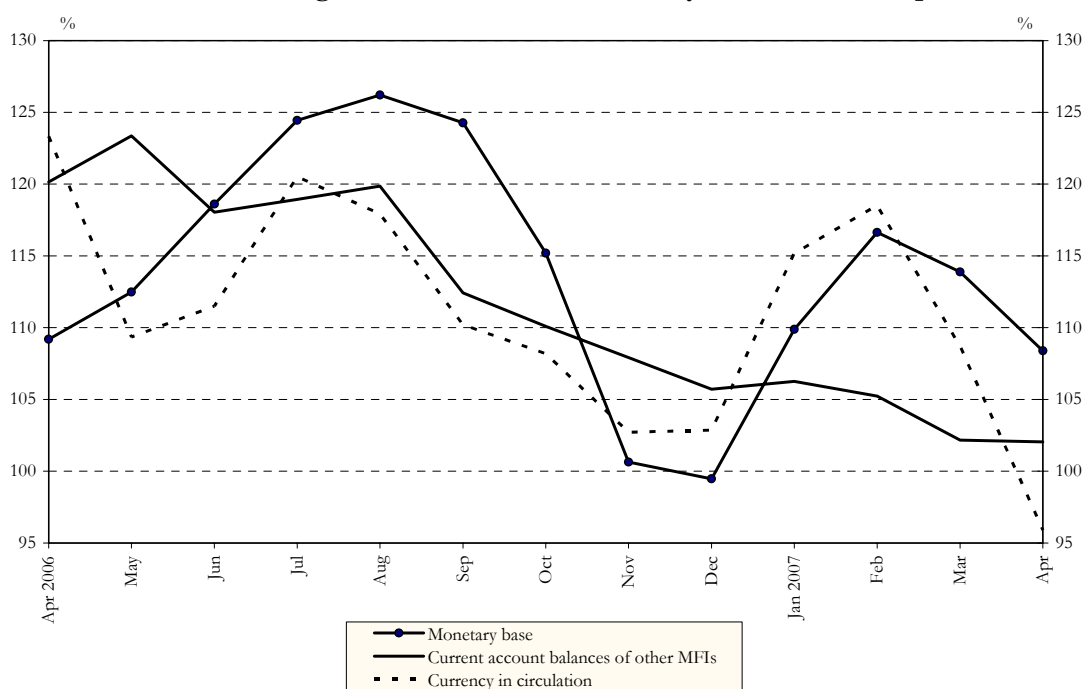


Chart 2 Movements in the monetary base



The annualised month-on-month growth index of the monetary base¹ was 108.4% in April, i.e. 5.5 percentage points down compared to March.

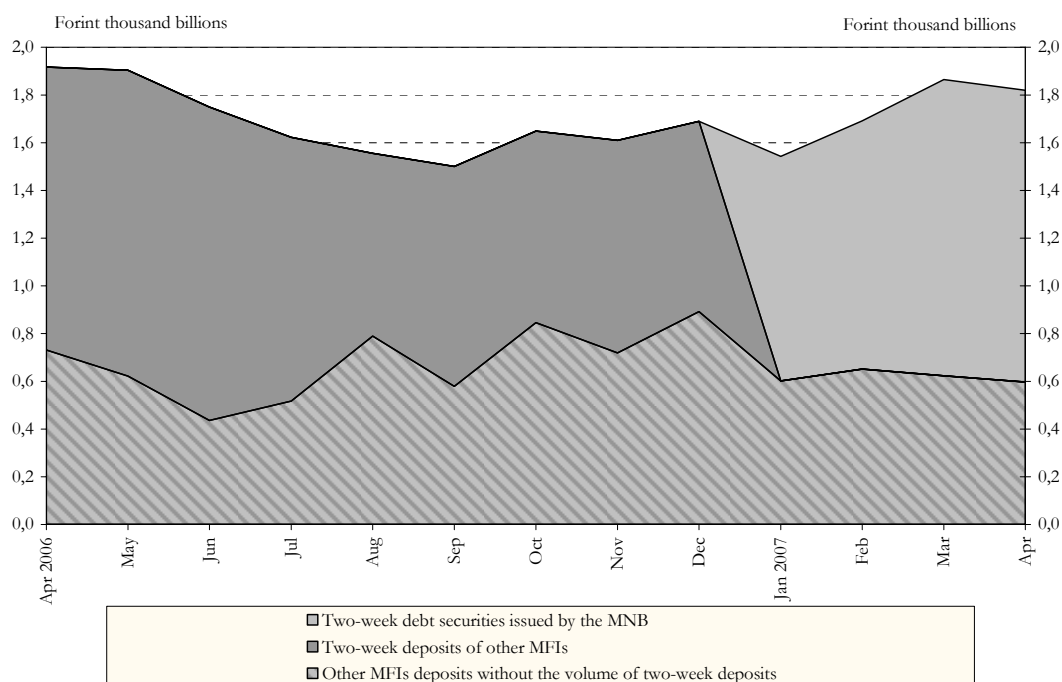
Chart 3 Annualised growth indices of the monetary base and its components¹



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

In April, other monetary financial institutions' end-of-month holdings of deposits with the MNB fell by HUF 26.9 billion to HUF 596.8 billion. The outstanding end-of-month total of two-week forint-denominated central bank bill² declined by HUF 18.3 billion to HUF 1,222.8 billion, as opposed to the increase observed in the previous two months. In April, the end-of-month stock of loans granted to other monetary financial institutions amounted to HUF 0.2 billion.

Chart 4 End-of-month stocks of other MFIs' deposits and two-week forint bills issued by the MNB³



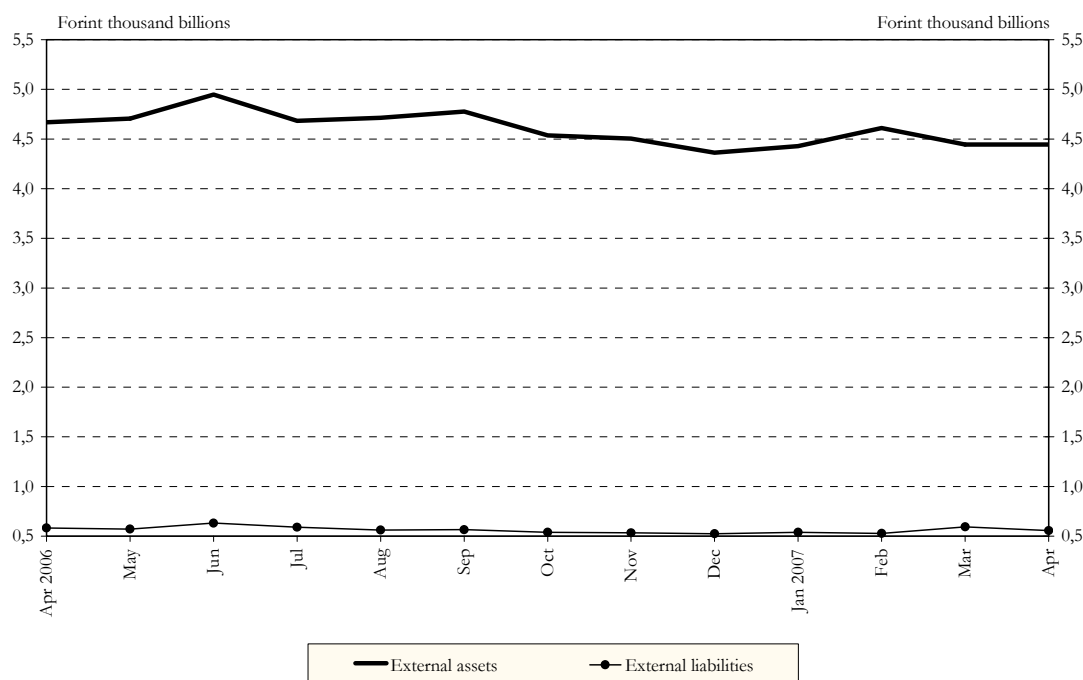
The month-end stock of loans outstanding to the central government fell by HUF 2.7 billion to HUF 77.2 billion and deposits of the sub-sector by HUF 58.3 billion to HUF 377.6 billion.

Net external assets of the MNB were HUF 37.3 billion up compared to March, the effect of transaction accounting for HUF 62.0 billion of the increase. Assets vis-à-vis non-residents fell by HUF 0.2 billion to HUF 4,444.3 billion. During the month, transactions added HUF 37 billion to net external assets, which was offset nearly to the same extent by the stock-decreasing effect of revaluation. End-of-month liabilities vis-à-vis non-residents declined by HUF 37.5 billion to HUF 556.6 billion. Transactions accounted for HUF 24.9 billion of the decline.

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

³ For an explanation, see the methodological notes at the end of this press release.

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



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 period 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.

Chart 4 shows other monetary financial institutions' total holdings of deposits and two-week forint denominated central bank bills. The MNB has been issuing two-week forint-denominated bills since 9 March 2007, in order to facilitate credit institutions' efficient liquidity management and the development of financial markets, replacing the two-week central bank deposit as a key policy instrument. The new two-week MNB bill is a negotiable instrument, i.e. credit institutions may sell the bill bought by them to other residents as well as non-residents prior to maturity.

Monthly changes in stock data are calculated from data before rounding. Consequently, such differences between monthly data, derived using this method, may be different from those calculated from rounded data.

The data underlying 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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