

PRESS RELEASE

Preliminary statistical balance sheet of the MNB: December 2008

In December 2008, the stock of overnight deposits rose significantly, in addition to average holdings of two-week MNB bills. The increase in overnight deposits resulted from credit institutions' continued cautious liquidity management. On the assets side, external assets rose sharply.

1 Balance sheet of the MNB containing monthly average stocks

Table 1 Statistical balance sheet of the MNB – monthly average stocks

Assets	Forint billions			Liabilities	Forint billions		
	Nov 2008	Dec 2008	Monthly changes		Nov 2008	Dec 2008	Monthly changes
External assets	5770,0	6529,2	759,2	Currency in circulation	2356,7	2404,2	47,4
Remaining assets	820,7	693,8	-126,9	Current account balances of other MFIs	780,0	328,6	-451,4
				Overnight deposits of other MFIs	563,7	918,4	354,7
				Deposits of central government	1245,8	1585,1	339,3
				Two-week MNB bills	681,9	1152,0	470,1
				Foreign currency debt securities issued	106,3	105,2	-1,1
				Remaining liabilities	856,4	729,7	-126,7
Total assets	6590,8	7223,1	632,3	Total liabilities	6590,8	7223,1	632,3

Due to the reduction in the required reserve ratio from 5% to 2%, the average stock of credit institutions' current account deposits more than halved. This led, in part, to a fall in demand for two-week and six-month central bank loans within the average stock of other assets. Showing increased caution, credit institutions placed the greater part of their surplus liquidity in overnight central bank deposits; however, they also increased their holdings of two-week MNB bills (Chart 2).

The value of assets vis-à-vis non-residents increased significantly due to transactions (Tables 1 and 2). On the liabilities side, this was mainly offset by increases in deposits of the central government sub-sector, credit institutions' deposits and holdings of MNB bills (Table 1).

The amount by which the average of the banking sector's current account balances exceeded its reserve requirements was higher than usual, nearly HUF 6 billion (Chart 1). Overnight interbank interest rates moved slightly below the MNB's key interest rate throughout the month. As an effect of the reduction in the central bank base rate, the average interest rate, weighted by volume, also fell (Chart 3). The average stock of currency in circulation increased as usual around this time of the year; however, this rise was much less sharp than in earlier years. This is also indicated by the fall in the seasonally adjusted data.

Chart 1 Reserve requirements of credit institutions

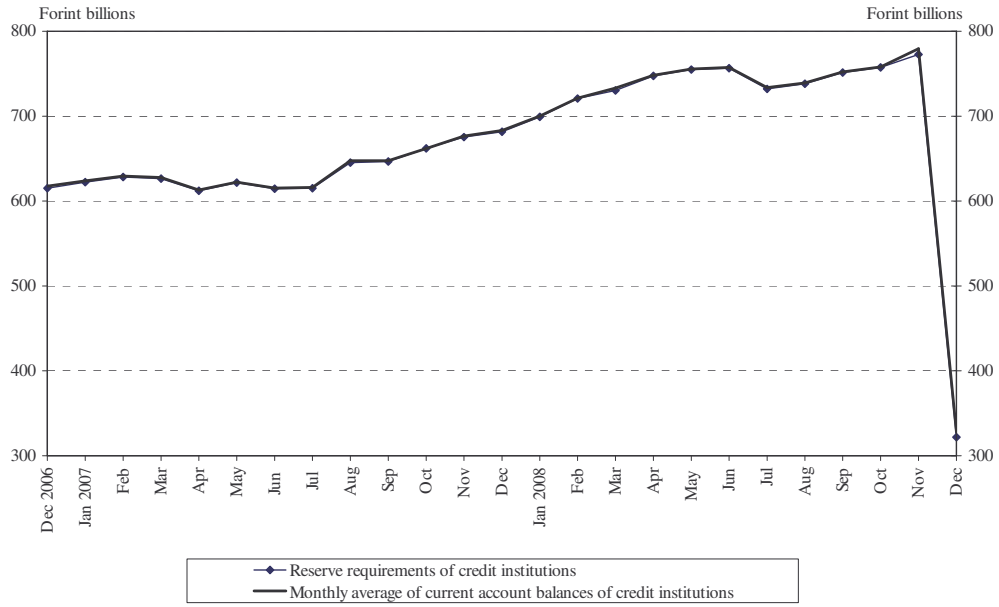


Chart 2 Monthly average overnight deposits of credit institutions

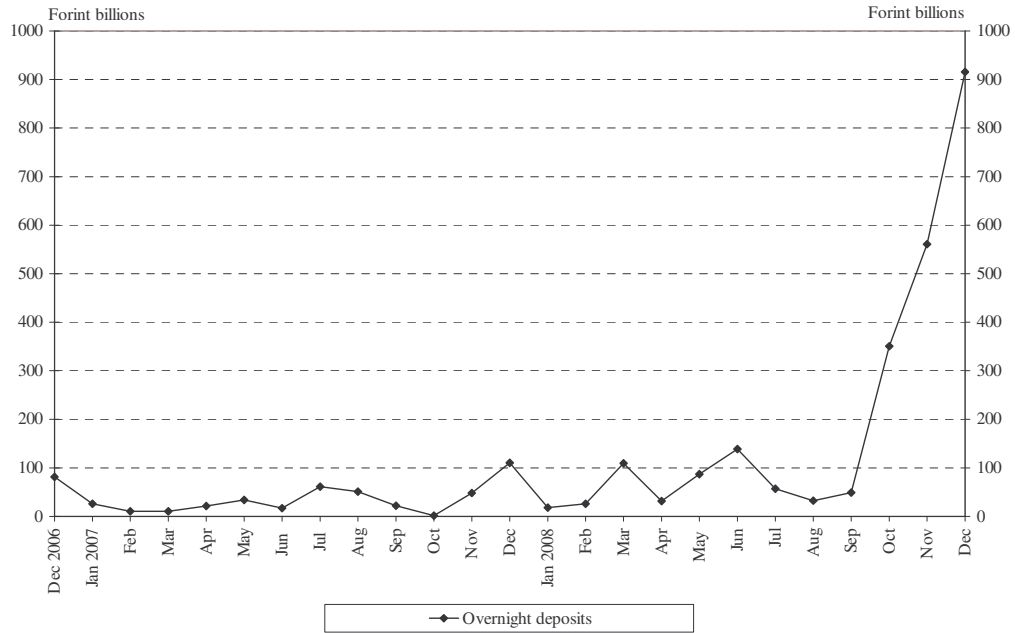
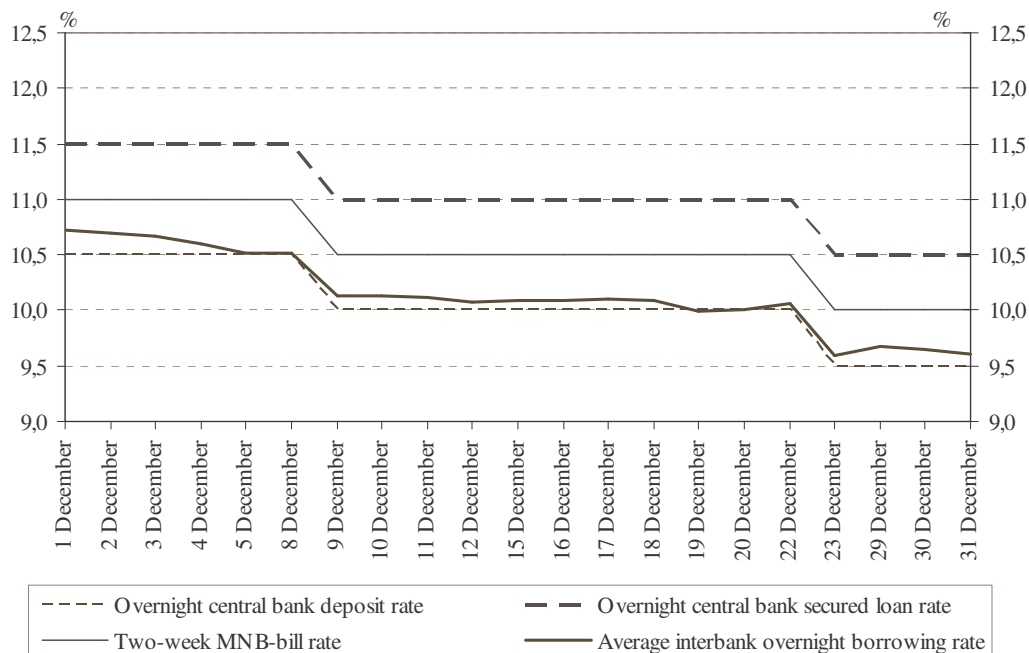


Chart 3 Central bank interest rates and average interbank overnight borrowing rates



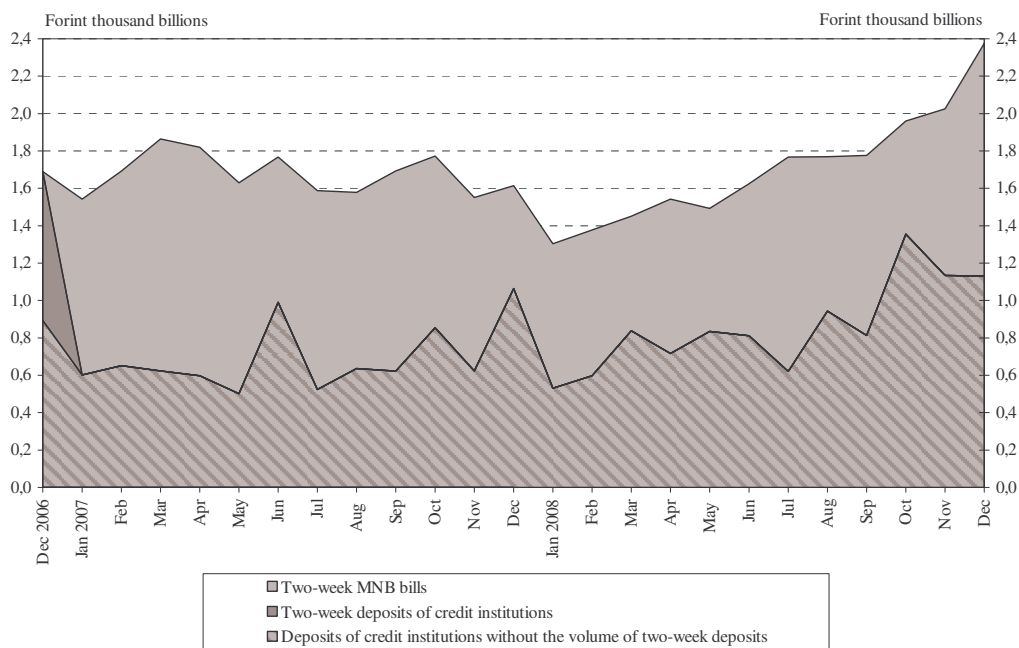
2 Transactions and revaluations in the balance sheet of the MNB compiled from end-of-month data

Table 2 Statistical balance sheet of the MNB – end-of-month stocks – November 2008

Forint billions

Assets	Opening stocks	Revaluations and other changes	Transactions	Closing stocks	Liabilities	Opening stocks	Revaluations and other changes	Transactions	Closing stocks
External assets	6175,8	15,7	392,6	6584,0	Currency in circulation	2335,3	0,0	-26,7	2308,7
Remaining assets	776,5	71,0	-120,4	727,1	Deposits of other MFIs	1133,8	0,6	-4,9	1129,6
					Deposits of central government	1679,1	-34,0	0,8	1645,9
					Two-week MNB bills	891,5	0,0	353,8	1245,2
					External liabilities	717,8	-13,1	-108,3	596,3
					Remaining liabilities	194,9	133,2	57,4	385,4
Total assets	6952,3	86,6	272,2	7311,1	Total liabilities	6952,3	86,6	272,2	7311,1

Chart 4 End-of-month stocks of credit institutions' deposits and two-week forint bills issued by the MNB



**MAGYAR NEMZETI BANK
STATISTICS**

Detailed tables: [Time series](#)

Charts: [Chart pack](#)

Notes: [Methodological notes](#)

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