

2 April 2001

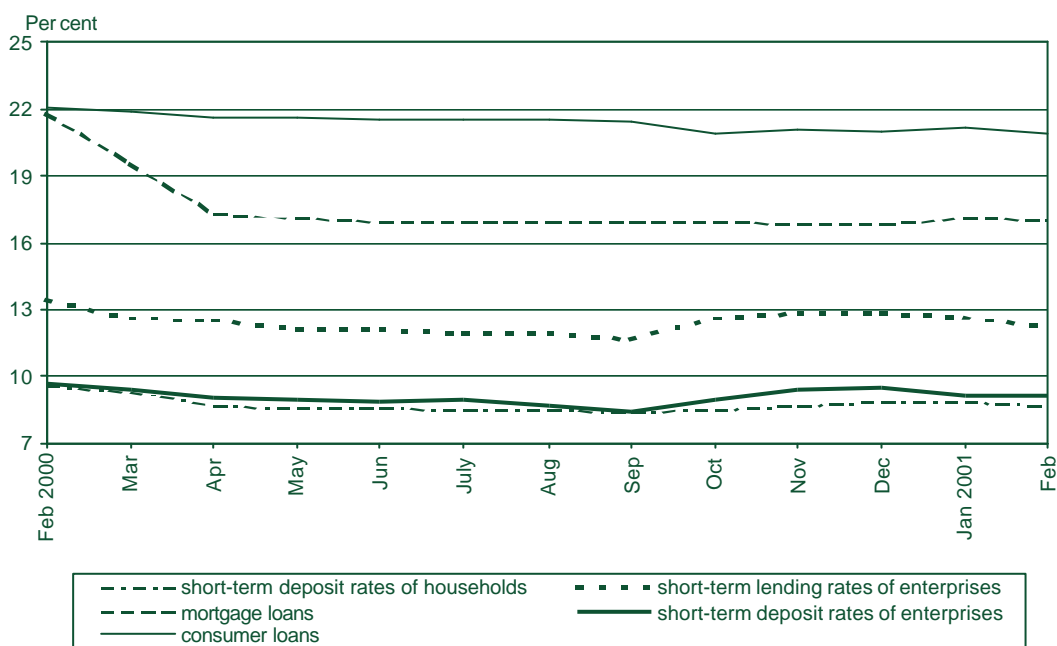
PRESS RELEASE

Household and corporate sector borrowing and deposit rates, interbank lending rates

February 2001

Corporate sector average borrowing rates fell in February. Short-term deposit rates, in contrast, showed little movements relative to January. Long-term deposit rates rose. The averages of household sector forint borrowing and deposit rates were barely changed in comparison with the preceding month.

Household and corporate sector borrowing and deposit rates



The differential between the averages of corporate and household sector short-term borrowing rates^{a)} remained unchanged at the preceding month's to 8.2 per cent in February. The average interest rate remunerated on corporate sector short-term deposits was 50 basis points higher than that paid on household sector short-term deposits.

Turnover in the forint interbank market amounted to Ft 1,327.2 billion, showing a drop of Ft 555.7 billion relative to January. The averages short-term average interest rates rose, and those at longer maturities fell.

^{a)} Average borrowing rates facing the two sectors are determined on the basis of all new borrowing deals transacted in the course of the month.

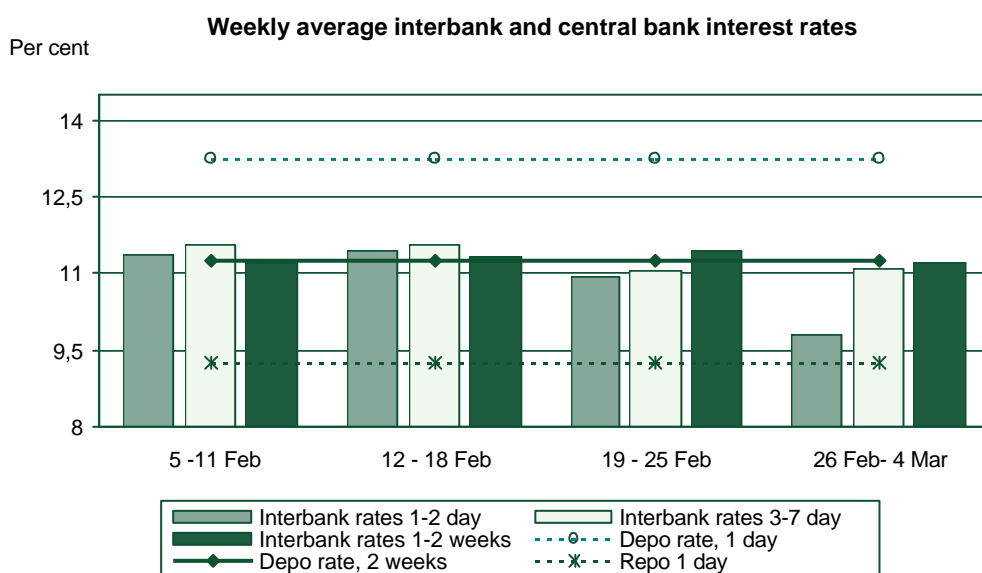
Corporate sector average short and long-term borrowing and deposit rates continued to fall. The broad average of short-term rates remained static, while that of long-term rates rose slightly.

Corporate sector average short-term borrowing rates, negotiated at market conditions, fell 50 basis points, to 12.2%. The banking sector average of short-term deposit rates was remained unchanged at January's 9.2%. As a result of the above changes in average rate levels, the banking spread narrowed to 3 percentage points. As regards long-term funding, which has a less important role in the market of corporate sector debts and deposits, the banking sector average of interest rates fell 20 basis points, to 12.9%. Long-term deposit rates, in contrast, rose 20 basis points from January's 8.3% to an average of 9.5%.

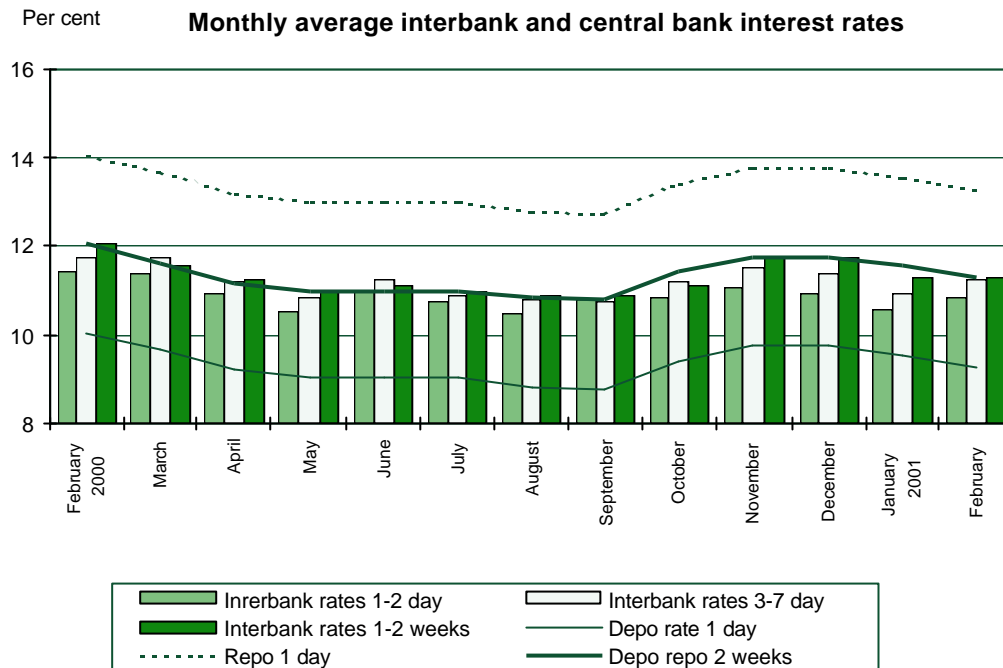
Household sector borrowing and deposit rates were little changed in the month under review relative to January.

Average sight deposit rates fell 30 basis points, to 3.4%, explained by an increase in the percentage share of deposits paying lower rates. The average of both short-term deposit rates, at 8.7%, barely changed from its previous level. By contrast, long-term deposit rates rose 30 basis points, to 9.2%. Eliminating the effect of shifts in the composition of deposits, the average of long-term deposit rates slid 10 basis points.

Household sector average borrowing rates fell in February. The average of home-building and property loan rates dropped 10 basis points, to 17.0%, and that of rates on consumer credit and other loans fell 30 basis points, to 20.9%. The increased percentage share accounted for by loans bearing lower interest rates explained 20 basis points of the total decrease in interest rates.



Taking immediate effect, on 5 February 2001 the National Bank of Hungary reduced the two-week deposit rate from 11.5% to 11.25%, the overnight repo rate from 13.5% to 13.25% and the overnight deposit rate from 9.5% to 9.25%. The Bank also lowered the interest rate remunerated on banks' compulsory reserves built for domestic currency liabilities from 3.5% to 3.25%.



Despite the Bank's decision to lower official interest rates, average market rates failed to drop at maturities shorter than 1–2 weeks. Explanation for this is in the supply of funds in the interbank market being unable to meet total demand. As a result, the prices of funds at the short end of the market remained quite high. Average 1–2 day rates stood at 10.8%, up 20 basis points on the preceding month's level. The percentage share of this maturity within the total area fell to 82%, down 4.3 percentage points. The average rate in the maturity bracket of 3–7 day deals rose 40 basis points, to 11.3%. The proportion of this area within the total, at 6.9%, was 0.7 of a percentage point higher than in January. The share of turnover between 1–2 weeks was 7.5% of all transactions, showing an increase of 2.9 percentage points. The average interest rate in this maturity area was 11.3%, remaining flat at the preceding month's average. Interest rates at maturities extending beyond two weeks stood at an average 11.2%. Transactions here accounted for 3.6% of total turnover.

Daily interbank rates are available on request at the Bank's Press Department.

Appendix

ENTERPRISE SECTOR FORINT AVERAGE BORROWING AND DEPOSIT RATES^{a)}

	2000												Per cent	
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Febr	
Loans														
Short-term loans	13,4	12,6	12,5	12,1	12,1	11,9	11,9	11,7	12,6	12,8	12,8	12,7	12,2	
Long-term loans	14,1	13,1	12,8	12,5	12,6	12,2	12,5	12,3	13,1	13,5	13,4	13,1	12,9	
Discounted bills	14,2	12,7	12,3	12,6	12,2	12,1	12,5	12,1	12,3	12,4	12,9	12,6	12,3	
Time deposits														
Fixed for short term	9,7	9,4	9,0	8,9	8,8	8,9	8,7	8,4	8,9	9,4	9,5	9,2	9,2	
One month or less	9,6	9,4	9,0	8,9	8,7	8,8	8,4	8,3	8,8	9,3	9,4	9,2	9,2	
Between one month and one year	10,0	9,8	9,1	9,2	9,2	9,1	9,7	9,3	9,3	9,7	9,9	9,5	9,3	
Fixed for more than one year	9,0	10,0	9,5	10,3	11,7	9,0	9,8	10,0	9,7	9,6	9,4	9,3	9,5	
Current account deposits														
Minimum	1,0	0,5	1,0	0,5	1,0	1,0	0,8	1,0	1,0	1,0	0,7	1,0	1,0	
Maximum	13,0	14,3	14,0	14,0	12,0	12,7	12,3	11,8	12,5	11,5	12,9	12,3	12,0	

a) Weighted average. Data of the individual contracts concluded in the current month by the banks and specialized credit institutions with enterprises and entrepreneurs under market conditions. The lending rates do not contain the additional charges (e.g. fees).

HOUSEHOLD SECTOR BORROWING AND DEPOSIT RATES^{a)}

													Per cent		
	2000												2001		
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb		
Deposits															
Sight deposits	4,3	4,1	3,8	3,7	3,6	3,5	3,4	3,4	3,3	3,4	3,5	3,7	3,4		
Deposits fixed for one year or less	9,6	9,3	8,7	8,6	8,6	8,5	8,5	8,4	8,5	8,7	8,8	8,8	8,7		
deposits fixed for one month	9,3	9,1	8,5	8,4	8,4	8,4	8,3	8,2	8,3	8,5	8,6	8,7	8,5		
deposits fixed for three months	10,4	9,9	9,3	9,1	9,2	9,2	9,0	9,0	9,2	9,3	9,5	9,5	9,5		
deposits fixed for six months	10,3	9,8	9,5	9,2	9,1	8,8	8,7	8,6	8,6	8,9	9,2	9,1	9,0		
deposits fixed for one year	9,8	9,2	8,9	8,7	8,7	9,0	9,1	9,1	9,2	9,1	8,4	8,9	8,7		
Deposits fixed for over one year	10,1	10,1	9,1	9,0	8,8	8,9	8,7	8,7	9,0	8,9	8,9	8,9	9,2		
Loans															
Households loans	22,1	21,7	21,3	21,2	21,1	21,0	21,0	20,7	20,5	20,7	20,6	21,0	20,6		
mortgage loans	21,8	19,3	17,3	17,1	16,9	16,9	16,9	16,9	16,9	16,8	16,8	17,1	17,0		
consumer loans b)	22,1	21,9	21,7	21,6	21,5	21,5	21,5	21,4	20,9	21,1	21,0	21,2	20,9		

a) Current month's interest rates weighted by the total amount of deposits made (or loans created) during the month.

b) Includes outstanding personal and car purchase loans, instalment credit, Lombard and mortgage loans, as well as overdrafts, etc.