



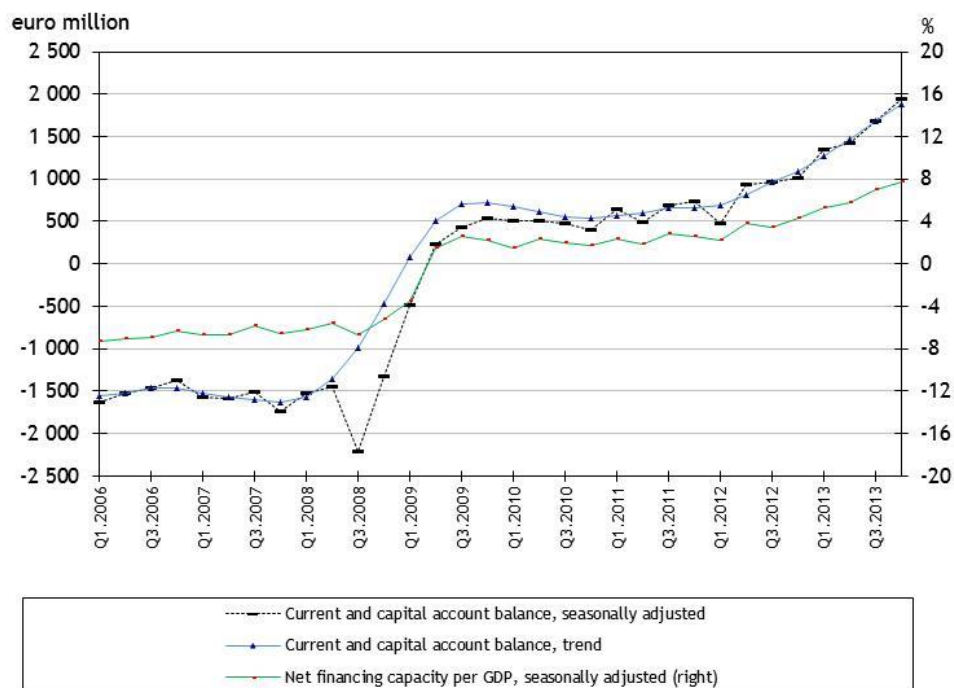
31 March 2014

PRESS RELEASE

Hungary's balance of payments: 2013 Q4

In 2013 Q4, Hungary's unadjusted net external financing capacity (i.e. the combined surplus on its current and capital accounts) continued to rise relative to previous quarters, amounting to EUR 2,046 million (HUF 609 billion).¹ Adjusted for seasonal effects, the net external financing capacity was EUR 1,938 million or 7.7% of GDP (HUF 566 billion). This was also higher than the seasonally adjusted figure for the previous quarter. The fourth-quarter data mainly reflected the high amount of capital transfers (EU funding).

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 31 March 2014 the MNB is publishing Hungary's balance of payments and international investment position statistics for 2013 Q4 for the first time, as well as revised quarterly data for 2011, 2012 and 2013 Q1–Q3 (based on revised data reported by data providers).

Table 1
Current account balance and net external financing capacity (EUR millions)

	2011					2012					2013				
	Q1	Q2	Q3	Q4	Y	Q1	Q2	Q3	Q4	Y	Q1	Q2	Q3	Q4	Q1-Q4
I. Current account	-1	209	253	-43	419	-260	521	643	-78	826	524	573	1 206	637	2 941
1. Real economic transaction	1 554	1 856	1 650	1 224	6 284	1 406	2 143	2 144	1 138	6 832	1 733	1 951	2 495	1 633	7 811
1.1. Export	22 151	22 614	22 756	22 761	90 281	22 194	23 062	23 382	22 946	91 585	22 468	23 524	24 023	24 023	94 039
1.2. Import	20 596	20 758	21 106	21 536	83 997	20 788	20 919	21 238	21 807	84 753	20 735	21 573	21 529	22 390	86 227
1.1. Goods	1 106	804	604	597	3 112	753	1 211	1 009	496	3 469	997	971	1 324	1 021	4 313
1.1.1. Export	18 681	18 534	18 409	18 847	74 471	18 653	19 104	18 944	18 953	75 654	18 838	19 438	19 595	19 964	77 834
1.1.2. Import	17 575	17 730	17 806	18 250	71 360	17 900	17 893	17 935	18 458	72 185	17 840	18 467	18 271	18 943	73 521
1.2. Services	448	1 052	1 046	627	3 173	652	932	1 136	643	3 363	736	980	1 170	612	3 498
1.2.1. Export	3 470	4 080	4 346	3 914	15 810	3 541	3 959	4 438	3 992	15 931	3 630	4 087	4 428	4 059	16 205
1.2.2. Import	3 022	3 028	3 301	3 286	12 637	2 889	3 027	3 303	3 350	12 568	2 894	3 106	3 258	3 448	12 707
2. Income and current transfers	-1 555	-1 647	-1 396	-1 267	-5 865	-1 666	-1 622	-1 501	-1 216	-6 005	-1 209	-1 378	-1 289	-995	-4 871
2.1.. Income	-1 520	-1 750	-1 600	-1 542	-6 412	-1 400	-1 676	-1 518	-1 813	-6 408	-1 246	-1 620	-1 450	-1 617	-5 933
2.1.1. Compensation of employees	184	198	197	181	760	194	198	210	207	808	194	201	204	201	801
2.1.2. Direct investment income	-1 192	-1 235	-1 187	-1 134	-4 748	-981	-1 027	-1 114	-1 378	-4 500	-856	-993	-1 070	-1 238	-4 157
2.1.3. Portfolio investment income	-207	-405	-260	-238	-1 111	-284	-524	-311	-367	-1 486	-358	-623	-377	-390	-1 749
2.1.4. Other investment income	-305	-307	-350	-350	-1 313	-329	-324	-303	-274	-1 230	-226	-205	-207	-190	-828
2.2.. Current transfers	-35	103	203	275	547	-266	54	18	597	403	38	243	161	621	1 062
-of which: EU transfers	142	338	383	408	1 271	11	268	235	804	1 317	251	473	379	824	1 927
II. Capital account	465	386	743	691	2 285	415	477	578	1 106	2 575	593	800	591	1 408	3 392
-of which: EU transfers	520	437	738	693	2 388	418	492	584	1 079	2 574	585	865	596	1 410	3 456
III. Financial account (3+4+5+6)	2 667	1 117	1 098	-1 796	3 087	-2 423	-1 474	-2 756	-1 622	-8 274	335	-2 787	-4 821	1 216	-6 057
3. Direct investment	202	-206	-340	1 335	990	463	-500	796	1 292	2 051	377	-905	-588	1 731	615
3.1. Abroad	-134	47	-241	-2 813	-3 141	-3 569	-1 778	-737	-2 715	-8 800	-349	-232	1 040	-2 160	-1 701
3.1.1. Equity capital and reinvested earnings	-41	-236	-155	160	-273	-6 533	-285	-1 156	-4 494	-12 468	-150	-254	918	-1 855	-1 341
3.1.1.1. Equity capital	-105	-474	-22	259	-343	-6 368	-89	-863	-4 196	-11 516	-135	-185	1 166	-1 577	-731
3.1.1.2. Reinvested earnings	64	238	-133	-99	70	-165	-196	-293	-298	-952	-15	-69	-248	-278	-610
3.1.2. Other capital	-93	283	-86	-2 972	-2 868	2 963	-1 493	419	1 779	3 668	-198	22	122	-305	-360
3.1.2.1. Assets	31	260	-115	-2 952	-2 776	3 050	-1 406	3	1 697	3 344	-146	-22	-22	-481	-671
3.1.2.2. Liabilities	-124	24	29	-21	-92	-87	87	416	82	325	-52	44	144	176	311
3.2. In Hungary	336	-253	-99	4 148	4 131	4 032	1 278	1 533	4 007	10 851	726	-672	-1 628	3 891	2 316
3.2.1. Equity capital and reinvested earnings	1 352	-1 819	143	4 697	4 374	1 291	-351	1 196	3 344	5 481	518	-1 011	1 028	3 379	3 914
3.2.1.1. Equity capital	746	-462	-763	3 634	3 155	1 021	898	128	1 983	4 030	300	575	-175	2 002	2 702
3.2.1.2. Reinvested earnings	606	-1 356	906	1 063	1 218	270	-1 249	1 068	1 361	1 451	218	-1 586	1 204	1 377	1 212
3.2.2. Other capital	-1 016	1 565	-242	-549	-243	2 741	1 629	337	663	5 370	208	339	-2 656	512	-1 597
3.2.2.1. Assets	-575	1 485	-1 002	-292	-384	1 952	1 465	2 942	781	7 140	-1 465	-741	-819	1 244	-1 781
3.2.2.2. Liabilities	-441	80	760	-257	141	789	165	-2 605	-119	-1 770	1 673	1 080	-1 838	-732	184
4. Portfolio investment	3 884	1 819	2 056	-1 182	6 579	391	-663	1 926	209	1 864	1 404	1 113	-761	1 384	3 140
4.1. Assets	-313	-50	1 524	462	1 624	130	228	243	126	727	236	25	70	89	420
4.2. Liabilities	4 197	1 869	532	-1 644	4 955	261	-890	1 683	83	1 137	1 168	1 088	-831	1 295	2 720
5. Financial derivatives	-362	301	-355	-372	-787	-233	-117	160	463	274	228	53	112	183	576
5.1. Assets	1 059	1 283	1 423	1 250	5 015	1 326	1 194	1 184	961	4 665	1 207	844	748	1 094	3 893
5.2. Liabilities	-1 421	-981	-1 778	-1 622	-5 802	-1 559	-1 310	-1 024	-498	-4 391	-979	-791	-636	-911	-3 317
6. Other investment	-1 057	-797	-263	-1 578	-3 695	-3 044	-195	-5 638	-3 586	-12 463	-1 674	-3 048	-3 584	-2 082	-10 388
6.1. Assets	1 086	143	-85	574	1 719	772	1 750	-1 029	460	1 952	184	-142	168	-143	67
6.2. Liabilities	-2 143	-941	-178	-2 152	-5 414	-3 816	-1 945	-4 609	-4 046	-14 416	-1 859	-2 906	-3 752	-1 940	-10 456
IV. International reserves	-2 420	-1 272	-1 278	1 096	-3 874	2 808	-490	889	144	3 351	-1 845	656	3 317	-3 338	-1 210
Memorandum:															
7. Net external financing capacity															
7.1. Net external financing capacity (CA and Capital account)	464	595	996	648	2 704	155	998	1 221	1 028	3 401	1 117	1 373	1 797	2 046	6 332
7.2. Financial account balance (Financial account balance and reserves)	-248	155	180	700	787	-385	1 964	1 866	1 478	4 923	1 510	2 130	1 504	2 122	7 266
7.3. Difference (Net errors and omissions)	-712	-441	-816	52	-1 917	-539	966	645	450	1 522	393	757	-293	77	934

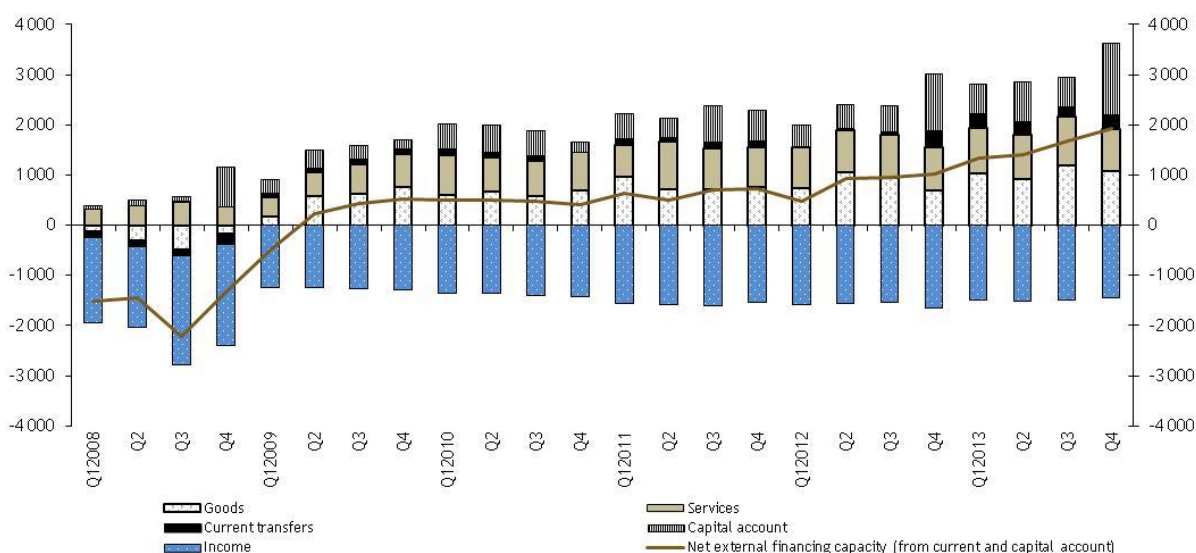
Table 2
Net external financing capacity (seasonally adjusted data; EUR millions)²

	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1. Real economic transactions, net (Goods and services)	1 522	1 932	1 929	1 542	1 848	1 755	2 263	2 047
1.1. Export	22 946	22 945	23 042	22 660	23 226	23 399	23 657	23 735
1.2. Import	21 425	21 111	21 300	21 201	21 451	21 755	21 508	21 738
1.1. Goods	729	1 057	941	696	1 023	930	1 199	1 086
1.1.1. Export	19 031	19 012	19 046	18 584	19 218	19 343	19 684	19 582
1.1.2. Import	18 263	17 951	18 007	18 015	18 347	18 516	18 368	18 495
1.2. Services	835	831	872	863	915	880	955	823
1.2.1. Travel, net	541	516	581	572	598	618	593	595
import	968	907	955	961	969	1 004	963	963
export	419	387	375	365	357	365	358	355
1.2.2. Other services, net	264	317	289	219	350	251	344	221
import	2 979	3 031	3 066	3 074	3 025	3 049	3 130	3 120
export	2 685	2 747	2 813	2 793	2 744	2 830	2 795	2 882
2. Income	-1 573	-1 560	-1 542	-1 642	-1 497	-1 505	-1 489	-1 456
3. Current account balance	-177	443	414	161	727	511	978	879
4. Capital account	439	473	510	1 128	601	796	595	1 420
5. EU-transfers (current and capital account)	840	863	964	1 160	1 196	1 319	1 327	1 402
6. Net external financing capacity	481	933	960	1 016	1 340	1 418	1 685	1 938

1 Developments in the main current and capital account aggregates of net external financing capacity

In 2013 Q4, the value of EU transfers, one of the main aggregates of net external financing capacity calculated as the balance on the current and capital accounts, increased. Within this, the amount of capital transfers was outstanding. At EUR 1.4 billion, the seasonally adjusted amount of current and capital transfers vis-à-vis the EU also increased relative to the previous quarter. The seasonally adjusted surplus on goods fell, reflecting a decline in exports and an increase in imports. The income account deficit remained broadly unchanged around the EUR 1.5 billion level.

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



² The balances are directly adjusted. 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).

In 2013 Q4, surplus on goods was lower than in the previous quarter, amounting to EUR 1,086 million in seasonally adjusted terms. Seasonally adjusted exports fell relative to the previous quarter, amounting to EUR 19,582 million. By contrast, imports rose slightly, amounting to EUR 18,495 million.

The seasonally adjusted surplus on services was EUR 823 million in 2013 Q4. Within this, the travel surplus was EUR 595 million. Revenues (EUR 963 million) and expenditures (EUR 355 million) were broadly unchanged at the levels of the previous quarter. Other services revenues and expenditures were also largely unchanged in the period, amounting to EUR 3,120 million and EUR 2,882 million respectively.

In the income account, the seasonally adjusted deficit amounted to EUR 1,456 million in 2013 Q4. The deficit was broadly equal to the level of the previous quarter.³

According to accrual-based data, the seasonally unadjusted surplus on current transfers to and from the EU was EUR 824 million in 2013 Q4. Transactions recorded as capital transfers showed a EUR 1,410 million surplus. Accordingly, the surplus on current and capital transfers to and from the EU amounted to EUR 2,234 million. Current and capital transfers vis-à-vis the EU are adjusted jointly; the seasonally adjusted surplus was EUR 1,402 million in 2013 Q4.

2 The financial account⁴

Within direct investments, outward investments by Hungarian residents rose by EUR 2,160 million (of which capital in transit was EUR 1,680 million) and inward investments by non-residents by EUR 3,891 million (of which capital in transit also amounted to EUR 1,680 million) in 2013 Q4. Detailed data on [capital in transit](#) and on those [adjusted](#) for *capital in transit* and *asset portfolio reallocation* are available on the MNB's website.

Within direct investments by Hungarian residents abroad, investments in equities rose by EUR 1,577 million. This was fully accounted for by capital in transit. Reinvested earnings contributed EUR 278 million to the value of direct investments abroad. FDI other capital net outflows amounted to EUR 305 million.

Within direct investments by non-residents in Hungary, the value of investments in equities rose by EUR 2,002 million. Within this, capital in transit amounted to EUR 1,680 million. Reinvested earnings increased the value of direct investments by non-residents by EUR 1,377 million. FDI other capital net inflows amounted to EUR 512 million.

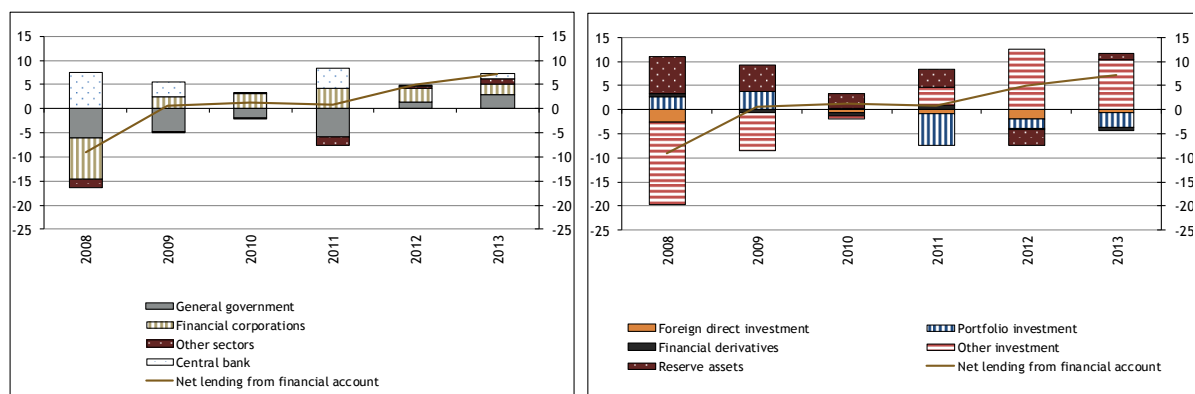
Portfolio investment transactions showed a net inflow of EUR 1,384 million in 2013 Q4, reflecting a decline of EUR 89 million in assets and an increase of EUR 1,295 million in liabilities. Within assets, equity securities and bond assets fell by EUR 86 million and EUR 8 million, respectively, and money market instruments increased by EUR 5 million. Within liabilities, equity securities fell by EUR 206 million, bond liabilities rose by EUR 1,867 million and money market instruments fell by EUR 366 million. In November 2013, general government issued a ten-year foreign currency bond in a total amount of USD 2 billion.

The balance of other investments showed an outflow of EUR 2,082 million in 2013 Q4. This reflected an increase of EUR 143 million in assets and a decline on EUR 1,940 million in liabilities. According to their original maturity, short-term assets increased by EUR 450 million and long-term assets declined by EUR 308 million. Within liabilities, short-term liabilities rose by EUR 76 million and long-term liabilities fell by 2,016 million. The decline of EUR 1.8 billion in credit institutions' loan and deposit liabilities with maturities of more than one year accounted for the larger part of the EUR 2 billion fall in other investment liabilities.

³ Within direct investment income, the amount of income on equity in 2013 remains an estimate in the balance of payments until questionnaire data based on corporate reports are processed (September 2014).

⁴ 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](#).

Chart 3
Financial account by institutional sectors and functional categories (EUR billions)⁵



3 Stock of international reserves and external debt

Central bank foreign exchange reserves amounted to EUR 33.8 billion at the end of December 2013. Hungary's net foreign debt, excluding FDI other capital, amounted to EUR 34.5 billion at the end of December 2013 (35.2% as a percentage of GDP). Net short-term assets reflecting the recording of EU transfers on an accrual basis amounted to EUR 682 million. Within this, the value of assets was EUR 1,622 million and that of liabilities was EUR 940 million.

Table 3
Foreign assets and liabilities of Hungary⁶ (EUR millions)

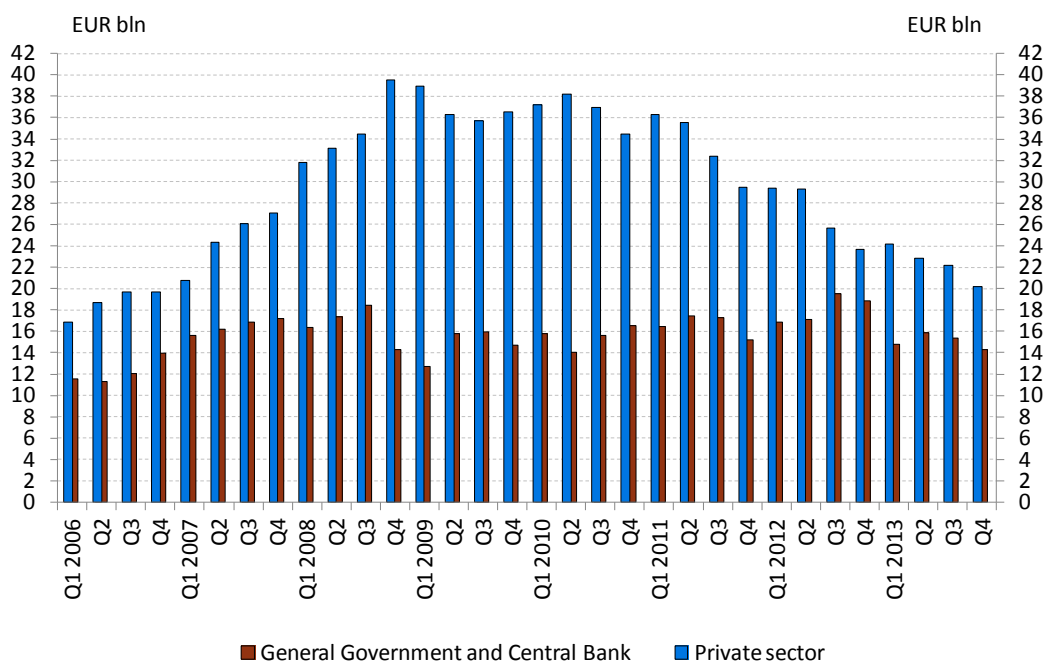
	2011				2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1. Assets	106 122	104 927	106 405	108 049	105 111	105 960	103 644	102 847	106 575	105 522	101 137	105 047
1.1. International reserves	35 692	37 003	38 764	37 774	34 697	35 575	34 577	33 881	35 467	34 329	30 815	33 782
1.2. Direct investment *	38 056	36 483	37 519	40 816	42 082	43 078	40 880	41 736	44 271	45 240	45 007	45 850
1.3. Portfolio investment	9 500	9 336	6 531	6 161	6 472	6 072	6 085	6 065	5 849	5 617	5 694	5 721
1.4. Financial derivatives	3 010	2 400	3 823	4 090	3 453	4 306	4 220	3 869	3 849	3 085	2 677	2 678
1.5. Other foreign assets	19 865	19 705	19 770	19 208	18 408	16 928	17 882	17 296	17 139	17 251	16 944	17 017
o/w: due to accrual accounting of EU-transfers	845	1 102	1 210	1 430	686	944	1 227	1 407	829	1 365	1 764	1 622
2. Liabilities	218 688	216 912	206 105	203 443	205 685	205 794	205 009	202 262	200 423	200 930	194 156	196 255
2.1. Direct investment *	92 767	89 264	84 223	88 069	91 997	92 765	92 295	93 632	95 170	96 927	95 185	97 715
2.2. Portfolio investment	49 541	51 021	44 959	41 052	43 854	44 423	48 829	48 930	47 414	49 554	48 295	49 886
2.3. Financial derivatives	3 798	4 369	5 015	4 624	3 726	3 642	3 591	3 771	4 007	3 538	3 695	3 710
2.4. Other foreign liabilities	72 580	72 258	71 906	69 698	66 108	64 964	60 293	55 929	53 831	50 912	46 982	44 944
o/w: due to accrual accounting of EU-transfers	1 431	1 479	1 650	2 213	1 809	2 144	2 115	1 576	1 295	1 254	870	940
3. Net foreign liabilities (2-1)	112 565	111 985	99 700	95 393	100 573	99 834	101 365	99 415	93 848	95 408	93 019	91 208
o/w: due to accrual accounting of EU-transfers	586	377	440	783	1 122	1 200	888	170	466	-112	-894	-682
Memorandum:												
4. Gross foreign debt (excluding direct investment other capital)	109 659	111 126	109 532	102 837	100 610	100 319	98 945	94 966	92 793	91 463	86 578	86 566
4.1. General government and Central bank	53 230	55 729	57 143	54 267	52 412	53 453	54 834	54 012	51 375	51 644	47 822	49 907
4.2. Private sector	56 429	55 397	52 389	48 570	48 198	46 866	44 110	40 954	41 417	39 820	38 756	36 658
5. Net foreign debt (excluding direct investment other capital)	52 693	53 023	49 669	44 674	46 214	46 460	45 135	42 563	39 002	38 676	37 580	34 496
5.1. General government and Central bank	16 419	17 463	17 309	15 168	16 831	17 120	19 490	18 855	14 827	15 876	15 402	14 302
5.2. Private sector	36 274	35 561	32 360	29 506	29 383	29 340	25 645	23 708	24 176	22 800	22 178	20 194

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

⁵ In order to help compare the two measures of net external financing capacity, (i.e. the balance on the financial account and the balance on the current and capital accounts), in the charts the balances by sectors and instruments are the opposites of the balances as they are published in the BoP financial account. Financing capacity includes international reserves and its positive sign in the charts indicates a net outflow and its negative sign indicates a net inflow of funds.

⁶ 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 other capital), 2006–2013



4 Data revisions during the review period

Tables 4 and 5 summarise all changes to data due to revisions for the review period (2011, 2012 and 2013 Q1–Q3). The changes reflect corrections by data providers in the review period.

Table 4
Total revisions by BoP components (excluding SPEs, EUR millions)

	2011	2012	2013 Q1-Q3
1. Goods	0	-82	-205
2. Services	0	-44	71
3. Incomes	8	-45	9
4. Current transfers	-34	-18	86
I. Current account balance (1+2+3+4)	-26	-190	-40
II. Capital account	-44	63	-114
III. Financial account (5+6+7+8)	264	22	-112
5. Foreign direct investment	328	7	3
Foreign direct investment abroad	5	-154	-136
Equity	6	-182	9
Other capital	0	28	-145
Foreign direct investment in Hungary	322	161	139
Equity	-26	243	51
Other capital	348	-82	88
6. Portfolio investments	0	74	-73
Assets	0	1	0
Liabilities	0	73	-73
7. Financial derivatives	0	-5	0
8. Other investments	-64	-54	-42
Assets	-23	-56	-221
Liabilities	-41	2	179
IV. Net errors and omissions	-194	104	265

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

	2011	2012	2013 Q1-Q3
1. Foreign direct investment (net liabilities)	312	-11	-324
Foreign direct investment abroad (net assets)	375	743	932
Equity	375	754	723
Other capital assets	1	33	216
Other capital liabilities	0	43	7
Foreign direct investment in Hungary (net liabilities)	688	732	608
Equity	-61	47	225
Other capital assets	-330	-273	-13
Other capital liabilities	419	413	370
2. Portfolio investments (net liabilities)	0	71	-434
Assets	0	0	5
Liabilities	0	71	-430
3. Financial derivatives (net liabilities)	0	11	16
4. Other investments (net liabilities)	98	73	-208
Assets	103	158	393
Liabilities	202	231	185
Gross external debt*	202	228	185
Net external debt*	98	70	-213
Goods net as percentage of GDP	0.0%	-0.1%	-0.3%
Current account balance as a percentage of GDP	0.0%	-0.2%	-0.1%
Gross debt as a percentage of GDP*	0.2%	0.2%	0.3%
Net debt as a percentage of GDP*	0.1%	0.1%	-0.3%

* Excluding FDI other capital.

* * * * *

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.

Following its adoption of a new statistical methodology (see the Box below), the MNB will release Hungary's balance of payments and international investment position data for 2014 Q1 as well as revised data for 2013 Q1–Q4 on 24 June 2014.

Changeover to the new international methodology

This press release containing Hungary's balance of payments and international investment position data is the last to have been compiled and published on the basis of the international methodology adopted in 1993 (Balance of Payments Manual 5th Edition – BPM5). The new balance of payments compilation methodology replacing the old one has been developed simultaneously with the revision of methodologies for the compilation of the national accounts (SNA), the European System of National Accounts (ESA) and of the OECD's methodology for direct investment (Benchmark Definition of FDI – BD). These revisions, carried out

simultaneously, have ensured greater methodological harmonisation between various macroeconomic statistics. The new methodological standards are the end-products of this process: SNA 2008 (UN), ESA 2010 (EU), BD4 (OECD) and the 6th Edition of BPM6 (IMF) in the case of the balance of payments and international investment position statistics.

The new methodology used to compile balance of payments statistics will be introduced uniformly in countries of the European Union in 2014. Accordingly, the MNB's next publication containing 2014 Q1 data, to be issued slightly earlier than in the past, on 24 June 2014, will contain balance of payments statistics compiled in accordance with the new methodological standards.

In connection with the changeover to the new methodology, a separate internet site will be launched on the MNB's website, which will provide users with summary information on the key dates related to the introduction, important methodological changes and modifications in the publication schedule.

Detailed tables: [Balance of payments](#)

Notes [Methodological notes](#)

Charts: [Chart pack](#)

MAGYAR NEMZETI BANK
STATISTICS DIRECTORATE

Contact information:

Phone: 428-2751

Mobile: +36-30-688-4740

Fax: 428-2569

Email: sajto@mnbb.hu