

2 October 2001

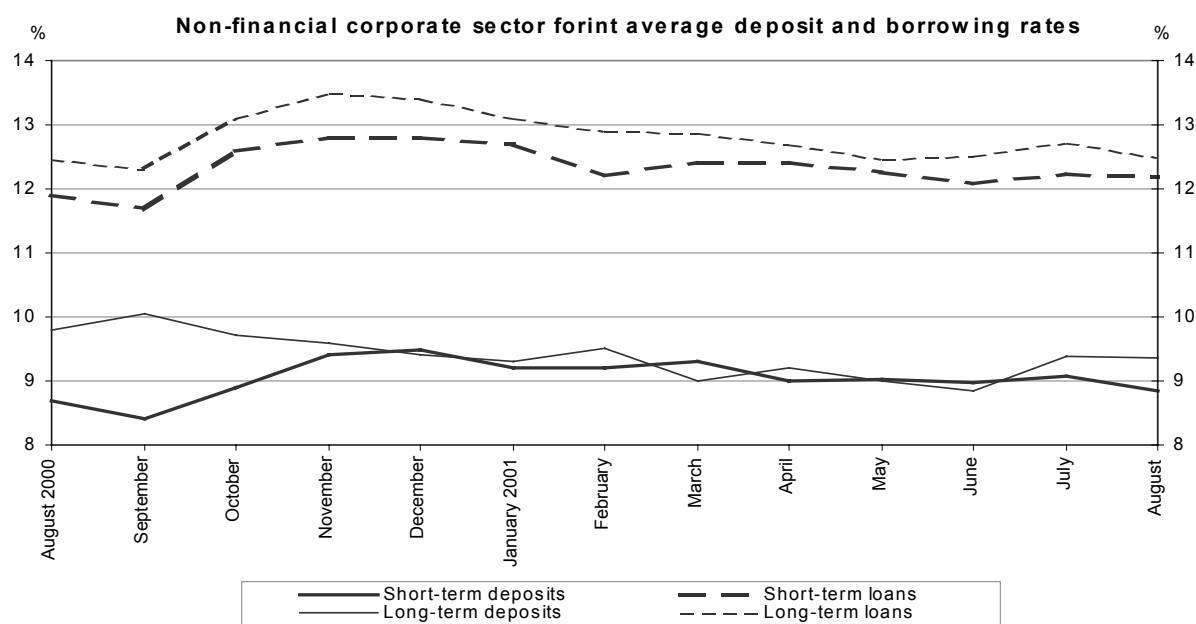
PRESS RELEASE

Non-financial corporate sector and household sector borrowing and deposit rates, interbank lending rates

August 2001

Beginning with the August 2001 Release, in accordance with the new uniform statistical sector classification, household sector interest rate data have become all-inclusive, revised back to May 2001. In addition, data on total charges on consumer credit and loans with maturities of more than three months are being published. A detailed description of changes to the Press release can be found in Appendix 1 of this Release.

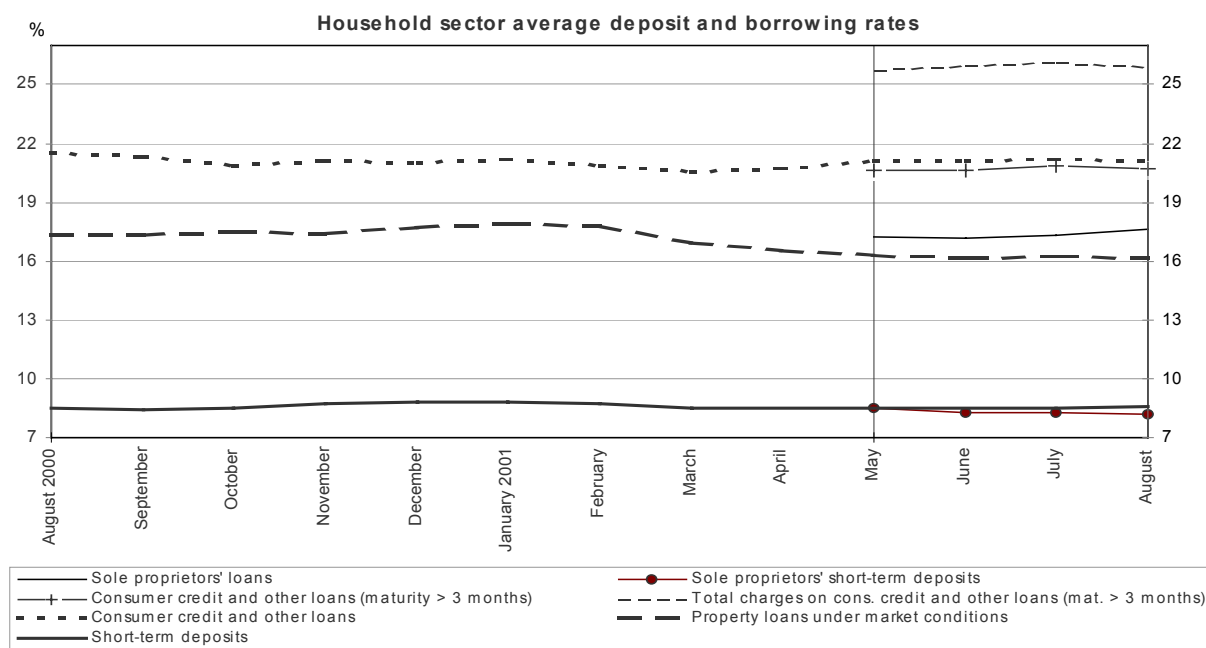
In August, the averages of non-financial corporate sector and household sector short-term borrowing and deposit rates were little changed relative to the preceding month.



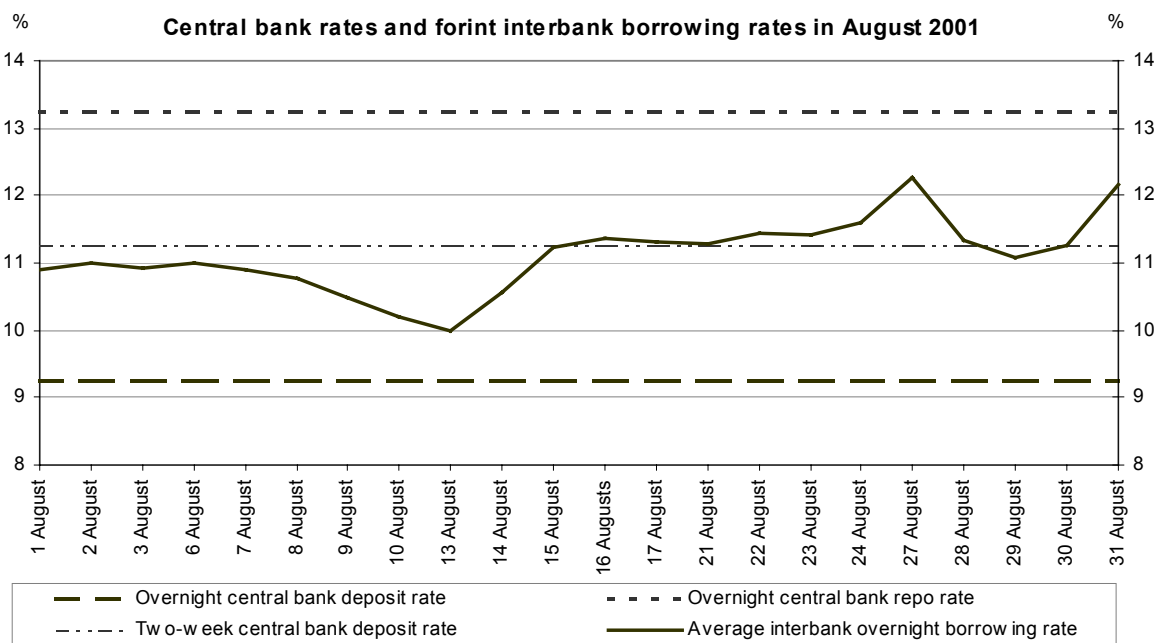
The average of interest rates on short-term loans provided to the non-financial corporate sector under market conditions changed from 12.22% to 12.17%. The sector's average of short-term deposit rates fell from 9.08% to 8.85% due to the change in the composition of deposits. The short-term banking spread was 3.32 percentage points in the review month. As regards long-term borrowing and deposit rates, which have a less important role in the market of non-financial corporations' debts and deposits, the average of borrowing rates fell from 12.72% to 12.5% due to changes in interest rate conditions and that of long-term deposit rates fell from 9.38% to an average 9.35%.

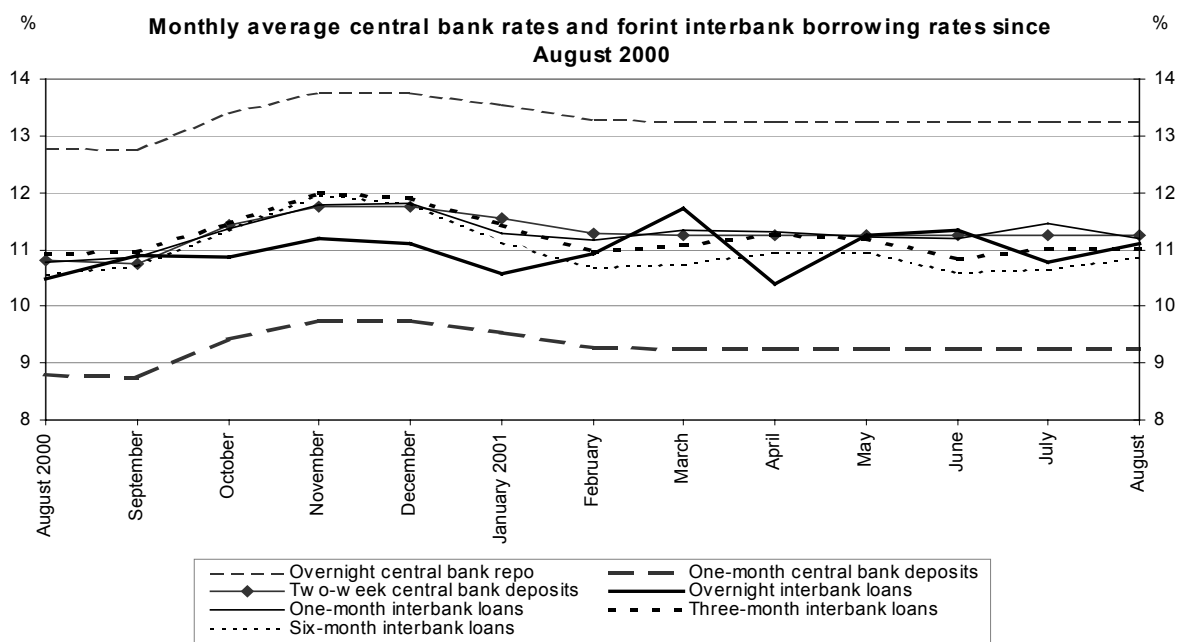
Among borrowing rates of individuals, who constitute a part of the household sector, the average of interest rates on property loans, provided under market conditions, fell from 16.18% to 16.14%, that of rates on consumer credit and other loans falling from 21.21% to

21.1%. This latter drop was caused primarily by changes in banks' interest rate conditions. The average total charge on consumer credit and other loans provided with maturities of more than three months, at 25.93%, was 0.22 percentage point below that recorded in the preceding month. Changes to total charges accounted for a half of the fall. Individuals' average sight deposit rates changed from 3.31% to 3.2% as a result of a change in the composition of deposits. The average of short-term deposit rates changed from 8.53% to 8.61% and that of long-term deposit rates from 9.41% to 9.31%.



The average interest rate on lending to sole proprietors, a constituent of the household sector, rose from 17.33% to 17.63%. Average sight deposit rates changed from 1.74% to 1.68% and average short-term deposit rates from 8.27% to 8.16%, due to the change in composition.





Forint interbank turnover amounted to Ft 1,562.9 billion, showing an increase of Ft 98.2 billion relative to the preceding month. Changes in the daily average of interest rates on overnight loans were broadly as seen before – from a low level at the beginning of the month the average rose gradually, then, following a temporary fall, settled near the upper boundary of the interest rate corridor in the latter part of the month. August's average overnight interest rate was 11.11%, rising by 33 basis points relative to July's. The average of borrowing rates for one month changed to 11.2%, falling by 25 basis points. The three-month average interest rate remained unchanged at the preceding month's 11.01%. Six-month borrowing rates rose from 10.66% to 10.86% on average.

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

Changes to the Press release on non-financial corporate sector, household sector and interbank forint interest rates for August 2001

- 1 Starting from the August 2001 Press release, in harmony with the new uniform sector classification, household sector interest rate data have become all-inclusive, revised back to May 2001. The household sector is comprised of individuals and sole proprietors. Sole proprietors' borrowing and deposit rate data for the period prior to May 2001 are included in those for the enterprise sector.
- 2 Data on total charges on consumer credit and other loans with maturities of more than three months, backdated to May, are being published among household sector borrowing rates. Tables in the Appendices include comparable average interest rate data for the various types of consumer credit and other loans.
- 3 The monthly averages of interbank rates are being presented at the overnight, one-month, three-month and six-month maturities, these being relevant from the perspective of interbank activity.
- 4 The explanations for changes in interest rates have been split into two groups. One is the change in interest rate conditions. The other is the change in composition. Interest rate effects mean changes by credit institutions to interest rates used in transactions. Changes in the composition of debts and deposits result from shifts in the percentages that credit institutions account for individually in deposit-taking and lending. Total change due to movements in interest rates is defined by calculating the averages of credit institutions' average interest rates for the current month, taking the preceding month's deposits and loans as weights, then subtracting from the result the preceding month's average interest rate. The composition effect is defined by subtracting from the total change the shift due to a change in interest rates.

The changes in interest rates in a breakdown by factor are being published together with the time series on the Bank's website (for the household sector: starting from this Release; for non-financial corporations: starting from the September Release). In the Press release, emphasis will be placed only on the substantive changes.

Appendix 2

NON-FINANCIAL CORPORATE SECTOR FORINT AVERAGE BORROWING AND DEPOSIT RATES^{a)}

Per cent

	2000					2001							
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	Apr.	May	June	July	Aug.
Loans													
Non-financial corporate sector loans	12,09	11,87	12,76	12,99	13,02	12,83	12,40	12,52	12,48	12,33	12,21	12,40	12,28
Short-term loans	11,94	11,66	12,59	12,80	12,83	12,70	12,19	12,36	12,37	12,27	12,08	12,22	12,17
Long-term loans	12,46	12,32	13,11	13,48	13,42	13,10	12,91	12,87	12,69	12,45	12,51	12,72 ^c	12,50
Discounted bills	12,46	12,12	12,25	12,44	12,89	12,60	12,34	12,61	12,45	12,34	12,06	11,87 ^c	12,30
Time deposits													
Short-term deposits	8,67	8,41	8,90	9,38	9,49	9,20	9,16	9,28	9,04	9,02	8,98	9,08	8,85
Less than one month	8,41	8,29	8,84	9,34	9,43	9,20	9,15	9,25	8,97	9,00	8,96	9,06	8,79
1 month<maturity<1 year	9,70	9,28	9,26	9,75	9,88	9,50	9,31	9,47	9,62	9,20	9,27	9,19	9,36
Long-term deposits	9,79	10,05	9,73	9,57	9,40	9,30	9,52	9,00	9,22	9,01 ^c	8,86 ^c	9,38	9,35
Settlement account deposits													
Minimum	0,75	1,00	1,00	1,00	0,69	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00
Maximum	12,30	11,75	12,50	12,90	12,90	12,30	12,00	12,00	12,00	11,50	12,30	11,80	11,60

a) Does not include interest rates for sole proprietors from May 2001. Data for sole proprietors account for an insignificant role within average rates, therefore, the time series are homogenous from a statistical perspective.

b) Weighted monthly average. Data on contracts concluded by banks and specialised credit institutions with non-financial corporations under market conditions in the given month. Borrowing rates do not include additional costs of loans (e.g. fees).

c) Due to an identified reporting error, the data have been corrected.

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

Per cent

	2000					2001							
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	Apr.	May	June	July	Aug.
HOUSEHOLDS													
Deposits													
Sight deposits	3,45	3,40	3,33	3,35	3,46	3,72	3,37	3,37	3,36	3,32	3,42	3,31	3,20
Short-term deposits	8,47	8,39	8,49	8,68	8,77	8,81	8,66	8,52	8,53	8,52	8,56	8,53	8,61
Fixed for less than 1 month	8,31	8,23	8,31	8,53	8,63	8,65	8,49	8,34	8,36	8,32	8,37	8,36	8,39
Fixed for 1–3 months	9,04	9,03	9,19	9,33	9,48	9,49	9,54	9,39	9,35	9,50	9,44	9,32	9,56
Fixed for 3–12 months	8,95	8,88	8,91	9,04	8,67	9,01	8,83	8,88	8,89	8,88	8,85	8,82	8,80
Long-term deposits	8,74	8,71	9,01	8,85	8,88	8,86	9,16	8,91	8,93	9,00	9,30	9,41	9,31
Loans													
Property loans at market conditions ^{b)}	17,35	17,31	17,50	17,43	17,70	17,86	17,82	16,95	16,57	16,28	16,15	16,18	16,14
Consumer credit and other loans ^{c)}	21,52	21,35	20,88	21,11	20,99	21,21	20,88	20,57	20,70	21,08	21,08	21,21	21,10
Short-term consumer credit and other	21,13	21,14	20,72	20,99	20,75	21,24	20,88	20,70	20,93	21,05	21,09	21,16	21,11
Long-term consumer credit and other	22,10	21,70	21,14	21,29	21,37	21,16	20,89	20,37	20,42	21,11	21,07	21,27	21,09
Total charge on consumer credit ^{d)}	..	..	..	..	..	..	..	..	..	25,76	25,95	26,15	25,93
SOLE PROPRIETORS^{e)}													
Deposits													
Sight deposits	..	..	..	..	..	..	..	..	..	1,86	1,83	1,74	1,68
Short-term deposits	..	..	..	..	..	..	..	..	..	8,47	8,27	8,27	8,16
Loans	..	..	..	..	..	..	..	..	..	17,24	17,13	17,33	17,63

a) Interest rates during a period weighted by deposits placed and loans provided during the same period.

Lending rate data do not include additional costs of loans (e.g. fees).

b) Housing loans (building, property, renovation and addition) and other (holiday homes, garages) provided under market conditions with or without mortgage.

c) Includes overdrafts, personal loans, Lombard loans, instalment credit, car purchase loans, mortgage loans etc.

d) The average of total charges on consumer credit and other loans only with maturities of more than 3 months.

e) The Table includes only significant market maturities and facilities.

Appendix 3

Changes in household sector average rates^{a)} on consumer credit and other loans^{b)} and in total charges on loans^{c)}

Per cent

	2001			
	May	June	July	Aug.
Overdrafts				
Average interest rate	20,11	20,09	20,33	20,27
Average total charge	26,56	26,53	26,82	26,75
Personal loans				
Average interest rate	23,88	23,57	23,15	22,99
Average total charge	29,11	29,65	28,71	28,68
Lombard loans				
Average interest rate	17,89	17,35	18,09	16,92
Average total charge	20,25	19,73	20,94	19,81
Instalment credit				
Average interest rate	27,05	28,09	28,17	27,34
Average total charge	30,64	32,38	32,55	32,04
Car purchase loans				
Average interest rate	19,88	19,82	19,76	19,93
Average total charge	22,40	22,40	22,28	22,47
Mortgage loans				
Average interest rate	18,70	18,77	18,66	18,72
Average total charge	21,19	21,07	21,21	20,95
Other loans				
Average interest rate	17,50	16,87	16,93	17,73
Average total charge	20,75	21,37	22,45	19,48
Total consumer credit and other loans				
Average interest rate	20,62	20,61	20,82	20,67
Average total charge	25,76	25,95	26,15	25,93

a) The Table includes only data on loans with maturities of more than 3 months.

a) Interest rates during a period weighted by deposits placed and loans provided during the same period.

Lending rate data do not include additional costs of loans (e.g. fees).

c) Total charges on the various facilities weighted by lending in the given month.

Composition of household sector consumer credit and other loans^{a)} – percentage of shares of loans within total outstanding debt

Per cent

	2001			
	May	June	July	Aug.
Consumer and other loans				
Overdraft	52,20	52,70	53,61	54,95
Personal loans	12,58	12,93	12,50	12,13
Lombard loans	3,00	3,44	2,19	1,61
Instalment credit	5,63	5,46	7,00	6,46
Car purchase loans	7,99	7,79	7,13	6,15
Mortgage loans	17,78	16,74	16,06	16,69
Other loans	0,82	0,92	1,51	2,01
Total	100	100	100	100

a) The Table includes only data on loans with maturities of more than 3 months.

Differential between short term average deposit and borrowing rates of non-financial corporations

