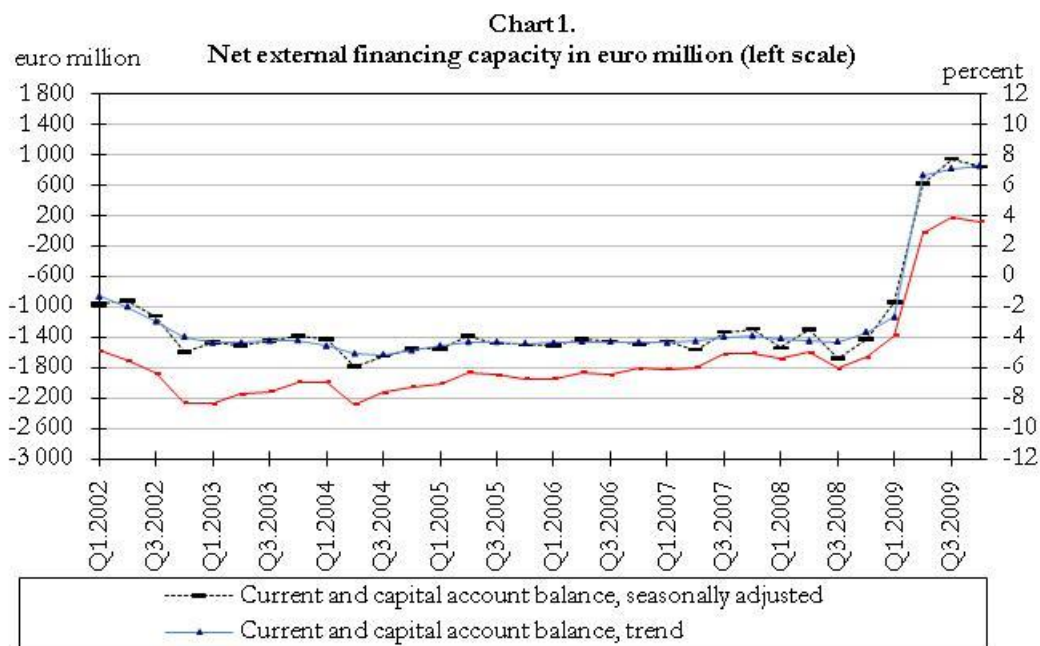


**PRESS RELEASE**

**Hungary's balance of payments: 2009 Q4**

In 2009 Q4,<sup>1</sup> Hungary's external financing capacity (i.e. the combined surplus on its current and capital accounts) amounted to EUR 655 million (HUF 178 billion). After adjusting for seasonal effects, the country's external financing capacity was 3.6% of GDP (EUR 844 million), improving by 9 percentage points and 0.3 percentage point relative to the end of 2008 and the previous quarter respectively. The surplus on real economic transactions continued to be higher than the deficit on the income account.<sup>2</sup> Import expenditure and export revenue both exceeded the levels recorded in the previous quarter. The balance of EU transfers, recorded as current and capital transfers, contributed EUR 1.1 billion to Hungary's financing capacity.



<sup>1</sup> Consistent with its practice of releasing and revising statistical data, on 31 March 2010 the MNB is publishing Hungary's balance of payments statistics for 2009 Q4, together with revised quarterly data back to 2008.

The Bank is also publishing updated direct investment and income data for 2008 derived from corporate questionnaires, together with revised corporate data related to collecting balance of payments data, as well as statistical data for 2008 in a breakdown by country and sector.

In addition to the revision of corporate data related to collecting balance of payments data, goods and services trade data, revised by the CSO, have also been incorporated into the balance of payments data. Data on goods trade do not include [2009 data revised by the CSO](#), published on 4 March 2010.

In agreement with the CSO, the range of, and data for, special purpose entities have also been revised back to 2006 as part of a special revision.

<sup>2</sup> Direct investment income will remain an estimate in the balance of payments statistics until receipt of corporate questionnaire-based data in September 2010. In consequence, data for 2009 will not be treated as annual until publication in September. Accordingly, 2009 data are only included in the quarterly time series on the Bank's website.

**Table 1**  
**Current account balance and net external financing capacity**

Euro million

	2008					2009				
	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1-Q4
<b>1. Real economic transaction</b>	<b>415</b>	<b>429</b>	<b>107</b>	<b>-56</b>	<b>896</b>	<b>716</b>	<b>1 535</b>	<b>1 662</b>	<b>1 573</b>	<b>5 486</b>
<i>Export</i>	21 521	22 490	22 286	20 263	86 560	16 527	17 433	18 462	19 411	71 832
<i>Import</i>	21 105	22 061	22 179	20 319	85 664	15 811	15 898	16 800	17 837	66 346
<b>1.1. Goods</b>	<b>347</b>	<b>104</b>	<b>-427</b>	<b>-88</b>	<b>-64</b>	<b>605</b>	<b>1 164</b>	<b>981</b>	<b>1 263</b>	<b>4 012</b>
1.1.1. <i>Export</i>	18 671	19 173	18 201	16 697	72 742	13 636	14 238	14 774	16 119	58 768
1.1.2. <i>Import</i>	18 325	19 068	18 628	16 785	72 806	13 031	13 075	13 793	14 856	54 755
<b>1.2. Services</b>	<b>69</b>	<b>325</b>	<b>534</b>	<b>33</b>	<b>960</b>	<b>111</b>	<b>371</b>	<b>681</b>	<b>311</b>	<b>1 474</b>
<i>Export</i>	<b>2 850</b>	<b>3 318</b>	<b>4 085</b>	<b>3 566</b>	<b>13 819</b>	<b>2 891</b>	<b>3 195</b>	<b>3 687</b>	<b>3 292</b>	<b>13 064</b>
<i>Import</i>	<b>2 781</b>	<b>2 993</b>	<b>3 551</b>	<b>3 534</b>	<b>12 859</b>	<b>2 780</b>	<b>2 823</b>	<b>3 006</b>	<b>2 981</b>	<b>11 590</b>
1.2.1. <i>Travel, net</i>	192	347	455	368	1 361	207	334	561	371	1 473
<i>export</i>	682	988	1 451	981	4 101	756	1 029	1 377	921	4 083
<i>import</i>	490	641	996	613	2 740	549	695	816	550	2 610
1.2.2. <i>Other services, net</i>	-123	-22	79	-335	-401	-96	38	120	-61	1
<i>export</i>	2 168	2 330	2 635	2 585	9 718	2 135	2 166	2 310	2 370	8 981
<i>import</i>	2 291	2 352	2 556	2 921	10 119	2 231	2 128	2 190	2 431	8 980
<b>2. Income and current transfers</b>	<b>-1 831</b>	<b>-1 892</b>	<b>-2 349</b>	<b>-2 329</b>	<b>-8 400</b>	<b>-1 493</b>	<b>-1 384</b>	<b>-1 306</b>	<b>-1 118</b>	<b>-5 300</b>
<b>2.1. Income</b>	<b>-1 539</b>	<b>-1 820</b>	<b>-2 275</b>	<b>-2 080</b>	<b>-7 714</b>	<b>-1 287</b>	<b>-1 513</b>	<b>-1 444</b>	<b>-1 366</b>	<b>-5 609</b>
2.2.1. <i>Income on debt</i>	-789	-825	-904	-883	-3 401	-700	-701	-702	-571	-2 674
2.2.2. <i>Income on equity</i>	-930	-1 191	-1 571	-1 386	-5 078	-764	-986	-924	-982	-3 656
2.2.3. <i>Compensation of employees</i>	181	195	200	190	766	177	174	182	187	720
<b>2.2. Current transfers, net</b>	<b>-292</b>	<b>-72</b>	<b>-74</b>	<b>-249</b>	<b>-686</b>	<b>-206</b>	<b>129</b>	<b>138</b>	<b>248</b>	<b>309</b>
<b>3. Current account balance</b>	<b>-1415</b>	<b>-1463</b>	<b>-2242</b>	<b>-2384</b>	<b>-7504</b>	<b>-777</b>	<b>151</b>	<b>356</b>	<b>456</b>	<b>186</b>
<b>4. Capital account</b>	<b>45</b>	<b>122</b>	<b>129</b>	<b>732</b>	<b>1 027</b>	<b>300</b>	<b>416</b>	<b>346</b>	<b>199</b>	<b>1 261</b>
<b>5. Non debt creating financing</b>	<b>1 255</b>	<b>-1 402</b>	<b>398</b>	<b>-225</b>	<b>27</b>	<b>83</b>	<b>-547</b>	<b>958</b>	<b>1 485</b>	<b>1 979</b>
5.1. <i>Abroad</i>	-218	508	-349	-1 996	-2 055	-13	-376	-147	-254	-791
5.1.1. <i>Equity capital</i>	-100	-118	-199	-2 099	-2 516	-202	-350	-96	-113	-760
5.1.2. <i>Reinvested earnings</i>	-118	626	-150	103	462	188	-26	-52	-141	-31
5.2. <i>In Hungary</i>	1 094	-781	1 070	3 150	4 533	351	-966	1 484	1 883	2 751
5.2.1. <i>Equity capital</i>	389	311	378	1 847	2 926	373	354	417	788	1 932
5.2.2. <i>Reinvested earnings</i>	705	-1 092	692	1 303	1 607	-22	-1 320	1 066	1 095	819
5.3. <i>Portfolio investment, equity securities</i>	379	-1 129	-323	-1 379	-2 452	-255	796	-378	-144	19
<b>6. Debt creating finance</b>	<b>1 844</b>	<b>3 164</b>	<b>2 571</b>	<b>1 815</b>	<b>9 395</b>	<b>712</b>	<b>-936</b>	<b>-752</b>	<b>-1 789</b>	<b>-2 765</b>
6.1. <i>Debt creating finance excluding FDI other capital</i>	2 288	2 167	3 122	1 564	9 141	657	-973	697	-980	-599
6.1.1. <i>Assets</i>	-698	-211	-155	-887	-1 952	-2 079	1 231	-1	653	-196
6.1.2. <i>Liabilities</i>	2 987	2 378	3 277	2 451	11 093	2 736	-2 204	698	-1 633	-403
6.2. <i>FDI other capital</i>	-445	998	-550	251	254	55	37	-1 450	-809	-2 166
6.2.1. <i>Abroad</i>	-4	39	-384	383	35	-138	-159	64	-204	-437
6.2.1.1. <i>Assets</i>	-28	-13	-468	346	-163	-55	-166	0	-504	-725
6.2.1.2. <i>Liabilities</i>	24	52	84	37	198	-83	7	65	300	289
6.2.2. <i>In Hungary</i>	-440	958	-166	-132	219	193	196	-1 514	-605	-1 730
6.2.2.1. <i>Assets</i>	-1 039	-570	221	-625	-2 013	-3 219	123	-575	62	-3 609
6.2.2.2. <i>Liabilities</i>	599	1 529	-387	492	2 233	3 412	73	-939	-667	1 879
<b>7. Net external financing capacity</b>										
7.1. <i>Net external financing capacity (CA and Capital account)</i>	-1 371	-1 340	-2 113	-1 652	-6 477	-476	567	702	655	1 447
7.2. <i>Financial account balance (Financial account balance and reserves)</i>	-3 098	-1 763	-2 970	-1 590	-9 421	-795	1 482	-206	304	786
7.3. <i>Difference (Net errors and omissions)</i>	-1 728	-422	-856	62	-2 944	-318	915	-908	-351	-662

**Table 2**  
**Balance of payments and financing capacity items - seasonally adjusted data\***

euro million

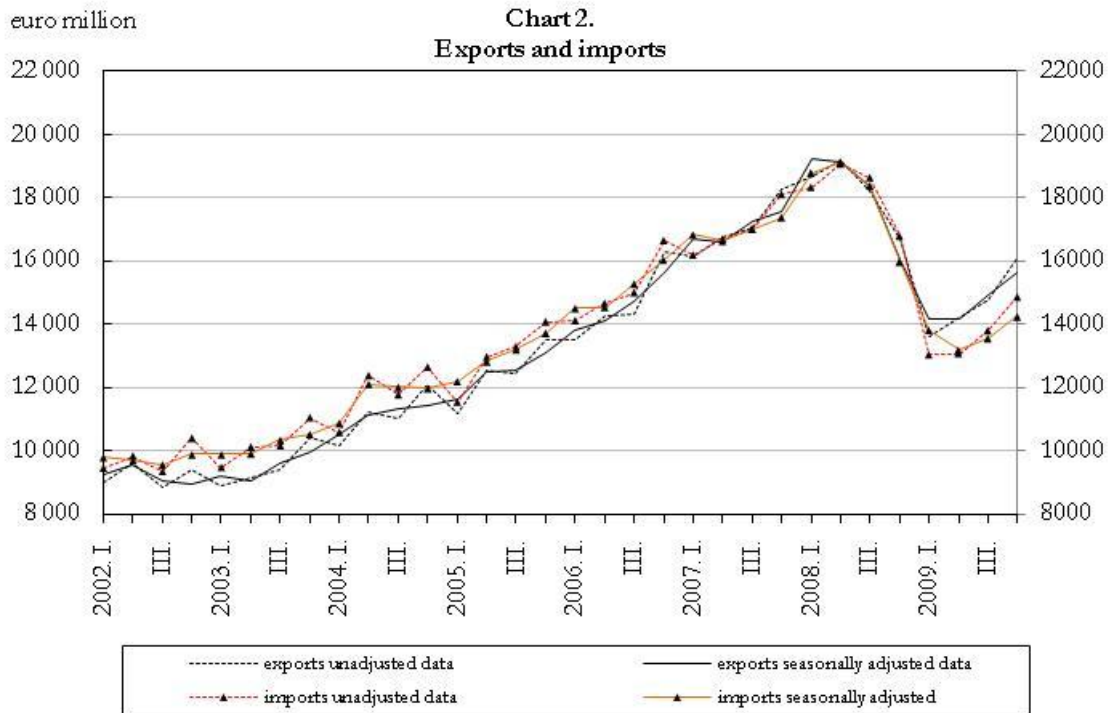
	2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>1. Real economic transactions, net (Goods and services)</b>	<b>353</b>	<b>230</b>	<b>196</b>	<b>269</b>	<b>741</b>	<b>1 255</b>	<b>1 532</b>	<b>1 678</b>
1.1. Export	22 627	22 398	21 933	19 584	17 427	17 419	18 146	18 716
1.2. Import	21 934	22 287	21 704	19 313	16 791	16 113	16 442	17 085
<b>1.1. Goods, net</b>	<b>203</b>	<b>-40</b>	<b>-207</b>	<b>-2</b>	<b>464</b>	<b>995</b>	<b>1 197</b>	<b>1 350</b>
1.1.1. Export	19 217	19 118	18 374	16 051	14 170	14 159	14 907	15 634
1.1.2. Import	18 787	19 130	18 383	15 975	13 823	13 194	13 562	14 249
<b>1.2. Services, net</b>	<b>229</b>	<b>255</b>	<b>291</b>	<b>217</b>	<b>332</b>	<b>326</b>	<b>395</b>	<b>399</b>
1.2.1. Export	3 284	3 396	3 611	3 457	3 329	3 269	3 210	3 192
1.2.2. Import	2 991	3 103	3 371	3 352	2 993	2 928	2 854	2 828
1.2.1. Travel, net	304	324	333	362	360	357	402	371
export	888	998	1 084	1 102	1 019	1 011	1 032	1 016
import	631	653	737	702	636	706	606	628
1.2.2. Other services, net	-84	-36	29	-269	-50	12	44	4
export	2 383	2 407	2 518	2 405	2 306	2 259	2 193	2 181
import	2 413	2 469	2 593	2 614	2 353	2 241	2 222	2 177
<b>2. Income and current transfers, net</b>	<b>-1 768</b>	<b>-1 934</b>	<b>-2 300</b>	<b>-2 359</b>	<b>-1 486</b>	<b>-1 407</b>	<b>-1 256</b>	<b>-1 134</b>
2.1. Income, net	-1 795	-1 741	-2 239	-1 815	-1 611	-1 495	-1 357	-1 148
2.1.1. Income on debt, net	-839	-819	-847	-827	-738	-701	-642	-569
2.1.2. Income on equity, net	-1 269	-1 177	-1 325	-1 145	-1 051	-987	-892	-865
2.1.3. Compensation of employees, net	191	195	194	187	184	182	181	183
2.2. Current transfers, net**	-292	-72	-74	-249	-206	129	138	248
<b>3. Current account balance, net</b>	<b>-1 468</b>	<b>-1 643</b>	<b>-2 069</b>	<b>-2 103</b>	<b>-493</b>	<b>-33</b>	<b>281</b>	<b>452</b>
<b>4. Capital account, net</b>	<b>97</b>	<b>138</b>	<b>132</b>	<b>705</b>	<b>312</b>	<b>414</b>	<b>348</b>	<b>183</b>
<b>6. Net external financing capacity</b>	<b>-1 542</b>	<b>-1 306</b>	<b>-1 675</b>	<b>-1 420</b>	<b>-943</b>	<b>620</b>	<b>945</b>	<b>844</b>

\* The sub-balance outcomes are directly seasonally adjusted. Consequently, the seasonally adjusted current account balance outcome cannot be reproduced from the seasonally adjusted data of the sub-accounts.

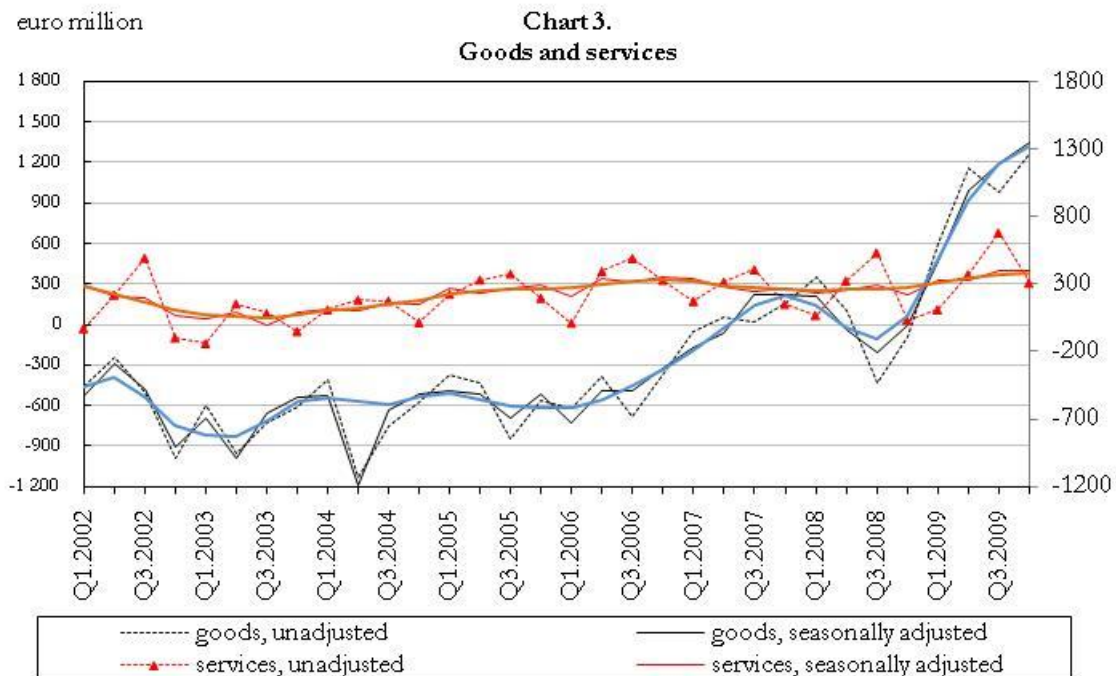
\*\* The time series for current transfers cannot be seasonally adjusted.

### Developments in the components of external financing capacity

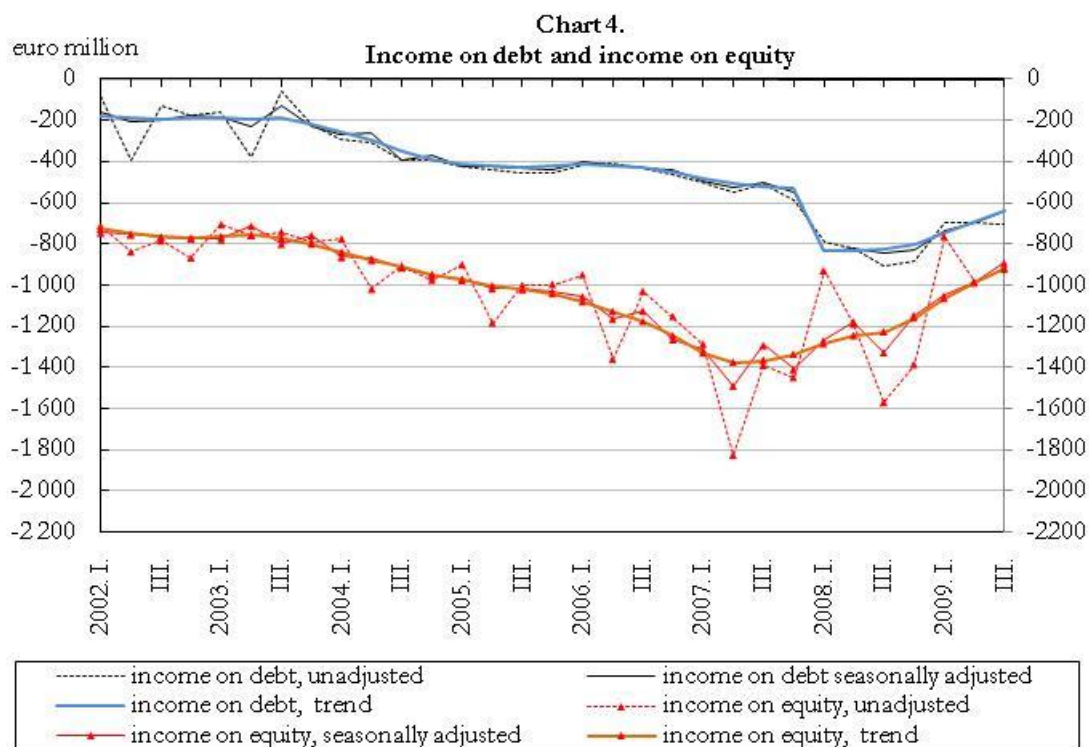
In 2009 Q4, the current account surplus continued to increase, its amount reaching EUR 452 million, according to seasonally adjusted data. In addition to an improvement in the balance of trade in goods, the values exports and imports both rose in H2. The value of net exports was EUR 1,350 million in 2009 Q4.



Unlike in the case of goods trade, service receipts and expenditure did not change materially relative to the previous quarter. The seasonally adjusted surplus on services amounted to EUR 400 million.



In the income account, the deficit on income on equity amounted to EUR 865 million, and the deficit on interest income on debt amounted to EUR 569 million. The seasonally adjusted deficits on income on equity and income on debt have been falling steadily since 2008.



The surplus on current transfers amounted to EUR 248 million in 2009 Q4, according to not seasonally adjusted data (current transfers typically do not exhibit seasonal fluctuations). As regards accrual-based transactions with the European Union in the period, the balance of current transfers showed a EUR 449 million surplus, and transactions recorded as capital transfers showed a EUR 617 million surplus. On balance, capital transfers to and from EU institutions showed a EUR 1,066 million surplus in the balance of payments in Q4 as a balance of funds from and contributions to the EU.

Inward and outward non-debt capital transactions showed a net inflow of EUR 1,485 million in 2009 Q4. Within this figure, the value of outward direct investment transactions in equity capital by Hungarian residents amounted to EUR 113 million and inward transactions by non-residents amounted to EUR 788 million. Reinvested earnings on direct investment transactions by Hungarian residents increased the value of direct investment by EUR 141 million and those on direct investment transactions by non-residents by EUR 1,095 million.<sup>3</sup> Portfolio investment transactions in equity securities showed a net outflow of EUR 144 million. Here, sales of shares abroad by Hungarian residents amounted to EUR 37 million and sales of Hungarian shares by non-residents amounted to EUR 107 million.

The balance of debt generating financing was EUR -1,789 million in 2009 Q4. Within this figure, other capital transactions – recorded in foreign direct investment flows – by Hungarian residents abroad and by non-residents in Hungary resulted in net reductions in debt of EUR 204 million and EUR 605 million respectively.

<sup>3</sup> Reinvested earnings are the difference between after-tax profit and declared dividends. In the new data collection framework, dividends are based on data reported for all periods. After-tax profits for 2008 have been derived from annual corporate questionnaires. However, after-tax profits for 2009 are forint estimates. Consequently, reinvested earnings in the balance of payments statistics for 2008 are reports-based, and those for 2009 are estimates. Movements in the EUR/HUF exchange rate in the first three months of the year strongly influenced data expressed in euro terms.

Due to the recording of EU transfers on an accrual basis, short-term liabilities fell by EUR 360 million and short-term assets increased by EUR 177 million in 2009 Q4.<sup>4</sup>

### **Reserves and debt**

Central bank foreign exchange reserves amounted to EUR 30.7 billion at end-December 2009. Hungary's net foreign debt, excluding other capital recorded under direct investment and financial derivatives, amounted to EUR 51.9 billion at the end of December 2009 (55.6% as a percentage of GDP).<sup>5</sup>

Within this figure, the amount recorded as net short-term debt due to the recording of EU transfers was EUR 0.6 billion, of which the value of short-term assets was EUR 1.1 billion and that of liabilities was EUR 1.7 billion.

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<sup>4</sup> For the methodological description of recording EU transfers, see page 7 of the [September 2009 Press Release](#).

<sup>5</sup> Based on GDP for the last four quarters, measured in euro terms.

**Table 3**  
**Foreign assets and liabilities of Hungary**

Euro million

	2008					2009			
	Q1 op.poz.**	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>1. Assets</b>	<b>71 243</b>	<b>74 523</b>	<b>78 515</b>	<b>81 340</b>	<b>84 292</b>	<b>91 497</b>	<b>93 108</b>	<b>95 997</b>	<b>96 484</b>
1.1. International reserves	16 385	16 815	17 290	17 409	24 040	27 890	26 950	30 603	30 677
1.2. Direct investment *	29 635	31 026	31 127	31 886	32 291	34 608	35 736	35 649	36 102
1.3. Portfolio investment	6 379	6 479	7 189	7 336	5 986	5 849	7 058	7 867	8 009
1.4. Financial derivatives	2 615	3 393	4 485	3 015	3 643	4 395	3 534	2 720	2 369
1.5. Other foreign assets	16 228	16 810	18 423	21 694	18 333	18 755	19 829	19 158	19 328
o/w: due to accrual accounting of EU-transfers	609	449	453	447	682	456	651	871	1 094
<b>2. Liabilities</b>	<b>179 222</b>	<b>181 175</b>	<b>191 481</b>	<b>194 401</b>	<b>190 734</b>	<b>190 162</b>	<b>197 172</b>	<b>203 285</b>	<b>204 366</b>
2.1. Direct investment *	80 294	79 555	85 044	84 121	81 389	77 980	83 575	85 225	86 779
2.2. Portfolio investment	53 206	50 764	52 675	52 717	41 506	36 837	39 678	44 889	43 463
2.3. Financial derivatives	2 534	3 724	3 897	3 148	4 511	5 921	3 466	3 375	3 009
2.4. Other foreign liabilities	43 188	47 132	49 865	54 416	63 327	69 424	70 454	69 795	71 115
o/w: due to accrual accounting of EU-transfers	1 211	1 939	2 087	2 012	1 182	1 629	1 982	2 028	1 664
<b>3. Net foreign liabilities (2-1)</b>	<b>107 979</b>	<b>106 651</b>	<b>112 967</b>	<b>113 061</b>	<b>106 441</b>	<b>98 665</b>	<b>104 065</b>	<b>107 288</b>	<b>107 882</b>
o/w: due to accrual accounting of EU-transfers	602	1 490	1 634	1 565	500	1 173	1 331	1 157	570

**Memorandum:\*\*\***

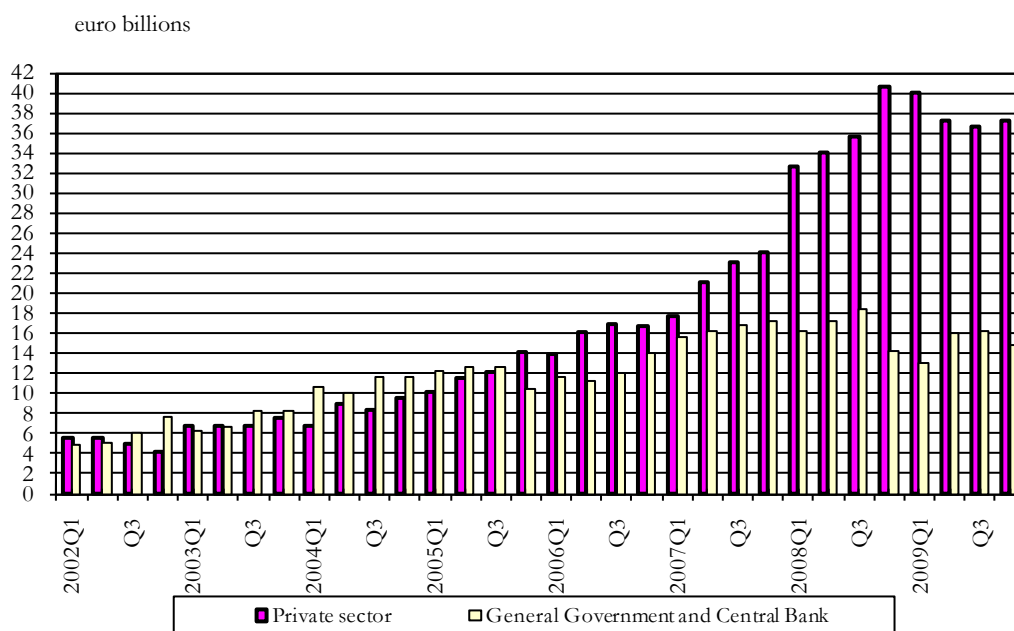
4. Gross foreign debt (excluding direct investment other capital)	80 374	84 117	89 002	94 888	98 788	101 416	102 119	104 029	103 409
4.1. General government and Central bank	34 378	34 221	35 749	36 932	39 478	41 987	44 108	47 894	47 080
4.2. Private sector	45 996	49 896	53 253	57 957	59 309	59 429	58 011	56 135	56 328
5. Net foreign debt (excluding direct investment other capital)	46 486	48 906	51 235	53 904	54 838	52 984	53 356	52 762	51 906
5.1. General government and Central bank	16 882	16 311	17 257	18 340	14 298	13 071	16 062	16 222	14 773
5.2. Private sector	29 604	32 596	33 978	35 564	40 540	39 912	37 294	36 540	37 133

\* Assets and liabilities are grouped separately within the directional breakdown of investment.

\*\* Opening stocks derived from the new data collection system. Details on the effects of the methodological change on the published data are available in Appendix 2, page 8, of the [June 2008 Press Release](#).

\*\*\* Equity capital and financial derivatives are not included in debt, consistent with the IMF's *External Debt Statistics: Guide for Compilers and Users*.

**Chart 5**  
**Net foreign debt of Hungary, 2002-2009\***



\* Equity capital and financial derivatives are not included in debt, consistent with the IMF's *External Debt Statistics: Guide for Compilers and Users*.

\* \* \* \* \*

The seasonally adjusted data are subject to more uncertainty than usual, due to fluctuations caused by the financial crisis.

In this press release, Hungary's balance of payments is presented excluding data on special purpose entities (SPEs), in accordance with past practice. However, Hungary's balance of payments and external balance sheet both excluding and including SPE data are available on the Bank's website. The MNB will release Hungary's balance of payments and international investment position data for 2010 Q1, as well as revised data for 2009 Q1–Q4 on 30 June 2010.

## MAGYAR NEMZETI BANK STATISTICS

*One of the primary statutory duties of the Magyar Nemzeti Bank is to collect and publish statistical information. The statistical press release aims to help the reader understand the latest published data. The Quarterly Report on Inflation and the Report on Financial Stability, published periodically, contain the Bank's analyses of underlying economic processes and are accessible at [www.mnb.hu](http://www.mnb.hu).*

Detailed tables: [Balance of payments](#)

Notes [Methodological notes](#)

Charts: [Chart pack](#)

Q&A: [Questions and answers](#)