

curb Electronics came under pres- per cent lower at 780.75.

confidence wanes

ber, of gross domestic product in
thly 2003, has begun to fall have
renewed some confidence in
the currency. In addition,
ivity the central bank on Monday
gger held interest rates at 12.5 per
pec- cent.
nec,
gist

The news helped push the
euro to Ft258.1 - below Ft260
for the first time this year.

Traders reported that stop-
loss euro sales triggered at
260 and the government's
conversion on Tuesday of
about \$300m in revenues
from a sale of shares in oil
company Mol contributed to
the forint's strength.

Foreign bond buyers also
played a role, and bond
yields fell by 10-15 basis
points yesterday.

But Budapest-based bond
dealers said most foreign cli-
ents have stuck to a wait-
and-see attitude, and ana-
lysts warned that the forint

remained extremely fragile.

Olivier Desbarres, an ana-
lyst at Credit Suisse First
Boston in London, said any
release of disappointing eco-
nomic data or the failure of
the government to follow
through on promised budget
cuts could very quickly
demolish current confidence.

"They are not quite out of
the woods. All it takes is one
wishy-washy statement from
the finance ministry to
undermine this," said Mr
Desbarres.

Tibor Draskovics, the new
finance minister, is sched-
uled today to reveal details
of Ft120bn in spending cuts.

In the second half of last
year, investors withdrew an
estimated \$700m from Hun-
gary's government bond
market in reaction to the
country's bulging current
account and budget deficits.