

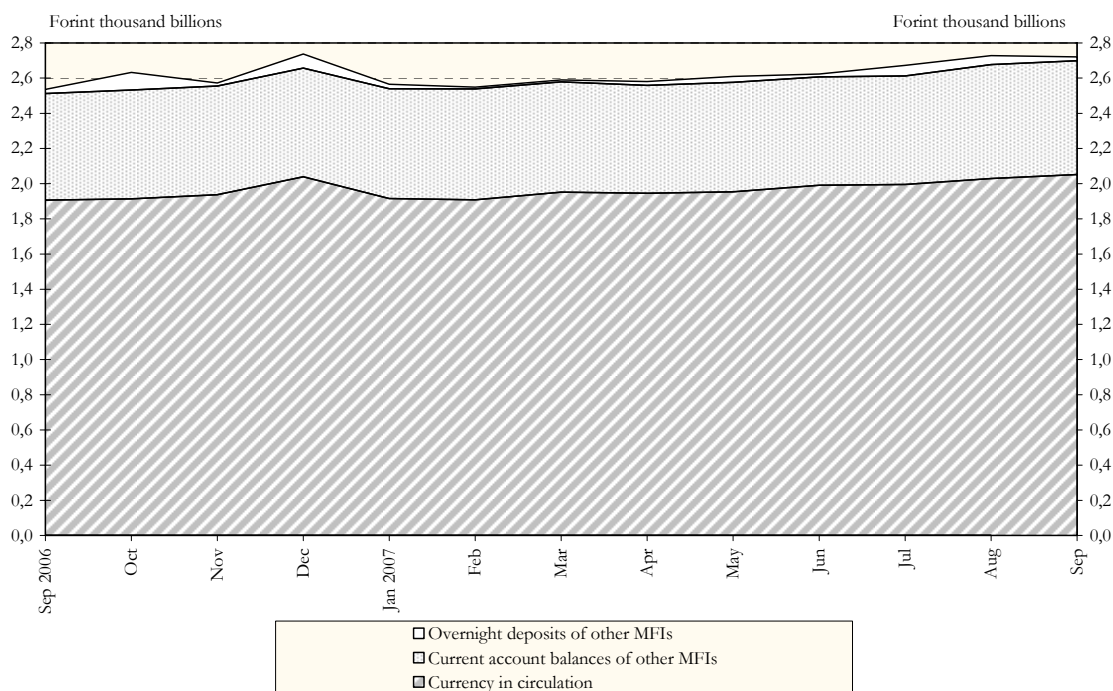
## PRESS RELEASE

### Preliminary statistical balance sheet of the MNB September 2007

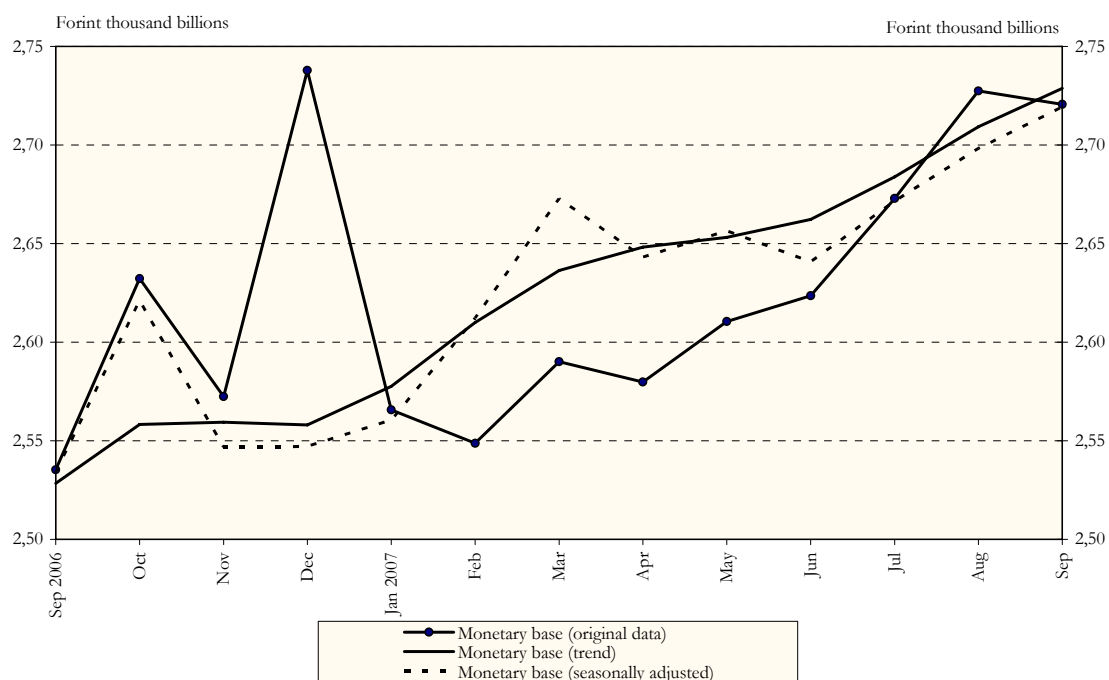
In September 2007, the monetary base fell by HUF 6.8 billion to HUF 2,720.7 billion. Of the components of the monetary base, the monthly average stock of currency in circulation rose by HUF 22.3 billion to HUF 2,051.3 billion and the monthly average stock of other monetary financial institutions' current account balances increased by HUF 0.1 billion to HUF 647.6 billion. The monthly average stock of other monetary financial institutions' overnight deposits fell by HUF 29.1 billion to HUF 21.8 billion.

The percentage shares of the components of the monetary base changed slightly in September. The monthly averages of currency in circulation, other monetary financial institutions' current account balances and other monetary financial institutions' overnight deposits, respectively, accounted for 75.4%, 23.8% and 0.8%.

**Chart 1 Components of the monetary base**

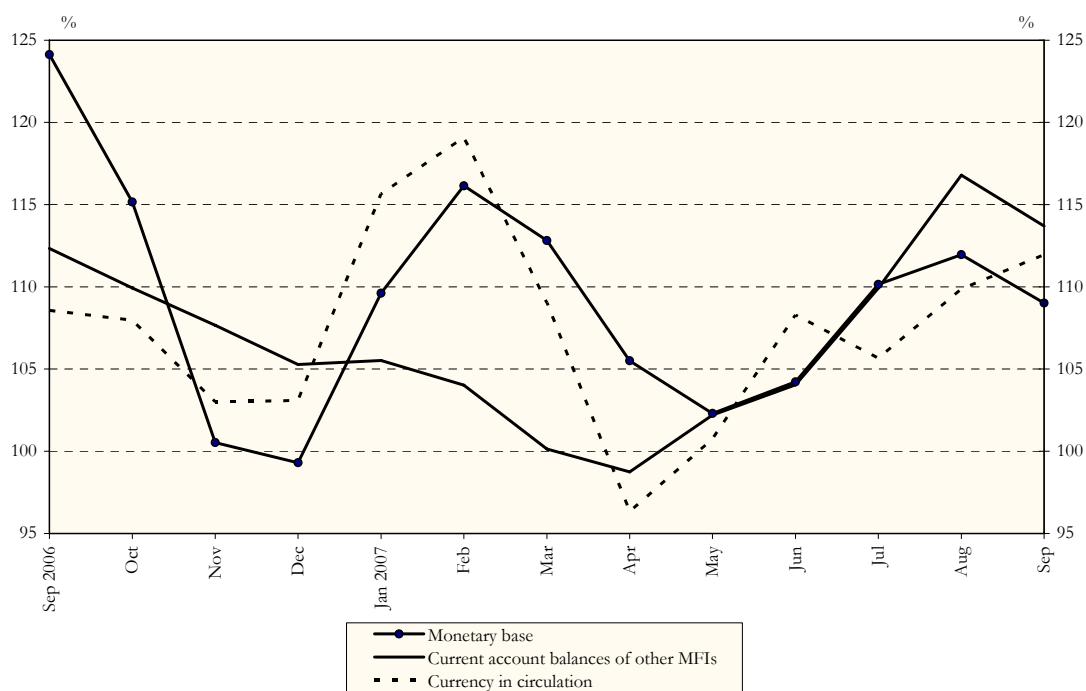


**Chart 2 Movements in the monetary base**



The annualised month-on-month growth index of the monetary base<sup>1</sup> was 109.0% in September, down 2.9 percentage points on the preceding month.

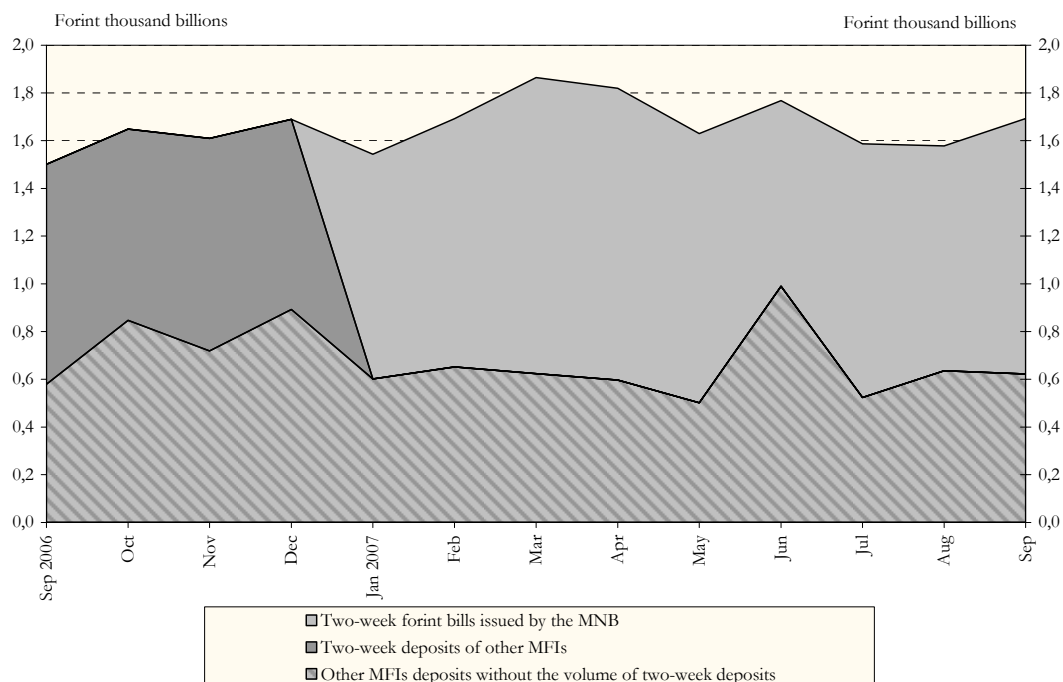
**Chart 3 Annualised growth indices of the monetary base and its components<sup>1</sup>**



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

In September, other monetary financial institutions' end-of-month holdings of deposits with the MNB fell by HUF 13.2 billion to HUF 622.0 billion. Other MFIs' deposits fell by HUF 21.6 billion to HUF 611.8 billion and foreign currency deposits rose by HUF 8.4 billion to HUF 10.2 billion. The end-of-month total of two-week forint-denominated central bank bills<sup>2</sup> amounted to HUF 1,070.6 billion, up HUF 127.5 billion on August. The end-of-month stock of loans granted to other MFIs was HUF 0.1 billion. Outstanding loans have remained unchanged since April 2007.

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



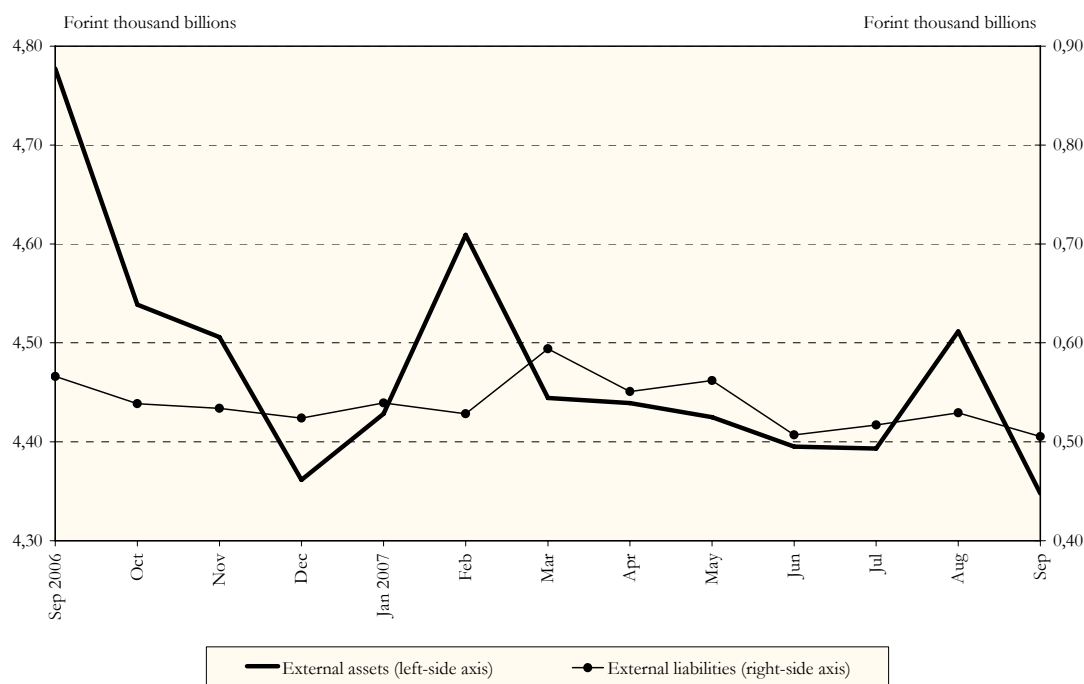
The month-end stock of loans outstanding to the central government fell by HUF 3.7 billion to HUF 76.8 billion and deposits from the sub-sector by HUF 183.14 billion to HUF 380.2 billion.

Net external assets of the Magyar Nemzeti Bank were HUF 140.1 billion lower than in August. Transactions and exchange rates changes reduced net external assets by HUF 82.1 billion and HUF 58.0 billion respectively. The end-of-month total of assets vis-à-vis non-residents fell by HUF 164.0 billion to HUF 4,347.7 billion. Transactions and foreign exchange revaluations reduced the value of net external assets by HUF 91.5 billion and HUF 72.5 billion respectively. The end-of-month total of external liabilities fell by HUF 23.9 billion to HUF 505.4 billion. Transactions and exchange rate changes, respectively, accounted for HUF 9.4 billion and HUF 14.5 billion of the decline in external liabilities.

<sup>2</sup> 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=mnbbhu\\_mnbkozlem&ContentID=9165](http://www.mnb.hu/Engine.aspx?page=mnbbhu_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=mnbbhu\\_jegybanki\\_betet](http://www.mnb.hu/engine.aspx?page=mnbbhu_jegybanki_betet).

<sup>3</sup> 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 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 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=mnbfle&resourcename=0708\\_monstatpubl\\_en.xls](http://english.mnb.hu/Resource.aspx?ResourceID=mnbfle&resourcename=0708_monstatpubl_en.xls).*

**MAGYAR NEMZETI BANK**  
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