

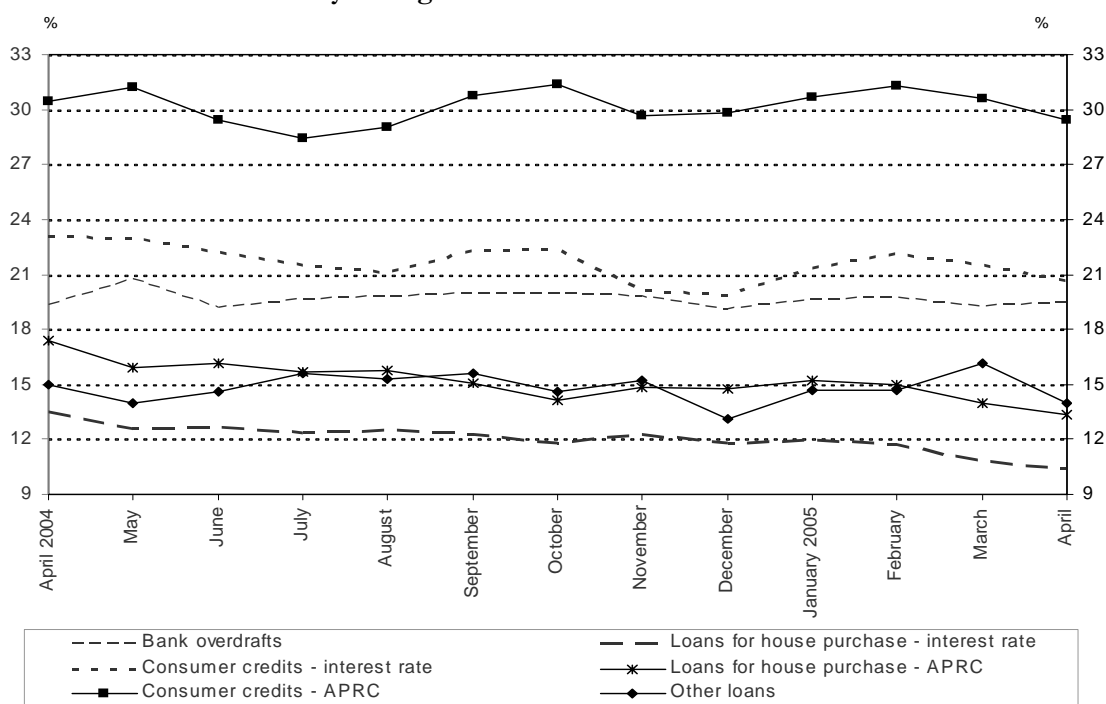
30 May 2005

## PRESS RELEASE

### Household and non-financial corporate sector forint interest rates, interbank lending rates: April 2005<sup>1</sup>

*In April 2005, average interest rates on consumer credit, loans for house purchase and other loans fell. By contrast, average interest rates on the sector's bank overdrafts rose. The averages of interest rates on households' overnight and current account deposits as well as time deposits fell. Averages interest rates on non-financial corporations' loans and short-term deposits were lower than in the preceding month. The average interest rate on the sector's long-term deposits rose in the month, returning to its trend level. In the interbank forint market, average interest rates on unsecured loans fell at every maturity.*

Chart 1 Monthly average interest rates and APR on household loans



<sup>1</sup> The data underlying this press release do not include those on foreign currency-based forint loans granted by credit institutions, irrespective of the fact that such loans are granted and repaid in forints.

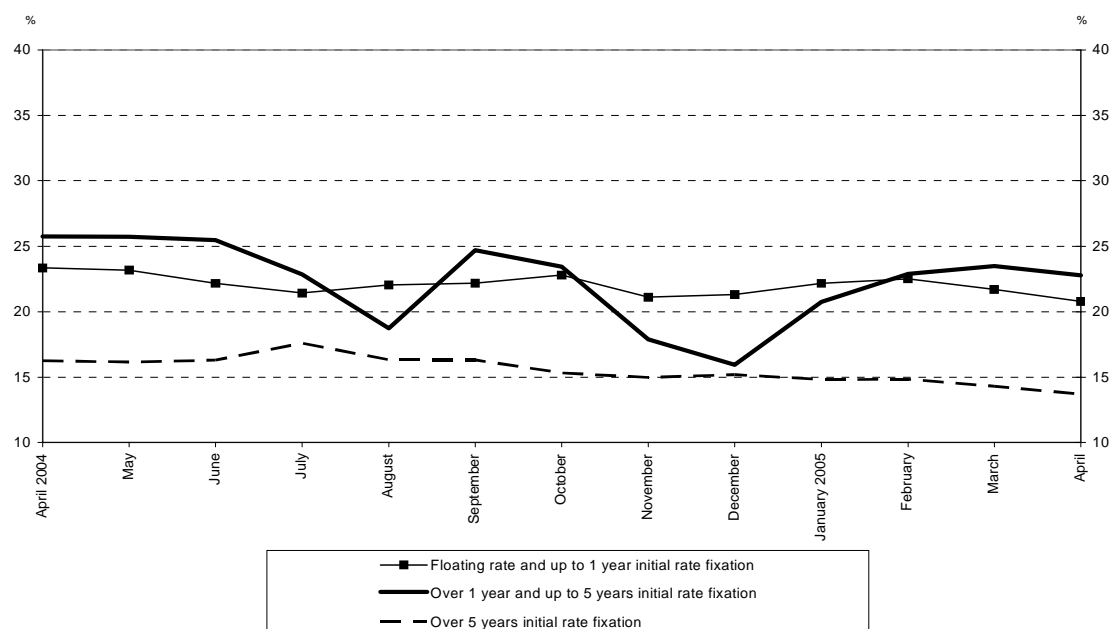
In the household sector, the average interest rate on overdrafts rose by 23 basis points, from 19.27% in March to 19.50% in May. The average interest rate on housing loans<sup>2</sup> fell by 37 basis points, from 10.80% to 10.43%, the APR falling by 59 basis points, from 13.96% to 13.37%. The average interest rate on consumer credit saw a fall of 80 basis points, from March's 21.49% to 20.69%, the APR falling by 116 basis points, from 30.61% to 29.45%. The average interest rate on other loans was down by 216 basis points, from 16.14% to 13.98%.

The amount of consumer credit provided was HUF 22.5 billion in April. That was HUF 3 billion higher than in the preceding month. Excluding overdrafts, consumer credit as a proportion of new loans rose from 51.8% in March to 52.2% in the month under review.

The amount of loans granted for house purchase was HUF 17.5 billion, up HUF 1.8 billion on the preceding month. Excluding overdrafts, housing loans as a proportion of new loans fell from 41.6% to 40.6% in one month.

The amount of other loans granted was HUF 3.1 billion in April, accounting for 7.2% of the total amount of new loans, excluding overdrafts. The amount of new other loans fell by HUF 0.6 billion, their percentage share of the total falling by 0.6 percentage points in one month.

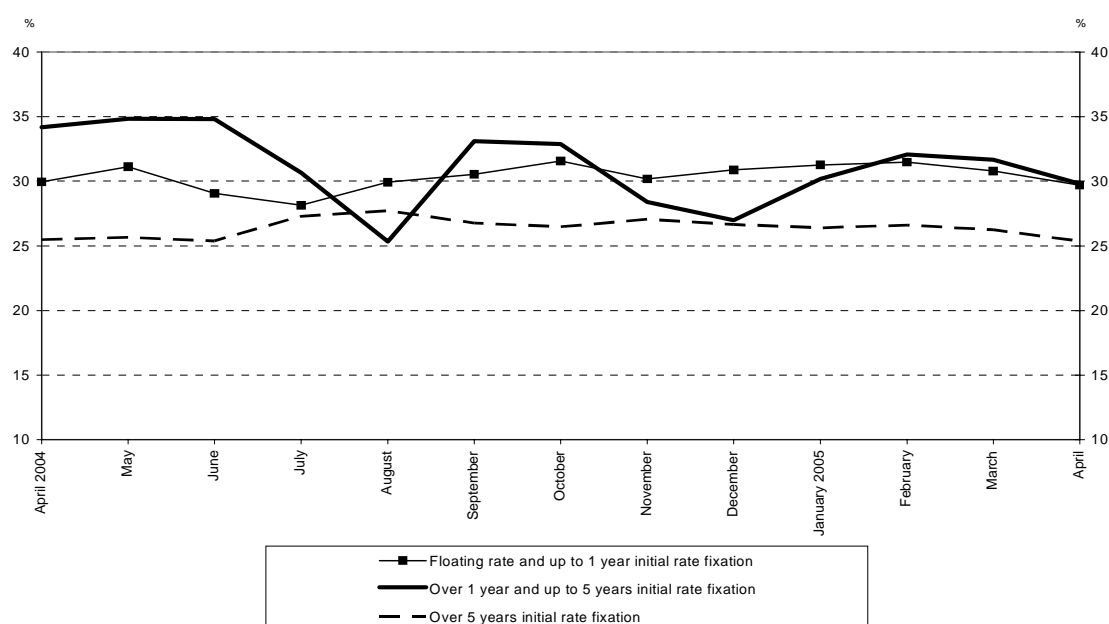
**Chart 2 Monthly average interest rates on consumer credit**



The average interest rate on consumer credit provided to the household sector with a floating interest rate or with up to 1 year initial rate fixation fell by 92 basis points, from 21.70% to 20.78%; that on consumer credit with over 1 and up to 5 years initial rate fixation by 73 basis points, from 23.50% to 22.77%; and that on consumer credit with over 5 years initial rate fixation by 60 basis points, from 14.31% to 13.71%.

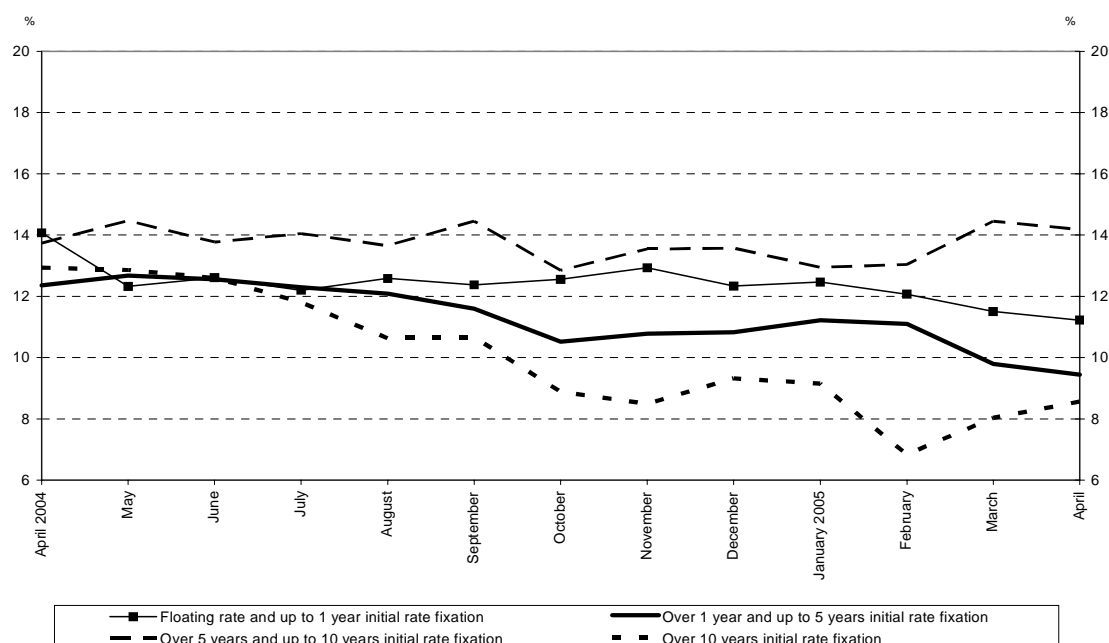
<sup>2</sup> This press release contains market interest rates and APR on loans for house purchase. In the case of subsidised housing loans, average interest rates and the APR include those after adjusting for the amount of government subsidy.

**Chart 3 Monthly average APR on consumer credit**



The average APR on consumer credit provided to the household sector with a floating interest rate or with up to 1 year initial rate fixation was lower by 108 basis points, from 30.78% to 29.70%; that on consumer credit with over 1 and up to 5 years initial rate fixation by 185 basis points, from 31.66% to 29.81%; and that on consumer credit with over 5 years initial rate fixation by 88 basis points, from 26.24% to 25.36%.

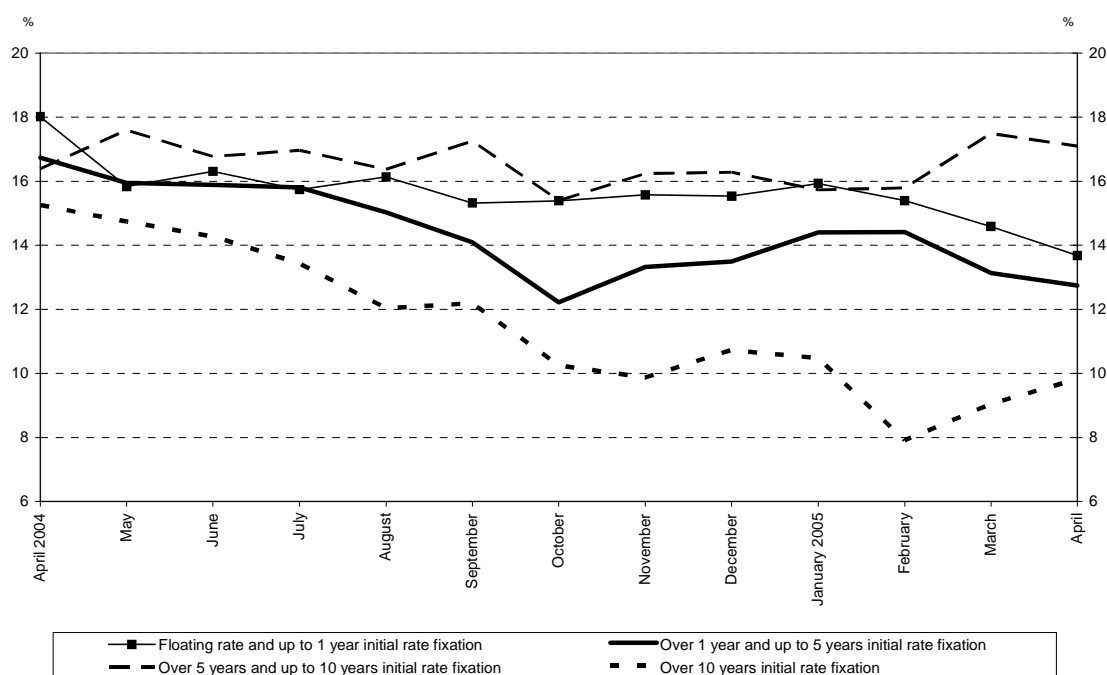
**Chart 4 Monthly average interest rates on housing loans**



The average interest rate on loans for house purchase with floating interest rates or with up to 1 year initial rate fixation was down by 29 basis points, from 11.51% to 11.22%; that on loans with over 1 year and up to 5 years initial rate fixation by 35 basis points, from 9.79% to 9.44%; and that on loans with over 5 years and up to 10 years initial rate fixation by 27 basis points, from

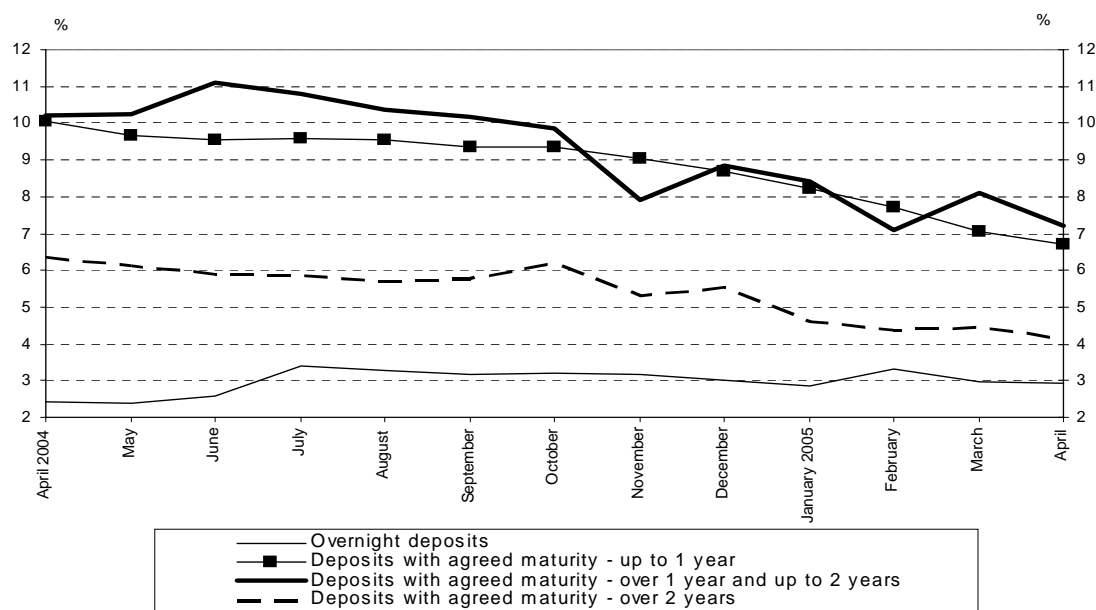
14.45% to 14.18%. The average interest rate on loans for house purchase with over 10 years initial rate fixation rose by 53 basis points, from 8.03% to 8.56%.

**Chart 5 Monthly average APR on housing loans**



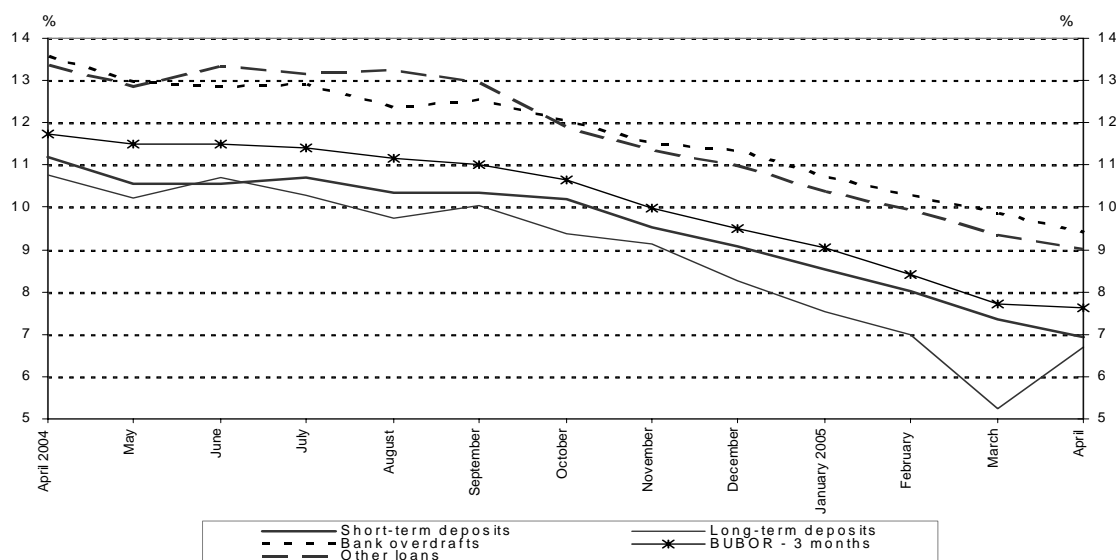
The average APR on loans for house purchase with floating interest rates or with up to 1 year initial rate fixation fell by 90 basis points, from 14.58% to 13.68%; that on loans with over 1 year and up to 5 years initial rate fixation by 39 basis points, from 13.14% to 12.75%; and that on loans with over 5 years and up to 10 years initial rate fixation by 40 basis points, from 17.09% to 17.49%. The average APR on loans for house purchase with over 10 years initial rate fixation rose by 78 basis points, from 9.04% to 9.82%.

**Chart 6 Monthly average interest rates on household deposits**



The average of interest rates on households' overnight deposits edged down by 2 basis points, from 2.97% to 2.95% in one month. The average interest rate on deposits with agreed maturity up to one year fell by 35 basis points, from 7.05% to 6.70%; that on deposits with agreed maturity over 1 year and up to 2 years by 89 basis points, from 8.09% to 7.20%; and that on deposits with agreed maturity over 2 years by 28 basis points, from 4.43% to 4.15%. The amount of new time deposits from households was HUF 568.7 billion in April, up HUF 2.2 billion on the preceding month.

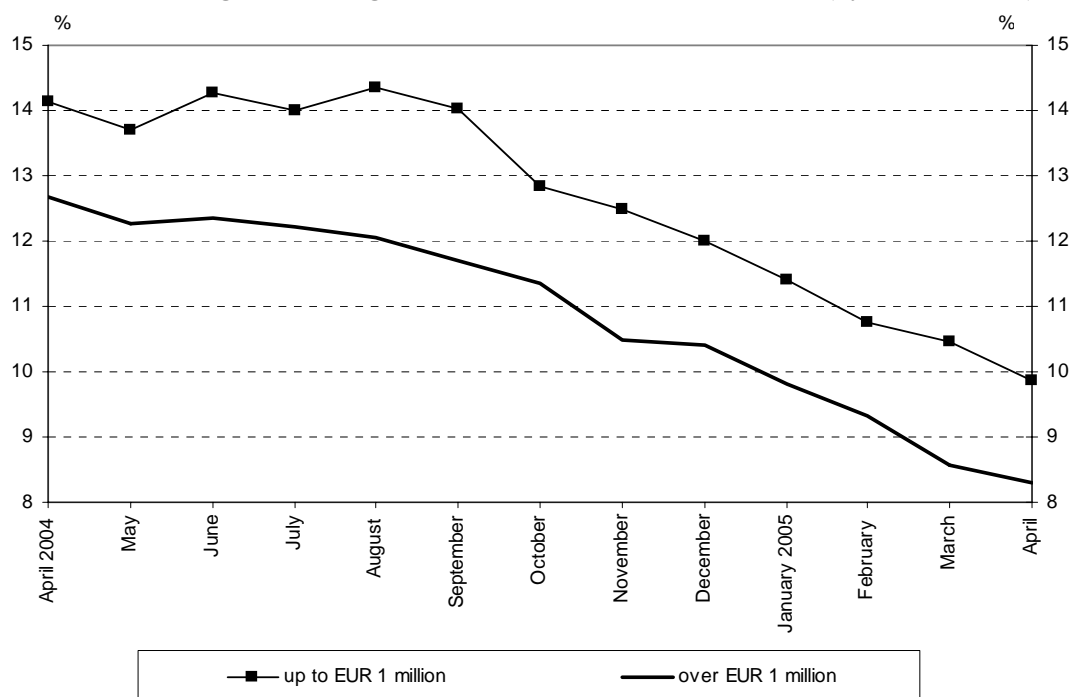
**Chart 7 Monthly average interest rates on non-financial corporations' loans and deposits and the BUBOR**



The average interest rate on overdrafts provided to non-financial corporations fell by 44 basis points, from 9.86% to 9.42%, and that of interest rates on loans other than overdrafts by 35 basis points, from 9.36% to 9.01%. The amount of loans granted, excluding overdrafts, was HUF 181.4 billion in April, after rising by HUF 1.5 billion relative to the preceding month.

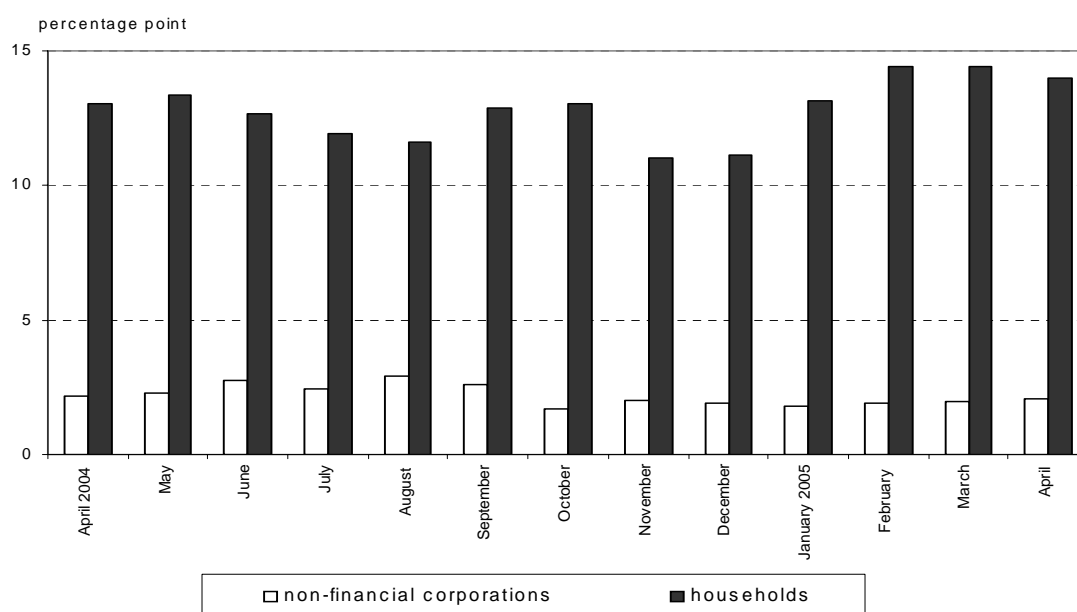
The average of interest rate on deposits with agreed maturity up to one year fell by 42 basis points, from 7.37% to 6.95%, while that of interest rates on deposits with agreed maturity over one year rose by 147 basis points, from 5.23% to 6.70%. The amount of new time deposits from non-financial corporations was HUF 1,165.0 billion in April. That meant an increase of HUF 21.6 billion relative to March. The average interest rate on overnight and current account deposits saw a change of 28 basis points downwards, from 2.45% to 2.17%.

**Chart 8 Average borrowing rates of non-financial corporations (by loan amount)**



The average interest rate on loans provided to non-financial corporations up to EUR 1 million,<sup>3</sup> excluding bank overdrafts, fell by 60 basis points, from 10.47% to 9.87%, and that of loans over EUR 1 million by 27 basis points, from 8.57% to 8.30%.

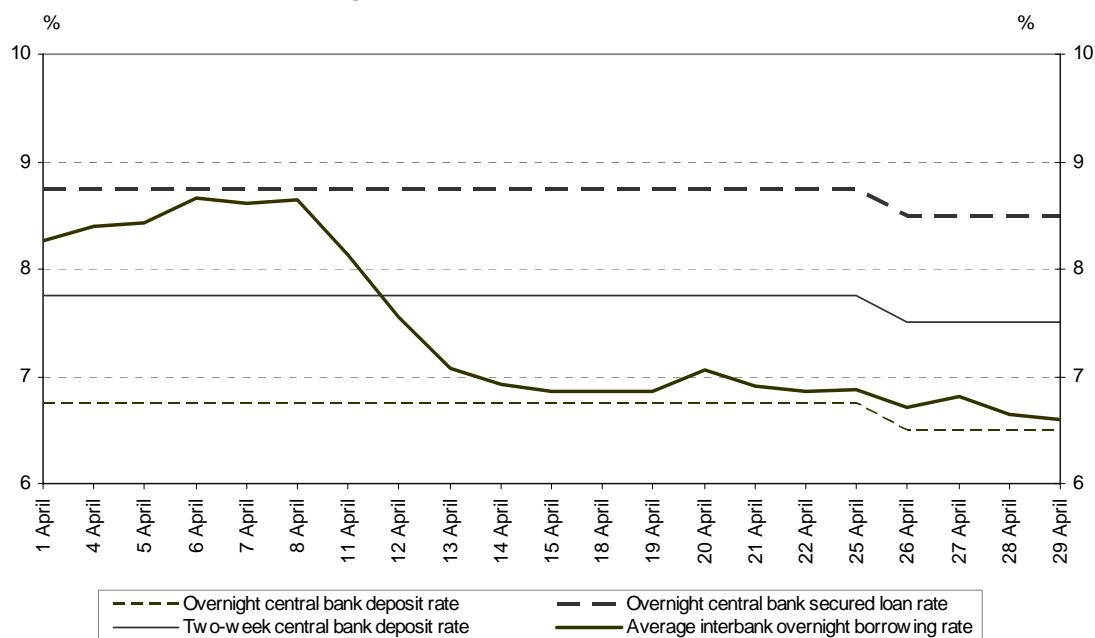
**Chart 9 Differential between non-financial corporate and household sector borrowing and deposit rates**



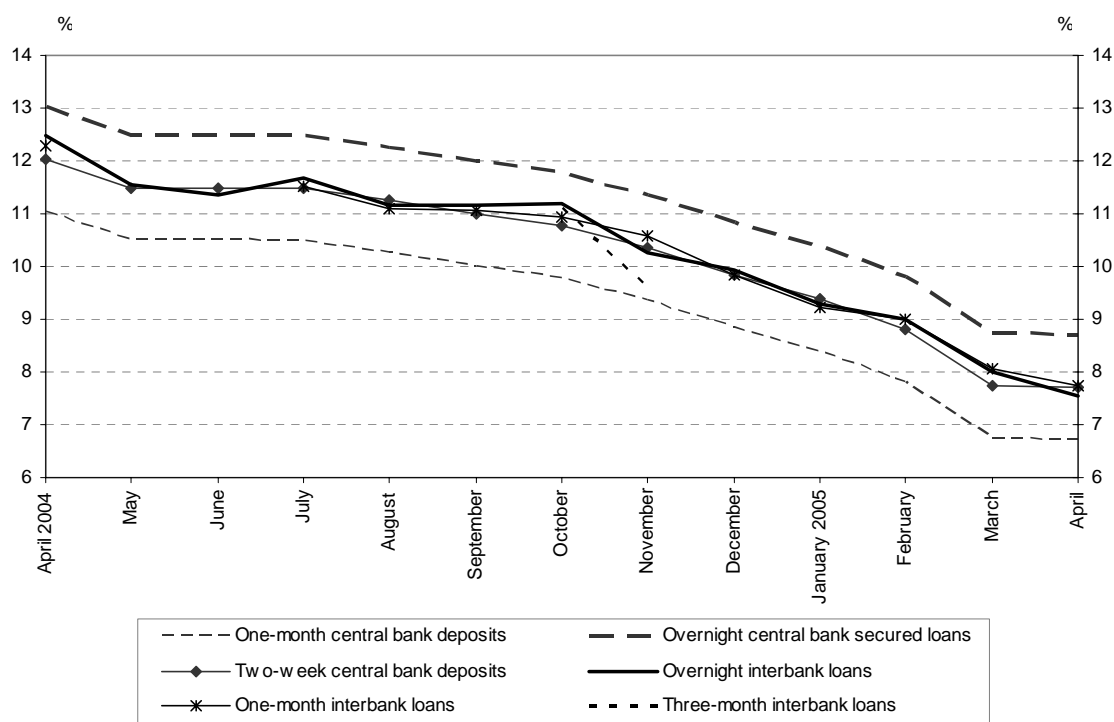
<sup>3</sup> Forint-denominated loans are converted into euros at the MNB's middle exchange rate for the last day of the month. The interest rates only refer to forint loans. Consequently, loans denominated and recorded in forints are converted into euros retrospectively. Conversion is important to make Hungarian data comparable with those of the European Central Bank and euro area Member States.

In the household sector, the differential between average interest rates on consumer credit and on deposits with agreed maturity up to one year narrowed from 14.44 percentage points in March to 13.99 percentage points in April. At short maturities, which account for a significant share within NFC sector loans and deposits, the gap between average interest rates widened from 1.97 percentage points to 2.04 percentage points.

**Chart 10 Average official and forint interbank rates in April 2005**



**Chart 11 Average official and forint interbank rates**



Turnover in the forint interbank market amounted to HUF 2,024.1 billion in April. That was HUF 494.8 billion lower than in the preceding month. The average overnight lending rate, weighted by the total amount of transactions, fell by 45 basis point, from 8.00% to 7.55%, and that on loans provided for one month by 33 basis points, from 8.07% to 7.74%. The average interest rate on loans provided for three months was 7.43% in the month under review.

\* \* \* \* \*

Daily interbank rates are available on request at the MNB's Communications Department. In addition, details of average interest rates and the amounts of new loans and deposits in the reference month which the MNB uses to calculate average interest rates as well as interest rates, weighted by month-end stocks, are available on the Bank's website at:

NFCs:

[http://www.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=en0901\\_vallalkozoi](http://www.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=en0901_vallalkozoi)

Households:

[http://www.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=en0902\\_lakossagi](http://www.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=en0902_lakossagi)

Interbank market:

[http://www.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=en0903\\_bankkozi](http://www.mnb.hu/Resource.aspx?ResourceID=mnbfile&resourcename=en0903_bankkozi)

**MAGYAR NEMZETI BANK**  
STATISTICS DEPARTMENT



### Notes to the press release charts

#### Chart 1

a) Average interest rates on consumer credit, housing loans and other loans refer to new contracts. By contrast, interest rates on overdrafts refer to end-of-month stocks. Consequently, the Bank uses the total amount of new loans and the end-of-month stocks as weights to calculate average interest rates on the first three categories of loans and on overdrafts, respectively. Average interest rates do not include those on non-performing loans.

b) Other loans include, among others, sole proprietors' entrepreneurial loans as well as non-consumer and loans for purposes other than house purchase.

c) In addition to interest rates on consumer credit and other loans, the Bank also publishes the APR expressing total costs of consumer credit and housing loans of the household sector. The method underlying the calculation of the APR, published by the MNB, is identical to that defined by Government Decree No. 41/1997, and it is applicable to all types of consumer credit and housing loans, irrespective of maturity.

#### Charts 2 and 3

From January 2003, contractual data on loans are broken down by initial interest rate fixation instead of original maturity. Interest rate fixation refers to the period for which the interest rate is fixed in loan contracts. All floating rate loans and those fixed interest loans, for which the interest rate is fixed for up to 1 year in the original contracts, are classified in to the category 'Floating rate or up to 1 year initial rate fixation'.

#### Charts 4 and 5

a) The weighted average interest rate on housing loans include data on home loans whether they are provided under market conditions or subsidised. Data providers adjust the averages of assets-side subsidised interest rates by adding the amount of government subsidy to the interest rate charged to customers. In the case of liabilities-side subsidised loans, difference between the reference yield on government securities, nearest to the term of the loan, and the interest rate on funds borrowed in the interbank market is added to the interest rate charged to customers. Consequently, interest rates on housing loans also depend on variations in money and capital market interest rates.

b) From January 2003, contractual data on loans are broken down by initial interest rate fixation instead of original maturity. Interest rate fixation refers to the period for which the interest rate is fixed in a loan contract. All floating rate loans and those fixed interest loans, for which the interest rate is fixed for up to 1 year in the original contracts, are classified in to the category 'Floating rate or up to 1 year initial rate fixation'.

#### Chart 6

Average interest rates on time deposits are calculated using the total amount of new loans as weight, while those on overnight and current account deposits are calculated using end-of-month stocks as weights. Time deposits are classified into the various categories on the basis of original maturity.

#### Chart 7

Average interest rates on time deposits are calculated using the total amount of new loans as weight, while those on overnight and current account deposits are calculated using end-of-month stocks as weights. Consequently, loans excluding overdrafts are weighted by the amounts of new

loans, while overdrafts are weighted by end-of-month stocks to calculate average interest rates. Average interest rates do not include interest rates on non-performing loans.

#### **Chart 8**

The euro equivalent of forint-denominated loans is calculated using the MNB's central exchange rate for the last day of the month. The interest rates refer exclusively to forint-denominated loans. For this reason, loans denominated and recorded in forints are converted into euros retrospectively.