



MAGYAR NEMZETI BANK

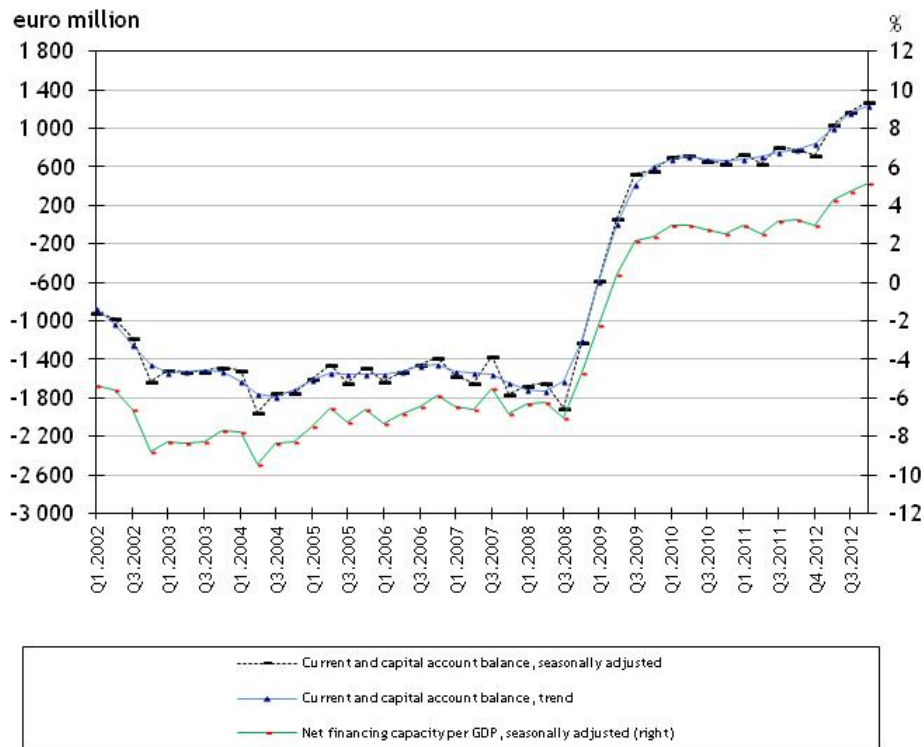
PRESS RELEASE

Hungary's balance of payments: 2012 Q4

In 2012 Q4,¹ Hungary's net external financing capacity (i.e. the combined surplus on its current and capital accounts) amounted to EUR 1,387 million (HUF 393 billion). Adjusted for seasonal effects, the net external financing capacity was EUR 1,282 million or 5.1% of GDP (HUF 364 billion), 0.4 percentage points higher than in the previous quarter. According to seasonally adjusted data,² the current account surplus amounted to EUR 401 million in Q4. Within this, the surplus on goods and services was EUR 1,707 million, below the surplus recorded in the previous quarter.

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 28 March 2013 the MNB is publishing Hungary's balance of payments statistics for 2012 Q4 for the first time, together with revised data for 2010, 2011 and 2012 Q1-Q3 (based on revised data reported by data providers).

² The detailed seasonally adjusted data and charts are available by clicking on the following links: [data](#), [charts](#).

Table 1
Current account balance and net external financing capacity

Euro million

	2010	2011					2012				
	Y.	Q1.	Q2.	Q3.	Q4.	Q1-Q4.	Q1.	Q2.	Q3.	Q4.	Q1-Q4.
I. Current account	1 065	119	332	356	1	808	-12	532	843	242	1 605
1. Real economic transaction	6 147	1 630	1 928	1 724	1 283	6 565	1 572	2 206	2 325	1 376	7 478
1.1. Export	83 620	22 355	22 789	22 946	22 953	91 043	22 411	23 262	23 605	23 165	92 443
1.2. Import	77 473	20 725	20 861	21 222	21 669	84 477	20 839	21 057	21 280	21 790	84 965
1.1. Goods	3 215	1 182	876	679	656	3 393	895	1 303	1 163	711	4 071
1.1.1. Export	68 978	18 885	18 709	18 600	19 039	75 233	18 888	19 342	19 182	19 164	76 576
1.1.2. Import	65 763	17 703	17 833	17 921	18 383	71 840	17 994	18 039	18 020	18 453	72 505
1.2. Services	2 932	448	1 052	1 046	627	3 173	677	903	1 163	665	3 407
1.2.1. Export	14 642	3 470	4 080	4 346	3 914	15 810	3 523	3 921	4 423	4 001	15 867
1.2.2. Import	11 710	3 022	3 028	3 301	3 286	12 637	2 845	3 018	3 260	3 337	12 460
2. Income and current transfers	-5 082	-1 511	-1 595	-1 369	-1 282	-5 758	-1 584	-1 674	-1 482	-1 134	-5 874
2.1.. Income	-5 472	-1 462	-1 683	-1 556	-1 543	-6 244	-1 412	-1 720	-1 567	-1 675	-6 374
2.1.1. Compensation of employees	789	221	238	237	217	913	213	230	245	249	937
2.1.2. Direct investment income	-4 306	-1 172	-1 211	-1 186	-1 174	-4 743	-1 021	-1 105	-1 197	-1 279	-4 602
2.1.3. Portfolio investment income	-836	-207	-405	-260	-238	-1 111	-278	-523	-313	-370	-1 484
2.1.4. Other investment income	-1 119	-304	-305	-347	-348	-1 303	-326	-322	-301	-275	-1 224
2.2.. Current transfers	390	-49	88	188	260	486	-172	47	84	541	500
-of which: EU transfers	1 106	150	347	392	416	1 305	34	272	326	773	1 405
II. Capital account	1 737	465	386	743	734	2 328	406	502	594	1 145	2 647
-of which: EU transfers	2 193	520	438	738	737	2 432	407	518	603	1 120	2 648
III. Financial account (3+4+5+6)	1 776	2 501	983	966	-1 794	2 657	-2 465	-1 486	-2 521	-1 659	-8 130
3. Direct investment	768	35	-309	-486	1 336	577	454	-523	934	1 386	2 251
3.1. Abroad	-878	-133	39	-247	-2 820	-3 162	-3 388	-1 676	-521	-2 625	-8 210
3.1.1. Equity capital and reinvested earnings	-944	-45	-243	-162	152	-298	-6 330	-183	-918	-2 188	-9 619
3.1.1.1. Equity capital	-863	-103	-470	-22	259	-336	-6 266	-90	-709	-1 977	-9 042
3.1.1.2. Reinvested earnings	-81	58	226	-140	-107	37	-64	-93	-209	-211	-576
3.1.2. Other capital	66	-88	282	-85	-2 973	-2 864	2 942	-1 494	397	-437	1 408
3.1.2.1. Assets	125	34	258	-114	-2 953	-2 775	3 055	-1 400	-32	-454	1 169
3.1.2.2. Liabilities	-59	-121	24	29	-20	-89	-113	-94	430	17	239
3.2. In Hungary	1 646	168	-347	-238	4 156	3 739	3 842	1 154	1 455	4 011	10 462
3.2.1. Equity capital and reinvested earnings	2 947	1 340	-1 829	136	4 765	4 413	1 141	-532	1 180	2 907	4 696
3.2.1.1. Equity capital	3 132	745	-466	-778	3 651	3 152	940	842	75	1 710	3 568
3.2.1.2. Reinvested earnings	-186	595	-1 364	914	1 114	1 260	201	-1 374	1 105	1 197	1 128
3.2.2. Other capital	-1 301	-1 172	1 482	-375	-609	-673	2 701	1 685	275	1 104	5 765
3.2.2.1. Assets	274	-583	1 440	-996	-318	-458	2 054	1 446	2 897	936	7 332
3.2.2.2. Liabilities	-1 574	-588	42	622	-291	-215	647	240	-2 622	169	-1 567
4. Portfolio investment	-138	3 884	1 819	2 056	-1 182	6 579	398	-676	1 963	134	1 819
4.1. Assets	-376	-313	-50	1 524	462	1 624	138	214	279	147	778
4.2. Liabilities	238	4 197	1 869	532	-1 644	4 955	260	-890	1 684	-13	1 041
5. Financial derivatives	625	-362	300	-359	-372	-793	-233	-117	158	463	270
5.1. Assets	4 919	1 059	1 281	1 420	1 250	5 010	1 326	1 193	1 181	959	4 660
5.2. Liabilities	-4 294	-1 421	-981	-1 779	-1 622	-5 802	-1 559	-1 310	-1 023	-497	-4 389
6. Other investment	521	-1 057	-827	-246	-1 576	-3 706	-3 084	-170	-5 576	-3 642	-12 471
6.1. Assets	94	1 097	149	-79	581	1 747	745	1 794	-983	501	2 057
6.2. Liabilities	427	-2 154	-976	-167	-2 157	-5 454	-3 828	-1 964	-4 593	-4 143	-14 528
IV. International reserves	-3 018	-2 420	-1 272	-1 278	1 096	-3 874	2 808	-490	890	144	3 351
Memorandum:											
7. Net external financing capacity											
7.1. Net external financing capacity (CA and Capital account)	2 803	584	718	1 099	736	3 136	394	1 034	1 437	1 387	4 252
7.2. Financial account balance (Financial account balance and reserves)	1 242	-81	289	312	697	1 217	-343	1 976	1 631	1 515	4 779
7.3. Difference (Net errors and omissions)	-1 561	-665	-430	-787	-38	-1 919	-737	941	194	129	527

Table 2
Current account balance and financing capacity items - seasonally adjusted data;³ EUR millions

	2010				2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1. Real economic transactions, net (Goods and services)	1 558	1 459	1 384	1 753	1 695	1 676	1 608	1 592	1 652	1 942	2 177	1 707
1.1. Export	19 719	20 573	21 160	22 131	23 196	22 705	22 634	22 549	23 240	23 166	23 257	22 778
1.2. Import	18 218	19 158	19 794	20 322	21 630	21 105	20 994	21 344	21 540	21 307	21 365	21 138
1.1. Goods	789	861	731	899	1 032	793	794	806	879	1 141	1 084	834
1.1.1. Export	16 033	16 902	17 638	18 370	19 336	18 628	18 747	18 559	19 327	19 254	19 316	18 694
1.1.2. Import	15 318	15 934	17 188	17 340	18 411	17 684	18 142	17 881	18 433	17 888	18 259	17 887
1.2. Services	801	701	725	775	604	963	864	731	862	814	869	832
1.2.1. Travel, net	561	555	547	546	543	562	541	528	526	522	540	539
export	1 040	1 038	1 018	1 020	975	1 068	1 017	978	1 005	920	926	936
import	443	460	443	452	443	442	432	446	418	389	385	361
1.2.2. Other services, net	252	115	139	234	118	318	271	206	280	277	304	247
export	2 645	2 636	2 630	2 705	2 851	3 019	3 044	2 887	3 052	3 021	3 140	3 027
import	2 402	2 528	2 478	2 503	2 760	2 702	2 749	2 670	2 635	2 743	2 768	2 791
2. Income	-1 388	-1 370	-1 336	-1 378	-1 516	-1 556	-1 572	-1 564	-1 521	-1 545	-1 604	-1 667
3. Current account balance	372	266	175	371	328	237	192	154	32	431	660	401
4. Capital account	479	515	497	277	476	375	720	775	517	500	554	1 191
5. EU-transfers (current and capital account)	911	898	811	613	825	760	1 082	1 022	723	765	895	1 760
6. Net external financing capacity	705	716	668	630	735	639	816	787	717	1 045	1 175	1 282

The difference between the two measures of external financing capacity, calculated as the balance on the financial account (financial account and reserves) and net external financing capacity (current and capital accounts) amounted to EUR 129 million in 2012 Q4.

Developments in the main aggregates of the current account

In 2012 Q4, the seasonally adjusted surplus on goods amounted to EUR 834 million. Seasonally adjusted exports and imports both fell relative to the previous quarter, amounting to EUR 18,694 million and EUR 17,887 million respectively.

The seasonally adjusted surplus on services amounted to EUR 832 million in 2012 Q4, down on the previous quarter. Within services, travel revenue and expenditure were EUR 936 million and EUR 361 million respectively, nearly the same as in the previous quarter. The surplus on other services amounted to EUR 247 million, down on the previous quarter. Within this, other services revenue and expenditure amounted to EUR 3,027 million and EUR 2,791 million respectively.

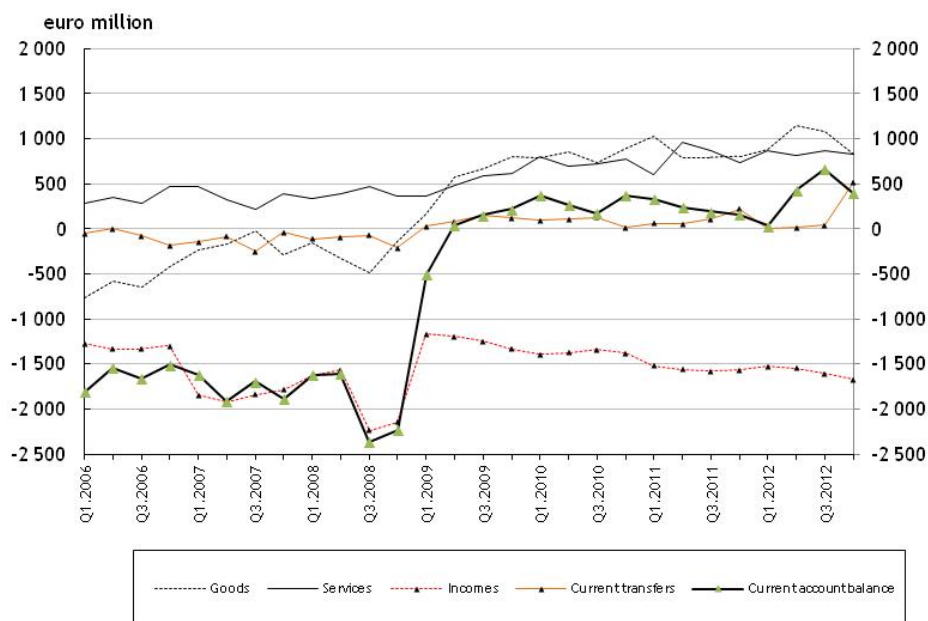
In the income account, the seasonally adjusted deficit amounted to EUR 1,667 million in 2012 Q4. The amount of deficit rose relative to the previous quarter. For 2012, the estimated amount of income on equity within direct investment has not been modified.⁴

According to accrual-based data, the seasonally unadjusted surplus on current transfers from the European Union was EUR 773 million, and transactions recorded as capital transfers showed a EUR 1,120 million surplus. The amount of more than EUR 160 million, remitted by the European Commission due to overpayments in previous years, contributed to the revenue surplus. This was recorded as negative expenditure under current transfers. Current and capital transfers to and from the EU are adjusted jointly; the seasonally adjusted surplus was EUR 1,760 million in 2012 Q4.

³ The balances are directly adjusted. This means that the seasonally adjusted balances cannot be reproduced from the seasonally adjusted credits and debits. The same applies to the aggregates. The seasonally adjusted aggregates cannot be reproduced from the seasonally adjusted sub-accounts either. (e.g. the seasonally adjusted current account balance does not equal to the sum of the seasonally adjusted data of the sub-accounts).

⁴ Data on income on equity for 2012, based on companies' annual reports, will become available in September 2013. Until then, the data remain estimates in the balance of payments. However, these will be modified quarterly in the light of new information.

Chart 2
Main aggregates of the current account - seasonally adjusted data⁵



The financial account⁶

Within direct investment, outward investments by Hungarian residents increased by EUR 2,625 million and inward investments by non-residents by EUR 4,011 million.

Within direct investments by Hungarian residents abroad, investments in equities rose by EUR 1,977 million (here, capital in transit⁷ amounted to EUR 1,901 million) and the value of reinvested earnings by EUR 211 million. Net FDI other capital outflows amounted to EUR 437 million. Within this, the increase in foreign assets accounted for EUR 454 million (of which the amount of capital in transit was EUR 222 million) and that in foreign liabilities for EUR 17 million.

As for direct investments in Hungary, the value of investments in equities by non-residents was EUR 1,710 million. This resulted from inflows of EUR 1,979 million and outflows of EUR 269 million, with capital in transit accounting for EUR 392 million within the latter. Reinvested earnings increased the value of inward investments by EUR 1,197 million in Q4. Net FDI other capital inflows amounted to EUR 1,104 million (with capital in transit accounting for EUR 1,731 million). This reflected an increase of EUR 169 million in foreign liabilities and a decrease of EUR 936 million in foreign assets.

Portfolio investment transactions showed a net inflow of EUR 134 million in 2012 Q4, reflecting decreases of EUR 147 million and EUR 13 million in assets and liabilities respectively. Within assets, the decline in equity investments representing less than 10% foreign ownership amounted to EUR 18 million and that in bond assets amounted to EUR 138 million, while money market instruments increased by EUR 9 million. Within liabilities, the increase in equity liabilities representing less than

⁵ The times series are directly adjusted, i.e. the seasonally adjusted current account balance does not equal to the sum of the seasonally adjusted data of its sub-accounts.

⁶ For summary data by investment category, see Table 1. More detailed data are available on the MNB's website by clicking on the following link: [quarterly time series](#).

⁷ Detailed quarterly data relating to the phenomenon of capital in transit are available in the table containing [capital in transit transactions](#) on the Bank's website.

10% foreign ownership was EUR 30 million and that in bond liabilities was EUR 346 million (here, forint-denominated government bonds increased by EUR 543 million and foreign currency-denominated bonds fell by EUR 197 million), while money market instruments decreased by EUR 389 million.

The balance of other investments showed an outflow of EUR 3,642 million in Q4. This reflected a decrease of EUR 501 million in assets and one of EUR 4,143 million in liabilities. Within assets, short-term assets fell by EUR 40 million and long-term assets by EUR 462 million. Within liabilities, the decline in short-term liabilities was EUR 2,064 million (here, credit institutions' liabilities fell by EUR 2,006 million) and that in long-term liabilities was EUR 2,080 million (here, credit institutions' liabilities fell by EUR 845 million). In aggregate, the banking sector's net foreign liabilities within other investments fell by EUR 2,365 million. General government repaid EUR 939 million of its loan from the IMF in 2012 Q4.

Stock of international reserves and external debt

Central bank foreign exchange reserves amounted to EUR 33.9 billion at the end of December 2012. Hungary's outstanding stock of net foreign debt, excluding FDI other capital, amounted to EUR 42.4 billion at the end of December 2012 (43.3% as a percentage of GDP). The stock of net short-term liabilities due to the recording of EU transfers on an accrual basis was EUR 111 million. Within this, the value of assets was EUR 1,391 million and that of liabilities was EUR 1,502 million.

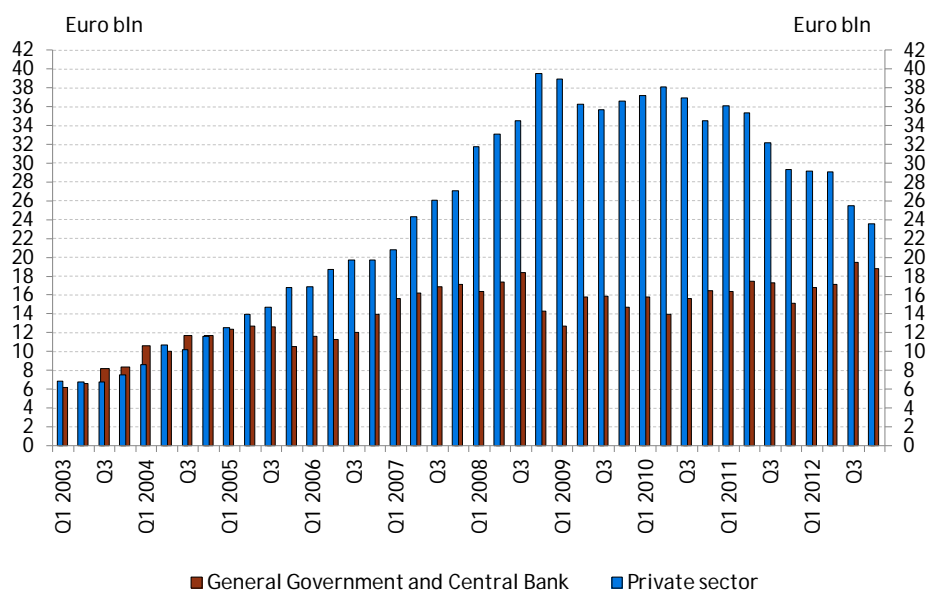
Table 3
Foreign assets and liabilities of Hungary⁸

	2010				2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1. Assets	104 928	105 637	102 512	104 746	106 473	105 177	106 709	108 096	104 954	105 819	103 298	102 443
1.1. International reserves	33 852	35 174	33 676	33 674	35 692	37 003	38 764	37 774	34 697	35 575	34 577	33 881
1.2. Direct investment *	38 638	37 442	35 915	37 732	38 491	36 799	37 884	40 931	41 998	43 048	40 704	41 586
1.3. Portfolio investment	8 554	8 051	8 621	9 300	9 500	9 336	6 531	6 161	6 446	6 057	6 046	6 003
1.4. Financial derivatives	2 991	3 869	3 378	2 865	3 010	2 424	3 857	4 123	3 486	4 335	4 260	3 920
1.5. Other foreign assets	20 892	21 101	20 922	21 175	19 779	19 614	19 673	19 106	18 327	16 803	17 711	17 052
o/w: due to accrual accounting of EU-transfers	842	813	1 142	1 339	845	1 102	1 210	1 430	684	939	1 218	1 391
2. Liabilities	219 890	213 011	213 008	212 341	218 276	217 238	206 297	203 411	205 779	206 243	205 470	202 614
2.1. Direct investment *	94 229	88 267	89 082	90 242	92 675	89 238	84 026	87 670	91 711	92 827	92 340	93 779
2.2. Portfolio investment	49 094	43 646	44 982	42 646	49 541	51 021	44 959	41 052	43 853	44 422	48 829	48 854
2.3. Financial derivatives	3 384	4 960	4 231	4 370	3 798	5 076	5 748	5 337	4 493	4 442	4 403	4 556
2.4. Other foreign liabilities	73 184	76 138	74 712	75 083	72 261	71 904	71 564	69 352	65 722	64 552	59 898	55 424
o/w: due to accrual accounting of EU-transfers	1 625	1 276	1 489	1 333	1 431	1 479	1 650	2 213	1 809	2 144	2 115	1 502
3. Net foreign liabilities (2-1)	114 963	107 374	110 495	107 596	111 803	112 062	99 588	95 315	100 825	100 424	102 172	100 171
o/w: due to accrual accounting of EU-transfers	783	463	347	-7	586	377	440	783	1 125	1 206	897	111
Memorandum:												
4. Gross foreign debt (excluding direct investment other capital)	109 057	109 692	108 424	107 141	109 339	110 771	109 189	102 490	100 224	99 906	98 550	94 463
4.1. General government and Central bank	50 816	50 038	50 271	51 974	53 194	55 693	57 110	54 236	52 379	53 420	54 801	53 911
4.2. Private sector	58 241	59 654	58 153	55 167	56 145	55 078	52 079	48 254	47 845	46 487	43 750	40 552
5. Net foreign debt (excluding direct investment other capital)	52 954	52 110	52 530	50 957	52 458	52 759	49 422	44 430	45 922	46 191	44 964	42 357
5.1. General government and Central bank	15 777	13 978	15 616	16 489	16 383	17 427	17 276	15 137	16 801	17 092	19 465	18 769
5.2. Private sector	37 178	38 132	36 914	34 468	36 075	35 333	32 147	29 293	29 120	29 099	25 500	23 588

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

⁸ 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 3
Net foreign debt of Hungary (excluding direct investment other capital), 2003-2012



Data revisions during the review period

Tables 4 and 5 summarise all changes to data due to revisions for the periods 2010, 2011 and 2012 Q1-Q3. The data revision for the review period reflect only corrections by data providers.

Table 4
Total revisions by BoP components

	EUR millions		
	2010	2011	Q1-Q3 2012
1. Goods	0	33	-130
2. Services	0	-52	206
3. Incomes	-12	-88	4
4. Current transfers	45	6	42
I. Current account balance (1+2+3+4)	32	-102	121
II. Capital account	46	-20	78
III. Financial account (5+6+7+8)	-67	460	-37
5. Foreign direct investment	43	459	79
Foreign direct investment abroad	79	11	-226
Equity	82	12	-229
Other capital	-4	0	2
Foreign direct investment in Hungary	-36	447	306
Equity	-21	474	32
Other capital	-15	-27	274
6. Portfolio investments	0	0	1
Assets	0	0	2
Liabilities	0	0	-1
7. Financial derivatives	0	0	-1
8. Other investments	-109	2	-116
Assets	-47	7	-121
Liabilities	-62	-5	5
IV. Net errors and omissions	-12	-339	-163

Table 5
Changes in stocks and some indicators vis-à-vis the last publication

	EUR millions		
	2010	2011	Q3 2012
1. Foreign direct investment (net liabilities)	46	592	316
Foreign direct investment abroad (net assets)	-36	38	277
Equity	-39	35	280
Other capital assets	3	4	-1
Other capital liabilities	0	0	2
Foreign direct investment in Hungary	11	630	592
Equity	-20	383	147
Other capital assets	54	228	37
Other capital liabilities	85	475	483
2. Portfolio investments (net liabilities)	0	0	-9
Assets	0	0	7
Liabilities	0	0	-2
3. Financial derivatives (net liabilities)	0	0	3
4. Other investments (net liabilities)	-161	-157	-250
Assets	81	81	153
Liabilities	-80	-76	-98
Gross debt*	-80	-76	-98
Net debt*	-161	-157	-251
Goods net in the percentage of the GDP	0,0%	0,0%	-0,2%
Current account balance in the percentage of the GDP	0,0%	-0,1%	0,2%
Gross debt in the percentage of the GDP*	-0,1%	-0,1%	-0,1%
Net debt in the percentage of the GDP*	-0,2%	-0,2%	-0,4%

* Excluding FDI other capital.

In this press release, Hungary's balance of payments is 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 2013 Q1 as well as revised annual data for 2012 on 28 June 2013.

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.

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