

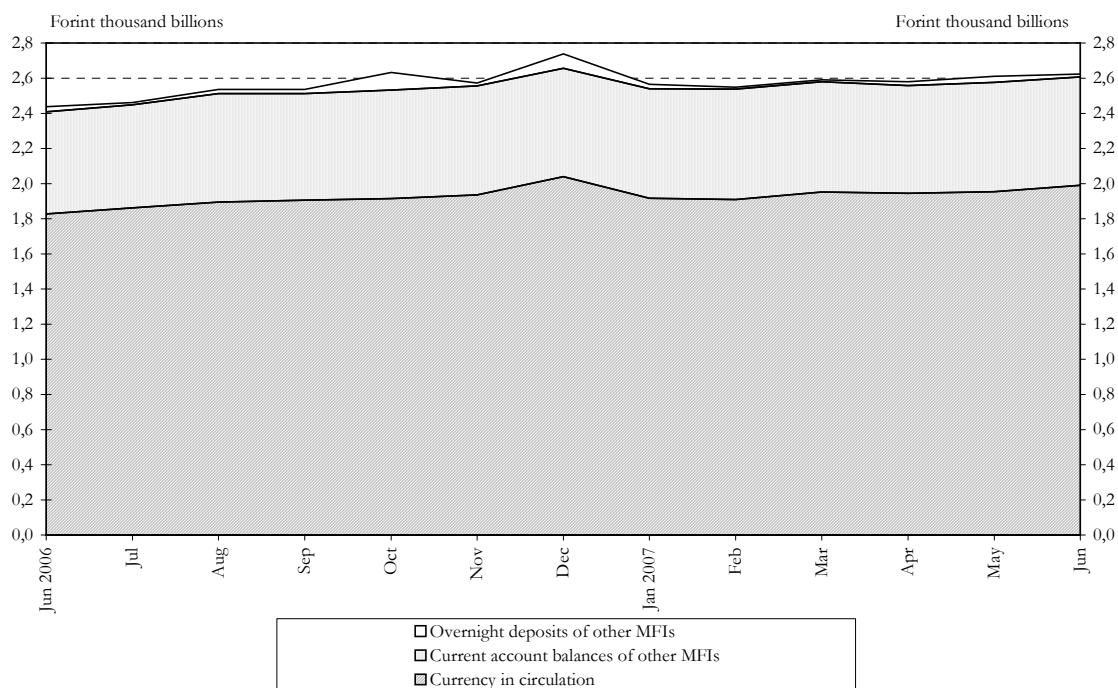
12 July 2007

**PRESS RELEASE**

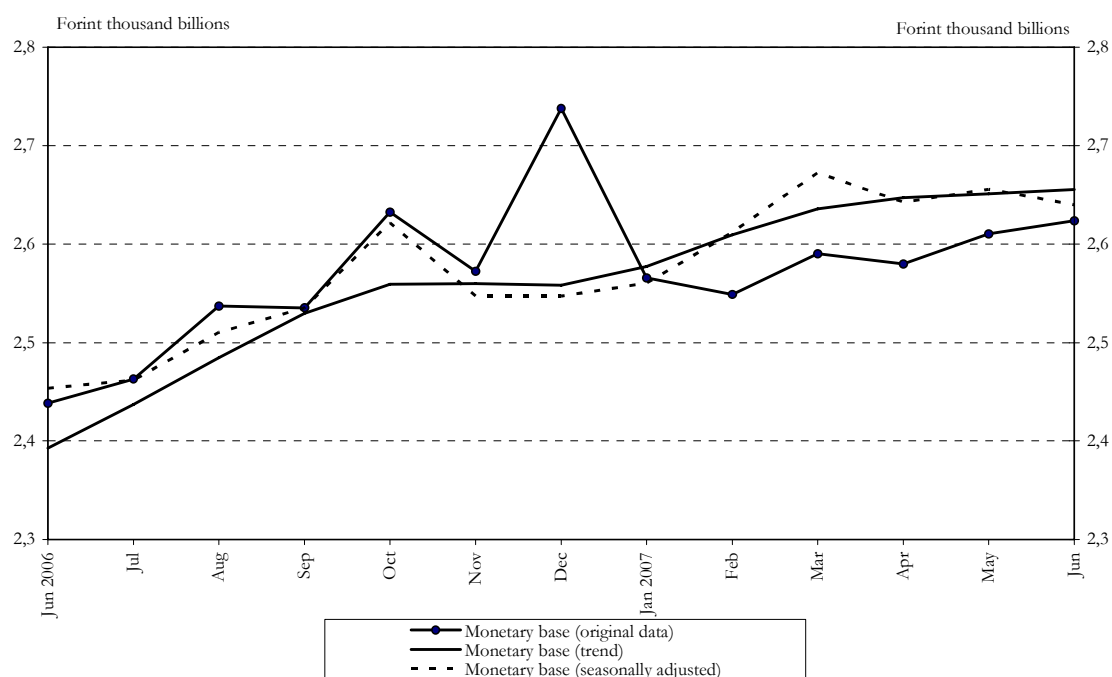
*Preliminary statistical balance sheet of the MNB  
June 2007*

In June 2007 the monetary base increased by HUF 13.1 billion to HUF 2,623.6 billion. Of the components of the monetary base, the monthly average stock of currency in circulation rose by HUF 37.3 billion to HUF 1,991.6 billion. The monthly average stock of other monetary financial institutions' current account balances and overnight deposits declined by HUF 7.1 billion to HUF 615.2 billion and by HUF 17.1 billion to HUF 16.8 billion, respectively.

**Chart 1: Components of the monetary base**

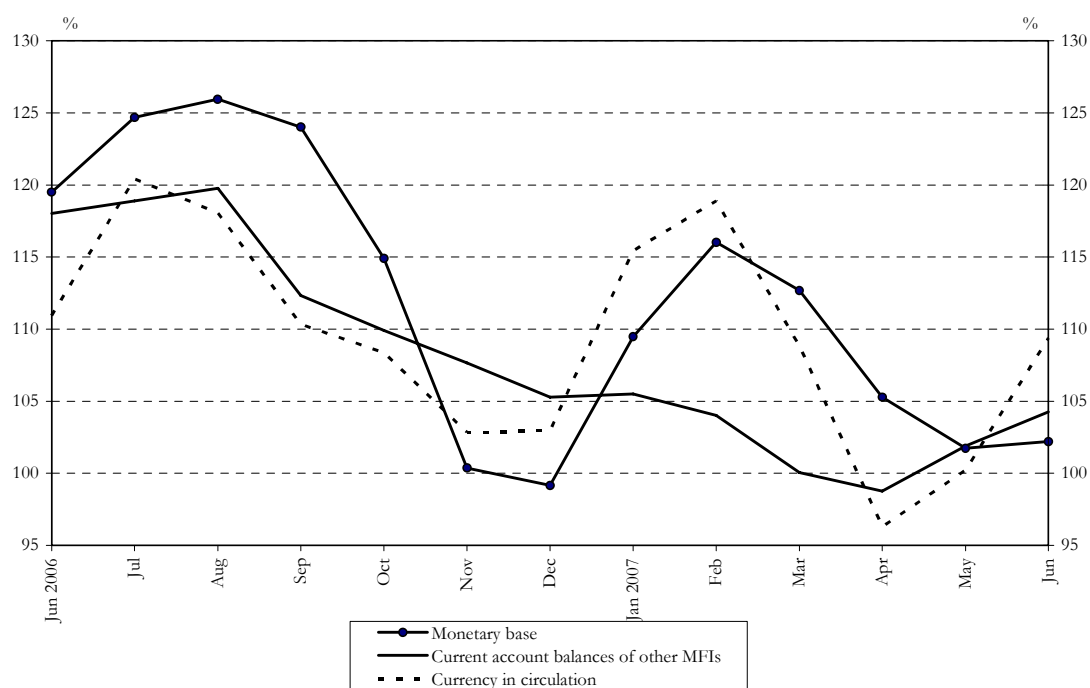


**Chart 2: Movements in the monetary base**



The annualised month-on-month growth index of the monetary base<sup>1</sup> was 102.2% in June, unchanged from the previous month.

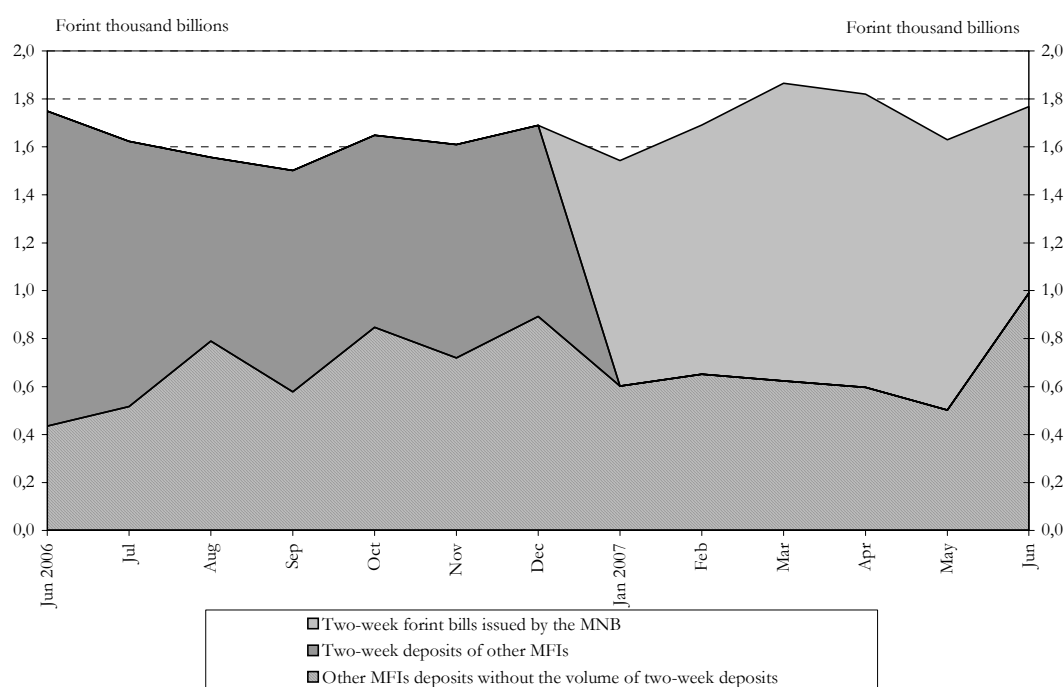
**Chart 3: Annualised growth indices of the monetary base and its components<sup>1</sup>**



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

Due to transactions, other monetary financial institutions' end-of-month holdings of deposits with the MNB increased by HUF 488.6 billion to HUF 990.0 billion. The declining trend of end-of-month holdings of forint deposits which had started in March came to a halt, with the holdings increasing by HUF 411.8 billion to HUF 890.3 billion. Foreign currency deposits increased by HUF 76.8 billion to HUF 99.7 billion. The outstanding end-of-month total of the two-week forint-denominated central bank bills<sup>2</sup> continued to fall, by HUF 350.7 billion to HUF 777.4 billion. In June, the end-of-month stock of loans granted to other monetary financial institutions amounted to HUF 0.1 billion. Its level has remained unchanged for three months.

**Chart 4: End-of-month stocks of other MFIs' deposits and two-week forint bills issued by the MNB<sup>3</sup>**



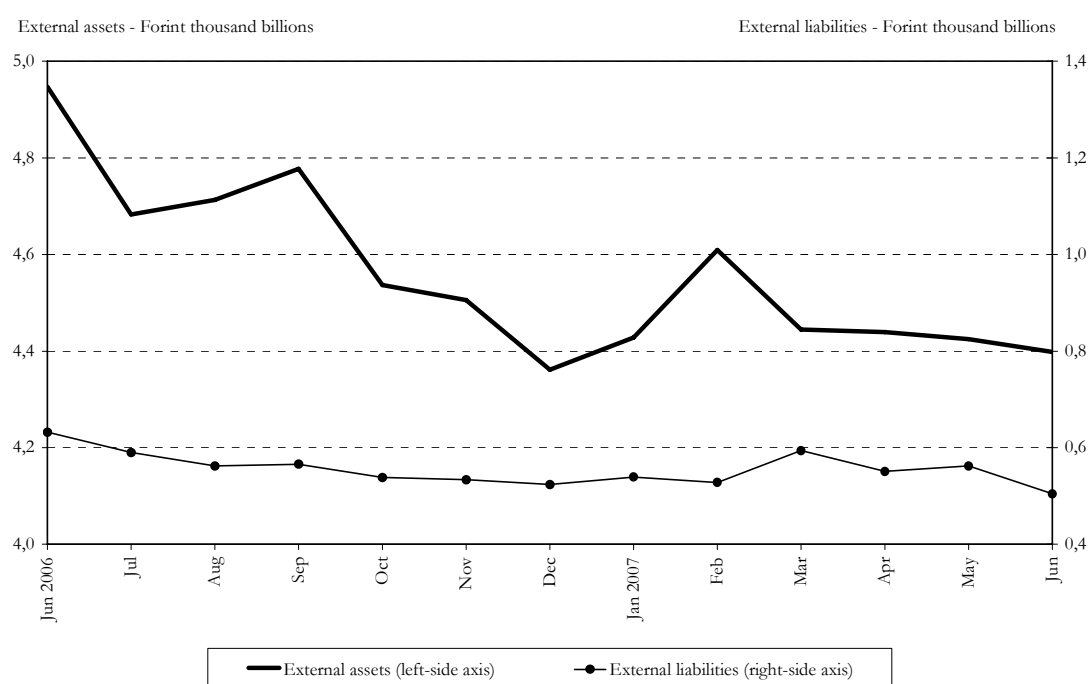
The month-end stock of loans outstanding to the central government fell by HUF 2.1 billion to HUF 76.5 billion and deposits of the sub-sector by HUF 35.5 billion to HUF 456.8 billion.

<sup>2</sup> The press release on the procedures 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](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/Resource.aspx?ResourceID=mnbfile&resourcename=kethetes\\_jegybanki\\_betet](http://www.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=kethetes_jegybanki_betet).

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

Net external assets of the MNB were up HUF 30.4 billion in June. Transactions added HUF 103.5 billion to net assets, which were reduced by HUF 73.0 billion by revaluations due to exchange rate changes. The declining trend of end-of-month assets vis-à-vis non-residents which had started in March continued, and as a result of exchange rate changes, they declined by HUF 26.8 billion to HUF 4,398.2 billion. End-of-month liabilities vis-à-vis non-residents fell by HUF 57.2 billion to HUF 504.7 billion. Transactions and revaluations reduced the end-of-month liabilities vis-à-vis non-residents by HUF 49.7 billion and HUF 7.5 billion, respectively.

**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 12<sup>th</sup> 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 January 2007, in order to facilitate credit institutions' efficient liquidity management and the development of financial markets. They replace 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 securities they hold 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 not add to 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=mnbfile&resourcename=0708\\_monstatpubl\\_en.xls](http://english.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=0708_monstatpubl_en.xls).*

**MAGYAR NEMZETI BANK**  
STATISTICS