

2 May 2001

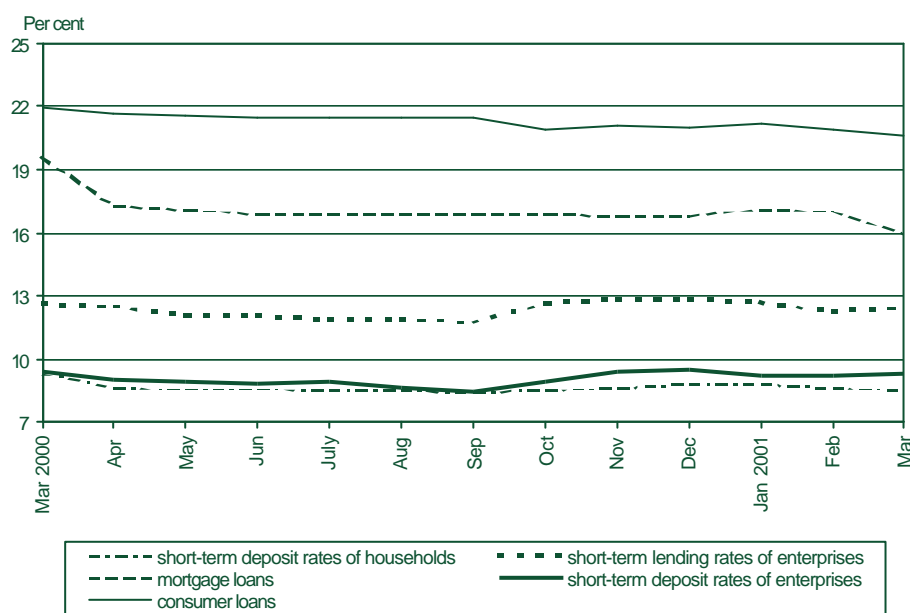
## PRESS RELEASE

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

*March 2001*

*In March, the differential between the averages of corporate and household sector borrowing rates fell significantly, by 0.5 of a percentage point. Household sector average forint borrowing and deposit rates fell across every maturity in comparison with the preceding month. The averages of corporate sector short-term borrowing and deposit rates were broadly unchanged at the preceding few months' level. Long-term deposit rates fell, borrowing rates remaining static.*

Household and corporate sector borrowing and deposit rates



*The differential between the averages of corporate and household sector short-term borrowing rates<sup>a)</sup> fell 0.5 of a percentage point, to 7.7 per cent in March. The average interest rate remunerated on corporate sector short-term deposits was 80 basis points higher than that paid on household sector short-term deposits.*

*Turnover in the forint interbank market amounted to Ft 1,542.8 billion, showing an increase of Ft 215.6 billion relative to February. The averages of short-term interest rates rose significantly, those at longer maturities showing a comparably less strong increase.*

<sup>a)</sup> Average borrowing rates facing the two sectors are determined on the basis of all new borrowing deals transacted in the course of the month.

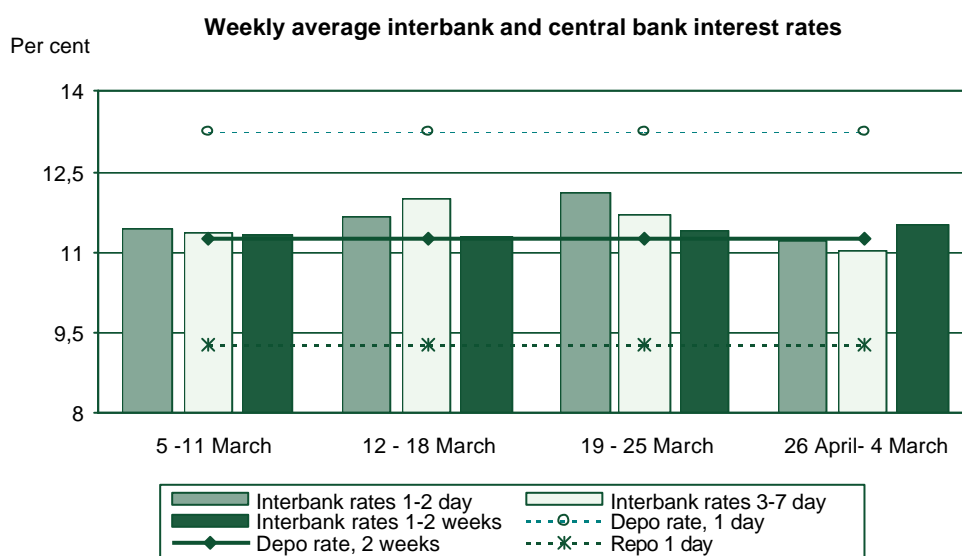
Corporate sector average short and long-term borrowing and deposit rates rose slightly in the month.

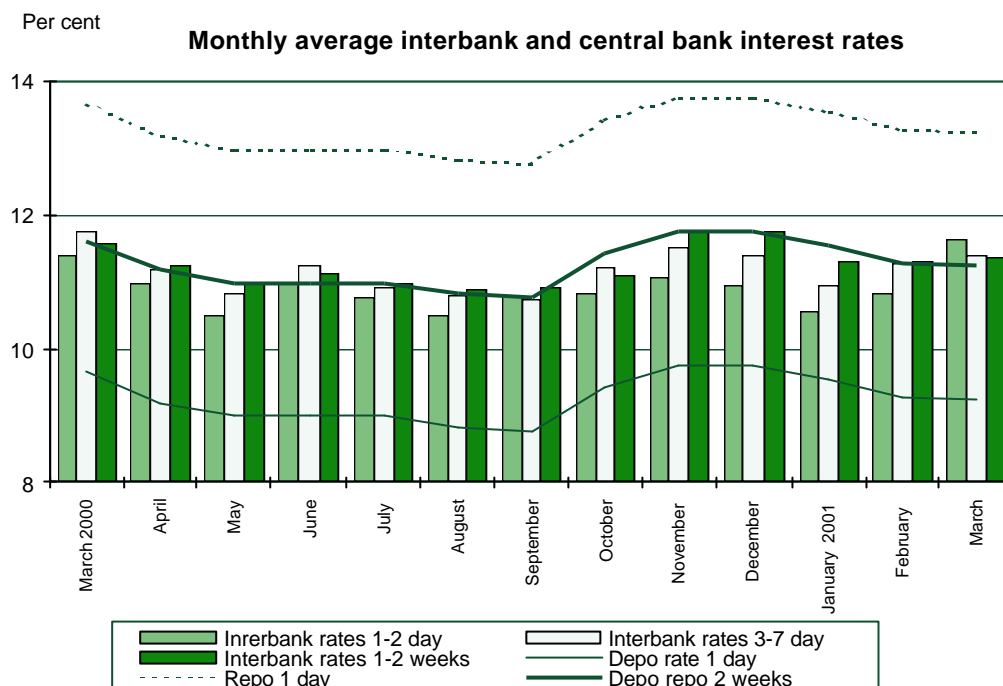
The banking sector average of corporate sector short-term borrowing rates, negotiated at market conditions, and that of short-term deposit rates changed by 20 basis points, to 12.4%, and by 10 basis points, to 9.3%, respectively. As a result of the above movements in average interest rate levels, the short-term banking spread changed to 3.1 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 remained static at 12.9%. Long-term deposit rates, in contrast, fell from February's 9.5% to an average of 9.0%.

Turning to household sector borrowing and deposit rates, the change in home-building and property loan rates was the most marked.

The average sight deposit rates fell 10 basis points, to 3.3%. Short-term deposit rates, at 8.5%, were 20 basis points lower on average than in February. The average interest rate on long-term deposits, which account for a lower share within total deposits, fell 60 basis points, to 8.6%. Most of this change (50 basis points) was attributable to a shifts in the composition of deposits.

Household sector average borrowing rates fell further in March. As a result of credit institutions' policy decisions, the average of home-building and property loan rates fell significantly, by 100 basis points, to 16.0%. The average interest rate on consumer credit and other loans fell 30 basis points, similarly to the preceding month's drop, to 20.6%.





The average of 1–2 of day rates changed considerably in the interbank forint market in March. It stood at 11.6%, up 60 basis points on the preceding month's level. Explanation for this is was the fact that the excess of demand for shorter-term funding over supply was stronger than usual. Although turnover in the maturity area rose, its percentage share within the total fell 5.1 percentage points, to 76.9%. Lending for maturities of more than 1–2 days was significantly higher in March than February, and as a result longer maturities accounted for a higher share of total turnover in comparison with earlier months. The proportion of 3–7 day deals within the total was 10.7%, showing a 3.8 percentage points increase relative to February. The average rate in this maturity bracket edged higher by 10 basis points, to 11.4%. The share of turnover between 1–2 weeks was 7.3% of all transactions, showing a drop of 0.2 of a percentage point. The average interest rate in this maturity area was 10 basis points higher, at 11.4%, than the preceding month's average. Interest rates at maturities extending beyond two weeks stood at an average 11.2%. Transactions here accounted for 5.1% of total turnover.

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

ENTERPRISE SECTOR FORINT AVERAGE BORROWING AND DEPOSIT RATES<sup>a)</sup>

														Per cent
	2000											2001		
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Febr	Márc
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	12,4
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	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	12,6
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	9,3
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	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	9,5
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	9,0
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	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	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<sup>a)</sup>

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

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.