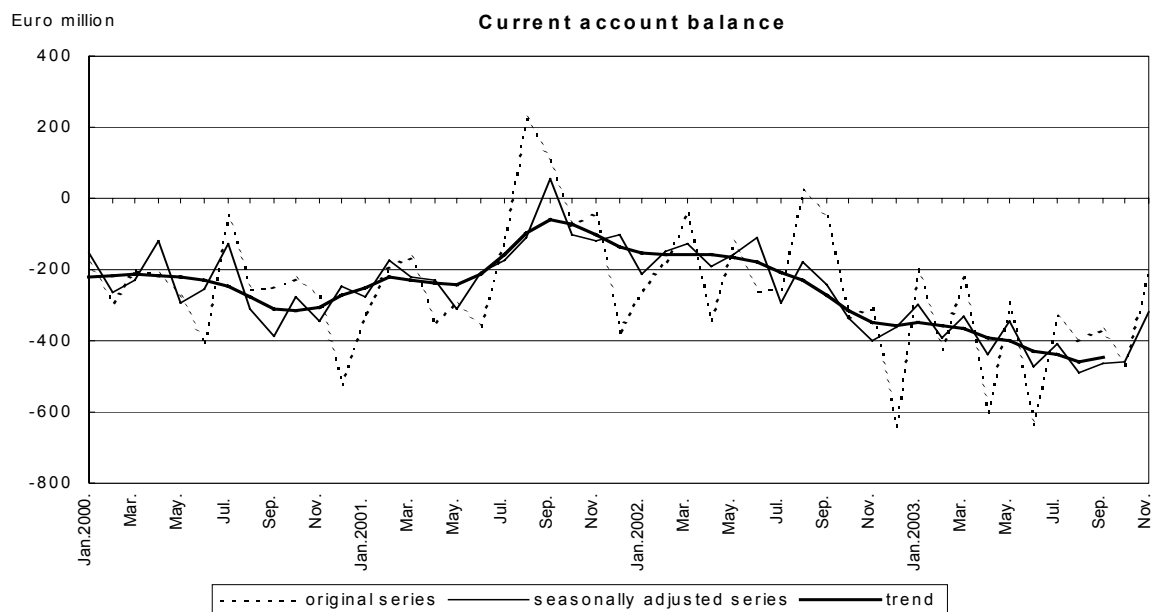


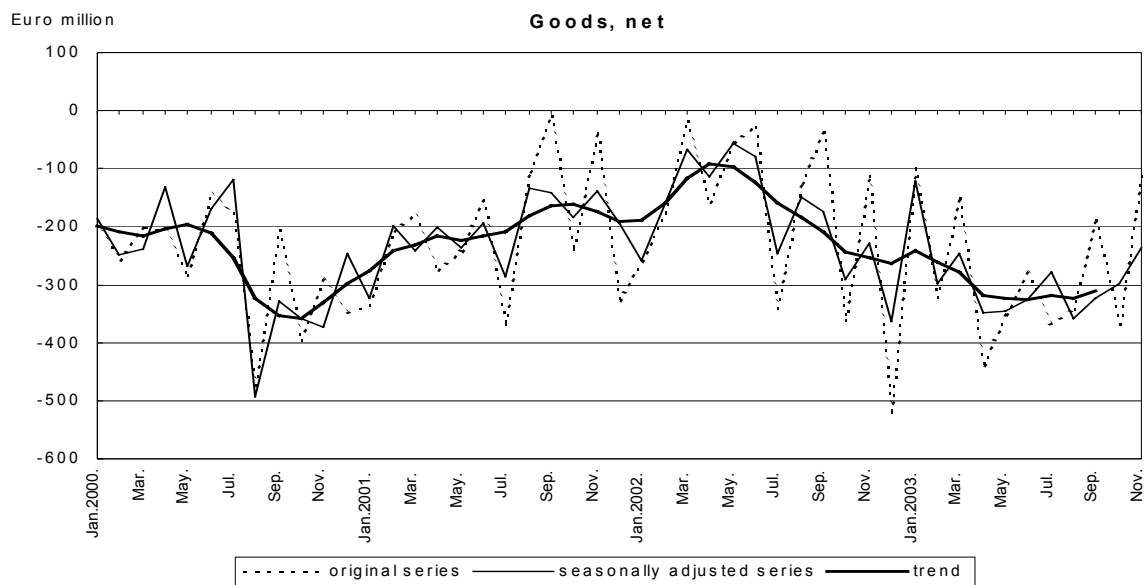
PRESS RELEASE

Hungary's balance of payments: November 2003

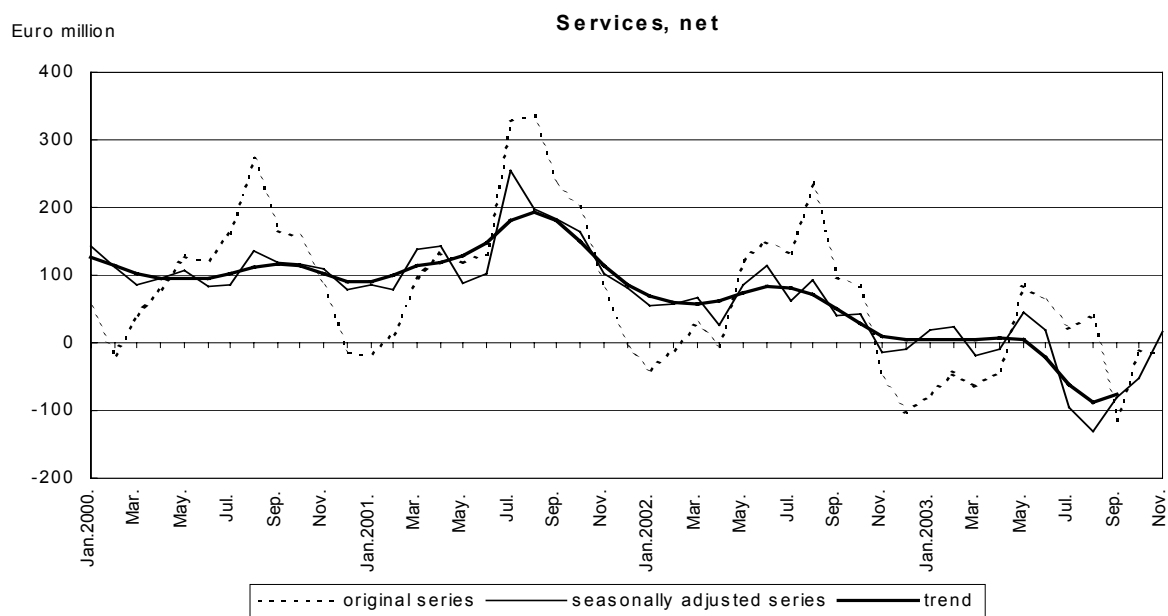
Hungary's current account registered a EUR 200 million deficit in November 2003. After eliminating the seasonal effects, the deficit was EUR 141 million lower in a month-on-month comparison. The improvement in the balance of real economic transactions played a major role in this – the outcomes on the goods and services sub-accounts improved for the third consecutive month. The outcomes on the income and transfer accounts also improved relative to October. Within non-debt capital flows, the outflow of direct investment capital amounted to EUR 86 million. This was mainly the result of an outflow of income on portfolio investments in equity securities.



In November 2003, net expenditures for trade in goods were the balance of EUR 3,677 million exports and EUR 3,786 million imports. According to the seasonally adjusted data, the deficit was EUR 62 million lower than in October and remained practically unchanged relative to a year previously. Exports and imports both rose slightly in November in a one-month comparison.



According to the seasonally adjusted data, the services account deficit continued to fall in November relative to the preceding three months. The outcomes on both sub-accounts of services improved – the deficit on other services fell and, associated with higher revenue and expenditure, the travel surplus increased.



According to the evidence of seasonally adjusted data, the outflows of both investment income on equity and investment income on debt, the two constituents of direct investment income flows, were slightly lower than in the preceding month.

The surplus registered on current transfers amounted to EUR 21 million in November.

Inward and outward non-debt capital transactions showed a net outflow of EUR 86 million in November, explained by the outflow of income on portfolio investments in equity securities to the tune of EUR 114 million. The net amount of direct investment transactions in equity capital, at EUR 29 million, derived from direct investment transactions by Hungarian residents abroad in the amount of EUR 15 million by non-residents in Hungary in the amount of EUR 44 million.

Central bank foreign exchange reserves amounted to EUR 10.5 billion at end-November 2003.

Balance of payments, Hungary

euro million

	2002				2003			
	Sept	Oct	Nov	Jan-Nov	Sept	Oct	Nov	Jan-Nov
1. Goods, net	-38	-360	-115	-1684	-189	-368	-109	-3026
1.1. Exports	3242	3355	3376	34150	3511	3516	3677	34570
1.2. Imports	3280	3715	3490	35835	3700	3884	3786	37596
2. Services and income, net	-53	-13	-222	-886	-235	-132	-112	-1603
2.1. Services*, net	99	83	-51	737	-114	-10	-16	-156
2.1.1. Exports	707	756	572	7558	864	775	777	7838
2.1.2. Imports	608	673	624	6820	978	784	793	7994
2.2. Income, net	-151	-96	-171	-1624	-121	-122	-96	-1447
2.2.1. Income on debt, net	-93	-65	-89	-746	-52	-121	-69	-779
2.2.2. Income on equity, net	-66	-46	-88	-1015	-80	-18	-37	-791
2.2.3. Compensation of employees, net	8	15	7	137	11	16	10	123
3. Current transfers	38	39	28	437	55	31	21	482
4. Current account balance	-53	-334	-309	-2134	-369	-469	-200	-4147
5. Non debt creating financing, net	-6	24	-8	830	114	-576	-86	70
5.1. Direct investment, equity capital, net	39	77	40	1000	50	-583	29	-225
5.1.1. Abroad, net	-31	-15	-7	-162	3	-714	-15	-1250
5.1.2. In Hungary, net	71	92	46	1163	47	132	44	1025
5.2. Portfolio investment, equity securities, net	-45	-53	-47	-170	64	7	-114	295
*- o/w: Travel, net	146	147	72	1550	114	110	92	1159
credit	320	309	212	3227	290	276	209	2786
debit	174	162	140	1677	176	166	117	1627

Balance of payments, Hungary (seasonally adjusted data) ^{a)}

euro million

	2003										
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.
1. Goods, net	-120	-299	-245	-349	-346	-326	-278	-359	-323	-299	-237
1.1. Exports	3041	3022	3076	3047	3031	3036	3075	3170	3245	3238	3302
1.2. Imports	3278	3273	3310	3359	3423	3279	3378	3598	3596	3547	3679
2. Services and income, net											
2.1. Services											
2.1.1. Travel, net	148	111	107	103	103	177	52	41	76	84	108
credit	300	250	242	257	251	293	221	194	236	244	245
debit	141	139	133	152	145	134	162	146	161	160	132
2.1.2. Other services, net	-137	-81	-123	-123	-68	-142	-132	-167	-154	-138	-102
credit	446	386	464	433	448	392	457	443	489	478	597
debit	544	519	563	551	548	565	594	605	630	624	654
2.2. Income, net											
2.2.1. Income on debt, net	-68	-74	-62	-67	-61	-71	-59	-66	-62	-72	-64
2.2.2. Income on equity, net	-80	-74	-77	-60	-41	-95	-74	-87	-64	-77	-75
2.2.3. Compensation of employees, net	9	9	6	11	12	12	9	11	15	16	15
3. Current transfers	44	32	50	57	71	41	44	36	55	31	21
4. Current account balance	-299	-392	-330	-438	-346	-473	-409	-488	-466	-458	-317

Balance of payments, Hungary (seasonally adjusted data) ^{a)}

euro million

	2002											
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
1. Goods, net	-258	-159	-67	-115	-56	-80	-246	-150	-174	-291	-229	-364
1.1. Exports	2970	3091	3143	3187	3134	3107	3014	3070	3126	3057	2943	2902
1.2. Imports	3259	3319	3201	3290	3161	3257	3187	3177	3326	3364	3279	3187
2. Services and income, net												
2.1. Services												
2.1.1. Travel, net												
credit	188	162	139	157	167	148	155	125	107	121	89	121
debit	309	321	307	303	309	274	305	257	265	277	247	276
2.1.2. Other services, net												
credit	170	165	165	147	138	140	146	129	159	156	158	155
debit	-86	-94	-79	-125	-90	-28	-88	-24	-58	-83	-114	-127
2.2. Income, net												
2.2.1. Income on debt, net	391	383	368	337	348	462	413	411	390	430	374	459
2.2.2. Income on equity, net	462	481	446	484	466	477	487	467	479	504	492	538
2.2.3. Compensation of employees, net												
credit	-60	-55	-64	-65	-70	-65	-65	-66	-73	-62	-67	-60
debit	-80	-79	-105	-81	-109	-85	-96	-104	-66	-77	-113	-77
3. Current transfers	14	13	12	15	15	14	7	11	12	15	11	14
4. Current account balance	73	19	53	34	36	31	43	42	38	39	28	39
	-212	-149	-128	-193	-156	-112	-295	-177	-242	-337	-398	-361

In November 2003, the average exchange rates of the euro and the US dollar were HUF 259.41 and HUF 221.68 respectively.

The release of balance of payments data for December 2003 is scheduled for 12 February 2004. The Bank will release Hungary's balance of payments including reinvested earnings data first on 31 March 2004 (in a monthly and quarterly breakdown). Based on the Monetary Council's decision of 15 December, the Bank's data release and revision policy will change after Hungary's joining the European Union. For a detailed description, see the press release 'Changes to the compilation and publication method and to the revision policy of the balance of payments statistics' on the Bank's website at (http://www.mnb.hu/dokumentumok/sajtokozl0105_en.pdf).

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^{a)} Methodological notes to seasonal adjustment:

The method used to seasonally adjust the sub-components of the current account in 2003 is as follows:

- 1 The components of the current account are seasonally adjusted using the SEATS TRAMO software, within the Demetra interface, in line with the recommendations of Eurostat.
- 2 The effects of *holidays* are eliminated using a built-in variable designed for holidays in Hungary; the *working-day effect* is eliminated using two regression variables.
- 3 *Outliers* are identified according to the basic setting, allowing the identification of all three types of outlier.
- 4 Consistent data are available from 1995. The Bank, therefore, revises data for the period beginning with that year. In order to minimise revisions, the same model setting is being used for one year. The press releases include a five-month moving average of the seasonally smoothed data, with diminishing weights proceeding symmetrically on both sides of the centre ($y_t = 1/9x_{t-2} + 2/9x_{t-1} + 3/9x_t + 2/9x_{t+1} + 1/9x_{t+2}$), instead of the trend calculated by the programme.
- 5 The sub-balance outcomes are directly seasonally adjusted. This means that the sub-accounts, derived from the not adjusted data, are directly seasonally adjusted. Consequently, the seasonally adjusted current account balance outcome cannot be reproduced from the seasonally adjusted data of the sub-accounts.

Notes to the press release and the tables:

The codes attached to the names of the sectors and sub-sectors (e.g. S.121) refer to the corresponding groups of the classification generally used in international practice. The definitions of the individual sectors can be found on the Bank's website at Financial Data...Statistical Releases, 'Sector classification in the MNB's statistical press releases from June 2001'.