



26 March 2015

PRESS RELEASE

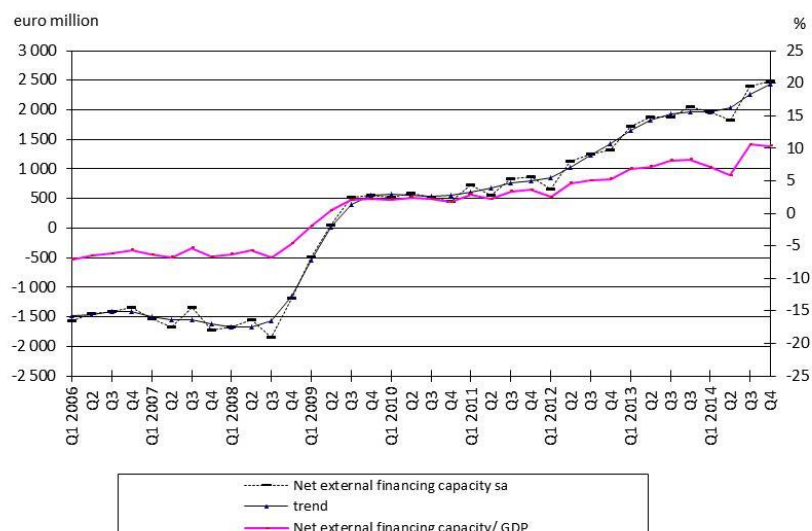
Hungary's balance of payments: 2014 Q4

The international methodological standards for balance of payments statistics (*Balance of Payments and International Investment Position Manual 6th Edition - BPM6*), revised in recent years, were implemented in a coordinated way in the European Union Member States, including in Hungary, in 2014. The press release of 26 March, containing Hungary's balance of payments data for 2014 Q4, is the fourth to be published with a content and detail reflecting the new methodological requirements.

A [statistical publication](#) 'Hungary's balance of payments and international investment position', presenting the new methodology and the effects of the practice of compiling, publishing and revising balance of payments statistics as well as of the introduction of the new methodology, is available on the MNB's website.

In 2014 Q4, Hungary's unadjusted net external financing capacity (i.e. the combined surplus on its current and capital accounts) amounted to EUR 2,878 million (HUF 889 billion).¹ Adjusted for seasonal effects, the net external financing capacity was EUR 2,484 million (HUF 836 billion), 10% of quarterly GDP. In large part, the high value for external financing capacity reflected the significant amount of EU transfers (mainly capital transfers). EU transfers amounted to EUR 2,412 million on an unadjusted basis and EUR 1,504 million on a seasonally adjusted basis.

Chart 1
Net external financing capacity in EUR millions (left-hand scale)
and as a percentage of GDP (right-hand scale)



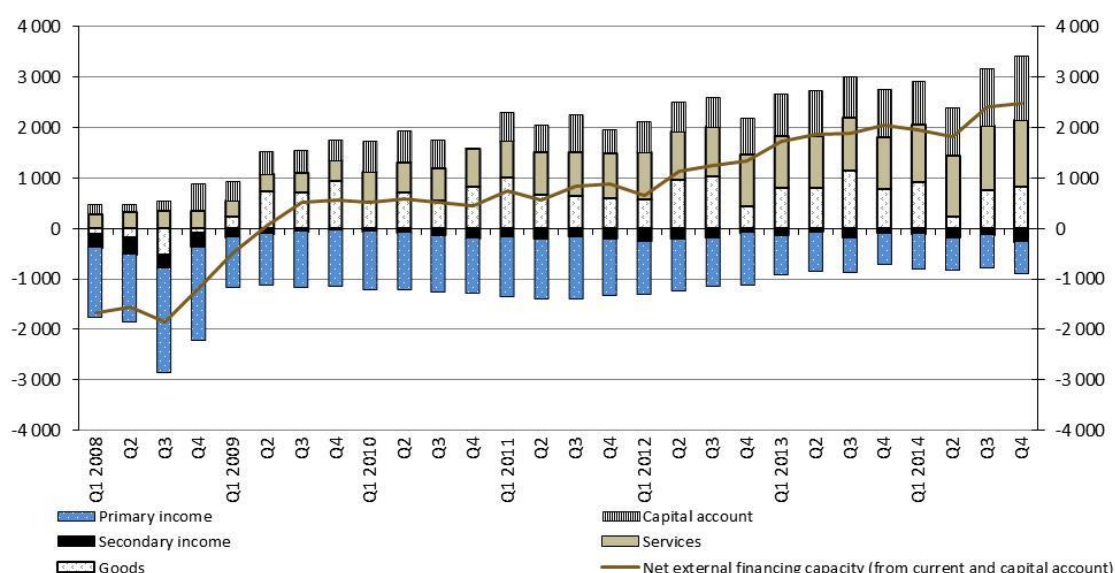
¹ Consistent with its practice of releasing and revising statistical data, on 26 March 2015 the MNB is publishing Hungary's balance of payments and international investment position statistics for 2014 Q4 compiled on the basis of the new methodology for the first time, as well as revised back data for 2012, 2013 and 2014 Q1–Q3.

Table 2
Net external financing capacity (seasonally adjusted data; EUR millions)

	2 012				2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1. Real economic transactions, net (Goods and services)	1 424	1 909	1 900	1 551	1 812	1 809	2 151	1 725	1 986	1 509	2 015	2 193
1.1. Export	21 922	21 610	21 773	21 452	21 892	22 356	22 616	22 828	23 060	23 387	23 636	24 057
1.2. Import	20 323	19 622	19 820	19 786	20 036	20 507	20 343	20 965	21 009	21 864	21 499	21 705
1.1. Goods	585	967	1 036	435	804	806	1 148	777	919	229	762	821
1.1.1. Export	17 807	17 562	17 729	17 155	17 737	18 034	18 306	18 256	18 613	18 698	18 883	19 115
1.1.2. Import	17 314	16 672	16 708	16 688	17 110	17 298	17 218	17 453	17 882	18 529	18 187	18 268
1.2. Services	920	950	969	1 037	1 040	1 019	1 053	1 035	1 148	1 221	1 273	1 324
1.2.1. Travel, net	606	604	640	647	662	670	653	669	695	712	741	752
export	1 037	968	1 022	1 009	1 001	1 060	1 026	1 040	1 088	1 099	1 145	1 186
import	411	357	376	345	326	370	366	352	371	407	361	385
1.2.2. Other services, net	300	358	290	433	400	283	482	268	448	510	595	588
export	2 967	3 008	3 045	3 103	3 132	3 180	3 291	3 359	3 336	3 502	3 608	3 577
import	2 693	2 666	2 752	2 681	2 782	2 918	2 814	3 069	2 948	3 013	3 018	2 980
2. Primary income	-1 065	-1 029	-958	-1 044	-785	-774	-698	-632	-697	-653	-660	-622
3. Secondary income					-134	-68	-178	-86	-100	-180	-124	-259
4. Current account balance	25	635	656	510	908	1 165	1 022	1 230	1 230	679	1 211	1 163
5. Capital account	619	591	589	726	815	912	797	955	851	952	1 125	1 268
6. EU-transfers	872	875	964	1 146	1 214	1 324	1 234	1 372	1 346	1 385	1 519	1 504
7. Net external financing capacity	655	1 127	1 249	1 330	1 721	1 873	1 885	2 054	1 963	1 824	2 405	2 484

1 Main developments in net external financing capacity (current and capital account aggregates)

Chart 2
Net external financing capacity (EUR millions)



Of the components of net external financing capacity, calculated as the balance on the current and capital accounts, the seasonally adjusted surpluses on goods and services increased slightly in 2014 Q4. Here, the surplus on **goods** amounted to EUR 821 million. Exports (EUR 19,115 million) and imports (EUR 18,268 million) both continued to rise relative to the previous quarter.

The surplus on **services** amounted to EUR 1,324 million in 2014 Q4. Within this, the travel surplus was EUR 752 million. Credits (EUR 1,186 million) and debits (EUR 385 million) were both higher than in the previous quarter. By contrast, data on other services were lower than in the previous quarter: credits and debits amounted to EUR 3,577 million and EUR 2,980 million, respectively.

In 2014 Q4, the seasonally adjusted **primary income** deficit (EUR 622 million) was slightly lower than in the previous quarter.

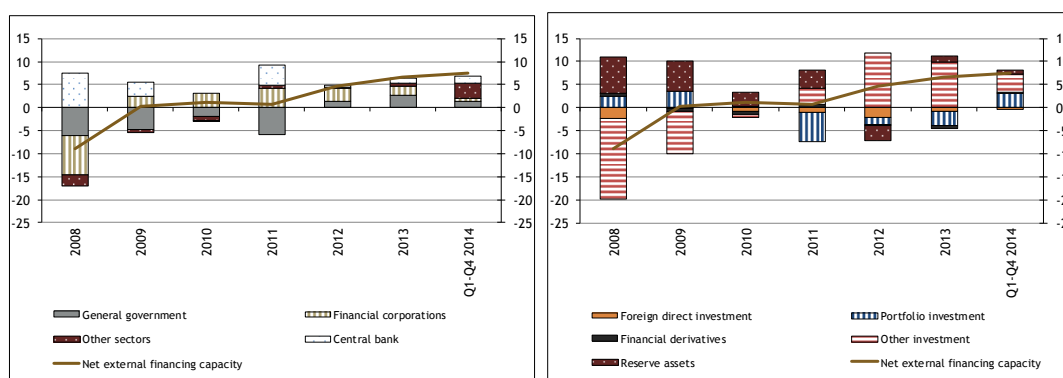
The deficit on **secondary income** was EUR 259 million in 2014 Q4, up on the deficit for the previous quarter.

The surplus on **transfers to and from the EU** amounted to EUR 1,504 million in 2014 Q4, with the seasonally unadjusted surplus amounting to EUR 2,412 million. Seasonally adjusted, the surplus was unchanged from the previous quarter. In terms of unadjusted values of the individual components, the net primary income (taxes and subsidies on production and products) showed a surplus of EUR 439 million, and the balance of current transfers to and from the EU, recorded under secondary income, amounted to EUR -56 million. Funds received from the EU, recorded as capital transfers, amounted to EUR 2,029 million.

2 Financial account: net external financing capacity calculated from the financial account²

Chart 3

Financial account by functional categories and institutional sectors (EUR billions)



Within **direct investments**, outward investments by Hungarian residents rose by EUR 1,108 million and inward investments by non-residents by EUR 2,528 million in 2014 Q4.

Within direct investments by Hungarian residents abroad, investments in equities and reinvested earnings contributed EUR 384 million and EUR 220 million, respectively, to the value of investments abroad in 2014 Q4. Capital in transit reduced the value of investments in equities by EUR 124 million. Transactions in debt instruments showed a EUR 503 million increase in net assets (of which capital in transit amounted to EUR 475 million).

Within direct investments by non-residents in Hungary, the value of investments in equities and reinvested earnings contributed EUR 555 million and EUR 1,057 million, respectively, to the value of investments in Hungary. Capital withdrawal recorded due to superdividends amounted to EUR 213 million. The balance of transactions in debt instruments showed a EUR 916 million increase in net liabilities. Within this, capital in transit amounted to EUR 351 million. A [table](#) on the MNB's website summarises transactions related to capital in transit and asset portfolio restructuring as well as adjusted direct investment data.

Portfolio investment transactions showed a net outflow of EUR 905 million in 2014 Q4, reflecting an increase of EUR 712 million in assets and a decrease of EUR 193 million in liabilities. Within assets, equity securities and investment fund shares increased by EUR 141 million and debt securities by

² Summary data for the individual categories of investment are included in Table 1.

EUR 571 million. Within liabilities, equity securities and investment fund shares fell by EUR 600 million and debt securities increased by EUR 407 million.

The balance of **other investments** showed an outflow of EUR 4,407 million in 2014 Q4. This reflected an increase of EUR 771 million in assets and a decline of EUR 3,636 million in liabilities. Within the latter, a loan repaid to the European Commission accounted for EUR 2 billion of the decline.

3 Stock of reserve assets and external debt

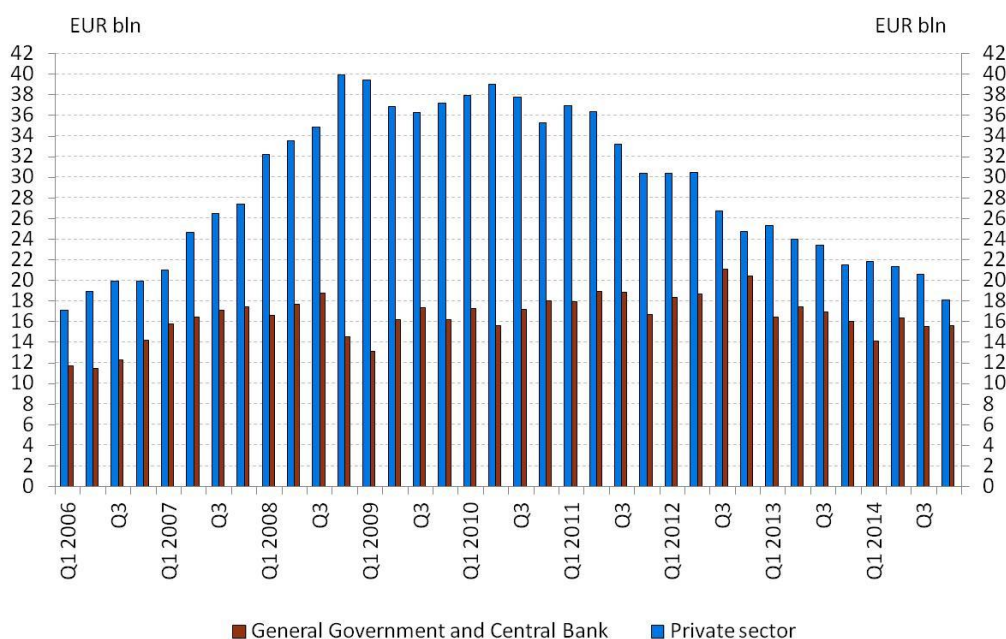
The central bank's reserve assets amounted to EUR 34.6 billion at the end of December 2014. Hungary's net foreign debt, excluding FDI debt instruments, amounted to EUR 33.7 billion at the end of December 2014 (32.7% as a percentage of GDP in the last four quarters to 2014 Q4). Net short-term assets, reflecting the recording of EU transfers on an accrual basis, amounted to EUR 681 million. Within this, the value of assets was EUR 1,427 million and that of liabilities was EUR 745 million.

Table 3
Foreign assets and liabilities of Hungary³ (EUR millions)

	2013				2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Assets	107 021	107 985	105 868	105 145	108 786	107 275	102 568	106 124	109 019	108 953	113 637	115 303
3.1.k Direct investment	43 814	44 868	42 840	43 748	46 175	46 677	46 087	46 666	47 519	49 041	52 635	52 403
3.2.k Portfolio investment	6 531	6 143	6 168	6 109	5 931	5 711	5 860	5 835	6 051	6 689	7 198	7 959
3.3.k Financial derivatives and employee stock options	3 453	4 306	4 220	3 869	3 849	3 085	2 679	2 679	2 526	1 737	2 378	3 849
3.4.k Other investment	18 527	17 092	18 064	17 537	17 365	17 472	17 127	17 161	16 726	15 407	15 742	16 514
o/w: due to accrual accounting of EU-transfers	686	944	1 227	1 407	826	1 359	1 755	1 610	1 348	1 283	1 741	1 427
3.5. Reserve assets	34 697	35 575	34 577	33 881	35 467	34 329	30 815	33 782	36 197	36 080	35 684	34 578
Liabilities	208 512	209 050	208 273	205 220	203 459	203 814	196 548	198 667	199 735	198 209	198 031	196 854
3.1.t Direct investment	92 522	93 483	93 025	94 060	95 621	97 155	94 968	97 358	98 635	96 977	99 131	100 725
3.2.t Portfolio investment	43 196	43 331	47 765	47 885	47 386	49 525	48 267	49 858	50 281	51 674	49 655	49 888
3.3.t Financial derivatives and employee stock options	3 726	3 642	3 591	3 771	4 007	3 538	3 700	3 718	3 831	3 005	2 523	3 042
3.4.t Other investment	69 068	68 594	63 892	59 503	56 444	53 597	49 613	47 733	46 988	46 552	46 722	43 200
o/w: due to accrual accounting of EU-transfers	1 809	2 144	2 115	1 576	1 295	1 254	870	1 115	1 303	1 714	1 863	745
Net Assets	-101 491	-101 066	-102 405	-100 074	-94 672	-96 539	-93 980	-92 543	-90 716	-89 256	-84 394	-81 552
o/w: due to accrual accounting of EU-transfers	-1 122	-1 200	-888	-170	-469	105	884	494	46	-431	-122	681
Memorandum:												
Gross external debt (excluding FDI debt)	102 913	102 858	101 480	97 495	95 377	94 120	89 181	89 327	89 699	90 287	88 750	86 590
General government and Central bank	53 560	54 643	56 013	55 183	52 544	52 790	48 951	51 196	51 752	53 450	52 047	51 093
Other MFIs and Other sectors	49 353	48 215	45 466	42 312	42 833	41 330	40 230	38 131	37 947	36 837	36 704	35 497
Net external debt (excluding FDI debt)	48 737	49 178	47 829	45 191	41 745	41 494	40 360	37 492	35 900	37 712	36 121	33 714
General government and Central bank	18 373	18 711	21 068	20 424	16 437	17 459	16 961	16 016	14 092	16 391	15 508	15 621
Other MFIs and Other sectors	30 364	30 467	26 761	24 767	25 308	24 035	23 399	21 476	21 808	21 321	20 613	18 093

³ Assets and liabilities vis-à-vis non-residents include all financial assets and liabilities vis-à-vis the rest of the world, while foreign debt, by definition, does not include *shares and other equity* and *financial derivatives*.

Chart 4
Net foreign debt of Hungary (excluding FDI debt instruments), 2014 Q4



Tables 4 and 5 present shifts relative to 2012 and 2013 annual data published in September 2014 as well as 2014 Q1–Q3 data published in December 2014.

Table 4
Changes in net flows vis-a-vis the last publication (excluding SPEs, EUR millions)

	2012	2013	Q1-Q3 2014
1. Goods	-69	-72	-315
2. Services	20	-45	358
3. Primary income	-11	-16	-10
4. Secondary income	0	24	72
I. Current account balance (1+2+3+4)	-60	-109	104
II. Capital account	-9	-28	34
III. Financial account (5+6+7+8)	-129	-635	-138
5. Foreign direct investment (net assets)	-67	-549	-160
Foreign direct investment abroad (net assets)	-10	95	17
Equity	-2	103	12
Debt instruments	-8	-8	5
Foreign direct investment in Hungary (net liabilities)	56	644	177
Equity	31	554	1
Debt instruments	26	90	177
6. Portfolio investments (net assets)	0	-1	0
Assets	0	0	0
Liabilities	0	1	0
7. Financial derivatives (net assets)	-31	-57	0
8. Other investments (net assets)	-31	-27	22
Assets	35	-10	34
Liabilities	65	17	12
IV. Net errors and omissions	-59	-498	-277

Table 5
Changes in stocks and some indicators vis-à-vis the last publication
(excluding SPEs, EUR millions)

	2012	2013	Q3 2014
1. Foreign direct investment (net assets)	-142	-478	-754
Foreign direct investment abroad (net assets)	323	-85	-57
Equity	276	-125	-110
Debt assets	0	0	12
Debt liabilities	-47	-40	-41
Foreign direct investment in Hungary (net liabilities)	465	393	697
Equity	290	131	221
Debt assets	-3	-22	-142
Debt liabilities	172	241	334
2. Portfolio investments (net assets)	0	0	-3
Assets	0	0	0
Liabilities	0	0	3
3. Financial derivatives (net assets)	0	0	0
4. Other investments (net assets)	-80	-158	-32
Assets	53	38	53
Liabilities	133	196	84
Gross external debt*	133	196	87
Net external debt*	80	158	34
Goods net in the percentage of the GDP	-0,1%	-0,1%	-0,4%
Current account balance in the percentage of the GDP	-0,1%	-0,1%	0,1%
Gross debt in the percentage of the GDP*	0,1%	0,2%	0,1%
Net debt in the percentage of the GDP*	0,1%	0,2%	0,0%

*FDI debt instruments excluded

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In this press release, Hungary's balance of payments and international investment position are presented excluding data on special purpose entities (SPEs), consistent with past practice. However, Hungary's balance of payments and IIP both excluding and including SPE data are available on the MNB's website.

The MNB will release Hungary's balance of payments and international investment position data for 2015 Q1 and will revise quarterly data for the period 2014 Q1–Q4 on 24 June 2015.

Detailed tables: [Balance of payments](#)

Notes [Methodological notes](#)

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